UNITED STATES 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**

For the fiscal year ended January 2, 2010

or

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

For the transition period from to

Commission file number: 001-32891

Hanesbrands Inc.

(Exact name of registrant as specified in its charter)

Maryland	**20-3552316**
(State of incorporation)	*(I.R.S. employer identification no.)*
1000 East Hanes Mill Road	**27105**
Winston-Salem, North Carolina	*(Zip code)*
(Address of principal executive office)	

(336) 519-8080

(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, par value $0.01 per share and related
Preferred Stock Purchase Rights

Name of each exchange on which registered:
New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No ☑

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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 into Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

As of July 2, 2009, the aggregate market value of the registrant's common stock held by non-affiliates was approximately $1,387,889,493 (based on the closing price of the common stock of $14.72 per share on that date, as reported on the New York Stock Exchange and, for purposes of this computation only, the assumption that all of the registrant's directors and executive officers are affiliates and that beneficial holders of 5% or more of the outstanding common stock are not affiliates).

As of February 1, 2010, there were 95,399,708 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference to portions of the registrant's proxy statement for its 2010 annual meeting of stockholders.

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Trademarks, Trade Names and Service Marks

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the more important trademarks that we own or have rights to use that appear in this Annual Report on Form 10-K include the *Hanes*, *Champion*, *C9 by Champion*, *Playtex*, *Bali*, *L'eggs*, *Just My Size*, *barely there*, *Wonderbra*, *Stedman*, *Outer Banks*, *Zorba*, *Rinbros* and *Duofold* marks, which may be registered in the United States and other jurisdictions. We do not own any trademark, trade name or service mark of any other company appearing in this Annual Report on Form 10-K.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as "may," "believe," "will," "expect," "project," "estimate," "intend," "anticipate," "plan," "continue" or similar expressions. In particular, information appearing under "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" includes forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- our ability to successfully manage social, political, economic, legal and other conditions affecting our supply chain, such as disruption of markets, changes in import and export laws, currency restrictions and currency exchange rate fluctuations;
- the impact of dramatic changes in the volatile market price of cotton and increases in prices of other materials used in our products;
- the impact of natural disasters;
- the impact of increases in prices of oil-related materials and other costs such as energy and utility costs;
- our ability to effectively manage our inventory and reduce inventory reserves;
- our ability to continue to effectively distribute our products through our distribution network as we continue to consolidate our distribution network;
- our ability to optimize our global supply chain;
- current economic conditions;
- consumer spending levels;
- the risk of inflation or deflation;
- financial difficulties experienced by, or loss of or reduction in sales to, any of our top customers or groups of customers;
- gains and losses in the shelf space that our customers devote to our products;
- the highly competitive and evolving nature of the industry in which we compete;
- our ability to keep pace with changing consumer preferences;
- our debt and debt service requirements that restrict our operating and financial flexibility and impose interest and financing costs;

- the financial ratios that our debt instruments require us to maintain;
- future financial performance, including availability, terms and deployment of capital;
- our ability to comply with environmental and occupational health and safety laws and regulations;
- costs and adverse publicity from violations of labor or environmental laws by us or our suppliers;
- our ability to attract and retain key personnel;
- new litigation or developments in existing litigation; and
- possible terrorist attacks and ongoing military action in the Middle East and other parts of the world.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them does, what impact they will have on our results of operations and financial condition. You should carefully read the factors described in the "Risk Factors" section of this Annual Report on Form 10-K for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements.

All forward-looking statements speak only as of the date of this Annual Report on Form 10-K and are expressly qualified in their entirety by the cautionary statements included in this Annual Report on Form 10-K. We undertake no obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). You can inspect, read and copy these reports, proxy statements and other information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information regarding the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site at www.sec.gov that makes available reports, proxy statements and other information regarding issuers that file electronically.

We make available free of charge at www.hanesbrands.com (in the "Investors" section) copies of materials we file with, or furnish to, the SEC. By referring to our Web site, www.hanesbrands.com, we do not incorporate our Web site or its contents into this Annual Report on Form 10-K.

PART I

Item 1. *Business*

We are a consumer goods company with a portfolio of leading apparel brands, including *Hanes, Champion, Playtex, Bali, L'eggs, Just My Size, barely there*, *Wonderbra, Stedman, Outer Banks, Zorba, Rinbros* and *Duofold.* We design, manufacture, source and sell a broad range of apparel essentials such as T-shirts, bras, panties, men's underwear, kids' underwear, casualwear, activewear, socks and hosiery.

The apparel essentials sector of the apparel industry is characterized by frequently replenished items, such as T-shirts, bras, panties, men's underwear, kids' underwear, socks and hosiery. Growth and sales in the apparel essentials sector are not primarily driven by fashion, in contrast to other areas of the broader apparel industry. We focus on the core attributes of comfort, fit and value, while remaining current with regard to consumer trends. The majority of our core styles continue from year to year, with variations only in color, fabric or design details. Some products, however, such as intimate apparel, activewear and sheer hosiery, do have an emphasis on style and innovation. We continue to invest in our largest and strongest brands to achieve our long-term growth goals. In addition to designing and marketing apparel essentials, we have a long history of operating a global supply chain that incorporates a mix of self-manufacturing, third-party contractors and third-party sourcing.

Our fiscal year ends on the Saturday closest to December 31 and, until it was changed during 2006, ended on the Saturday closest to June 30. All references to "2009", "2008" and "2007" relate to the 52 week fiscal year ended on January 2, 2010, the 53 week fiscal year ended on January 3, 2009 and the 52 week fiscal year ended on December 29, 2007, respectively.

During the fourth quarter of 2009, as we sought to drive more outerwear sales through our retail operations by expanding our *Hanes* and *Champion* offerings, we made the decision to change our internal organizational structure so that our retail operations, previously included in our Innerwear segment, would be a separate "Direct to Consumer" segment. As a result, our operations are managed and reported in six operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer, International and Other. Certain other insignificant changes between segments have been reflected in the segment disclosures to conform to the current organizational structure. The following table summarizes our operating segments by category:

Segment	Primary Products	Primary Brands
Innerwear	Intimate apparel, such as bras, panties and shapewear	*Hanes, Playtex, Bali, barely there, Just My Size, Wonderbra*
	Men's underwear and kids' underwear	*Hanes, Polo Ralph Lauren* Hanes, Champion*
	Socks	
Outerwear	Activewear, such as performance T-shirts and shorts, fleece, sports bras and thermals	*Champion, Duofold*
	Casualwear, such as T-shirts, fleece and sport shirts	*Hanes, Just My Size, Outer Banks, Champion, Hanes Beefy-T*
Hosiery	Hosiery	*L'eggs, Hanes, Donna Karan,* DKNY,* Just My Size*
Direct to Consumer	Activewear, men's underwear, kids' underwear, intimate apparel, socks, hosiery and casualwear	*Bali, Hanes, Playtex, Champion, barely there, L'eggs, Just My Size*
International	Activewear, men's underwear, kids' underwear, intimate apparel, socks, hosiery and casualwear	*Hanes, Champion, Wonderbra,** Playtex,** Stedman, Zorba, Rinbros, Kendall,* Sol y Oro, Bali, Ritmo,*
Other	Nonfinished products, primarily yarn	Not applicable

* Brand used under a license agreement.

** As a result of the February 2006 sale of the European branded apparel business of Sara Lee Corporation, or "Sara Lee," we are not permitted to sell this brand in the member states of the European Union, or the "EU," several other European countries and South Africa.

Our brands have a strong heritage in the apparel essentials industry. According to The NPD Group/Consumer Tracking Service, or "NPD," our brands hold either the number one or number two U.S. market position by sales value in most product categories in which we compete, for the 12 month period ended December 31, 2009. In 2009, *Hanes* was number one for the sixth consecutive year as the most preferred men's apparel brand, women's intimate apparel brand and children's apparel brand of consumers in Retailing Today magazine's "Top Brands Study." Additionally, we had five of the top ten intimate apparel brands preferred by consumers in the Retailing Today study — *Hanes, Playtex, Bali, Just My Size* and *L'eggs*. In 2008, the most recent year in which the survey was conducted, *Hanes* was number one for the fifth consecutive year on the Women's Wear Daily "Top 100 Brands Survey" for apparel and accessory brands that women know best.

Our products are sold through multiple distribution channels. During 2009, approximately 45% of our net sales were to mass merchants in the United States, 16% were to national chains and department stores in the United States, 11% were in our International segment, 10% were in our Direct to Consumer segment in the United States, and 18% were to other retail channels in the United States such as embellishers, specialty retailers and sporting goods stores. We have strong, long-term relationships with our top customers, including relationships of more than ten years with each of our top ten customers. The size and operational scale of the high-volume retailers with which we do business require extensive category and product knowledge and specialized services regarding the quantity, quality and planning of product orders. We have organized multifunctional customer management teams, which has allowed us to form strategic long-term relationships with these customers and efficiently focus resources on category, product and service expertise. We also have customer-specific programs such as the *C9 by Champion* products marketed and sold through Target stores and the recently expanded presence at Wal-Mart stores of our *Just My Size* brand.

Our ability to react to changing customer needs and industry trends is key to our success. Our design, research and product development teams, in partnership with our marketing teams, drive our efforts to bring innovations to market. We seek to leverage our insights into consumer demand in the apparel essentials industry to develop new products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends. Examples of our recent innovations include:

- *Hanes* dyed V-neck underwear T-shirts in black, gray and navy colors (2009).
- *Champion* 360° Max Support sports bra that controls movement in all directions, scientifically tested on athletes to deliver 360° support (2009).
- *Playtex 18 Hour* Seamless Smoothing bra that features fused fabric to smooth sides and back (2009).
- *Bali* Natural Uplift bras that feature advanced lift for the bust without adding size (2009).
- *Hanes* No Ride Up panties, specially designed for a better fit that helps women stay "wedgie-free" (2008).
- *Hanes* Lay Flat Collar T-shirts and *Hanes* No Ride Up boxer briefs, the brand's latest innovation in product comfort and fit (2008).
- *Playtex 18 Hour* Active Lifestyle bra that features active styling with wickable fabric (2008).
- *Bali Concealers* bras, with revolutionary concealing petals for complete modesty (2008).
- *Hanes* Concealing Petals bras (2008).
- *Hanes Comfortsoft* T-shirt (2007).
- *Hanes* All Over Comfort bras (2007).
- *Bali Passion for Comfort* bras, designed to be the ultimate comfort bra, features a silky smooth lining for a luxurious feel against the body (2007).

We have restructured our supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance our production capability between the Western Hemisphere and Asia. We have closed plant locations, reduced our workforce and relocated some of our manufacturing capacity to lower cost locations in Asia, Central America and the Caribbean Basin. With our global supply chain infrastructure substantially in place, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. We are focused on optimizing the working capital needs of our supply chain through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership relationships. We completed the construction of a textile production plant in Nanjing, China which is our first company-owned textile facility in Asia. Production commenced in the fourth quarter of 2009 and we expect to ramp up production over the next 18 months. The Nanjing facility, along with our other textile facilities and arrangements with outside contractors, enables us to expand and leverage our production scale as we balance our supply chain across hemispheres to support our production capacity. The consolidation of our distribution network is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network.

Our Brands

Our portfolio of leading brands is designed to address the needs and wants of various consumer segments across a broad range of apparel essentials products. Each of our brands has a particular consumer positioning that distinguishes it from its competitors and guides its advertising and product development. We discuss some of our most important brands in more detail below.

Hanes is the largest and most widely recognized brand in our portfolio. In 2009, *Hanes* was number one for the sixth consecutive year as the most preferred men's apparel brand, women's intimate apparel brand and children's apparel brand of consumers in Retailing Today magazine's "Top Brands Study." In 2008, the most recent year the survey was conducted, *Hanes* was number one for the fifth consecutive year on the Women's Wear Daily "Top 100 Brands Survey" for apparel and accessory brands that women know best. The *Hanes* brand covers all of our product categories, including men's underwear, kids' underwear, bras, panties, socks, T-shirts, fleece and sheer hosiery.

Hanes stands for outstanding comfort, style and value. According to Millward Brown Market Research, *Hanes* is found in 85% of the U.S. households that have purchased men's or women's casual clothing or underwear in the 12-month period ended December 31, 2009.

Champion is our second-largest brand. Specializing in athletic and other performance apparel, the *Champion* brand is designed for everyday athletes. We believe that *Champion*'s combination of comfort, fit and style provides athletes with mobility, durability and up-to-date styles, all product qualities that are important in the sale of athletic products. We also distribute *C9 by Champion* products exclusively through Target stores.

Playtex, the third-largest brand within our portfolio, offers a line of bras, panties and shapewear, including products that offer solutions for hard to fit figures. *Bali* is the fourth-largest brand within our portfolio. *Bali* offers a range of bras, panties and shapewear sold in the department store channel. Our brand portfolio also includes the following well-known brands: *L'eggs*, *Just My Size*, *barely there*, *Wonderbra*, *Outer Banks* and *Duofold.* We entered into an agreement with Wal-Mart in April 2009 that significantly expanded the presence of our *Just My Size* brand. These brands serve to round out our product offerings, allowing us to give consumers a variety of options to meet their diverse needs.

Our Segments

During the fourth quarter of 2009, as we sought to drive more outerwear sales through our retail operations by expanding our *Hanes* and *Champion* offerings, we made the decision to change our internal organizational structure so that our retail operations, previously included in our Innerwear segment, would be a separate "Direct to Consumer" segment. As a result, our operations are managed and reported in six operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer, International and Other. Certain other insignificant changes between segments have been reflected in the segment disclosures to conform to the current organizational structure. These segments are organized principally by product category, geographic location and distribution channel. Management of each segment is responsible for the operations of these segments' businesses but shares a common supply chain and media and marketing platforms. For more information about our segments, see Note 20 to our financial statements included in this Annual Report on Form 10-K.

Innerwear

The Innerwear segment focuses on core apparel essentials, and consists of products such as women's intimate apparel, men's underwear, kids' underwear, and socks, marketed under well-known brands that are trusted by consumers. We are an intimate apparel category leader in the United States with our *Hanes*, *Playtex*, *Bali*, *barely there*, *Just My Size* and *Wonderbra* brands. We are also a leading manufacturer and marketer of men's underwear and kids' underwear under the *Hanes* and *Polo Ralph Lauren* brand names. During 2009, net sales from our Innerwear segment were $1.8 billion, representing approximately 47% of total net sales.

Outerwear

We are a leader in the casualwear and activewear markets through our *Hanes*, *Champion* , *Just My Size* and *Duofold* brands, where we offer products such as T-shirts and fleece. Our casualwear lines offer a range of quality, comfortable clothing for men, women and children marketed under the *Hanes* and *Just My Size* brands. The *Just My Size* brand offers casual apparel designed exclusively to meet the needs of plus-size women. In 2009, we entered into a multi-year agreement to provide a women's casualwear program with our *Just My Size* brand at Wal-Mart stores. In addition to activewear for men and women, *Champion* provides uniforms for athletic programs and includes an apparel program, *C9 by Champion*, at Target stores. We also license our *Champion* name for collegiate apparel and footwear. We also supply our T-shirts, sport shirts and fleece products, including brands such as *Hanes*, *Champion*, *Outer Banks* and *Hanes Beefy-T*, to customers, primarily wholesalers, who then resell to screen printers and embellishers. During 2009, net sales from our Outerwear segment were $1.1 billion, representing approximately 27% of total net sales.

Hosiery

We are the leading marketer of women's sheer hosiery in the United States. We compete in the hosiery market by striving to offer superior values and executing integrated marketing activities, as well as focusing on the style of our hosiery products. We market hosiery products under our *L'eggs*, *Hanes* and *Just My Size* brands. During 2009, net sales from our Hosiery segment were $186 million, representing approximately 5% of total net sales. We expect the trend of declining hosiery sales to continue consistent with the overall decline in the industry and with shifts in consumer preferences.

Direct to Consumer

Our Direct to Consumer operations include our value-based ("outlet") stores and Internet operations which sell products from our portfolio of leading brands. We sell our branded products directly to consumers through our outlet stores, as well as our Web sites operating under the *Hanes*, *One Hanes Place*, *Just My Size* and *Champion* names. Our Internet operations are supported by our catalogs. As of January 2, 2010 and January 3, 2009, we had 228 and 213 outlet stores, respectively. During 2009, net sales from our Direct to Consumer segment were $370 million, representing approximately 10% of total net sales.

International

International includes products that span across the Innerwear, Outerwear and Hosiery reportable segments and are primarily marketed under the *Hanes*, *Champion*, *Wonderbra*, *Playtex*, *Stedman*, *Zorba*, *Rinbros*, *Kendall, Sol y Oro*, *Bali* and *Ritmo* brands. During 2009, net sales from our International segment were $438 million, representing approximately 11% of total net sales and included sales in Latin America, Asia, Canada, Europe and South America. Our largest international markets are Canada, Japan, Mexico, Europe and Brazil, and we also have sales offices in India and China.

Other

Our Other segment primarily consists of sales of yarn to third parties in the United States and Latin America that maintain asset utilization at certain manufacturing facilities and are intended to generate approximate break even margins. During 2009, net sales from our Other segment were $13 million, representing less than 1% of total net sales. In October 2009, we completed the sale of our yarn operations as a result of which we ceased making our own yarn and now source all of our yarn requirements from large-scale yarn suppliers. As a result of the sale of our yarn operations we will no longer have net sales in our Other segment in the future.

Design, Research and Product Development

At the core of our design, research and product development capabilities is a team of approximately 300 professionals. We have combined our design, research and development teams into an integrated group for all of our product categories. A facility located in Winston-Salem, North Carolina, is the center of our research, technical design and product development efforts. We also employ creative design and product development personnel in our design center in New York City. In 2009, 2008 and 2007, we spent approximately $46 million, $46 million and $45 million, respectively, on design, research and product development, including the development of new and improved products.

Customers

In 2009, approximately 89% of our net sales were to customers in the United States and approximately 11% were to customers outside the United States. Domestically, almost 81% of our net sales were wholesale sales to retailers, 11% were direct to consumers and 8% were wholesale sales to third-party embellishers. We have well-established relationships with some of the largest apparel retailers in the world. Our largest customers are Wal-Mart Stores, Inc., or "Wal-Mart," Target Corporation, or "Target," and Kohl's Corporation, or "Kohl's," accounting for 27%, 17% and 7%, respectively, of our total sales in 2009. As is common in the apparel essentials industry, we generally do not have purchase agreements that obligate our customers to purchase our products. However, all of our key customer relationships have been in place for ten years or more. Wal-Mart, Target and Kohl's are our only customers with sales that exceed 10% of any individual segment's sales. In our Innerwear segment, Wal-Mart accounted for 40% of sales, Target accounted for 16% of sales and Kohl's accounted for 12% of sales during 2009. In our Outerwear segment, Target accounted for

34% of sales and Wal-Mart accounted for 19% of sales during 2009. In our Hosiery segment, Wal-Mart accounted for 27% of sales during 2009 and Target accounted for 10% of sales during 2009.

Due to their size and operational scale, high-volume retailers such as Wal-Mart and Target require extensive category and product knowledge and specialized services regarding the quantity, quality and timing of product orders. We have organized multifunctional customer management teams, which has allowed us to form strategic long-term relationships with these customers and efficiently focus resources on category, product and service expertise. Smaller regional customers attracted to our leading brands and quality products also represent an important component of our distribution. Our organizational model provides for an efficient use of resources that delivers a high level of category and channel expertise and services to these customers.

Sales to the mass merchant channel in the United States accounted for approximately 45% of our net sales in 2009. We sell all of our product categories in this channel primarily under our *Hanes*, *Just My Size* and *Playtex* brands. Mass merchants feature high-volume, low-cost sales of basic apparel items along with a diverse variety of consumer goods products, such as grocery and drug products and other hard lines, and are characterized by large retailers, such as Wal-Mart. Wal-Mart, which accounted for approximately 27% of our net sales in 2009, is our largest mass merchant customer.

Sales to the national chains and department stores channel in the United States accounted for approximately 16% of our net sales in 2009. These retailers target a higher-income consumer than mass merchants, focus more of their sales on apparel items rather than other consumer goods such as grocery and drug products, and are characterized by large retailers such as Kohl's, JC Penney Company, Inc. and Sears Holdings Corporation. We sell all of our product categories in this channel. Traditional department stores target higher-income consumers and carry more high-end, fashion conscious products than national chains or mass merchants and tend to operate in higher-income areas and commercial centers. Traditional department stores are characterized by large retailers such as Macy's and Dillard's, Inc. We sell products in our intimate apparel, hosiery and underwear categories through department stores.

Sales in our Direct to Consumer segment in the United States accounted for approximately 10% of our net sales in 2009. We sell our branded products directly to consumers through our 228 outlet stores, as well as our Web sites operating under the *Hanes*, *One Hanes Place*, *Just My Size* and *Champion* names. Our outlet stores are value-based, offering the consumer a savings of 25% to 40% off suggested retail prices, and sell first-quality, excess, post-season, obsolete and slightly imperfect products. Our Web sites, supported by our catalogs, address the growing direct to consumer channel that operates in today's 24/7 retail environment, and we have an active database of approximately four million consumers receiving our catalogs and emails. Our Web sites continue to experience growth as more consumers embrace this retail shopping channel.

Sales in our International segment represented approximately 11% of our net sales in 2009, and included sales in Latin America, Asia, Canada, Europe and South America. Our largest international markets are Canada, Japan, Mexico, Europe and Brazil, and we also have sales offices in India and China. We operate in several locations in Latin America including Mexico, Argentina, Brazil and Central America. From an export business perspective, we use distributors to service customers in the Middle East and Asia, and have a limited presence in Latin America. The brands that are the primary focus of the export business include *Hanes* and *Champion* socks, *Champion* activewear, *Hanes* underwear and *Bali*, *Playtex*, *Wonderbra* and *barely there* intimate apparel. As discussed below under "Intellectual Property," we are not permitted to sell Wonderbra and Playtex branded products in the member states of the EU, several other European countries, and South Africa. For more information about our sales on a geographic basis, see Note 21 to our financial statements.

Sales in other channels in the United States represented approximately 18% of our net sales in 2009. We sell T-shirts, golf and sport shirts and fleece sweatshirts to third-party embellishers primarily under our *Hanes*, *Hanes Beefy-T* and *Outer Banks* brands. Sales to third-party embellishers accounted for approximately 7% of our net sales in 2009. We also sell a significant range of our underwear, activewear and socks products under the *Champion* brand to wholesale clubs, such as Costco, and sporting goods stores, such as The Sports Authority, Inc. We sell primarily legwear and underwear products under the *Hanes* and *L'eggs* brands to food, drug and variety stores. We sell products that span across our Innerwear, Outerwear and Hosiery segments to the U.S. military for sale to servicemen and servicewomen.

Inventory

Effective inventory management is a key component of our future success. Because our customers generally do not purchase our products under long-term supply contracts, but rather on a purchase order basis, effective inventory management requires close coordination with the customer base. Through Kanban, a multi-initiative effort that determines production quantities, and in doing so, facilitates just-in-time production and ordering systems, as well as inventory management, demand prioritization and related initiatives, we seek to ensure that products are available to meet customer demands while effectively managing inventory levels. We also employ various other types of inventory management techniques that include collaborative forecasting and planning, supplier-managed inventory, key event management and various forms of replenishment management processes. Our supplier-managed inventory initiative is intended to shift raw material ownership and management to our suppliers until consumption, freeing up cash and improving response time. We have demand management planners in our customer management group who work closely with customers to develop demand forecasts that are passed to the supply chain. We also have professionals within the customer management group who coordinate daily with our larger customers to help ensure that our customers' planned inventory levels are in fact available at their individual retail outlets. Additionally, within our supply chain organization we have dedicated professionals who translate the demand forecast into our inventory strategy and specific production plans. These individuals work closely with our customer management team to balance inventory investment/exposure with customer service targets.

Seasonality and Other Factors

Our operating results are subject to some variability due to seasonality and other factors. Generally, our diverse range of product offerings helps mitigate the impact of seasonal changes in demand for certain items. Sales are typically higher in the last two quarters (July to December) of each fiscal year. Socks, hosiery and fleece products generally have higher sales during this period as a result of cooler weather, back-to-school shopping and holidays. Sales levels in any period are also impacted by customers' decisions to increase or decrease their inventory levels in response to anticipated consumer demand. Our customers may cancel orders, change delivery schedules or change the mix of products ordered with minimal notice to us. For example, we have experienced a shift in timing by our largest retail customers of back-to-school programs between June and July the last two years. Our results of operations are also impacted by fluctuations and volatility in the price of cotton and oil-related materials and the timing of actual spending for our media, advertising and promotion expenses. Media, advertising and promotion expenses may vary from period to period during a fiscal year depending on the timing of our advertising campaigns for retail selling seasons and product introductions.

Marketing

Our strategy is to bring consumer-driven innovation to market in a compelling way. Our approach is to build targeted, effective multimedia advertising and marketing campaigns to increase awareness of our key brands. Driving growth platforms across categories is a major element of our strategy as it enables us to meet key consumer needs and leverage advertising dollars. We believe that the strength of our consumer insights, our distinctive brand propositions and our focus on integrated marketing give us a competitive advantage in the fragmented apparel marketplace.

In 2009, we launched a number of new advertising and marketing initiatives:

- We launched a new television advertising campaign in support of *Hanes* Comfort Fit socks for the family.
- We announced that our *Champion* and *Duofold* brands have partnered with accomplished international mountaineer and motivational speaker Jamie Clarke to lead Expedition Hanesbrands, a Mount Everest expedition in 2010 designed to drive brand awareness and showcase our research and development innovation and textile science leadership.
- In connection with our Expedition Hanesbrands initiative, *Champion* launched a new "What's Your Everest" marketing campaign and online community to support people in reaching their personal aspirations and goals.

- *Hanes* became the Official Apparel Sponsor of Passionately Pink for the Cure, a fund-raising program created by Susan G. Komen for the Cure that inspires breast cancer advocacy and honors those affected by the disease. *Hanes* also offers a special "pink collection" of panties, bras, socks and graphic tees, and has created a campaign Web site, www.hanespink.com, that features interactive content to inspire people to make a difference in the breast cancer support community.
- *Champion* was selected by US Lacrosse, the sport's national governing body, as the "Official Performance Apparel of US Lacrosse" and *Champion* has the right to manufacture apparel with the US Lacrosse logo that will be sold to participating teams. In addition to the apparel partnership, the 2010 US Lacrosse National Convention, the largest lacrosse-specific educational and networking opportunity in the country, will be presented by *Champion*.

We also continued some of our existing advertising and marketing initiatives:

- We continued our men's underwear advertising featuring Michael Jordan, in support of *Hanes* Lay Flat Collar T-shirts and No Ride Up boxer briefs.
- We continued our television advertising featuring Sarah Chalke in another "Look Who" advertising campaign in support of our *Hanes* No Ride Up panties.
- We continued our alliance with The Walt Disney Company by opening Disney Design-a-Tee presented by *Hanes*, an innovative next-generation store for apparel souvenirs at the Walt Disney World Resort in Orlando, Florida, an interactive T-shirt design and printing store that enables Disney guests to enhance their magical Disney experience with a personalized custom-designed *Hanes* T-shirt printed while they wait.
- We continued our "How You Play" national advertising campaign for *Champion* that we launched in 2007. The campaign includes print, out-of-home and online components and is designed to capture the everyday moments of fun and sport in a series of cool and hip lifestyle images.
- We continued the "Live Beautifully" campaign for our *Bali* brand, launched in the Spring of 2007. The print, television and online advertising campaign features *Bali* bras and panties from its *Passion for Comfort*, *Seductive Curves* and *Cotton Creations* lines.
- We continued our innovative and expressive advertising and marketing campaign called "Girl Talk," launched in September 2007, in which confident, everyday women talk about their breasts, in support of our *Playtex 18 Hour* and *Playtex Secrets* product lines.

Distribution

As of January 2, 2010, we distributed our products for the U.S. market from a total of 19 distribution centers. These facilities include 17 facilities located in the United States and two facilities located outside the United States in regions where we manufacture our products. We internally manage and operate 13 of these facilities, and we use third-party logistics providers who operate the other six facilities on our behalf. International distribution operations use a combination of third-party logistics providers, as well as owned and operated distribution operations, to distribute goods to our various international markets.

We have reduced the number of distribution centers from the 48 that we maintained at the time of the spin off to 33 as of January 2, 2010. The consolidation of our distribution network is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network. In January 2009, we began shipping products from a new 1.3 million square foot distribution center in Perris, California.

Manufacturing and Sourcing

During 2009, approximately 70% of our finished goods sold were manufactured through a combination of facilities we own and operate and facilities owned and operated by third-party contractors who perform some of the steps in the manufacturing process for us, such as cutting and/or sewing. We sourced the remainder of our finished goods from third-party manufacturers who supply us with finished products based on our designs. We believe that our balanced approach to product supply, which relies on a combination of owned, contracted and sourced manufacturing located across different geographic regions, increases the efficiency of our operations, reduces product costs and offers customers a reliable source of supply.

Finished Goods That Are Manufactured by Hanesbrands

The manufacturing process for the finished goods that we manufacture begins with raw materials we obtain from suppliers. The principal raw materials in our product categories are cotton and synthetics. Our costs for cotton yarn and cotton-based textiles vary based upon the fluctuating cost of cotton, which is affected by, among other factors, weather, consumer demand, speculation on the commodities market and the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. We employ a dollar cost averaging strategy by entering into hedging contracts on cotton designed to protect us from severe market fluctuations in the wholesale prices of cotton. In addition to cotton yarn and cotton-based textiles, we use thread, narrow elastic and trim for product identification, buttons, zippers, snaps and lace.

Fluctuations in crude oil or petroleum prices may also influence the prices of items used in our business, such as chemicals, dyestuffs, polyester yarn and foam. Alternate sources of these materials and services are readily available. Cotton and synthetic materials are typically spun into yarn, which is then knitted into cotton, synthetic and blended fabrics. Although historically we have spun a significant portion of the yarn and knit a significant portion of the fabrics we use in our owned and operated facilities, in October 2009, we completed the sale of our yarn operations as a result of which we ceased making our own yarn and now source all of our yarn requirements from large-scale yarn suppliers. To a lesser extent, we purchase fabric from several domestic and international suppliers in conjunction with scheduled production. These fabrics are cut and sewn into finished products, either by us or by third-party contractors. Most of our cutting and sewing operations are strategically located in Asia, Central America and the Caribbean Basin.

Rising fuel, energy and utility costs may have a significant impact on our manufacturing costs. These costs may fluctuate due to a number of factors outside our control, including government policy and regulation, foreign exchange rates and weather conditions.

We continued to consolidate our manufacturing facilities and currently operate 41 manufacturing facilities, down from 70 at the time of our spin off. In making decisions about the location of manufacturing operations and third-party sources of supply, we consider a number of factors, including labor, local operating costs, quality, regional infrastructure, applicable quotas and duties, and freight costs. During the fourth quarter of 2009, we commenced production at our textile production plant in Nanjing, China, our first company-owned textile production facility in Asia. The Nanjing textile facility will enable us to expand and leverage our production scale in Asia as we balance our supply chain across hemispheres, thereby diversifying our production risks. During the fourth quarter of 2008, we commenced production at our 500,000 square foot sock manufacturing facility in El Salvador. This facility, co-located with textile manufacturing operations that we acquired in 2007, provides a manufacturing base in Central America from which to leverage our production scale at a lower cost location. In October 2008, we acquired a 370-employee embroidery and screen-print facility in Honduras. For the past eight years, these operations have produced embroidered and screen-printed apparel for us. This acquisition better positions us for long-term growth in these segments. During the second quarter of 2008, we added three company-owned sewing plants in Southeast Asia — two in Vietnam and one in Thailand — giving us four sewing plants in Asia.

Finished Goods That Are Manufactured by Third Parties

In addition to our manufacturing capabilities, we also source finished goods we design from third-party

manufacturers, also referred to as "turnkey products." Many of these turnkey products are sourced from international suppliers by our strategic sourcing hubs in Hong Kong and other locations in Asia.

All contracted and sourced manufacturing must meet our high quality standards. Further, all contractors and third-party manufacturers must be preaudited and adhere to our strict supplier and business practices guidelines. These requirements provide strict standards covering hours of work, age of workers, health and safety conditions and conformity with local laws and Hanesbrands' standards. Each new supplier must be inspected and agree to comprehensive compliance terms prior to performance of any production on our behalf. We audit compliance with these standards and maintain strict compliance performance records. In addition to our audit procedures, we require certain of our suppliers to be Worldwide Responsible Apparel Production, or "WRAP," certified. WRAP is a recognized apparel certification program that independently monitors and certifies compliance with certain specified manufacturing standards that are intended to ensure that a given factory produces sewn goods under lawful, humane, and ethical conditions. WRAP uses third-party, independent certification firms and requires factory-by-factory certification.

Trade Regulation

We are exposed to certain risks of doing business outside of the United States. We import goods from company-owned facilities in Asia, Central America, the Caribbean Basin and Mexico, and from suppliers in those areas and in Europe, South America, Africa and the Middle East. These import transactions are subject to customs, trade and other laws and regulations governing their entry into the United States and to tariffs applicable to such merchandise.

In addition, much of the merchandise we import is subject to duty free entry into the United States under various trade preferences and/or free trade agreements provided the goods meet certain criteria and characteristics. Compliance with these specific requirements as well as all other requirements is reviewed periodically by the United States Customs and Border Control and other governmental agencies.

Finally, imported apparel merchandise may be subject to various restrictive trade actions initiated by the United States government, domestic industry, labor or other parties under various U.S. laws. Such actions could result in the U.S. government imposing quotas or additional tariffs against apparel under special safeguard actions applicable to China, other safeguard actions applicable to any country, or antidumping or countervailing duties applicable to specific products from specific countries. Currently there are no such actions, additional, special or safeguard duties or quotas imposed against products which we import. Our management evaluates the possible impact of these and similar actions on our ability to import products from China and other countries. If such safeguards or duties were to be imposed, we do not expect that these restraints would have a material impact on us.

Moreover, our management monitors new developments and risks relating to duties, tariffs and quotas. Changes in these areas have the potential to harm or, in some cases, benefit our business. In response to the changing import environment management has chosen to continue its balanced approach to manufacturing and sourcing. We attempt to limit our sourcing exposure through geographic diversification with a mix of company-owned and contracted production, as well as shifts of production among countries and contractors. We will continue to manage our supply chain from a global perspective and adjust as needed to changes in the global production environment.

We also monitor a number of international security risks. We are a member of the Customs-Trade Partnership Against Terrorism, or "C-TPAT," a partnership between the government and private sector initiated after the events of September 11, 2001 to improve supply chain and border security. C-TPAT partners work with U.S. Customs and Border Protection to protect their supply chains from concealment of terrorist weapons, including weapons of mass destruction. In exchange, U.S. Customs and Border Protection provides reduced inspections at the port of arrival and expedited processing at the border.

Competition

The apparel essentials market is highly competitive and rapidly evolving. Competition generally is based upon price, brand name recognition, product quality, selection, service and purchasing convenience. Our businesses face competition today from other large corporations and foreign manufacturers. Fruit of the Loom, Inc., a subsidiary of Berkshire Hathaway Inc., competes with us across most of our segments through its own offerings and those of its Russell Corporation and Vanity Fair Intimates offerings. Other competitors in our Innerwear segment include Limited Brands, Inc.'s Victoria's Secret brand, Jockey International, Inc., Warnaco Group Inc. and Maidenform Brands, Inc. Other competitors in our Outerwear segment include various private label and controlled brands sold by many of our customers, Gildan Activewear, Inc. and Gap Inc. We also compete with many small manufacturers across all of our business segments, including our International segment. Additionally, department stores and other retailers, including many of our customers, market and sell apparel essentials products under private labels that compete directly with our brands.

Our competitive strengths include our strong brands with leading market positions, our high-volume, core essentials focus, our significant scale of operations, our global supply chain and our strong customer relationships.

- *Strong Brands with Leading Market Positions.* According to NPD, our brands hold either the number one or number two U.S. market position by sales value in most product categories in which we compete, for the 12 month period ended December 31, 2009. According to NPD, our largest brand, *Hanes*, is the top-selling apparel brand in the United States by units sold, for the 12 month period ended December 31, 2009.
- *High-Volume, Core Essentials Focus.* We sell high-volume, frequently replenished apparel essentials. The majority of our core styles continue from year to year, with variations only in color, fabric or design details, and are frequently replenished by consumers. We believe that our status as a high-volume seller of core apparel essentials creates a more stable and predictable revenue base and reduces our exposure to dramatic fashion shifts often observed in the general apparel industry.
- *Significant Scale of Operations.* According to NPD, we are the largest seller of apparel essentials in the United States as measured by units sold for the 12 month period ended December 31, 2009. Most of our products are sold to large retailers that have high-volume demands. We believe that we are able to leverage our significant scale of operations to provide us with greater manufacturing efficiencies, purchasing power and product design, marketing and customer management resources than our smaller competitors.
- *Global Supply Chain.* We have restructured our supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance our production capability between the Western Hemisphere and Asia. With our global supply chain infrastructure substantially in place, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs.
- *Strong Customer Relationships.* We sell our products primarily through large, high-volume retailers, including mass merchants, department stores and national chains. We have strong, long-term relationships with our top customers, including relationships of more than ten years with each of our top ten customers. We have aligned significant parts of our organization with corresponding parts of our customers' organizations. We also have entered into customer-specific programs such as the *C9 by Champion* products marketed and sold through Target stores and the recently expanded presence at Wal-Mart of our *Just My Size* brand.

Intellectual Property

Overview

We market our products under hundreds of trademarks and service marks in the United States and other countries around the world, the most widely recognized of which are *Hanes, Champion, C9 by Champion, Playtex, Bali, L'eggs, Just My Size, barely there*, *Wonderbra, Stedman, Outer Banks, Zorba, Rinbros* and *Duofold.* Some of our products are sold under trademarks that have been licensed from third parties, such as *Polo Ralph Lauren* men's underwear, and we also hold licenses from various toy and media companies that give us the right to use certain of

their proprietary characters, names and trademarks.

Some of our own trademarks are licensed to third parties, such as *Champion* for athletic-oriented accessories. In the United States, the *Playtex* trademark is owned by Playtex Marketing Corporation, of which we own a 50% interest and which grants to us a perpetual royalty-free license to the *Playtex* trademark on and in connection with the sale of apparel in the United States and Canada. The other 50% interest in Playtex Marketing Corporation is owned by Playtex Products, Inc., an unrelated third-party, who has a perpetual royalty-free license to the *Playtex* trademark on and in connection with the sale of non-apparel products in the United States. Outside the United States and Canada, we own the *Playtex* trademark and perpetually license such trademark to Playtex Products, Inc. for non-apparel products. In addition, as described below, as part of Sara Lee's sale in February 2006 of its European branded apparel business, an affiliate of Sun Capital Partners, Inc., or "Sun Capital," has an exclusive, perpetual, royalty-free license to manufacture, sell and distribute apparel products under the *Wonderbra* and *Playtex* trademarks in the member states of the EU, as well as several other European nations and South Africa. We also own a number of copyrights. Our trademarks and copyrights are important to our marketing efforts and have substantial value. We aggressively protect these trademarks and copyrights from infringement and dilution through appropriate measures, including court actions and administrative proceedings.

Although the laws vary by jurisdiction, trademarks generally remain valid as long as they are in use and/or their registrations are properly maintained. Most of the trademarks in our portfolio, including our core brands, are covered by trademark registrations in the countries of the world in which we do business, with registration periods generally ranging between seven and 10 years depending on the country. Trademark registrations can be renewed indefinitely as long as the trademarks are in use. We have an active program designed to ensure that our trademarks are registered, renewed, protected and maintained. We plan to continue to use all of our core trademarks and plan to renew the registrations for such trademarks for as long as we continue to use them. Most of our copyrights are unregistered, although we have a sizable portfolio of copyrighted lace designs that are the subject of a number of registrations at the U.S. Copyright Office.

We place high importance on product innovation and design, and a number of these innovations and designs are the subject of patents. However, we do not regard any segment of our business as being dependent upon any single patent or group of related patents. In addition, we own proprietary trade secrets, technology, and know how that we have not patented.

Shared Trademark Relationship with Sun Capital

In February 2006, Sara Lee sold its European branded apparel business to an affiliate of Sun Capital. In connection with the sale, Sun Capital received an exclusive, perpetual, royalty-free license to manufacture, sell and distribute apparel products under the *Wonderbra* and *Playtex* trademarks in the member states of the EU, as well as Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Morocco, Norway, Romania, Russia, Serbia-Montenegro, South Africa, Switzerland, Ukraine, Andorra, Albania, Channel Islands, Lichtenstein, Monaco, Gibraltar, Guadeloupe, Martinique, Reunion and French Guyana, which we refer to as the "Covered Nations." We are not permitted to sell *Wonderbra* and *Playtex* branded products in the Covered Nations, and Sun Capital is not permitted to sell *Wonderbra* and *Playtex* branded products outside of the Covered Nations. In connection with the sale, we also have received an exclusive, perpetual royalty-free license to sell *DIM* and *UNNO* branded products in Panama, Honduras, El Salvador, Costa Rica, Nicaragua, Belize, Guatemala, Mexico, Puerto Rico, the United States, Canada and, for *DIM* products, Japan. We are not permitted to sell *DIM* or *UNNO* branded apparel products outside of these countries and Sun Capital is not permitted to sell *DIM* or *UNNO* branded apparel products inside these countries. In addition, the rights to certain European-originated brands previously part of Sara Lee's branded apparel portfolio were transferred to Sun Capital and are not included in our brand portfolio.

Licensing Relationship with Tupperware Corporation

In December 2005, Sara Lee sold its direct selling business, which markets cosmetics, skin care products, toiletries and clothing in 18 countries, to Tupperware Corporation, or "Tupperware." In connection with the sale, Dart Industries Inc., or "Dart," an affiliate of Tupperware, received a three-year exclusive license agreement, which has been extended to March 31, 2010, to use the *C Logo*, *Champion U.S.A.*, *Wonderbra*, *W by Wonderbra*, *The One and Only Wonderbra*, *Playtex*, *Just My Size* and *Hanes* trademarks for the manufacture and sale, under the applicable brands, of certain men's and women's apparel in the Philippines, including underwear, socks, sportswear

products, bras, panties and girdles. Dart also received a ten-year, royalty-free, exclusive license to use the *Girls' Attitudes* trademark for the manufacture and sale of certain toiletries, cosmetics, intimate apparel, underwear, sportswear, watches, bags and towels in the Philippines. The rights and obligations under these agreements were assigned to us as part of the spin off.

In connection with the sale of Sara Lee's direct selling business, Tupperware also signed two five-year distributorship agreements providing Tupperware with the right to distribute and sell, through door-to-door and similar channels, *Playtex*, *Champion*, *Rinbros*, *Aire*, *Wonderbra*, *Hanes* and *Teens by Hanes* apparel items in Mexico that we have discontinued and/or determined to be obsolete. The agreements also provide Tupperware with the exclusive right for five years to distribute and sell through such channels such apparel items sold by us in the ordinary course of business. The agreements also grant a limited right to use such trademarks solely in connection with the distribution and sale of those products in Mexico.

Under the terms of the agreements, we reserve the right to apply for, prosecute and maintain trademark registrations in Mexico for those products covered by the distributorship agreement. The rights and obligations under these agreements were assigned to us as part of the spin off.

Corporate Social Responsibility

We have a formal corporate social responsibility ("CSR") program that consists of five core initiatives: a global business practices ethics program for all employees worldwide; a facility compliance program that seeks to ensure company and supplier plants meet our labor and social compliance standards; a product safety program; a global environmental management system that seeks to reduce the environmental impact of our operations; and a commitment to corporate philanthropy which seeks to meet the "fundamental needs" of the communities in which we live and work. We employ over 15 full-time CSR personnel across the world to manage our program.

In February 2008, we joined the Fair Labor Association and are currently undergoing the final stages of the Fair Labor Association's two-year implementation process for accreditation of our internal global social compliance program. The Fair Labor Association works with industry, civil society organizations and colleges and universities to protect workers' rights and improve working conditions in factories around the world. Participating companies in the Fair Labor Association are required to fulfill 10 company obligations, including conducting internal monitoring of facilities, submitting to independent monitoring audits and verification, and managing and reporting information on their compliance efforts. The Fair Labor Association conducts unannounced independent external monitoring audits of a sample of a participating company's plants and suppliers and publishes the results of those audits for the public to review.

We are committed to reducing our greenhouse gas footprint and our contribution to global climate change. We have implemented a comprehensive corporate energy policy. We manage this commitment by reducing our energy consumption as much as possible, exploring better supply chain management to reduce our use of energy-intensive transportation, adopting cleaner technologies where possible and actively tracking our energy metrics. We have partnered closely with Energy Star, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that helps save money and protect the environment through energy efficient products and practices.

We also incorporate Leadership in Energy and Environmental Design, or "LEED"-based practices into many remodeling and new construction projects for our facilities around the world. We earned the U.S. Green Building Council's sustainability certification for our Bentonville, Arkansas sales office. We are also currently working on LEED certification of manufacturing facilities in El Salvador, Vietnam and China and our distribution center in Perris, California. Sustainable features of the Perris facility include reduction of energy usage through extensive use of natural skylighting, motion-detection lighting, a design that does not require heating or air conditioning for a comfortable working environment, reduction of water usage compared with typical warehouses of its size through low-water bathroom fixtures and low-water landscaping, innovative site grading techniques and use of locally produced concrete and steel and many other LEED concepts such as use of paints, carpets and other materials with low volatile organic compound content, an organic-focused pest control program that minimizes chemical pesticide use, location near public transportation to reduce the parking lot size and reliance on automobile transportation, preferred parking for low-emission and low-energy vehicles, and on-site bicycle storage and shower and changing room facilities.

Our corporate philanthropic efforts are focused on meeting the "fundamental needs" of the communities in which we live and work. Last year, we were again the largest corporate giver to our local United Way in Forsyth County, North Carolina, with our corporate and employee gifts totaling nearly $2 million. While we do not have company-owned operations in Haiti, we donated over $2.2 million in apparel to the relief effort, made a $25,000 cash donation to CARE, and donated food and other staples directly to the employees of third-party contractors we use in Port-au-Prince in early 2010.

Environmental Matters

We have a well-developed environmental program that focuses heavily on energy use (in particular the use of renewable energy), water use and treatment, and the use of chemicals that comply with our restricted substances list. We are subject to various federal, state, local and foreign laws and regulations that govern our activities, operations and products that may have adverse environmental, health and safety effects, including laws and regulations relating to generating emissions, water discharges, waste, product and packaging content and workplace safety. Noncompliance with these laws and regulations may result in substantial monetary penalties and criminal sanctions. We are aware of hazardous substances or petroleum releases at a few of our facilities and are working with the relevant environmental authorities to investigate and address such releases. We also have been identified as a "potentially responsible party" at a few waste disposal sites undergoing investigation and cleanup under the federal Comprehensive Environmental Response, Compensation and Liability Act (commonly known as Superfund) or state Superfund equivalent programs. Where we have determined that a liability has been incurred and the amount of the loss can reasonably be estimated, we have accrued amounts in our balance sheet for losses related to these sites. Compliance with environmental laws and regulations and our remedial environmental obligations historically have not had a material impact on our operations, and we are not aware of any proposed regulations or remedial obligations that could trigger significant costs or capital expenditures in order to comply.

Governmental Regulation

Finally, we are subject to U.S. federal, state and local laws and regulations that could affect our business, including those promulgated under the Occupational Safety and Health Act, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the rules and regulations of the Consumer Products Safety Commission and various environmental laws and regulations. While we have had a product safety program in place for many years focused heavily on children's products, we have reinforced our product safety team and technological capabilities to ensure that we are fully in compliance with the new Consumer Products Safety Improvement Act. Our international businesses are subject to similar laws and regulations in the countries in which they operate. Our operations also are subject to various international trade agreements and regulations. See "— Trade Regulation." While we believe that we are in compliance in all material respects with all applicable governmental regulations, current governmental regulations may change or become more stringent or unforeseen events may occur, any of which could have a material adverse effect on our financial position or results of operations.

Employees

As of January 2, 2010, we had approximately 47,400 employees, approximately 7,800 of whom were located in the United States. Of the employees located in the United States, approximately 2,400 were full or part-time employees in our stores within our direct to consumer channel. As of January 2, 2010, in the United States, approximately 25 employees were covered by collective bargaining agreements. Some of our international employees were also covered by collective bargaining agreements. We believe our relationships with our employees are good.

Item 1A. ***Risk Factors***

This section describes circumstances or events that could have a negative effect on our financial results or operations or that could change, for the worse, existing trends in our businesses. The occurrence of one or more of the circumstances or events described below could have a material adverse effect on our financial condition, results of operations and cash flows or on the trading prices of our common stock. The risks and uncertainties described in this Annual Report on Form 10-K are not the only ones facing us. Additional risks and uncertainties that currently are not known to us or that we currently believe are immaterial also may adversely affect our businesses and operations.

Our supply chain relies on an extensive network of operations and any disruption to or adverse impact on such operations may adversely affect our business, results of operations, financial condition and cash flows.

We have an extensive global supply chain. A significant portion of our products are manufactured in or sourced from locations in Asia, Central America, the Caribbean Basin and Mexico and we are continuing to add new manufacturing capacity in Asia, Central America and the Caribbean Basin. Potential events that may disrupt our supply chain operations include:

- political instability and acts of war or terrorism or other international events resulting in the disruption of trade;
- other security risks;
- disruptions in shipping and freight forwarding services;
- increases in oil prices, which would increase the cost of shipping;
- interruptions in the availability of basic services and infrastructure, including power shortages;
- fluctuations in foreign currency exchange rates resulting in uncertainty as to future asset and liability values, cost of goods and results of operations that are denominated in foreign currencies;
- extraordinary weather conditions or natural disasters, such as hurricanes, earthquakes, tsunamis, floods or fires; and
- the occurrence of an epidemic, the spread of which may impact our ability to obtain products on a timely basis.

Disruptions in our supply chain could negatively impact our business by interrupting production, increasing our cost of sales, disrupting merchandise deliveries, delaying receipt of products into the United States or preventing us from sourcing our products at all. Depending on timing, these events could also result in lost sales, cancellation charges or excessive markdowns. All of the foregoing can have an adverse effect on our business, results of operations, financial condition and cash flows.

Significant fluctuations and volatility in the price of cotton and other raw materials we purchase may have a material adverse effect on our business, results of operations, financial condition and cash flows.

Cotton is the primary raw material used in the manufacturing of many of our products. While we have sold our yarn operations, we are still exposed to fluctuations in the cost of cotton. Increases in the cost of cotton can result in higher costs in the price we pay for yarn from our large-scale yarn suppliers. Our costs for cotton yarn and cotton-based textiles vary based upon the fluctuating cost of cotton, which is affected by weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. While we attempt to protect our business from the volatility of the market price of cotton through employing a dollar cost averaging strategy by entering into hedging contracts from time to time, our business can be adversely affected by dramatic movements in cotton prices. The cotton prices reflected in our results were 55 cents per pound in 2009 and 65 cents per pound in 2008. The ultimate effect of these pricing levels on our earnings cannot be quantified, as the effect of movements in cotton prices on industry selling prices are uncertain, but any dramatic increase in the price of cotton could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We are not always successful in our efforts to protect our business from the volatility of the market price of cotton, and our business can be adversely affected by dramatic movements in cotton prices. For example, we estimate that a change of $0.01 per pound in cotton prices would affect our annual raw material costs by $3 million, at current levels of production. The ultimate effect of this change on our earnings cannot be quantified, as the effect of movements in cotton prices on industry selling prices are uncertain, but any dramatic increase in the price of cotton would have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, oil-related commodity prices and the costs of other raw materials used in our products, such as dyes and chemicals, and other costs, such as fuel, energy and utility costs, may fluctuate due to a number of factors outside our control, including government policy and regulation and weather conditions. For example, we estimate

that a change of $10.00 per barrel in the price of oil would affect our freight costs by approximately $3 million, at current levels of usage.

The loss of one or more of our suppliers of finished goods or raw materials may interrupt our supplies and materially harm our business.

We purchase all of the raw materials used in our products and approximately 30% of the apparel designed by us from a limited number of third-party suppliers and manufacturers. Our ability to meet our customers' needs depends on our ability to maintain an uninterrupted supply of raw materials and finished products from our third-party suppliers and manufacturers. Our business, financial condition or results of operations could be adversely affected if any of our principal third-party suppliers or manufacturers experience financial difficulties that they are not able to overcome resulting from the deterioration in worldwide economic conditions, reproduction problems, lack of capacity or transportation disruptions. The magnitude of this risk depends upon the timing of any interruptions, the materials or products that the third-party manufacturers provide and the volume of production.

Our dependence on third parties for raw materials and finished products subjects us to the risk of supplier failure and customer dissatisfaction with the quality of our products. Quality failures by our third-party manufacturers or changes in their financial or business condition that affect their production could disrupt our ability to supply quality products to our customers and thereby materially harm our business.

If we fail to manage our inventory effectively, we may be required to establish additional inventory reserves or we may not carry enough inventory to meet customer demands, causing us to suffer lower margins or losses.

We are faced with the constant challenge of balancing our inventory with our ability to meet marketplace needs. We continually monitor our inventory levels to best balance current supply and demand with potential future demand that typically surges when consumers no longer postpone purchases in our product categories, and we are continuing to implement strategies such as supplier-managed inventory. Inventory reserves can result from the complexity of our supply chain, a long manufacturing process and the seasonal nature of certain products. Increases in inventory levels may also be needed to service our business as we continue to optimize our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. As a result, we could be subject to high levels of obsolescence and excess stock. Based on discussions with our customers and internally generated projections, we produce, purchase and/or store raw material and finished goods inventory to meet our expected demand for delivery. However, we sell a large number of our products to a small number of customers, and these customers generally are not required by contract to purchase our goods. If, after producing and storing inventory in anticipation of deliveries, demand is lower than expected, we may have to hold inventory for extended periods or sell excess inventory at reduced prices, in some cases below our cost. There are inherent uncertainties related to the recoverability of inventory, and it is possible that market factors and other conditions underlying the valuation of inventory may change in the future and result in further reserve requirements. Excess inventory charges can reduce gross margins or result in operating losses, lowered plant and equipment utilization and lowered fixed operating cost absorption, all of which could have a material adverse effect on our business, results of operations, financial condition or cash flows.

Conversely, we also are exposed to lost business opportunities if we underestimate market demand and produce too little inventory for any particular period. Because sales of our products are generally not made under contract, if we do not carry enough inventory to satisfy our customers' demands for our products within an acceptable time frame, they may seek to fulfill their demands from one or several of our competitors and may reduce the amount of business they do with us. Any such action could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We may not be able to achieve the benefits we are seeking through optimizing our supply chain, which could impair our ability to further enhance efficiency, improve working capital and asset turns and reduce costs.

We have restructured our supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance our production capability between the Western Hemisphere and Asia. We have closed plant locations, reduced our workforce and relocated some of our manufacturing capacity to lower cost locations in Asia, Central America and the Caribbean Basin and our global supply chain infrastructure is substantially in place, we are now focused on optimizing our supply chain to further enhance efficiency, improve

working capital and asset turns and reduce costs. If we are not able to optimize our supply chain, we may not be successful at improving working capital and asset turns and reducing costs. The consolidation of our distribution network is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network.

Our business could be harmed if we are unable to deliver our products to the market due to problems with our distribution network.

We distribute our products from facilities that we operate as well as facilities that are operated by third-party logistics providers. These facilities include a combination of owned, leased and contracted distribution centers. We have reduced the number of distribution centers from the 48 that we maintained at the time of the spin off to 33 as of January 2, 2010. In January 2009, we began shipping products from a new 1.3 million square foot distribution center in Perris, California. The consolidation of our distribution is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network. Because substantially all of our products are distributed from a relatively small number of locations, our operations could also be interrupted by extraordinary weather conditions or natural disasters, such as hurricanes, earthquakes, tsunamis, floods or fires near our distribution centers. We maintain business interruption insurance, but it may not adequately protect us from the adverse effects that could be caused by significant disruptions to our distribution network. In addition, our distribution network is dependent on the timely performance of services by third parties, including the transportation of product to and from our distribution facilities. If we are unable to successfully operate our distribution network, our business, results of operations, financial condition and cash flows could be adversely affected.

Current economic conditions may adversely impact demand for our products, reduce access to credit and cause our customers and others with which we do business to suffer financial hardship, all of which could adversely impact our business, results of operations, financial condition and cash flows.

Worldwide economic conditions have deteriorated significantly since mid-2008 in many countries and regions, including the United States, and may remain depressed for the foreseeable future. Although the majority of our products are replenishment in nature and tend to be purchased by consumers on a planned, rather than on an impulse, basis, our sales are impacted by discretionary spending by our customers. Discretionary spending is affected by many factors, including, among others, general business conditions, interest rates, inflation, consumer debt levels, consumers' uncertainty about financial conditions, the availability of consumer credit, currency exchange rates, taxation, electricity power rates, gasoline prices, unemployment trends and other matters that influence consumer confidence and spending. Many of these factors are outside of our control. During the past several years, various retailers, including some of our largest customers, have experienced significant difficulties, including restructurings, bankruptcies and liquidations, and the inability of retailers to overcome these difficulties may increase due to worldwide economic conditions. This could adversely affect us because our customers generally pay us after goods are delivered. Adverse changes in a customer's financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's future purchases or limit our ability to collect accounts receivable relating to previous purchases by that customer. Our customers' purchases of discretionary items, including our products, could decline during periods when disposable income is lower, when prices increase in response to rising costs, or in periods of actual or perceived unfavorable economic conditions. Any of these occurrences could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our product costs may also increase, and these increases may not be offset by comparable rises in the income of consumers of our products. These consumers may choose to purchase fewer of our products or lower-priced products of our competitors in response to higher prices for our products, or may choose not to purchase our products at prices that reflect our price increases that become effective from time to time. If any of these events occur, or if unfavorable economic conditions continue to challenge the consumer environment, our business, results of operations, financial condition and cash flows could be adversely affected.

In addition, economic conditions, including decreased access to credit, may result in financial difficulties

leading to restructurings, bankruptcies, liquidations and other unfavorable events for our customers, suppliers of raw materials and finished goods, logistics and other service providers and financial institutions which are counterparties to our credit facilities and derivatives transactions. In addition, the inability of these third parties to overcome these difficulties may increase. For example, several customers filed for bankruptcy during 2008 and 2009. If third parties on which we rely for raw materials, finished goods or services are unable to overcome difficulties resulting from the deterioration in worldwide economic conditions and provide us with the materials and services we need, or if counterparties to our credit facilities or derivatives transactions do not perform their obligations, our business, results of operations, financial condition and cash flows could be adversely affected.

Due to the extensive nature of our foreign operations, fluctuations in foreign currency exchange rates could negatively impact our results of operations.

We sell a majority of our products in transactions denominated in U.S. dollars; however, we purchase many of our raw materials, pay a portion of our wages and make other payments in our supply chain in foreign currencies. As a result, when the U.S. dollar weakens against any of these currencies, our cost of sales could increase substantially. Outside the United States, we may pay for materials or finished products in U.S. dollars, and in some cases a strengthening of the U.S. dollar could effectively increase our costs where we use foreign currency to purchase the U.S. dollars we need to make such payments. We use foreign exchange forward and option contracts to hedge material exposure to adverse changes in foreign exchange rates. We are also exposed to gains and losses resulting from the effect that fluctuations in foreign currency exchange rates have on the reported results in our financial statements due to the translation of operating results and financial position of our foreign subsidiaries.

We rely on a relatively small number of customers for a significant portion of our sales, and the loss of or material reduction in sales to any of our top customers would have a material adverse effect on our business, results of operations, financial condition and cash flows.

In 2009, our top ten customers accounted for 65% of our net sales and our top customers, Wal-Mart and Target, accounted for 27% and 17% of our net sales, respectively. We expect that these customers will continue to represent a significant portion of our net sales in the future. In addition, our top customers are the largest market participants in our primary distribution channels across all of our product lines. Any loss of or material reduction in sales to any of our top ten customers, especially Wal-Mart and Target, would be difficult to recapture, and would have a material adverse effect on our business, results of operations, financial condition and cash flows.

Sales to our customers could be reduced if they devote less selling space to apparel products, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Over time, some of our customers that sell a variety of goods may devote less selling space to apparel products. If any of our customers devote less selling space to apparel products, our sales to those customers could be reduced even if we maintain our share of their apparel business. Any material reduction in sales resulting from reductions in apparel selling space could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Current market returns have had a negative impact on the return on plan assets for our pension and other postemployment plans, which may require significant funding.

As widely reported, financial markets in the United States, Europe and Asia have been experiencing extreme disruption since mid-2008. As a result of this disruption in the domestic and international equity and bond markets, our pension plans and other postemployment plans had an increase in asset values of approximately 8% during 2009 and had a decrease of 32% during 2008. We are unable to predict the significant variations in asset values or the severity or duration of the current disruptions in the financial markets and the adverse economic conditions in the United States, Europe and Asia. The funded status of these plans, and the related cost reflected in our financial statements, are affected by various factors that are subject to an inherent degree of uncertainty, particularly in the current economic environment. Under the Pension Protection Act of 2006 (the “Pension Protection Act”), continued losses of asset values may necessitate increased funding of the plans in the future to meet minimum federal government requirements. The continued downward pressure on the asset values of these plans may require us to fund obligations earlier than we had originally planned, which would have a negative impact on cash flows from operations.

We generally do not sell our products under contracts, and, as a result, our customers are generally not contractually obligated to purchase our products, which causes some uncertainty as to future sales and inventory levels.

We generally do not enter into purchase agreements that obligate our customers to purchase our products, and as a result, most of our sales are made on a purchase order basis. If any of our customers experiences a significant downturn in its business, or fails to remain committed to our products or brands, the customer is generally under no contractual obligation to purchase our products and, consequently, may reduce or discontinue purchases from us. In the past, such actions have resulted in a decrease in sales and an increase in our inventory and have had an adverse effect on our business, results of operations, financial condition and cash flows. If such actions occur again in the future, our business, results of operations and financial condition will likely be similarly affected.

Our existing customers may require products on an exclusive basis, forms of economic support and other changes that could be harmful to our business.

Customers increasingly may require us to provide them with some of our products on an exclusive basis, which could cause an increase in the number of stock keeping units, or "SKUs," we must carry and, consequently, increase our inventory levels and working capital requirements. Moreover, our customers may increasingly seek markdown allowances, incentives and other forms of economic support which reduce our gross margins and affect our profitability. Our financial performance is negatively affected by these pricing pressures when we are forced to reduce our prices without being able to correspondingly reduce our production costs.

We operate in a highly competitive and rapidly evolving market, and our market share and results of operations could be adversely affected if we fail to compete effectively in the future.

The apparel essentials market is highly competitive and evolving rapidly. Competition is generally based upon price, brand name recognition, product quality, selection, service and purchasing convenience. Our businesses face competition today from other large corporations and foreign manufacturers. Fruit of the Loom, Inc., a subsidiary of Berkshire Hathaway Inc., competes with us across most of our segments through its own offerings and those of its Russell Corporation and Vanity Fair Intimates offerings. Other competitors in our Innerwear segment include Limited Brands, Inc.'s Victoria's Secret brand, Jockey International, Inc., Warnaco Group Inc. and Maidenform Brands, Inc. Other competitors in our Outerwear segment include various private label and controlled brands sold by many of our customers, Gildan Activewear, Inc. and Gap Inc. We also compete with many small manufacturers across all of our business segments, including our International segment. Additionally, department stores and other retailers, including many of our customers, market and sell apparel essentials products under private labels that compete directly with our brands. These customers may buy goods that are manufactured by others, which represents a lost business opportunity for us, or they may sell private label products manufactured by us, which have significantly lower gross margins than our branded products. Increased competition may result in a loss of or a reduction in shelf space and promotional support and reduced prices, in each case decreasing our cash flows, operating margins and profitability. Our ability to remain competitive in the areas of price, quality, brand recognition, research and product development, manufacturing and distribution will, in large part, determine our future success. If we fail to compete successfully, our market share, results of operations and financial condition will be materially and adversely affected.

Sales of and demand for our products may decrease if we fail to keep pace with evolving consumer preferences and trends, which could have an adverse effect on net sales and profitability.

Our success depends on our ability to anticipate and respond effectively to evolving consumer preferences and trends and to translate these preferences and trends into marketable product offerings. If we are unable to successfully anticipate, identify or react to changing styles or trends or misjudge the market for our products, our sales may be lower than expected and we may be faced with a significant amount of unsold finished goods inventory. In response, we may be forced to increase our marketing promotions, provide markdown allowances to our customers or liquidate excess merchandise, any of which could have a material adverse effect on our net sales and profitability. Our brand image may also suffer if customers believe that we are no longer able to offer innovative products, respond to consumer preferences or maintain the quality of our products.

Our substantial indebtedness subjects us to various restrictions and could decrease our profitability and otherwise adversely affect our business.

We have a substantial amount of indebtedness. As described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources," our indebtedness includes the $750 million term loan and $400 million revolving credit facility (the "Revolving Loan Facility") pursuant to our senior secured credit facility that we entered into in 2006 and amended and restated on December 10, 2009 (as amended and restated, the "2009 Senior Secured Credit Facility"), our $500 million Floating Rate Senior Notes due 2014 (the "Floating Rate Senior Notes"), our $500 million 8.000% Senior Notes due 2016 (the "8% Senior Notes") and the $250 million accounts receivable securitization facility that we entered into on November 27, 2007 as amended in December 2009 (the "Accounts Receivable Securitization Facility"). The 2009 Senior Secured Credit Facility and the indentures governing the Floating Rate Senior Notes and the 8% Senior Notes contain restrictions

that affect, and in some cases significantly limit or prohibit, among other things, our ability to borrow funds, pay dividends or make other distributions, make investments, engage in transactions with affiliates, or create liens on our assets.

Our leverage also could put us at a competitive disadvantage compared to our competitors that are less leveraged. These competitors could have greater financial flexibility to pursue strategic acquisitions, secure additional financing for their operations by incurring additional debt, expend capital to expand their manufacturing and production operations to lower-cost areas and apply pricing pressure on us. In addition, because many of our customers rely on us to fulfill a substantial portion of their apparel essentials demand, any concern these customers may have regarding our financial condition may cause them to reduce the amount of products they purchase from us. Our leverage could also impede our ability to withstand downturns in our industry or the economy.

If we are unable to maintain financial ratios associated with our indebtedness, such failure could cause the acceleration of the maturity of such indebtedness which would adversely affect our business.

Covenants in the 2009 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility require us to maintain a minimum interest coverage ratio and a maximum total debt to EBITDA (earnings before income taxes, depreciation expense and amortization), or leverage ratio. The recent deterioration of worldwide economic conditions could impact our ability to maintain the financial ratios contained in these agreements. If we fail to maintain these financial ratios, that failure could result in a default that accelerates the maturity of the indebtedness under such facilities, which could require that we repay such indebtedness in full, together with accrued and unpaid interest, unless we are able to negotiate new financial ratios or waivers of our current ratios with our lenders. Even if we are able to negotiate new financial ratios or waivers of our current financial ratios, we may be required to pay fees or make other concessions that may adversely impact our business. Any one of these options could result in significantly higher interest expense in 2010 and beyond. For information regarding our compliance with these covenants, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Trends and Uncertainties Affecting Liquidity.”

If we fail to meet our payment or other obligations, the lenders could foreclose on, and acquire control of, substantially all of our assets.

The lenders under the 2009 Senior Secured Credit Facility have received a pledge of substantially all of our existing and future direct and indirect subsidiaries, with certain customary or agreed-upon exceptions for foreign subsidiaries and certain other subsidiaries. Additionally, these lenders generally have a lien on substantially all of our assets and the assets of our subsidiaries, with certain exceptions. The financial institutions that are party to the Accounts Receivable Securitization Facility have a lien on certain of our domestic accounts receivables. As a result of these pledges and liens, if we fail to meet our payment or other obligations under the 2009 Senior Secured Credit Facility or the Accounts Receivable Securitization Facility, the lenders under those facilities will be entitled to foreclose on substantially all of our assets and, at their option, liquidate these assets.

Our indebtedness restricts our ability to obtain additional capital in the future.

The restrictions contained in the 2009 Senior Secured Credit Facility and in the indentures governing the Floating Rate Senior Notes and the 8% Senior Notes could limit our ability to obtain additional capital in the future to fund capital expenditures or acquisitions, meet our debt payment obligations and capital commitments, fund any operating losses or future development of our business affiliates, obtain lower borrowing costs that are available from secured lenders or engage in advantageous transactions that monetize our assets, or conduct other necessary or prudent corporate activities.

If we need to incur additional debt or issue equity in order to fund working capital and capital expenditures or to make acquisitions and other investments, debt or equity financing may not be available to us on acceptable terms or at all. If we are not able to obtain sufficient financing, we may be unable to maintain or expand our business. If we raise funds through the issuance of debt or equity, any debt securities or preferred stock issued will have rights, preferences and privileges senior to those of holders of our common stock in the event of a liquidation, and the terms of the debt securities may impose restrictions on our operations. If we raise funds through the issuance of equity, the issuance would dilute the ownership interest of our stockholders.

To service our debt obligations, we may need to increase the portion of the income of our foreign subsidiaries that is expected to be remitted to the United States, which could increase our income tax expense.

The amount of the income of our foreign subsidiaries that we expect to remit to the United States may significantly impact our U.S. federal income tax expense. We pay U.S. federal income taxes on that portion of the income of our foreign subsidiaries that is expected to be remitted to the United States and be taxable. In order to service our debt obligations, we may need to increase the portion of the income of our foreign subsidiaries that we expect to remit to the United States, which may significantly increase our income tax expense. Consequently, our income tax expense has been, and will continue to be, impacted by our strategic initiative to make substantial capital investments outside the United States.

Our balance sheet includes a significant amount of intangible assets and goodwill. A decline in the estimated fair value of an intangible asset or of a business unit could result in an asset impairment charge, which would be recorded as an operating expense in our Consolidated Statement of Income.

Under current accounting standards, we estimate the fair value of acquired assets, including intangible assets, and assumed liabilities arising from a business acquisition. The excess, if any, of the cost of the acquired business over the fair value of net tangible assets acquired is goodwill. The goodwill is then assigned to a business unit ("reporting unit"), are considering whether the acquired business will be operated as a separate business unit or integrated into an existing business unit.

As of January 2, 2010, we had approximately $136 million of trademarks and other identifiable intangibles and $322 million of goodwill on our balance sheet. Our trademarks are subject to amortization while goodwill is not required to be amortized under current accounting rules. The combined amounts represent 14% of our total assets.

Goodwill must be tested for impairment at least annually. No impairment was identified as a result of the testing conducted in 2009. The impairment test requires us to estimate the fair value of our reporting units, primarily using discounted cash flow methodologies based on projected revenues and cash flows that will be derived from a reporting unit. Intangible assets that are being amortized must be tested for impairment whenever events or circumstances indicate that their carrying value might not be recoverable.

The fair value of a reporting unit could decline if projected revenues or cash flows were to be lower in the future due to effects of the global recession or other causes. If the carrying value of intangible assets or of goodwill were to exceed its fair value, the asset would be written down to its fair value, with the impairment loss recognized as a noncash charge in the Consolidated Statement of Income. We have not had any impairment charges in the last three years. However, changes in the future outlook of a reporting unit could result in an impairment loss, which could have a material adverse effect on our results of operations and financial condition.

Unanticipated changes in our tax rates or exposure to additional income tax liabilities could increase our income taxes and decrease our net income.

We are subject to income taxes in both the United States and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and, in the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. Our effective tax rates could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, the resolution of issues arising from tax audits with various tax authorities, changes in tax laws, adjustments to income taxes upon finalization of various tax returns and other factors. Our tax determinations are regularly subject to audit by tax authorities and developments in those audits could adversely affect our income tax provision. Although we believe that our tax estimates are reasonable, any significant increase in our future effective tax rates could adversely impact our net income for future periods.

Our balance sheet includes a significant amount of deferred tax assets. We must generate sufficient future taxable income to realize the deferred tax benefits.

As of January 2, 2010, we had approximately $492 million of net deferred tax assets on our balance sheet which represents 15% of our total assets. Deferred tax assets relate to temporary differences (differences between the assets and liabilities in the consolidated financial statements and the assets and liabilities in the calculation of taxable income). The recognition of deferred tax assets is reduced by a valuation allowance if it is more likely than not that the tax benefits associated with the deferred tax benefits will not be realized. If we are unable to generate sufficient future taxable income in certain jurisdictions, or if there is a significant change in the actual effective tax rates or the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase the valuation allowances against our deferred tax assets, which would cause an increase in our effective tax rate. A significant increase in our effective tax rate could have a material adverse effect on our financial condition or results of operations.

Any inadequacy, interruption, integration failure or security failure with respect to our information technology could harm our ability to effectively operate our business.

Our ability to effectively manage and operate our business depends significantly on our information technology systems. As part of our efforts to consolidate our operations, we also expect to continue to incur costs associated with the integration of our information technology systems across our company over the next several years. This process involves the consolidation or possible replacement of technology platforms so that our business functions are served by fewer platforms, and has resulted in operational inefficiencies and in some cases increased our costs. We are subject to the risk that we will not be able to absorb the level of systems change, commit the necessary resources or focus the management attention necessary for the implementation to succeed. Many key strategic initiatives of major business functions, such as our supply chain and our finance operations, depend on advanced capabilities enabled by the new systems and if we fail to properly execute or if we miss critical deadlines in the implementation of this initiative, we could experience serious disruption and harm to our business. The failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, difficulty in integrating new systems or systems of acquired businesses or a breach in security of these systems could adversely impact the operations of our business.

If we experience a data security breach and confidential customer information is disclosed, we may be subject to penalties and experience negative publicity, which could affect our customer relationships and have a material adverse effect on our business.

We and our customers could suffer harm if customer information were accessed by third parties due to a security failure in our systems. The collection of data and processing of transactions through our direct to consumer operations require us to receive and store a large amount of personally identifiable data. This type of data is subject to legislation and regulation in various jurisdictions. Data security breaches suffered by well-known companies and institutions have attracted a substantial amount of media attention, prompting state and federal legislative proposals addressing data privacy and security. If some of the current proposals are adopted, we may be subject to more extensive requirements to protect the customer information that we process in connection with the purchases of our products. We may become exposed to potential liabilities with respect to the data that we collect, manage and process, and may incur legal costs if our information security policies and procedures are not effective or if we are required to defend our methods of collection, processing and storage of personal data. Future investigations, lawsuits or adverse publicity relating to our methods of handling personal data could adversely affect our business, results of operations, financial condition and cash flows due to the costs and negative market reaction relating to such developments.

Compliance with environmental and other regulations could require significant expenditures.

We are subject to various federal, state, local and foreign laws and regulations that govern our activities, operations and products that may have adverse environmental, health and safety effects, including laws and regulations relating to generating emissions, water discharges, waste, product and packaging content and workplace safety. Noncompliance with these laws and regulations may result in substantial monetary penalties and criminal sanctions. Future events that could give rise to manufacturing interruptions or environmental remediation include changes in existing laws and regulations, the enactment of new laws and regulations, a release of hazardous

substances on or from our properties or any associated offsite disposal location, or the discovery of contamination from current or prior activities at any of our properties. While we are not aware of any proposed regulations or remedial obligations that could trigger significant costs or capital expenditures in order to comply, any such regulations or obligations could adversely affect our business, results of operations, financial condition and cash flows.

International trade regulations may increase our costs or limit the amount of products that we can import from suppliers in a particular country, which could have an adverse effect on our business.

Because a significant amount of our manufacturing and production operations are located, or our products are sourced from, outside the United States, we are subject to international trade regulations. The international trade regulations to which we are subject or may become subject include tariffs, safeguards or quotas. These regulations could limit the countries in which we produce or from which we source our products or significantly increase the cost of operating in or obtaining materials originating from certain countries. Restrictions imposed by international trade regulations can have a particular impact on our business when, after we have moved our operations to a particular location, new unfavorable regulations are enacted in that area or favorable regulations currently in effect are changed. The countries in which our products are manufactured or into which they are imported may from time to time impose additional new regulations, or modify existing regulations, including:

- additional duties, taxes, tariffs and other charges on imports, including retaliatory duties or other trade sanctions, which may or may not be based on WTO rules, and which would increase the cost of products produced in such countries;
- limitations on the quantity of goods which may be imported into the United States from a particular country, including the imposition of further "safeguard" mechanisms by the U.S. government or governments in other jurisdictions, limiting our ability to import goods from particular countries, such as China;
- changes in the classification of products that could result in higher duty rates than we have historically paid;
- modification of the trading status of certain countries;
- requirements as to where products are manufactured;
- creation of export licensing requirements, imposition of restrictions on export quantities or specification of minimum export pricing; or
- creation of other restrictions on imports.

Adverse international trade regulations, including those listed above, would have a material adverse effect on our business, results of operations, financial condition and cash flows.

We had approximately 47,400 employees worldwide as of January 2, 2010, and our business operations and financial performance could be adversely affected by changes in our relationship with our employees or changes to U.S. or foreign employment regulations.

We had approximately 47,400 employees worldwide as of January 2, 2010. This means we have a significant exposure to changes in domestic and foreign laws governing our relationships with our employees, including wage and hour laws and regulations, fair labor standards, minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements and payroll taxes, which likely would have a direct impact on our operating costs. Approximately 39,600 of those employees were outside of the United States. A significant increase in minimum wage or overtime rates in countries where we have employees could have a significant impact on our operating costs and may require that we relocate those operations or take other steps to mitigate such increases, all of which may cause us to incur additional costs, expend resources responding to such increases and lower our margins.

In addition, some of our employees are members of labor organizations or are covered by collective bargaining agreements. If there were a significant increase in the number of our employees who are members of labor organizations or become parties to collective bargaining agreements, we would become vulnerable to a strike, work stoppage or other labor action by these employees that could have an adverse effect on our business.

We may suffer negative publicity if we or our third-party manufacturers violate labor laws or engage in practices that are viewed as unethical or illegal, which could cause a loss of business.

We cannot fully control the business and labor practices of our third-party manufacturers, the majority of whom are located in Asia, Central America and the Caribbean Basin. If one of our own manufacturing operations or one of our third-party manufacturers violates or is accused of violating local or international labor laws or other applicable regulations, or engages in labor or other practices that would be viewed in any market in which our products are sold as unethical, we could suffer negative publicity, which could tarnish our brands' image or result in a loss of sales. In addition, if such negative publicity affected one of our customers, it could result in a loss of business for us.

The success of our business is tied to the strength and reputation of our brands, including brands that we license to other parties. If other parties take actions that weaken, harm the reputation of or cause confusion with our brands, our business, and consequently our sales, results of operations and cash flows, may be adversely affected.

We license some of our important trademarks to third parties. For example, we license *Champion* to third parties for athletic-oriented accessories. Although we make concerted efforts to protect our brands through quality control mechanisms and contractual obligations imposed on our licensees, there is a risk that some licensees may not be in full compliance with those mechanisms and obligations. In that event, or if a licensee engages in behavior with respect to the licensed marks that would cause us reputational harm, we could experience a significant downturn in that brand's business, adversely affecting our sales and results of operations. Similarly, any misuse of the *Wonderbra* or *Playtex* brands by Sun Capital could result in negative publicity and a loss of sales for our products under these brands, any of which may have a material adverse effect on our business, results of operations, financial condition or cash flows.

We design, manufacture, source and sell products under trademarks that are licensed from third parties. If any licensor takes actions related to their trademarks that would cause their brands or our company reputational harm, our business may be adversely affected.

We design, manufacture, source and sell a number of our products under trademarks that are licensed from third parties such as our Polo Ralph Lauren men's underwear. Because we do not control the brands licensed to us, our licensors could make changes to their brands or business models that could result in a significant downturn in a brand's business, adversely affecting our sales and results of operations. If any licensor engages in behavior with respect to the licensed marks that would cause us reputational harm, or if any of the brands licensed to us violates the trademark rights of another or are deemed to be invalid or unenforceable, we could experience a significant downturn in that brand's business, adversely affecting our sales and results of operations, and we may be required to expend significant amounts on public relations, advertising and, possibly, legal fees.

We are prohibited from selling our Wonderbra and Playtex intimate apparel products in the EU, as well as certain other countries in Europe and South Africa, and therefore are unable to take advantage of business opportunities that may arise in such countries.

In February 2006, Sara Lee sold its European branded apparel business to Sun Capital. In connection with the sale, Sun Capital received an exclusive, perpetual, royalty-free license to manufacture, sell and distribute apparel products under the *Wonderbra* and *Playtex* trademarks in the member states of the EU, as well as Russia, South Africa, Switzerland and certain other nations in Europe. Due to the exclusive license, we are not permitted to sell *Wonderbra* and *Playtex* branded products in these nations and Sun Capital is not permitted to sell *Wonderbra* and *Playtex* branded products outside of these nations. Consequently, we will not be able to take advantage of business opportunities that may arise relating to the sale of *Wonderbra* and *Playtex* products in these nations. For more information on these sales restrictions see "Business — Intellectual Property."

If we are unable to protect our intellectual property rights, our business may be adversely affected.

Our trademarks and copyrights are important to our marketing efforts and have substantial value. We aggressively protect these trademarks and copyrights from infringement and dilution through appropriate measures, including court actions and administrative proceedings. We are susceptible to others imitating our products and infringing our intellectual property rights. Infringement or counterfeiting of our products could diminish the value of our brands or otherwise adversely affect our business. Actions we have taken to establish and protect our intellectual property rights may not be adequate to prevent imitation of our products by others or to prevent others from seeking to invalidate our trademarks or block sales of our products as a violation of the trademarks and intellectual property rights of others. In addition, unilateral actions in the United States or other countries, such as changes to or the repeal of laws recognizing trademark or other intellectual property rights, could have an impact on our ability to enforce those rights.

The value of our intellectual property could diminish if others assert rights in, or ownership of, our trademarks and other intellectual property rights. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be trademark owners who have prior rights to our trademarks because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the United States. In other cases, there may be holders who have prior rights to similar trademarks. We are from time to time involved in opposition and cancelation proceedings with respect to some items of our intellectual property.

Our business depends on our senior management team and other key personnel.

Our success depends upon the continued contributions of our senior management team and other key personnel, some of whom have unique talents and experience and would be difficult to replace. The loss or interruption of the services of a member of our senior management team or other key personnel could have a material adverse effect on our business during the transitional period that would be required for a successor to assume the responsibilities of the position. Our future success will also depend on our ability to attract and retain key managers, sales people and others. We may not be able to attract or retain these employees, which could adversely affect our business.

Businesses that we may acquire may fail to perform to expectations, and we may be unable to successfully integrate acquired businesses with our existing business.

From time to time, we may evaluate potential acquisition opportunities to support and strengthen our business. We may not be able to realize all or a substantial portion of the anticipated benefits of acquisitions that we may consummate. Newly acquired businesses may not achieve expected results of operations, including expected levels of revenues, and may require unanticipated costs and expenditures. Acquired businesses may also subject us to liabilities that we were unable to discover in the course of our due diligence, and our rights to indemnification from the sellers of such businesses, even if obtained, may not be sufficient to offset the relevant liabilities. In addition, the integration of newly acquired businesses may be expensive and time-consuming and may not be entirely successful. Integration of the acquired businesses may also place additional pressures on our systems of internal control over financial reporting. If we are unable to successfully integrate newly acquired businesses or if acquired businesses fail to produce targeted results, it could have an adverse effect on our results of operations or financial condition.

If the IRS determines that our spin off from Sara Lee does not qualify as a "tax-free" distribution or a "tax-free" reorganization, we may be subject to substantial liability.

Sara Lee has received a private letter ruling from the Internal Revenue Service, or the "IRS," to the effect that, among other things, the spin off qualifies as a tax-free distribution for U.S. federal income tax purposes under Section 355 of the Internal Revenue Code of 1986, as amended, or the "Internal Revenue Code," and as part of a tax-free reorganization under Section 368(a)(1)(D) of the Internal Revenue Code, and the transfer to us of assets and the assumption by us of liabilities in connection with the spin off will not result in the recognition of any gain or loss for U.S. federal income tax purposes to Sara Lee.

Although the private letter ruling relating to the qualification of the spin off under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code generally is binding on the IRS, the continuing validity of the ruling is subject to the accuracy of factual representations and assumptions made in connection with obtaining such private letter ruling. Also, as part of the IRS's general policy with respect to rulings on spin off transactions under Section 355 of the Internal Revenue Code, the private letter ruling obtained by Sara Lee is based upon representations by Sara Lee that certain conditions which are necessary to obtain tax-free treatment under Section 355 and Section 368(a)(1)(D) of the Internal Revenue Code have been satisfied, rather than a determination by the IRS that these conditions have been satisfied. Any inaccuracy in these representations could invalidate the ruling.

If the spin off does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, Sara Lee would be subject to tax as if it has sold the common stock of our company in a taxable sale for its fair market value. Sara Lee's stockholders would be subject to tax as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them, taxed as a dividend (without reduction for any portion of a Sara Lee's stockholder's basis in its shares of Sara Lee common stock) for U.S. federal income tax purposes and possibly for purposes of state and local tax law, to the extent of a Sara Lee's stockholder's pro rata share of Sara Lee's current and accumulated earnings and profits (including any arising from the taxable gain to Sara Lee with respect to the spin off). It is expected that the amount of any such taxes to Sara Lee's stockholders and to Sara Lee would be substantial.

Pursuant to a tax sharing agreement we entered into with Sara Lee in connection with the spin off, we agreed to indemnify Sara Lee and its affiliates for any liability for taxes of Sara Lee resulting from: (1) any action or failure to act by us or any of our affiliates following the completion of the spin off that would be inconsistent with or prohibit the spin off from qualifying as a tax-free transaction to Sara Lee and to Sara Lee's stockholders under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code, or (2) any action or failure to act by us or any of our affiliates following the completion of the spin off that would be inconsistent with or cause to be untrue any material, information, covenant or representation made in connection with the private letter ruling obtained by Sara Lee from the IRS relating to, among other things, the qualification of the spin off as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code. Our indemnification obligations to Sara Lee and its affiliates are not limited in amount or subject to any cap. We expect that the amount of any such taxes to Sara Lee would be substantial.

Anti-takeover provisions of our charter and bylaws, as well as Maryland law and our stockholder rights agreement, may reduce the likelihood of any potential change of control or unsolicited acquisition proposal that you might consider favorable.

Our charter permits our board of directors, without stockholder approval, to amend the charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have the authority to issue. In addition, our board of directors may classify or reclassify any unissued shares of common stock or preferred stock and may set the preferences, conversion or other rights, voting powers and other terms of the classified or reclassified shares. Our board of directors could establish a series of preferred stock that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders. Under Maryland law, our board of directors also is permitted, without stockholder approval, to implement a classified board structure at any time.

Our bylaws, which only can be amended by our board of directors, provide that nominations of persons for election to our board of directors and the proposal of business to be considered at a stockholders meeting may be

made only in the notice of the meeting, by or at the direction of our board of directors or by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures of our bylaws. Also, under Maryland law, business combinations between us and an interested stockholder or an affiliate of an interested stockholder, including mergers, consolidations, share exchanges or, in circumstances specified in the statute, asset transfers or issuances or reclassifications of equity securities, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. An interested stockholder includes any person who beneficially owns 10% or more of the voting power of our shares or any affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of our stock. A person is not an interested stockholder under the statute if our board of directors approved in advance the transaction by which he otherwise would have become an interested stockholder. However, in approving a transaction, our board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by our board. After the five-year prohibition, any business combination between us and an interested stockholder generally must be recommended by our board of directors and approved by two supermajority votes or our common stockholders must receive a minimum price, as defined under Maryland law, for their shares. The statute permits various exemptions from its provisions, including business combinations that are exempted by our board of directors prior to the time that the interested stockholder becomes an interested stockholder.

In addition, we have adopted a stockholder rights agreement which provides that in the event of an acquisition of or tender offer for 15% of our outstanding common stock, our stockholders, other than the acquirer, shall be granted rights to purchase our common stock at a certain price. The stockholder rights agreement could make it more difficult for a third-party to acquire our common stock without the approval of our board of directors.

These and other provisions of Maryland law or our charter and bylaws could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our common stock or otherwise be considered favorably by our stockholders.

Item 1B. *Unresolved Staff Comments*

Not applicable.

Item 1C. *Executive Officers of the Registrant*

The chart below lists our executive officers and is followed by biographic information about them. No family relationship exists between any of our directors or executive officers.

Name	Age	Positions
Richard A. Noll	52	Chairman of the Board of Directors and Chief Executive Officer
Gerald W. Evans Jr.	50	President, International Business and Global Supply Chain
William J. Nictakis	49	President, Chief Commercial Officer
Joia M. Johnson	49	Executive Vice President, General Counsel and Corporate Secretary
Kevin W. Oliver	52	Executive Vice President, Human Resources
E. Lee Wyatt Jr.	57	Executive Vice President, Chief Financial Officer

Richard A. Noll has served as Chairman of the Board of Directors since January 2009, as our Chief Executive Officer since April 2006 and as a director since our formation in September 2005. From December 2002 until the completion of the spin off in September 2006, he also served as a Senior Vice President of Sara Lee. From July 2005 to April 2006, Mr. Noll served as President and Chief Operating Officer of Sara Lee Branded Apparel. Mr. Noll served as Chief Executive Officer of Sara Lee Bakery Group from July 2003 to July 2005 and as the Chief Operating Officer of Sara Lee Bakery Group from July 2002 to July 2003. From July 2001 to July 2002, Mr. Noll was Chief Executive Officer of Sara Lee Legwear, Sara Lee Direct and Sara Lee Mexico. Mr. Noll joined Sara Lee in 1992 and held a number of management positions with increasing responsibilities while employed by Sara Lee.

Gerald W. Evans Jr. has served as our President, International Business and Global Supply Chain since February 2009. From February 2008 until February 2009, he served as our President, Global Supply Chain and Asia Business Development. From the completion of the spin off in September 2006 until February 2008, he served as Executive Vice President, Chief Supply Chain Officer. From July 2005 until the completion of the spin off, Mr. Evans served as a Vice President of Sara Lee and as Chief Supply Chain Officer of Sara Lee Branded Apparel. Mr. Evans served as President and Chief Executive Officer of Sara Lee Sportswear and Underwear from March 2003 until June 2005 and as President and Chief Executive Officer of Sara Lee Sportswear from March 1999 to February 2003.

William J. Nictakis has served as our President, Chief Commercial Officer since November 2007. From June 2003 until November 2007, Mr. Nictakis served as President of the Sara Lee Bakery Group. From May 1999 through June 2003, Mr. Nictakis was Vice President, Sales, of Frito-Lay, Inc., a subsidiary of PepsiCo, Inc. that manufactures, markets, sells and distributes branded snacks.

Joia M. Johnson has served as our Executive Vice President, General Counsel and Corporate Secretary since January 2007. From May 2000 until January 2007, Ms. Johnson served as Executive Vice President, General Counsel and Secretary of RARE Hospitality International, Inc., an owner, operator and franchisor of national chain restaurants.

Kevin W. Oliver has served as our Executive Vice President, Human Resources since the completion of the spin off in September 2006. From January 2006 until the completion of the spin off, Mr. Oliver served as a Vice President of Sara Lee and as Senior Vice President, Human Resources of Sara Lee Branded Apparel. From February 2005 to December 2005, Mr. Oliver served as Senior Vice President, Human Resources for Sara Lee Food and Beverage and from August 2001 to January 2005 as Vice President, Human Resources for the Sara Lee Bakery Group.

E. Lee Wyatt Jr. has served as our Executive Vice President, Chief Financial Officer since the completion of the spin off in September 2006. From September 2005 until the completion of the spin off, Mr. Wyatt served as a Vice President of Sara Lee and as Chief Financial Officer of Sara Lee Branded Apparel. Prior to joining Sara Lee, Mr. Wyatt was Executive Vice President, Chief Financial Officer and Treasurer of Sonic Automotive, Inc. from April 2003 to September 2005, and Vice President of Administration and Chief Financial Officer of Sealy Corporation from September 1998 to February 2003.

Item 2. ***Properties***

We own and lease properties supporting our administrative, manufacturing, distribution and direct outlet activities. We own our approximately 470,000 square-foot headquarters located in Winston-Salem, North Carolina, which houses our various sales, marketing and corporate business functions. Research and development as well as certain product-design functions also are located in Winston-Salem, while other design functions are located in New York City. Our products are manufactured through a combination of facilities we own and operate and facilities owned and operated by third-party contractors who perform some of the steps in the manufacturing process for us, such as cutting and/or sewing. We source the remainder of our finished goods from third-party manufacturers who supply us with finished products based on our designs.

As of January 2, 2010, we owned and leased properties in 23 countries, including 41 manufacturing facilities and 19 distribution centers, as well as office facilities. The leases for these properties expire between 2010 and 2019, with the exception of some seasonal warehouses that we lease on a month-by-month basis. For more information about our capital lease obligations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Future Contractual Obligations and Commitments.”

As of January 2, 2010, we also operated 228 direct outlet stores in 40 states, most of which are leased under five-year, renewable lease agreements. We believe that our facilities, as well as equipment, are in good condition and meet our current business needs.

The following table summarizes our properties by country as of January 2, 2010:

Properties by Country (1)	Owned Square Feet	Leased Square Feet	Total
United States	7,552,597	5,467,635	13,020,232
Non-U.S. facilities:			
El Salvador	1,094,170	277,487	1,371,657
Honduras	356,279	974,376	1,330,655
China	1,070,912	43,740	1,114,652
Dominican Republic	746,484	175,661	922,145
Mexico	185,152	347,730	532,882
Canada	289,480	126,777	416,257
Vietnam	111,385	202,361	313,746
Costa Rica	303,419	—	303,419
Thailand	277,733	24,992	302,725
Belgium	—	165,428	165,428
Brazil	—	164,548	164,548
Argentina	87,279	7,301	94,580
10 other countries	—	77,426	77,426
Total non-U.S. facilities	4,522,293	2,587,827	7,110,120
Totals	12,074,890	8,055,462	20,130,352

(1) Excludes vacant land.

The following table summarizes the properties primarily used by our segments as of January 2, 2010:

Properties by Segment (1)	Owned Square Feet	Leased Square Feet	Total
Innerwear	4,627,196	3,557,336	8,184,532
Outerwear	2,744,663	1,398,907	4,143,570
Hosiery	1,138,082	39,000	1,177,082
Direct to Consumer	—	1,727,303	1,727,303
International	452,014	900,283	1,352,297
Other (2)	—	—	—
Totals	8,961,955	7,622,829	16,584,784

(1) Excludes vacant land, facilities under construction, facilities no longer in operation intended for disposal, sourcing offices not associated with a particular segment, and office buildings housing corporate functions.

(2) Our Other segment is comprised primarily of sales of yarn to third parties in the United States and Latin America that maintain asset utilization at certain manufacturing facilities used by one or more of our other segments. No facilities are used primarily by our Other segment.

Item 3. ***Legal Proceedings***

Although we are subject to various claims and legal actions that occur from time to time in the ordinary course of our business, we are not party to any pending legal proceedings that we believe could have a material adverse effect on our business, results of operations, financial condition or cash flows.

Item 4. ***Submission of Matters to a Vote of Security Holders***

No matters were submitted to a vote of stockholders during the quarter ended January 2, 2010.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market for our Common Stock

Our common stock currently is traded on the New York Stock Exchange, or the "NYSE," under the symbol "HBI." A "when-issued" trading market for our common stock on the NYSE began on August 16, 2006, and "regular way" trading of our common stock began on September 6, 2006. Prior to August 16, 2006, there was no public market for our common stock. Each share of our common stock has attached to it one preferred stock purchase right. These rights initially will be transferable with and only with the transfer of the underlying share of common stock. We have not made any unregistered sales of our equity securities.

The following table sets forth the high and low sales prices for our common stock for the indicated periods:

	High	Low
2008		
Quarter ended March 29, 2008	$ 30.40	$ 21.47
Quarter ended June 28, 2008	$ 37.73	$ 27.45
Quarter ended September 27, 2008	$ 29.00	$ 21.38
Quarter ended January 3, 2009	$ 22.77	$ 8.54
2009		
Quarter ended April 4, 2009	$ 13.66	$ 5.14
Quarter ended July 4, 2009	$ 19.07	$ 10.76
Quarter ended October 3, 2009	$ 22.96	$ 13.07
Quarter ended January 2, 2010	$ 26.61	$ 21.02

Holders of Record

On February 1, 2010, there were 43,529 holders of record of our common stock. Because many of the shares of our common stock are held by brokers and other institutions on behalf of stockholders, we are unable to determine the exact number of beneficial stockholders represented by these record holders, but we believe that there were approximately 86,000 beneficial owners of our common stock as of February 1, 2010.

Dividends

We currently do not pay regular dividends on our outstanding stock. The declaration of any future dividends and, if declared, the amount of any such dividends, will be subject to our actual future earnings, capital requirements, regulatory restrictions, debt covenants, other contractual restrictions and to the discretion of our board of directors. Our board of directors may take into account such matters as general business conditions, our financial condition and results of operations, our capital requirements, our prospects and such other factors as our board of directors may deem relevant.

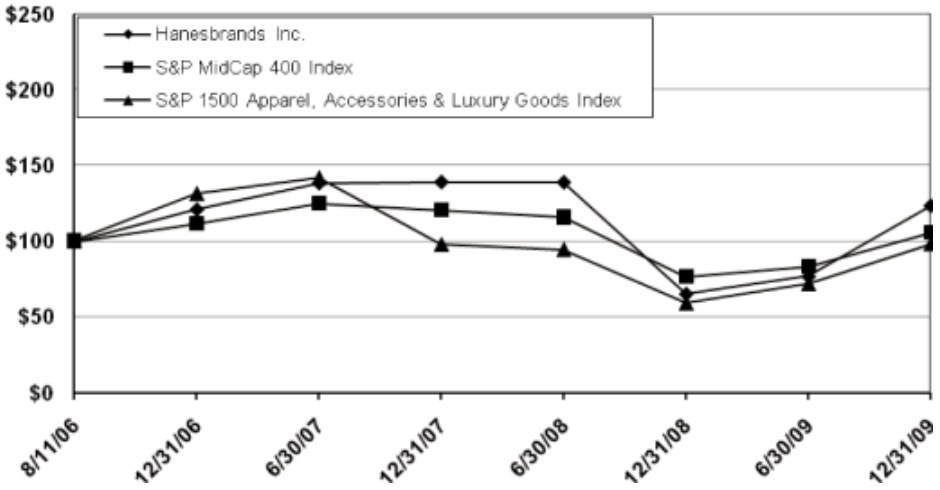
Issuer Purchases of Equity Securities

There were no purchases by Hanesbrands during the quarter or year ended January 2, 2010 of equity securities that are registered under Section 12 of the Exchange Act.

Performance Graph

The following graph compares the cumulative total stockholder return on our common stock with the comparable cumulative return of the S&P MidCap 400 Index and the S&P 1500 Apparel, Accessories & Luxury Goods Index. The graph assumes that $100 was invested in our common stock and each index on August 11, 2006, the effective date of the registration of our common stock under Section 12 of the Exchange Act, although a "when-issued" trading market for our common stock did not begin until August 16, 2006, and "regular way" trading did not begin until September 6, 2006. The stock price performance on the following graph is not necessarily indicative of future stock price performance.

COMPARISON OF CUMULATIVE FIVE YEAR TOTAL RETURN



Equity Compensation Plan Information

The following table provides information about our equity compensation plans as of January 2, 2010.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance (1)
Equity compensation plans approved by security holders	7,987,847	$ 21.73	4,535,888
Equity compensation plans not approved by security holders	—	—	—
Total	7,987,847	$ 21.73	4,535,888

(1) The amount appearing under "Number of securities remaining available for future issuance under equity compensation plans" includes 2,456,864 shares available under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 and 2,079,024 shares available under the Hanesbrands Inc. Employee Stock Purchase Plan of 2006.

Item 6. ***Selected Financial Data***

The following table presents our selected historical financial data. The statement of income data for the years ended January 2, 2010, January 3, 2009 and December 29, 2007 and the balance sheet data as of January 2, 2010 and January 3, 2009 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The statement of income data for the six-month period ended December 30, 2006 and the years ended July 1, 2006 and July 2, 2005 and the balance sheet data as of December 29, 2007, December 30, 2006, July 1, 2006 and July 2, 2005 has been derived from our financial statements not included in this Annual Report on Form 10-K.

In October 2006, our Board of Directors approved a change in our fiscal year end from the Saturday closest to June 30 to the Saturday closest to December 31. As a result of this change, the table below includes presentation of the transition period beginning on July 2, 2006 and ending on December 30, 2006.

Our historical financial data for periods prior to our spin off from Sara Lee on September 5, 2006 is not necessarily indicative of our future performance or what our financial position and results of operations would have been if we had operated as a separate, stand alone entity during all of the periods shown. The data should be read in conjunction with our historical financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K.

	Years Ended			Six Months Ended	Years Ended	
	January 2, 2010	January 3, 2009	December 29, 2007	December 30, 2006	July 1, 2006	July 2, 2005
	(amounts in thousands, except per share data)					
Statement of Income Data:						
Net sales	$ 3,891,275	$ 4,248,770	$ 4,474,537	$ 2,250,473	$ 4,472,832	$ 4,683,683
Cost of sales	2,626,001	2,871,420	3,033,627	1,530,119	2,987,500	3,223,571
Gross profit	1,265,274	1,377,350	1,440,910	720,354	1,485,332	1,460,112
Selling, general and administrative expenses	940,530	1,009,607	1,040,754	547,469	1,051,833	1,053,654
Gain on curtailment of postretirement benefits	—	—	(32,144)	(28,467)	—	—
Restructuring	53,888	50,263	43,731	11,278	(101)	46,978
Operating profit	270,856	317,480	388,569	190,074	433,600	359,480
Other expense (income)	49,301	(634)	5,235	7,401	—	—
Interest expense, net	163,279	155,077	199,208	70,753	17,280	13,964
Income before income tax expense	58,276	163,037	184,126	111,920	416,320	345,516
Income tax expense	6,993	35,868	57,999	37,781	93,827	127,007
Net income	$ 51,283	$ 127,169	$ 126,127	$ 74,139	$ 322,493	$ 218,509
Earnings per share — basic(1)	$ 0.54	$ 1.35	$ 1.31	$ 0.77	$ 3.35	$ 2.27
Earnings per share — diluted(2)	$ 0.54	$ 1.34	$ 1.30	$ 0.77	$ 3.35	$ 2.27
Weighted average shares — basic(1)	95,158	94,171	95,936	96,309	96,306	96,306
Weighted average shares — diluted(2)	95,668	95,164	96,741	96,620	96,306	96,306

	January 2, 2010	January 3, 2009	December 29, 2007	December 30, 2006	July 1, 2006	July 2, 2005
	(in thousands)					
Balance Sheet Data:						
Cash and cash equivalents	$ 38,943	$ 67,342	$ 174,236	$ 155,973	$ 298,252	$ 1,080,799
Total assets	3,326,564	3,534,049	3,439,483	3,435,620	4,903,886	4,257,307
Noncurrent liabilities:						
Long-term debt	1,727,547	2,130,907	2,315,250	2,484,000	—	—
Other noncurrent liabilities	385,323	469,703	146,347	271,168	49,987	53,559
Total noncurrent liabilities	2,112,870	2,600,610	2,461,597	2,755,168	49,987	53,559
Total stockholders' or parent companies' equity	334,719	185,155	288,904	69,271	3,229,134	2,602,362

(1) Prior to the spin off on September 5, 2006, the number of shares used to compute basic and diluted earnings per share is 96,306, which was the number of shares of our common stock outstanding on September 5, 2006.

(2) Subsequent to the spin off on September 5, 2006, the number of shares used to compute diluted earnings per share is based on the number of shares of our common stock outstanding, plus the potential dilution that could occur if restricted stock units and options granted under our equity-based compensation arrangements were exercised or converted into common stock.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This management's discussion and analysis of financial condition and results of operations, or MD&A, contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" and "Risk Factors" in this Annual Report on Form 10-K for a discussion of the uncertainties, risks and assumptions associated with these statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Annual Report on Form 10-K. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those listed under "Risk Factors" in this Annual Report on Form 10-K and included elsewhere in this Annual Report on Form 10-K.

MD&A is a supplement to our financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K, and is provided to enhance your understanding of our results of operations and financial condition. Our MD&A is organized as follows:

- *Overview.* This section provides a general description of our company and operating segments, business and industry trends, our key business strategies, our consolidation and globalization strategy, and background information on other matters discussed in this MD&A.
- *Components of Net Sales and Expenses.* This section provides an overview of the components of our net sales and expense that are key to an understanding of our results of operations.
- *2009 Highlights.* This section discusses some of the highlights of our performance and activities during 2009.
- *Consolidated Results of Operations and Operating Results by Business Segment.* These sections provide our analysis and outlook for the significant line items on our statements of income, as well as other information that we deem meaningful to an understanding of our results of operations on both a consolidated basis and a business segment basis.
- *Liquidity and Capital Resources.* This section provides an analysis of trends and uncertainties affecting liquidity, cash requirements for our business, sources and uses of our cash and our financing arrangements.
- *Critical Accounting Policies and Estimates.* This section discusses the accounting policies that we consider important to the evaluation and reporting of our financial condition and results of operations, and whose application requires significant judgments or a complex estimation process.
- *Recently Issued Accounting Pronouncements.* This section provides a summary of the most recent authoritative accounting pronouncements that we will be required to adopt in a future period.

Overview

Our Company

We are a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion, Playtex*, *Bali*, *L'eggs*, *Just My Size*, *barely there*, *Wonderbra*, *Stedman*, *Outer Banks*, *Zorba*, *Rinbros* and *Duofold*. We design, manufacture, source and sell a broad range of apparel essentials such as T-shirts, bras, panties, men's underwear, kids' underwear, casualwear, activewear, socks and hosiery.

According to NPD, our brands hold either the number one or number two U.S. market position by sales value in most product categories in which we compete, for the 12 month period ended December 31, 2009. In 2009, *Hanes* was number one for the sixth consecutive year as the most preferred men's apparel brand, women's intimate apparel brand and children's apparel brand of consumers in Retailing Today magazine's "Top Brands Study." Additionally, we had five of the top ten intimate apparel brands preferred by consumers in the Retailing Today study — *Hanes, Playtex, Bali, Just My Size* and *L'eggs*. In 2008, the most recent year in which the survey was conducted, *Hanes* was number one for the fifth consecutive year on the Women's Wear Daily "Top 100 Brands Survey" for apparel and accessory brands that women know best.

Our distribution channels include direct to consumer sales at our outlet stores, national chains and department stores and warehouse clubs, mass-merchandise outlets and international sales. During 2009, approximately 45% of our net sales were to mass merchants in the United States, 16% were to national chains and department stores in the United States, 11% were in our International segment, 10% were in our Direct to Consumer segment in the United States, and 18% were to other retail channels in the United States such as embellishers, specialty retailers and sporting goods stores.

During the fourth quarter of 2009, as we sought to drive more outerwear sales through our retail operations by expanding our *Hanes* and *Champion* offerings, we made the decision to change our internal organizational structure so that our retail operations, previously included in our Innerwear segment, would be a separate "Direct to Consumer" segment. As a result, our operations are managed and reported in six operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer, International and Other. Certain other insignificant changes between segments have been reflected in the segment disclosures to conform to the current organizational structure.These segments are organized principally by product category, geographic location and distribution channel. Management of each segment is responsible for the operations of these segments' businesses but shares a common supply chain and media and marketing platforms.

- *Innerwear.* The Innerwear segment focuses on core apparel essentials, and consists of products such as women's intimate apparel, men's underwear, kids' underwear, and socks, marketed under well-known brands that are trusted by consumers. We are an intimate apparel category leader in the United States with our *Hanes*, *Playtex*, *Bali*, *barely there*, *Just My Size* and *Wonderbra* brands. We are also a leading manufacturer and marketer of men's underwear and kids' underwear under the *Hanes* and *Polo Ralph Lauren* brand names. During 2009, net sales from our Innerwear segment were $1.8 billion, representing approximately 47% of total net sales.
- *Outerwear.* We are a leader in the casualwear and activewear markets through our *Hanes*, *Champion, Just My Size* and *Duofold* brands, where we offer products such as T-shirts and fleece. Our casualwear lines offer a range of quality, comfortable clothing for men, women and children marketed under the *Hanes* and *Just My Size* brands. The *Just My Size* brand offers casual apparel designed exclusively to meet the needs of plus-size women. In 2009, we entered into a multi-year agreement to provide a women's casualwear program with our *Just My Size* brand at Wal-Mart stores. In addition to activewear for men and women, *Champion* provides uniforms for athletic programs and includes an apparel program, *C9 by Champion*, at Target stores. We also license our *Champion* name for collegiate apparel and footwear. We also supply our T-shirts, sport shirts and fleece products, including brands such as *Hanes*, *Champion*, *Outer Banks* and *Hanes Beefy-T*, to customers, primarily wholesalers, who then resell to screen printers and embellishers. During 2009, net sales from our Outerwear segment were $1.1 billion, representing approximately 27% of total net sales.
- *Hosiery.* We are the leading marketer of women's sheer hosiery in the United States. We compete in the hosiery market by striving to offer superior values and executing integrated marketing activities, as well as focusing on the style of our hosiery products. We market hosiery products under our *L'eggs*, *Hanes* and *Just My Size* brands. During 2009, net sales from our Hosiery segment were $186 million, representing approximately 5% of total net sales. We expect the trend of declining hosiery sales to continue consistent with the overall decline in the industry and with shifts in consumer preferences.
- *Direct to Consumer.* Our Direct to Consumer operations include our value-based ("outlet") stores and Internet operations which sell products from our portfolio of leading brands. We sell our branded products directly to consumers through our outlet stores as well as our Web sites operating under the *Hanes*, *One Hanes Place*, *Just My Size* and *Champion* names. Our Internet operations are supported by our catalogs. As of January 2, 2010 and January 3, 2009, we had 228 and 213 outlet stores, respectively. During 2009, net sales from our Direct to Consumer segment were $370 million, representing approximately 10% of total net sales.
- International. International includes products that span across the Innerwear, Outerwear and Hosiery reportable segments and are primarily marketed under the *Hanes*, *Champion*, *Wonderbra*, *Playtex*, *Stedman*, *Zorba*, *Rinbros*, *Kendall, Sol y Oro*, *Bali* and *Ritmo* brands. During 2009, net sales from our International segment were $438 million, representing approximately 11% of total net sales and included sales in Latin America, Asia, Canada, Europe and South America. Our largest international markets are Canada, Japan, Mexico, Europe and Brazil, and we also have sales offices in India and China.

- *Other.* Our Other segment primarily consists of sales of yarn to third parties in the United States and Latin America that maintain asset utilization at certain manufacturing facilities and are intended to generate approximate break even margins. During 2009, net sales from our Other segment were $13 million, representing less than 1% of total net sales. In October 2009, we completed the sale of our yarn operations as a result of which we ceased making our own yarn and now source all of our yarn requirements from large-scale yarn suppliers. As a result of the sale of our yarn operations we will no longer have net sales in our Other segment in the future.

Business and Industry Trends

We are operating in an uncertain and volatile economic environment, which could have unanticipated adverse effects on our business. The current retail environment has been impacted by recent volatility in the financial markets and by uncertain economic conditions. Increases in food and fuel prices, changes in the credit and housing markets leading to the current financial and credit crisis, actual and potential job losses among many sectors of the economy, significant declines in the stock market resulting in large losses to consumer retirement and investment accounts, and uncertainty regarding future federal tax and economic policies have all added to declines in consumer confidence and curtailed retail spending.

During 2009, we did not see a sustained rebound in consumer spending but rather mixed results. We also experienced substantial pressure on profitability due to the economic climate, increased pension costs and increased costs associated with implementing our price increase which became effective in February 2009, including repackaging costs.

The apparel essentials market is highly competitive and evolving rapidly. Competition is generally based upon price, brand name recognition, product quality, selection, service and purchasing convenience. The majority of our core styles continue from year to year, with variations only in color, fabric or design details. Some products, however, such as intimate apparel, activewear and sheer hosiery, do have an emphasis on style and innovation. Our businesses face competition today from other large corporations and foreign manufacturers, as well as smaller companies, department stores, specialty stores and other retailers that market and sell apparel essentials products under private labels that compete directly with our brands.

Our top ten customers accounted for 65% of our net sales and our top customer, Wal-Mart, accounted for over $1 billion of our sales in 2009. Our largest customers in 2009 were Wal-Mart, Target and Kohl's, which accounted for 27%, 17% and 7% of total sales, respectively. The growth in retailers can create pricing pressures as our customers grow larger and seek to have greater concessions in their purchase of our products, while they can be increasingly demanding that we provide them with some of our products on an exclusive basis. To counteract these effects, it has become increasingly important to leverage our national brands through investment in our largest and strongest brands as our customers strive to maximize their performance especially in today's challenging economic environment. In addition, during the past several years, various retailers, including some of our largest customers, have experienced significant difficulties, including restructurings, bankruptcies and liquidations, and the ability of retailers to overcome these difficulties may increase due to the recent deterioration of worldwide economic conditions.

Anticipating changes in and managing our operations in response to consumer preferences remains an important element of our business. In recent years, we have experienced changes in our net sales, revenues and cash flows in accordance with changes in consumer preferences and trends. For example, we expect the trend of declining hosiery sales to continue consistent with the overall decline in the industry and with shifts in consumer preferences. Hosiery products continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending, which contributes to weaker sales and lowering of inventory levels by retailers. The Hosiery segment only comprised 5% of our net sales in 2009 however, and as a result, the decline in the Hosiery segment has not had a significant impact on our net sales, revenues or cash flows. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

2010 Outlook

We have secured significant shelf-space and distribution gains, starting primarily in 2010. Program gains significantly outnumber program losses, and we expect the net space gains to generate approximately 5% incremental sales growth in 2010, independent of a consumer spending rebound. If consumer spending does rebound, we have potential for additional upside in sales growth. By segment, two-thirds of the increases are expected in our Innerwear segment and most of the remainder in our Outerwear segment. However, both our Direct to Consumer and International segments should also see mid-single-digit growth in 2010.

Specifically for our Innerwear segment, the bulk of the gains are in men's underwear and intimate apparel. The new programs in men's underwear have already begun to ship, with the new intimate apparel program starting to ship in the second quarter of 2010. The remaining growth in the Innerwear segment in the back half of the year will be driven by replenishment of these new programs.

For the Outerwear segment, growth will be driven by the expansion of our *Just My Size* brand in the first half as a result of a multi-year agreement we entered into with Wal-Mart in April 2009 that significantly expanded the presence of our *Just My Size* brand. In the second half of 2010, *Champion* has confirmed space and distribution gains in fleece, performance apparel and sports bras across a broad set of accounts.

Our projected sales growth, combined with our cost savings, should drive greater operating profit growth in 2010. To support this growth, we have increased our production capacity. Our Nanjing textile facility started production in the fourth quarter of 2009 and is right on plan. We also secured additional capacity with outside contractors. The earthquake in Haiti caused some short-term disruption and incremental costs in early 2010, however we do not believe it will have a material impact on net sales.

Our Key Business Strategies

Sell more, spend less and generate cash are our broad strategies to build our brands, reduce our costs and generate cash.

Sell More

Through our "sell more" strategy, we seek to drive profitable growth by consistently offering consumers brands they love and trust and products with unsurpassed value. Key initiatives we are employing to implement this strategy include:

- *Build big, strong brands in big core categories with innovative key items.* Our ability to react to changing customer needs and industry trends is key to our success. Our design, research and product development teams, in partnership with our marketing teams, drive our efforts to bring innovations to market. We seek to leverage our insights into consumer demand in the apparel essentials industry to develop new products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends. We also support our key brands with targeted, effective advertising and marketing campaigns.
- *Foster strategic partnerships with key retailers via "team selling."* We foster relationships with key retailers by applying our extensive category and product knowledge, leveraging our use of multi-functional customer management teams and developing new customer-specific programs such as *C9 by Champion* for Target and the recently expanded presence at Wal-Mart of our *Just My Size* brand. Our goal is to strengthen and deepen our existing strategic relationships with retailers and develop new strategic relationships.
- *Use Kanban concepts to have the right products available in the right quantities at the right time.* Through Kanban, a multi-initiative effort that determines production quantities, and in doing so, facilitates just-in-time production and ordering systems, we seek to ensure that products are available to meet customer demands while effectively managing inventory levels.

Spend Less

Through our "spend less" strategy, we seek to become an integrated organization that leverages its size and global reach to reduce costs, improve flexibility and provide a high level of service. Key initiatives we are employing to implement this strategy include:

- *Optimizing our global supply chain to improve our cost-competitiveness and operating flexibility.* We have restructured our supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance our production capability between the Western Hemisphere and Asia. We have closed plant locations, reduced our workforce and relocated some of our manufacturing capacity to lower cost locations in Asia, Central America and the Caribbean Basin. With our global supply chain infrastructure substantially in place, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. The consolidation of our distribution network is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network.
- *Leverage our global purchasing and manufacturing scale.* Historically, we have had a decentralized operating structure with many distinct operating units. We are in the process of consolidating purchasing, manufacturing and sourcing across all of our product categories in the United States. We believe that these initiatives will streamline our operations, improve our inventory management, reduce costs and standardize processes.

Generate Cash

Through our "generate cash" strategy, we seek to effectively generate and invest cash at or above our weighted average cost of capital to provide superior returns for both our equity and debt investors. Key initiatives we are employing to implement this strategy include:

- *Optimizing our capital structure to take advantage of our business model's strong and consistent cash flows.* Maintaining appropriate debt leverage and utilizing excess cash to, for example, pay down debt, invest in our own stock and selectively pursue strategic acquisitions are keys to building a stronger business and generating additional value for investors. In 2009, we completed a growth-focused debt refinancing that enables us to simultaneously reduce leverage and consider acquisition opportunities.
- *Continuing to improve turns for accounts receivables, inventory, accounts payable and fixed assets.* Our ability to generate cash is enhanced through more efficient management of accounts receivables, inventory, accounts payable and fixed assets through several initiatives, such as supplier-managed inventory for raw materials, sourced goods ownership relationships and other efforts.

Consolidation and Globalization Strategy

We have restructured our supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance our production capability between the Western Hemisphere and Asia. We have closed plant locations, reduced our workforce and relocated some of our manufacturing capacity to lower cost locations in Asia, Central America and the Caribbean Basin. With our global supply chain infrastructure substantially in place, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. We are focused on optimizing the working capital needs of our supply chain through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership relationships. We completed the construction of a textile production plant in Nanjing, China which is our first company-owned textile facility in Asia. Production commenced in the fourth quarter of 2009 and we expect to ramp up production over the next 18 months. The Nanjing facility, along with our other textile facilities and arrangements with outside contractors, enables us to expand and leverage our production scale as we balance our supply chain across hemispheres to support our production capacity. The consolidation of our distribution network is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the

implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network.

During 2009, we ceased making our own yarn and now source all of our yarn requirements from large-scale yarn suppliers. We entered into an agreement with Parkdale America, LLC ("Parkdale America") under which we agreed to sell or lease assets related to operations at our four yarn manufacturing facilities to Parkdale America. The transaction closed in October 2009 and resulted in Parkdale America operating three of the four facilities. We approved an action to close the fourth yarn manufacturing facility, as well as a yarn warehouse and a cotton warehouse, all located in the United States, which will result in the elimination of approximately 175 positions. We also entered into a yarn purchase agreement with Parkdale America and Parkdale Mills, LLC (together with Parkdale America, "Parkdale"). Under this agreement, which has an initial term of six years, Parkdale will produce and sell to us a substantial amount of our Western Hemisphere yarn requirements. During the first two years of the term, Parkdale will also produce and sell to us a substantial amount of the yarn requirements of our Nanjing, China textile facility.

In addition to the actions discussed above, during 2009 we approved actions to close seven manufacturing facilities and three distribution centers in the Dominican Republic, the United States, Costa Rica, Honduras, Puerto Rico and Canada which will result in the elimination of an aggregate of approximately 3,925 positions in those countries and El Salvador. The production capacity represented by the manufacturing facilities has been relocated to lower cost locations in Asia, Central America and the Caribbean Basin. The distribution capacity has been relocated to our West Coast distribution facility in California in order to expand capacity for goods we source from Asia. In addition, approximately 300 management and administrative positions were eliminated, with the majority of these positions based in the United States. We also have recognized accelerated depreciation with respect to owned or leased assets associated with manufacturing facilities and distribution centers which closed during 2009 or we anticipate closing in the next year as part of our consolidation and globalization strategy.

As a result of the restructuring actions taken since our becoming an independent company on September 5, 2006, our cost structure has been reduced and efficiencies improved, generating savings of $78 million during 2009. In addition to the savings generated from restructuring actions, we benefited from $21 million in savings related to other cost reduction initiatives during 2009.

As a result of our consolidation and globalization strategy, we expected to incur approximately $250 million in restructuring and related charges over the three year period following the spin off from Sara Lee on September 5, 2006, of which approximately half was expected to be noncash. Through this three year period, we have recognized approximately $278 million in restructuring and related charges related to this strategy, of which approximately half have been noncash. Of the amounts recognized, approximately $103 million related to employee termination and other benefits, approximately $96 million related to accelerated depreciation of buildings and equipment for facilities that have been or will be closed, approximately $30 million related to noncancelable lease and other contractual obligations, approximately $23 million related to write-offs of stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate, approximately $17 million related to impairments of fixed assets and approximately $9 million related to other exit costs such as equipment moving costs. Accelerated depreciation related to our manufacturing facilities and distribution centers that have been or will be closed is reflected in the "Cost of sales" and "Selling, general and administrative expenses" lines of the Consolidated Statements of Income. The write-offs of stranded raw materials and work in process inventory are reflected in the "Cost of sales" line of the Consolidated Statements of Income.

Seasonality and Other Factors

Our operating results are subject to some variability due to seasonality and other factors. Generally, our diverse range of product offerings helps mitigate the impact of seasonal changes in demand for certain items. Sales are typically higher in the last two quarters (July to December) of each fiscal year. Socks, hosiery and fleece products generally have higher sales during this period as a result of cooler weather, back-to-school shopping and holidays. Sales levels in any period are also impacted by customers' decisions to increase or decrease their inventory levels in response to anticipated consumer demand. Our customers may cancel orders, change delivery schedules or change the mix of products ordered with minimal notice to us. For example, we have experienced a shift in timing by our largest retail customers of back-to-school programs between June and July the last two years. Our results of operations are also impacted by fluctuations and volatility in the price of cotton and oil-related materials and the

timing of actual spending for our media, advertising and promotion expenses. Media, advertising and promotion expenses may vary from period to period during a fiscal year depending on the timing of our advertising campaigns for retail selling seasons and product introductions.

Although the majority of our products are replenishment in nature and tend to be purchased by consumers on a planned, rather than on an impulse, basis, our sales are impacted by discretionary spending by our customers. Discretionary spending is affected by many factors, including, among others, general business conditions, interest rates, inflation, consumer debt levels, the availability of consumer credit, currency exchange rates, taxation, electricity power rates, gasoline prices, unemployment trends and other matters that influence consumer confidence and spending. Many of these factors are outside of our control. Our customers' purchases of discretionary items, including our products, could decline during periods when disposable income is lower, when prices increase in response to rising costs, or in periods of actual or perceived unfavorable economic conditions. These consumers may choose to purchase fewer of our products or to purchase lower-priced products of our competitors in response to higher prices for our products, or may choose not to purchase our products at prices that reflect our price increases that become effective from time to time.

Inflation and Changing Prices

Inflation can have a long-term impact on us because increasing costs of materials and labor may impact our ability to maintain satisfactory margins. For example, a significant portion of our products are manufactured in other countries and declines in the value of the U.S. dollar may result in higher manufacturing costs. Similarly, the cost of the materials that are used in our manufacturing process, such as oil-related commodity prices and other raw materials, such as dyes and chemicals, and other costs, such as fuel, energy and utility costs, can fluctuate as a result of inflation and other factors. In addition, inflation often is accompanied by higher interest rates, which could have a negative impact on spending, in which case our margins could decrease. Moreover, increases in inflation may not be matched by rises in income, which also could have a negative impact on spending. If we incur increased costs that we are unable to recoup, or if consumer spending continues to decrease generally, our business, results of operations, financial condition and cash flows may be adversely affected. In an effort to mitigate the impact of incremental costs on our operating results, we raised domestic prices effective February 2009. We implemented an average gross price increase of four percent in our domestic product categories. The range of price increases varied by individual product category.

Although we have sold our yarn operations, we are still exposed to fluctuations in the cost of cotton. Increases in the cost of cotton can result in higher costs in the price we pay for yarn from our large-scale yarn suppliers. Our costs for cotton yarn and cotton-based textiles vary based upon the fluctuating cost of cotton, which is affected by weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. While we do employ a dollar cost averaging strategy by entering into hedging contracts from time to time in an attempt to protect our business from the volatility of the market price of cotton, our business can be affected by dramatic movements in cotton prices, although cotton represents only 6% of our cost of sales. The cotton prices reflected in our results were 55 cents per pound in 2009 and 65 cents per pound in 2008. Costs incurred for materials and labor are capitalized into inventory and impact our results as the inventory is sold.

Components of Net Sales and Expenses

Net sales

We generate net sales by selling apparel essentials such as T-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. Our net sales are recognized net of discounts, coupons, rebates, volume-based incentives and cooperative advertising costs. We recognize revenue when (i) there is persuasive evidence of an arrangement, (ii) the sales price is fixed or determinable, (iii) title and the risks of ownership have been transferred to the customer and (iv) collection of the receivable is reasonably assured, which occurs primarily upon shipment. Net sales include an estimate for returns and allowances based upon historical return experience. We also offer a variety of sales incentives to resellers and consumers that are recorded as reductions to net sales. Royalty income from license agreements with manufacturers of other consumer products that incorporate our brands is also included in net sales.

Cost of sales

Our cost of sales includes the cost of manufacturing finished goods, which consists of labor, raw materials such as cotton and petroleum-based products and overhead costs such as depreciation on owned facilities and equipment. Our cost of sales also includes finished goods sourced from third-party manufacturers that supply us with products based on our designs as well as charges for slow moving or obsolete inventories. Rebates, discounts and other cash consideration received from a vendor related to inventory purchases are reflected in cost of sales when the related inventory item is sold. Our costs of sales do not include shipping costs, comprised of payments to third party shippers, or handling costs, comprised of warehousing costs in our distribution facilities, and thus our gross margins may not be comparable to those of other entities that include such costs in cost of sales.

Selling, general and administrative expenses

Our selling, general and administrative expenses include selling, advertising, costs of shipping, handling and distribution to our customers, research and development, rent on leased facilities, depreciation on owned facilities and equipment and other general and administrative expenses. Selling, general and administrative expenses also include management payroll, benefits, travel, information systems, accounting, insurance and legal expenses.

Restructuring

We have from time to time closed facilities and reduced headcount, including in connection with previously announced restructuring and business transformation plans. We refer to these activities as restructuring actions. When we decide to close facilities or reduce headcount, we take estimated charges for such restructuring, including charges for exited non-cancelable leases and other contractual obligations, as well as severance and benefits. If the actual charge is different from the original estimate, an adjustment is recognized in the period such change in estimate is identified.

Other expense (income)

Our other expense (income) include charges such as losses on early extinguishment of debt, costs to amend and restate our credit facilities and charges related to the termination of certain interest rate hedging arrangements.

Interest expense, net

Our interest expense is net of interest income. Interest income is the return we earned on our cash and cash equivalents. Our cash and cash equivalents are invested in highly liquid investments with original maturities of three months or less.

Income tax expense

Our effective income tax rate fluctuates from period to period and can be materially impacted by, among other things:

- changes in the mix of our earnings from the various jurisdictions in which we operate;
- the tax characteristics of our earnings;
- the timing and amount of earnings of foreign subsidiaries that we repatriate to the United States, which may increase our tax expense and taxes paid; and
- the timing and results of any reviews of our income tax filing positions in the jurisdictions in which we transact business.

Highlights from the year ended January 2, 2010

- Total net sales in 2009 were $3.89 billion, compared with $4.25 billion in 2008.
- Operating profit was $271 million in 2009 compared with $317 million in 2008.
- Diluted earnings per share were $0.54 in 2009, compared with $1.34 in 2008.
- During 2009, we approved actions to close eight manufacturing facilities, three distribution centers and two warehouses in the Dominican Republic, the United States, Costa Rica, Honduras, Puerto Rico and Canada and eliminate an aggregate of approximately 4,100 positions in those countries and El Salvador. In addition, approximately 300 management and administrative positions were eliminated, with the majority of these positions based in the United States. In addition, we completed several such actions in 2009 that were approved in 2008.
- We completed the construction of a textile production plant in Nanjing, China which is our first company-owned textile facility in Asia. Production commenced in the fourth quarter of 2009 and we expect to ramp up production over the next 18 months. The Nanjing facility, along with our other textile facilities and arrangements with outside contractors, enables us to expand and leverage our production scale as we balance our supply chain across hemispheres to support our production capacity.
- In October 2009, we completed the sale of our yarn operations to Parkdale America as a result of which we ceased making our own yarn and now source all of our yarn requirements from large-scale yarn suppliers. We also entered into a yarn purchase agreement with Parkdale. Under this agreement, which has an initial term of six years, Parkdale will produce and sell to us a substantial amount of our Western Hemisphere yarn requirements. During the first two years of the term, Parkdale will also produce and sell to us a substantial amount of the yarn requirements of our Nanjing, China textile facility.
- Gross capital expenditures were $127 million in 2009 as we continued to build out our textile and sewing network in Asia, Central America and the Caribbean Basin and were lower by $60 million compared to 2008.
- In December 2009, we completed a growth-focused debt refinancing that enables us to simultaneously reduce leverage and consider acquisition opportunities. The refinancing gives us more flexibility in our use of excess cash flow, allows continued debt reduction, and provides a stable long-term capital structure with extended debt maturities at rates slightly lower than previous effective rates. The refinancing consisted of the sale of our $500 million 8% Senior Notes and the concurrent amendment and restatement of our 2006 Senior Secured Credit Facility to provide for the $1.15 billion 2009 Senior Secured Credit Facility. The proceeds from the sale of the 8% Senior Notes, together with the proceeds from borrowings under the 2009 Senior Secured Credit Facility, were used to refinance borrowings under the 2006 Senior Secured Credit Facility, to repay all borrowings under our existing second lien credit facility and to pay fees and expenses relating to these transactions.
- During 2009, we reduced debt by $284 million through the use of cash flows generated from operations which was primarily from the reduction of inventory by $249 million.
- We ended 2009 with $307 million of borrowing availability under our $400 million Revolving Loan Facility, $91 million of borrowing availability under our Accounts Receivable Securitization Facility, $39 million in cash and cash equivalents and $35 million of borrowing availability under our international loan facilities.

Consolidated Results of Operations — Year Ended January 2, 2010 ("2009") Compared with Year Ended January 3, 2009 ("2008")

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$3,891,275	$4,248,770	$(357,495)	(8.4)%
Cost of sales	2,626,001	2,871,420	(245,419)	(8.5)
Gross profit	1,265,274	1,377,350	(112,076)	(8.1)
Selling, general and administrative expenses	940,530	1,009,607	(69,077)	(6.8)
Restructuring	53,888	50,263	3,625	7.2
Operating profit	270,856	317,480	(46,624)	(14.7)
Other expense (income)	49,301	(634)	49,935	NM
Interest expense, net	163,279	155,077	8,202	5.3
Income before income tax expense	58,276	163,037	(104,761)	(64.3)
Income tax expense	6,993	35,868	(28,875)	(80.5)
Net income	$ 51,283	$ 127,169	$ (75,886)	(59.7)%

Net Sales

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$3,891,275	$4,248,770	$(357,495)	(8.4)%

Consolidated net sales were lower by $357 million or 8% in 2009 compared to 2008. Net sales were lower by $303 million or 7% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008. In 2009, we did not see a sustained rebound in consumer spending in our categories but rather mixed results. Overall retail sales for apparel continued to decline during 2009 at most of our larger customers as the continuing recession constrained consumer spending. Our sales incentives were higher in 2009 compared to 2008 as we made significant investments, especially in back-to-school and holiday programs and promotions, in this recessionary environment to support retailers and position ourselves for future sales opportunities. We also made significant investments with key retailers to obtain incremental shelf space for 2010 and beyond.

Innerwear, Outerwear, Hosiery and International segment net sales were lower by $114 million (6%), $144 million (12%), $32 million (15%) and $58 million (12%), respectively, in 2009 compared to 2008. Our Direct to Consumer segment sales were flat in 2009 compared to 2008. Our Other segment net sales were lower, as expected, by $9 million in 2009 compared to 2008. As a result of the sale of our yarn operations we will no longer have net sales in our Other segment in the future.

Innerwear segment net sales were lower (6%) in 2009 compared to 2008, primarily due to lower net sales of intimate apparel (12%) and socks (10%) as a result of continued weak sales at retail in this difficult economic environment, partially offset by higher net sales of male underwear (4%). Innerwear segment net sales were lower by $87 million or 5% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

Outerwear segment net sales were lower (12%) in 2009 compared to 2008, primarily due to the lower casualwear net sales (24%) in the wholesale channel, which has been highly price competitive especially in this recessionary environment, and lower casualwear net sales (19%) in the retail channel. The lower casualwear net sales in both channels were partially offset by higher net sales (4%) of our *Champion* brand activewear. The results for the first half of 2009 were negatively impacted by losses of seasonal programs in the retail casualwear channel. Outerwear segment net sales were lower by $130 million or 11% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

Hosiery segment net sales were lower (15%) in 2009 compared to 2008. The net sales decline rate has steadily improved over the most recent three consecutive quarters. Hosiery products in all channels continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending. Hosiery segment net sales were lower by $28 million or 13% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

Direct to Consumer segment net sales were flat in 2009 compared to 2008 primarily due to higher net sales in our outlet stores attributable to new store openings offset by lower comparable store sales driven by lower traffic. The higher net sales in our outlet stores were partially offset by lower net sales related to our Internet operations. Direct to Consumer segment net sales were higher by $7 million or 2% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

International segment net sales were lower (12%) in 2009 compared to 2008, primarily attributable to an unfavorable impact of $22 million related to foreign currency exchange rates and weak demand globally primarily in Europe, Japan and Canada, which are experiencing recessionary environments similar to that in the United States. International segment net sales declined by 7% in 2009 compared to 2008 after excluding the impact of foreign exchange rates on currency. International segment net sales were lower by $56 million or 11% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

Gross Profit

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Gross profit	$ 1,265,274	$ 1,377,350	$ (112,076)	(8.1)%

Our gross profit was lower by $112 million in 2009 compared to 2008. Gross profit as a percent of net sales remained flat at 32.5% in 2009 compared to 32.4% in 2008.

Gross profit was lower due to lower sales volume of $167 million, higher sales incentives of $52 million and unfavorable product sales mix of $45 million. Our sales incentives were higher as we made significant investments, especially in back-to-school and holiday programs and promotions, in this recessionary environment to support retailers and position ourselves for future sales opportunities. We also made significant investments in the fourth quarter of 2009 of approximately $13 million with key retailers to obtain incremental shelf space for 2010 and beyond. Other factors contributing to lower gross profit were higher other manufacturing costs of $33 million primarily related to lower volume partially offset by cost reductions at our manufacturing facilities, higher production costs of $14 million related to higher energy and oil-related costs, including freight costs, higher cost of finished goods sourced from third party manufacturers of $10 million primarily resulting from foreign exchange transaction losses, other vendor price increases of $9 million and an $8 million unfavorable impact related to foreign currency exchange rates. The unfavorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the U.S. dollar compared to the Mexican peso, Canadian dollar, Euro and Brazilian real partially offset by the strengthening of the Japanese yen compared to the U.S. dollar during 2009 compared to 2008. Duty refunds were lower by $19 million in 2009 compared to 2008 as a result of the final passage of the Dominican Republic-Central America-United States Free Trade Agreement in Costa Rica which allowed us to recover in 2008 $15 million of duties previously paid. In addition, we incurred $8 million of favorable cost recognition in 2008 that did not reoccur in 2009 related to the capitalization of certain inventory supplies.

Our gross profit was positively impacted by higher product pricing of $123 million before increased sales incentives, savings from our prior restructuring actions of $45 million, lower on-going excess and obsolete inventory costs of $30 million and lower cotton costs of $26 million. The higher product pricing was due to the implementation of an average gross price increase of four percent in our domestic product categories in February 2009. The range of price increases varied by individual product category. The lower excess and obsolete inventory costs in 2009 are attributable to both our continuous evaluation of inventory levels and simplification of our product category offerings. We realized these benefits by driving down obsolete inventory levels through aggressive

management and promotions.

The cotton prices reflected in our results were 55 cents per pound in 2009 as compared to 65 cents in 2008. Energy and oil-related costs were higher in 2009 due to a spike in oil-related commodity prices during the summer of 2008 which impacted our cost of sales in 2009.

We incurred lower one-time restructuring related write-offs of $15 million in 2009 compared to 2008 for stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate. In addition, accelerated depreciation was lower by $15 million in 2009 compared to 2008.

Selling, General and Administrative Expenses

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Selling, general and administrative expenses	$ 940,530	$ 1,009,607	$ (69,077)	(6.8)%

Our selling, general and administrative expenses were $69 million lower in 2009 compared to 2008. Our continued focus on cost reductions resulted in lower expenses related to savings of $33 million from our prior restructuring actions for compensation and related benefits, lower technology expenses of $21 million, lower distribution expenses of $16 million, lower bad debt expense of $7 million primarily due to a customer bankruptcy in 2008, lower selling and other marketing related expenses of $5 million, lower consulting related expenses of $3 million and lower non-media related media, advertising and promotion ("MAP") expenses of $2 million. The lower distribution expenses were primarily attributable to lower sales volume that reduced our labor, postage and freight expenses and lower rework expenses in our distribution centers. In addition, in October 2009, we recognized an $8 million gain related to the sale of our yarn operations to Parkdale America.

Our media related MAP expenses were $24 million lower in 2009 compared to 2008. While we chose to reduce our spending earlier in 2009, we made significant investments in the fourth quarter of 2009 to support retailers and position ourselves for future sales opportunities. MAP expenses may vary from period to period during a fiscal year depending on the timing of our advertising campaigns for retail selling seasons and product introductions.

Our pension and stock compensation expenses, which are noncash, were higher by $33 million and $6 million, respectively, in 2009 compared to 2008. The higher pension expense is primarily due to the lower funded status of our pension plans at the end of 2008, which resulted from a decline in the fair value of plan assets due to the stock market's performance during 2008 and a higher discount rate at the end of 2008.

We also incurred higher expenses of $4 million in 2009 compared to 2008 as a result of opening retail stores. We opened 17 retail stores during 2009. In addition, we incurred higher accelerated depreciation of $3 million and higher other expenses of $2 million related to amending the terms of all outstanding stock options granted under the Hanesbrands Inc. Omnibus Incentive Plan (the "Omnibus Incentive Plan") of 2006 that had an original term of five or seven years to the tenth anniversary of the original grant date. Changes due to foreign currency exchange rates, which are included in the impact of the changes discussed above, resulted in lower selling, general and administrative expenses of $6 million in 2009 compared to 2008.

Restructuring

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Restructuring	$ 53,888	$ 50,263	$ 3,625	7.2%

During 2009, we ceased making our own yarn and now source all of our yarn requirements from large-scale yarn suppliers. We entered into an agreement with Parkdale America under which we agreed to sell or lease assets related to operations at our four yarn manufacturing facilities to Parkdale America. The transaction closed in October 2009 and resulted in Parkdale America operating three of the four facilities. We approved an action to close the fourth yarn manufacturing facility, as well as a yarn warehouse and a cotton warehouse, all located in the United States, which will result in the elimination of approximately 175 positions. We also entered into a yarn purchase agreement with Parkdale. Under this agreement, which has an initial term of six years, Parkdale will produce and sell to us a substantial amount of our Western Hemisphere yarn requirements. During the first two years of the term, Parkdale will also produce and sell to us a substantial amount of the yarn requirements of our Nanjing, China textile facility.

In addition to the actions discussed above, during 2009 we approved actions to close seven manufacturing facilities and three distribution centers in the Dominican Republic, the United States, Costa Rica, Honduras, Puerto Rico and Canada which will result in the elimination of an aggregate of approximately 3,925 positions in those countries and El Salvador. The production capacity represented by the manufacturing facilities will be relocated to lower cost locations in Asia, Central America and the Caribbean Basin. The distribution capacity has been relocated to our West Coast distribution facility in California in order to expand capacity for goods we source from Asia. In addition, approximately 300 management and administrative positions were eliminated, with the majority of these positions based in the United States.

During 2009, we recorded charges related to employee termination and other benefits of $24 million recognized in accordance with benefit plans previously communicated to the affected employee group, charges related to contract obligations of $14 million, other exit costs of $8 million related to moving equipment and inventory from closed facilities and fixed asset impairment charges of $8 million.

In 2009 and 2008, we recorded one-time write-offs of $4 million and $19 million, respectively, of stranded raw materials and work in process inventory related to the closure of manufacturing facilities and recorded in the “Cost of sales” line. The raw materials and work in process inventory was determined not to be salvageable or cost-effective to relocate. In addition, in connection with our consolidation and globalization strategy, we recognized noncash charges of $9 million and $24 million 2009 and 2008, respectively, in the “Cost of sales” line and a noncash charge of $3 million in 2009 in the “Selling, general and administrative expenses” line related to accelerated depreciation of buildings and equipment for facilities that have been closed or will be closed.

These actions were a continuation of our consolidation and globalization strategy, and are expected to result in benefits of moving production to lower-cost manufacturing facilities, leveraging our large scale in high-volume products and consolidating production capacity. These approved actions represent the substantial completion of the consolidation and globalization of our supply chain.

During 2008, we incurred $50 million in restructuring charges which primarily related to employee termination and other benefits and charges related to exiting supply contracts associated with plant closures approved during that period.

Operating Profit

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Operating profit	$ 270,856	$ 317,480	$ (46,624)	(14.7)%

Operating profit was lower in 2009 compared to 2008 as a result of lower gross profit of $112 million and higher restructuring and related charges of $4 million, partially offset by lower selling, general and administrative expenses of $69 million. Changes in foreign currency exchange rates had an unfavorable impact on operating profit of $1 million in 2009 compared to 2008. Operating profit was $41 million lower in 2009 compared to 2008 excluding the impact of the 53rd week in 2008.

Other Expense (Income)

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Other expense (income)	$ 49,301	$ (634)	$ 49,935	NM

In December 2009, we completed the sale of our 8% Senior Notes and concurrently amended and restated the 2006 Senior Secured Credit Facility to provide for the 2009 Senior Secured Credit Facility. The proceeds from the sale of the 8% Senior Notes, together with the proceeds from borrowings under the 2009 Senior Secured Credit Facility, were used to refinance borrowings under the 2006 Senior Secured Credit Facility, to repay all borrowings under our $450 million second lien credit facility that we entered into in 2006 (the "Second Lien Credit Facility"), and to pay fees and expenses relating to these transactions.

In connection with these transactions in December 2009, we recognized a loss on early extinguishment of debt of $17 million related to unamortized debt issuance costs and fees paid in connection with the execution of the 2009 Senior Secured Credit Facility and the issuance of the 8% Senior Notes. In addition, in December 2009, we recognized a loss of $26 million related to certain interest rate hedging arrangements which were terminated as a result of the refinancing of our outstanding borrowings under the 2006 Senior Secured Credit Facility and repayment of the outstanding borrowings under the Second Lien Credit Facility.

In September 2009 we incurred a $2 million loss on early extinguishment of debt related to unamortized debt issuance costs resulting from the prepayment of $140 million of principal under the 2006 Senior Secured Credit Facility.

In March 2009, we incurred costs of $4 million to amend the 2006 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility.

During 2008, we recognized a gain of $2 million related to the repurchase of $6 million of the Floating Rate Senior Notes for $4 million. This gain was partially offset by a $1 million loss on early extinguishment of debt related to unamortized debt issuance costs on the 2006 Senior Secured Credit Facility for the prepayment of $125 million of principal in 2008.

Interest Expense, Net

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Interest expense, net	$ 163,279	$ 155,077	$ 8,202	5.3%

Interest expense, net was higher by $8 million in 2009 compared to 2008. The amendments of the 2006 Senior Secured Credit Facility and Accounts Receivable Securitization Facility in March 2009 increased our interest-rate margin by 300 basis points and 325 basis points, respectively, which increased interest expense in 2009 compared to 2008 by $31 million. The execution of the 2009 Senior Secured Credit Facility and the issuance of the 8% Senior Notes in December 2009 increased interest expense in 2009 compared to 2008 by $3 million.

These increases in interest expense were partially offset by a lower London Interbank Offered Rate, or "LIBOR," and lower outstanding debt balances that reduced interest expense by a combined $23 million. In addition, interest expense, net was lower by $3 million in 2009 due to the impact of the 53rd week in 2008. Our weighted average interest rate on our outstanding debt was 6.86% during 2009 compared to 6.09% in 2008.

Income Tax Expense

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Income tax expense	$ 6,993	$ 35,868	$ (28,875)	(80.5)%

Our annual effective income tax rate was 12.0% in 2009 compared to 22.0% in 2008. Our domestic earnings were lower in 2009 as a result of higher restructuring and related charges and the debt refinancing costs. The lower effective income tax rate is attributable primarily to a higher proportion of our earnings attributed to foreign subsidiaries which are taxed at rates lower than the U.S. statutory rate. Also, we recognized net tax benefits of $12 million due to updated assessments of previously accrued amounts. Our annual effective tax rate reflected our strategic initiative to make substantial capital investments outside the United States in our global supply chain in 2009.

Net Income

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net income	$ 51,283	$ 127,169	$ (75,886)	(59.7)%

Net income for 2009 was lower than 2008 primarily due to higher other expenses of $50 million, lower operating profit of $47 million and higher interest expense of $8 million, partially offset by lower income tax expense of $29 million. Net income was $73 million lower in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

Operating Results by Business Segment — Year Ended January 2, 2010 ("2009") Compared with Year Ended January 3, 2009 ("2008")

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales:				
Innerwear	$ 1,833,616	$ 1,947,167	$ (113,551)	(5.8)%
Outerwear	1,051,735	1,196,155	(144,420)	(12.1)
Hosiery	185,710	217,391	(31,681)	(14.6)
Direct to Consumer	369,739	370,163	(424)	(0.1)
International	437,804	496,170	(58,366)	(11.8)
Other	12,671	21,724	(9,053)	(41.7)
Total net sales	$ 3,891,275	$ 4,248,770	$ (357,495)	(8.4)%
Segment operating profit (loss):				
Innerwear	$ 234,352	$ 223,420	$ 10,932	4.9%
Outerwear	53,050	66,149	(13,099)	(19.8)
Hosiery	61,070	68,696	(7,626)	(11.1)
Direct to Consumer	37,178	44,541	(7,363)	(16.5)
International	44,688	64,349	(19,661)	(30.6)
Other	(2,164)	328	(2,492)	NM
Total segment operating profit	428,174	467,483	(39,309)	(8.4)
Items not included in segment operating profit:				
General corporate expenses	(75,127)	(45,177)	29,950	66.3
Amortization of trademarks and other intangibles	(12,443)	(12,019)	424	3.5
Restructuring	(53,888)	(50,263)	3,625	7.2
Inventory write-off included in cost of sales	(4,135)	(18,696)	(14,561)	(77.9)
Accelerated depreciation included in cost of sales	(8,641)	(23,862)	(15,221)	(63.8)
Accelerated depreciation included in selling, general and administrative expenses	(3,084)	14	3,098	NM
Total operating profit	270,856	317,480	(46,624)	(14.7)
Other (expense) income	(49,301)	634	49,935	NM
Interest expense, net	(163,279)	(155,077)	8,202	5.3
Income before income tax expense	$ 58,276	$ 163,037	$ (104,761)	(64.3)%

Innerwear

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 1,833,616	$ 1,947,167	$ (113,551)	(5.8)%
Segment operating profit	234,352	223,420	10,932	4.9

Overall net sales in the Innerwear segment were lower by $114 million or 6% in 2009 compared to 2008 as the recessionary environment continued to constrain consumer spending. Total intimate apparel net sales were $110 million lower in 2009 compared to 2008 and represents 97% of the total segment net sales decline. We believe our lower net sales in our *Hanes* brand of $47 million, our *Playtex* brand of $34 million and our smaller brands (*barely there*, *Just My Size* and *Wonderbra*) of $27 million and $6 million lower private label net sales were primarily attributable to weaker sales at retail as a result of lower consumer spending during the year. These declines were

partially offset by an increase of $5 million of our *Bali* brand intimate apparel net sales in 2009 compared to 2008.

Total male underwear net sales were $27 million higher in 2009 compared to 2008 which reflect higher net sales in our *Hanes* brand of $26 million. The higher *Hanes* brand male underwear sales reflect growth in key segments of this category such as crewneck and V-neck T-shirts and boxer briefs and product innovations like the Comfort Fit waistbands. Lower net sales in our socks product category of $28 million in 2009 compared to 2008 reflect a decline in *Hanes* and *Champion* brand net sales in our men's and kids' product category. Innerwear segment net sales were lower by $87 million or 5% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

The Innerwear segment gross profit was lower by $51 million in 2009 compared to 2008. The lower gross profit was due to lower sales volume of $62 million, higher sales incentives of $38 million due to investments made with retailers, unfavorable product sales mix of $21 million, lower duty refunds of $17 million, higher other manufacturing costs of $14 million, higher production costs of $8 million related to higher energy and oil-related costs, including freight costs and other vendor price increases of $7 million. Additionally, favorable cost recognition of $8 million occurred in 2008 that did not reoccur in 2009 related to the capitalization of certain inventory supplies. These higher costs were partially offset by higher product pricing of $69 million before increased sales incentives, savings from our prior restructuring actions of $23 million, lower on-going excess and obsolete inventory costs of $23 million and lower cotton costs of $10 million.

As a percent of segment net sales, gross profit in the Innerwear segment was 32.3% in 2009 compared to 33.0% in 2008, decreasing as a result of the items described above.

The higher Innerwear segment operating profit in 2009 compared to 2008 was primarily attributable to lower media related MAP expenses of $25 million, savings of $18 million from prior restructuring actions primarily for compensation and related benefits, lower technology expenses of $11 million, lower bad debt expense of $5 million primarily due to a customer bankruptcy in 2008 and lower distribution expenses of $2 million, which partially offset lower gross profit.

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for 2009 is consistent with 2008. Our consolidated selling, general and administrative expenses before segment allocations was $69 million lower in 2009 compared to 2008.

Outerwear

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 1,051,735	$ 1,196,155	$ (144,420)	(12.1)%
Segment operating profit	53,050	66,149	(13,099)	(19.8)

Net sales in the Outerwear segment were lower by $144 million or 12% in 2009 compared to 2008, primarily as a result of lower casualwear net sales in our wholesale and retail channels of $93 million and $63 million, respectively. The wholesale channel has been significantly impacted by lower consumer spending with our customers in this channel and highly price competitive especially in this recessionary environment. The lower retail casualwear net sales reflect an $89 million impact due to the losses of seasonal programs not renewed for 2009 that only impacted the first half of 2009 partially offset by additional net sales and royalty income resulting from an exclusive long-term agreement entered into with Wal-Mart in April 2009 that significantly expanded the presence of our *Just My Size* brand in all Wal-Mart stores. In addition, total activewear product category net sales were $13 million higher. Our *Champion* brand activewear sales, which continue to benefit from our marketing investment in the brand, were higher by $18 million. Outerwear segment net sales were lower by $130 million or 11% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

The Outerwear segment gross profit was lower by $39 million in 2009 compared to 2008. The lower gross profit is due to lower sales volume of $47 million, unfavorable product sales mix of $20 million, higher other manufacturing costs of $15 million, higher sales incentives of $8 million due to investments made with retailers, higher production costs of $6 million related to higher energy and oil-related costs, including freight costs, and other vendor price increases of $2 million. These higher costs were partially offset by savings of $22 million from our prior restructuring actions, lower cotton costs of $16 million, higher product pricing of $16 million before increased sales incentives and lower on-going excess and obsolete inventory costs of $5 million.

As a percent of segment net sales, gross profit in the Outerwear segment was 21.9% in 2009 compared to 22.5% in 2008, declining as a result of the items described above.

The lower Outerwear segment operating profit in 2009 compared to 2008 was primarily attributable to lower gross profit and higher media related MAP expenses of $5 million partially offset by lower distribution expenses of $11 million, savings of $10 million from our prior restructuring actions, lower technology expenses of $7 million, lower non-media related MAP expenses of $3 million and lower bad debt expense of $2 million primarily due to a customer bankruptcy in 2008.

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for 2009 is consistent with 2008. Our consolidated selling, general and administrative expenses before segment allocations was $69 million lower in 2009 compared to 2008.

Hosiery

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 185,710	$ 217,391	$ (31,681)	(14.6)%
Segment operating profit	61,070	68,696	(7,626)	(11.1)

Net sales in the Hosiery segment declined by $32 million or 15%, which was primarily due to lower sales of our *L'eggs* brand to mass retailers and food and drug stores and our *Hanes* brand to national chains and department stores. The net sales decline rate has improved over the most recent three consecutive quarters. Hosiery products continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending, which contributes to weaker retail sales and lowering of inventory levels by retailers. We expect the trend of declining hosiery sales to continue consistent with the overall decline in the industry and with shifts in consumer preferences. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently. Hosiery segment net sales were lower by $28 million or 13% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

The Hosiery segment gross profit was lower by $16 million in 2009 compared to 2008. The lower gross profit for 2009 compared to 2008 was the result of lower sales volume of $23 million and higher other manufacturing costs of $4 million, partially offset by higher product pricing of $12 million. As a percent of segment net sales, gross profit in the Hosiery segment was 49.8% in 2009 and in 2008.

The lower Hosiery segment operating profit in 2009 compared to 2008 is primarily attributable to lower gross profit, partially offset by lower distribution expenses of $3 million, savings of $2 million from our prior restructuring actions and lower technology expenses of $2 million.

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for 2009 is consistent with 2008. Our consolidated selling, general and administrative expenses before segment allocations was $69 million lower in 2009 compared to 2008.

Direct to Consumer

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 369,739	$ 370,163	$ (424)	(0.1)%
Segment operating profit	37,178	44,541	(7,363)	(16.5)

Direct to Consumer segment net sales were flat in 2009 compared to 2008 primarily due to higher net sales in our outlet stores of $1 million attributable to new store openings offset by lower comparable store sales (3%) driven by lower traffic. The higher net sales in our outlet stores were partially offset by lower net sales of $1 million related to our Internet operations. Direct to Consumer segment net sales were higher by $7 million or 2% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

The Direct to Consumer segment gross profit was higher by $5 million in 2009 compared to 2008. The higher gross profit is due to higher product pricing of $13 million and lower on-going excess and obsolete inventory costs of $2 million, partially offset by lower sales volume of $7 million and unfavorable product sales mix of $4 million.

As a percent of segment net sales, gross profit in the Direct to Consumer segment was 62.4% in 2009 compared to 61.1% in 2008, increasing as a result of the items described above.

The lower Direct to Consumer segment operating profit in 2009 compared to 2008 was primarily attributable to higher non-media related MAP expenses of $6 million and higher expenses of $4 million as a result of opening 17 retail stores during 2009, partially offset by higher gross profit.

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for 2009 is consistent with 2008. Our consolidated selling, general and administrative expenses before segment allocations was $69 million lower in 2009 compared to 2008.

International

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 437,804	$ 496,170	$ (58,366)	(11.8)%
Segment operating profit	44,688	64,349	(19,661)	(30.6)

Overall net sales in the International segment were lower by $58 million or 12% in 2009 compared to 2008 primarily attributable to an unfavorable impact of $22 million related to foreign currency exchange rates and weak demand globally primarily in Europe, Japan and Canada, which are experiencing recessionary environments similar to that in the United States. International segment net sales declined by 7% in 2009 compared to 2008 after excluding the impact of foreign exchange rates on currency. The unfavorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the U.S. dollar compared to the Mexican peso, Canadian dollar, Euro and Brazilian real partially offset by the strengthening of the Japanese yen compared to the U.S. dollar during 2009 compared to 2008.

During 2009, we experienced lower net sales, in each case excluding the impact of foreign currency exchange rates but including the impact of the 53rd week, in our casualwear business in Europe of $25 million, in our male underwear and activewear businesses in Japan of $13 million, in our casualwear business in Puerto Rico of $7 million resulting from moving the distribution capacity to the United States and in our socks and intimate apparel business in Canada of $11 million. Lower segment net sales were partially offset by higher sales in our intimate

apparel and male underwear businesses in Mexico of $12 million and in our male underwear business in Brazil of $4 million. International segment net sales were lower by $56 million or 11% in 2009 compared to 2008 after excluding the impact of the 53rd week in 2008.

The International segment gross profit was lower by $38 million in 2009 compared to 2008. The lower gross profit was a result of lower sales volume of $17 million, higher cost of finished goods sourced from third party manufacturers of $12 million primarily resulting from foreign exchange transaction losses, unfavorable product sales mix of $7 million, an unfavorable impact related to foreign currency exchange rates of $8 million and higher sales incentives of $4 million due to investments made with retailers, partially offset by higher product pricing of $11 million.

As a percent of segment net sales, gross profit in the International segment was 36.7% in 2009 compared to 2008 at 40.1%, declining as a result of the items described above.

The lower International segment operating profit in 2009 compared to 2008 is primarily attributable to the lower gross profit, partially offset by lower media related MAP expenses of $5 million, lower selling and other marketing related expenses of $5 million, lower non-media related MAP expenses of $3 million, lower distribution expenses of $2 million and savings of $2 million from our prior restructuring actions. The changes in foreign currency exchange rates, which are included in the impact on gross profit above, had an unfavorable impact on segment operating profit of $1 million in 2009 compared to 2008.

Other

	Years Ended			
	January 2, 2010	January 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 12,671	$ 21,724	$ (9,053)	(41.7)%
Segment operating profit (loss)	(2,164)	328	(2,492)	NM

Sales in our Other segment primarily consist of sales of yarn to third parties which are intended to maintain asset utilization at certain manufacturing facilities and generate approximate break even margins. In October 2009, we completed the sale of our yarn operations as a result of which we ceased making our own yarn and now source all of our yarn requirements from large-scale yarn suppliers. As a result of the sale of our yarn operations we will no longer have net sales in our Other segment in the future.

General Corporate Expenses

General corporate expenses were $30 million higher in 2009 compared to 2008 primarily due to higher pension expense of $33 million, $8 million of higher foreign exchange transaction losses and higher other expenses of $2 million related to amending the terms of all outstanding stock options granted under the Omnibus Incentive Plan that had an original term of five or seven years to the tenth anniversary of the original grant date, partially offset by higher gains on sales of assets of $2 million. In addition, in October 2009, we recognized an $8 million gain related to the sale of our yarn operations to Parkdale America.

Consolidated Results of Operations — Year Ended January 3, 2009 ("2008") Compared with Year Ended December 29, 2007 ("2007")

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 4,248,770	$ 4,474,537	$ (225,767)	(5.0)%
Cost of sales	2,871,420	3,033,627	(162,207)	(5.3)
Gross profit	1,377,350	1,440,910	(63,560)	(4.4)
Selling, general and administrative expenses	1,009,607	1,040,754	(31,147)	(3.0)
Gain on curtailment of postretirement benefits	—	(32,144)	(32,144)	NM
Restructuring	50,263	43,731	6,532	14.9
Operating profit	317,480	388,569	(71,089)	(18.3)
Other expense (income)	(634)	5,235	(5,869)	(112.1)
Interest expense, net	155,077	199,208	(44,131)	(22.2)
Income before income tax expense	163,037	184,126	(21,089)	(11.5)
Income tax expense	35,868	57,999	(22,131)	(38.2)
Net income	$ 127,169	$ 126,127	$ 1,042	0.8%

Net Sales

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 4,248,770	$ 4,474,537	$ (225,767)	(5.0)%

Consolidated net sales were lower by $226 million or 5% in 2008 compared to 2007 primarily due to weak sales at retail, which reflect a difficult economic and retail environment in which the ultimate consumers of our products have been significantly limiting their discretionary spending and visiting retail stores less frequently. The economic recession continued to impact consumer spending, resulting in one of the worst holiday shopping seasons in 40 years as retail sales fell for the sixth straight month in December. Our Innerwear, Outerwear, Hosiery and Other segment net sales were lower by $153 million (7%), $60 million (5%), $34 million (14%) and $35 million (62%), respectively, and were partially offset by higher net sales in our Direct to Consumer segment and International segment of $10 million (3%) and $48 million (11%), respectively. Although the majority of our products are replenishment in nature and tend to be purchased by consumers on a planned, rather than on an impulse, basis, weakness in the retail environment can impact our results in the short-term, as it did in 2008. The total impact of the 53rd week in 2008, which is included in the amounts above, was a $54 million increase in sales.

The lower net sales in our Innerwear segment were primarily due to a decline in the intimate apparel, socks and male underwear product categories. Total intimate apparel net sales were $115 million lower in 2008 compared to 2007. We experienced lower intimate apparel sales in our *Hanes* brand of $52 million, our smaller brands (*barely there*, *Just My Size* and *Wonderbra*) of $45 million and our private label brands of $6 million which we believe was primarily attributable to weaker sales at retail as noted above. In 2008 compared to 2007, our *Playtex* brand intimate apparel net sales were higher by $2 million and our *Bali* brand intimate apparel net sales were lower by $13 million. Net sales in our male underwear product category were $11 million lower, which includes the impact of exiting a license arrangement for a boys' character underwear program in early 2008 that lowered sales by $15 million. In addition, total socks net sales were lower in 2008 compared to 2007 by $33 million.

In our Outerwear segment, net sales of our *Champion* brand activewear were $26 million higher in 2008 compared to 2007, and were offset by lower net sales of our casualwear product categories of $82 million. Net sales in our Hosiery segment declined substantially more than the long-term trend primarily due to lower sales of the *Hanes* brand to national chains and department stores and our *L'eggs* brand to mass retailers and food and drug stores in 2008 compared to 2007. We expect the trend of declining hosiery sales to continue consistent with the overall decline in the industry and with shifts in consumer preferences.

The lower net sales discussed above were partially offset by higher net sales in our Direct to Consumer segment and International segment. The higher net sales in our Direct to Consumer segment were primarily attributable to higher net sales in our Internet operations. The higher net sales in our International segment were driven by a favorable impact of $22 million related to foreign currency exchange rates and by the growth in our casualwear businesses in Europe and Asia. The favorable impact of foreign currency exchange rates was primarily due to the strengthening of the Japanese yen, Euro and Brazilian real.

The decline in net sales for our Other segment was primarily due to the continued vertical integration of a yarn and fabric operation acquisition from 2006 with less focus on sales of nonfinished fabric and yarn to third parties.

Gross Profit

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Gross profit	$ 1,377,350	$ 1,440,910	$ (63,560)	(4.4)%

As a percent of net sales, our gross profit percentage was 32.4% in 2008 compared to 32.2% in 2007. While the gross profit percentage was higher, gross profit dollars were lower due to lower sales volume of $85 million, unfavorable product sales mix of $35 million, higher cotton costs of $30 million, higher production costs of $20 million related to higher energy and oil related costs including freight costs and other vendor price increases of $12 million. The cotton prices reflected in our results were 65 cents per pound in 2008 as compared to 56 cents per pound in 2007. Energy and oil related costs were higher due to a spike in oil related commodity prices during the summer of 2008. In addition, in connection with the consolidation and globalization of our supply chain, we incurred one-time restructuring related write-offs of stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate of $19 million in 2008, which were offset by lower accelerated depreciation of $13 million.

These higher expenses were primarily offset by savings from our cost reduction initiatives and prior restructuring actions of $41 million, lower other manufacturing overhead costs of $24 million primarily related to better volumes earlier in the year, lower on-going excess and obsolete inventory costs of $14 million, lower sales incentives of $11 million, $10 million of lower duty costs primarily related to higher refunds of $9 million, a $9 million favorable impact related to foreign currency exchange rates, $8 million of favorable one-time out of period cost recognition related to the capitalization of certain inventory supplies to be on a consistent basis across all business lines, $4 million of lower start-up and shut down costs associated with our consolidation and globalization of our supply chain and higher product sales pricing of $3 million. Our duty refunds were higher in 2008 primarily due to the final passage of the Dominican Republic-Central America-United States Free Trade Agreement in Costa Rica as a result of which we can, on a one-time basis, recover duties paid since January 1, 2004 totaling approximately $15 million. The lower excess and obsolete inventory costs in 2008 are attributable to both our continuous evaluation of inventory levels and simplification of our product category offerings since the spin off. We realized the benefits of driving down obsolete inventory levels through aggressive management and promotions and realized the benefits from decreases in style counts ranging from 7% to 30% in our various product category offerings. The quality of our inventory remained good with obsolete inventory down 23% from the prior year. The favorable foreign currency exchange rate impact in our International segment was primarily due to the strengthening of the Japanese yen, Euro and Brazilian real.

Selling, General and Administrative Expenses

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Selling, general and administrative expenses	$ 1,009,607	$ 1,040,754	$ (31,147)	(3.0)%

Our selling, general and administrative expenses were $31 million lower in 2008 compared to 2007. Our cost reduction efforts resulted in lower expenses in 2008 compared to 2007 related to savings of $21 million from our prior restructuring actions for compensation and related benefits, lower consulting expenses related to various areas of $5 million, lower non-media related MAP expenses of $3 million, lower accelerated depreciation of $3 million, lower postretirement healthcare and life insurance expense of $2 million and lower stock compensation expense of $2 million.

Our media related MAP expenses were $11 million lower in 2008 as compared to 2007. While our spending for media related MAP was down in 2008, it was the second highest spending level in our history. We supported our key brands with targeted, effective advertising and marketing campaigns such as the launch of *Hanes* No Ride Up panties and marketing initiatives for *Champion* and *Playtex* in the first half of 2008 and significantly lowered our overall spending during the second half of 2008. In contrast, in 2007, our media related MAP spending was spread across multiple product categories and brands. MAP expenses may vary from period to period during a fiscal year depending on the timing of our advertising campaigns for retail selling seasons and product introductions.

In addition, spin off and related charges of $3 million recognized in 2007 did not recur in 2008. Our pension income of $12 million was higher by $9 million, which included an adjustment that reduced pension expense in 2007 related to the final separation of our pension assets and liabilities from those of Sara Lee.

We experienced higher bad debt expense of $7 million primarily related to the Mervyn's bankruptcy, higher computer software amortization costs of $5 million, higher technology consulting and related expenses of $4 million and higher distribution expenses of $4 million in 2008 compared to 2007. The higher technology consulting and computer software amortization costs are related to our efforts to integrate our information technology systems across our company which involves reducing the number of information technology platforms serving our business functions. The higher distribution expenses in 2008 compared to 2007 were primarily related to higher volumes in our international business, higher postage and freight costs and higher rework expenses in our distribution centers. We also incurred higher expenses of $3 million in 2008 compared to 2007 as a result of having opened 10 retail stores in 2008. In addition, we incurred $7 million in amortization of gain on curtailment of postretirement benefits in 2007 which did not recur in 2008.

Gain on Curtailment of Postretirement Benefits

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Gain on curtailment of postretirement benefits	$ —	$ (32,144)	$ (32,144)	NM

In December 2006, we notified retirees and employees of the phase out of premium subsidies for early retiree medical coverage and move to an access-only plan for early retirees by the end of 2007. In December 2007, in connection with the termination of the postretirement medical plan, we recognized a final gain on curtailment of plan benefits of $32 million. Concurrently with the termination of the existing plan, we established a new access-only plan that is fully paid by the participants.

Restructuring

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Restructuring	$ 50,263	$ 43,731	$ 6,532	14.9%

During 2008, we approved actions to close 11 manufacturing facilities and three distribution centers and eliminate approximately 6,800 positions in Mexico, the United States, Costa Rica, Honduras and El Salvador. The production capacity represented by the manufacturing facilities has been relocated to lower cost locations in Asia, Central America and the Caribbean Basin. The distribution capacity has been relocated to our West Coast distribution facility in California in order to expand capacity for goods we source from Asia. In addition, approximately 200 management and administrative positions were eliminated, with the majority of these positions based in the United States. We recorded a charge of $34 million related to employee termination and other benefits recognized in accordance with benefit plans previously communicated to the affected employee group, fixed asset impairment charges of $9 million and charges related to exiting supply contracts of $11 million, which was partially offset by $4 million of favorable settlements of contract obligations for lower amounts than previously estimated.

In 2008, we recorded $19 million in one-time write-offs of stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate related to the closure of manufacturing facilities in the “Cost of sales” line. In addition, in connection with our consolidation and globalization strategy, in 2008 and 2007, we recognized non-cash charges of $24 million and $37 million, respectively, in the “Cost of sales” line and a non-cash charge of $3 million in the “Selling, general and administrative expenses” line in 2007 related to accelerated depreciation of buildings and equipment for facilities that have been closed or will be closed.

These actions, which are a continuation of our consolidation and globalization strategy, are expected to result in benefits of moving production to lower-cost manufacturing facilities, leveraging our large scale in high-volume products and consolidating production capacity.

During 2007, we incurred $44 million in restructuring charges which primarily related to a charge of $32 million related to employee termination and other benefits associated with plant closures approved during that period and the elimination of certain management and administrative positions, a $10 million charge for estimated lease termination costs associated with facility closures and a $2 million impairment charge associated with facility closures.

Operating Profit

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Operating profit	$ 317,480	$ 388,569	$ (71,089)	(18.3)%

Operating profit was lower in 2008 compared to 2007 as a result of lower gross profit of $64 million, a $32 million gain on curtailment of postretirement benefits recognized in 2007 which did not recur in 2008 and higher restructuring and related charges for facility closures of $7 million partially offset by lower selling, general and administrative expenses of $31 million. The lower gross profit was primarily the result of lower sales volume, unfavorable product sales mix and increases in manufacturing input costs for cotton and energy and other oil related costs, all of which exceeded our savings from executing our consolidation and globalization strategy during 2008. The total impact of the 53rd week in 2008, which is included in the amounts above, was a $6 million increase in operating profit.

Other Expense (Income)

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Other expense (income)	$ (634)	$ 5,235	$ (5,869)	(112.1)%

During 2008, we recognized a gain of $2 million related to the repurchase of $6 million of our Floating Rate Senior Notes for $4 million. This gain was partially offset by a $1 million loss on early extinguishment of debt related to unamortized debt issuance costs on the 2006 Senior Secured Credit Facility for the prepayment of $125 million of principal in December 2008. During 2007, we recognized losses on early extinguishment of debt related to unamortized debt issuance costs on the 2006 Senior Secured Credit Facility for prepayments of $428 million of principal in 2007, including a prepayment of $250 million that was made in connection with funding from the Accounts Receivable Securitization Facility we entered into in November 2007.

Interest Expense, Net

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Interest expense, net	$ 155,077	$ 199,208	$ (44,131)	(22.2)%

Interest expense, net was lower by $44 million in 2008 compared to 2007. The lower interest expense is primarily attributable to a lower weighted average interest rate, $32 million of which resulted from a lower LIBOR and $4 million of which resulted from reduced interest rates achieved through changes in our financing structure such as the February 2007 amendment to our 2006 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility that we entered into in November 2007. In addition, interest expense was reduced by $8 million as a result of our net prepayments of long-term debt during 2007 and 2008 of $303 million. Our weighted average interest rate on our outstanding debt was 6.09% during 2008 compared to 7.74% in 2007.

At January 3, 2009, we had outstanding interest rate hedging arrangements whereby we capped the interest rate on $400 million of our floating rate debt at 3.50% and fixed the interest rate on $1.4 billion of our floating rate debt at 4.16%. Approximately 82% of our total debt outstanding at January 3, 2009 was at a fixed or capped LIBOR rate.

Income Tax Expense

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Income tax expense	$ 35,868	$ 57,999	$ (22,131)	(38.2)%

Our annual effective income tax rate was 22.0% in 2008 compared to 31.5% in 2007. The lower income tax expense is attributable primarily to lower pre-tax income and a lower effective income tax rate. The lower effective income tax rate is primarily due to higher unremitted earnings from foreign subsidiaries in 2008 taxed at rates less than the U.S. statutory rate. Our annual effective tax rate reflects our strategic initiative to make substantial capital investments outside the United States in our global supply chain in 2008.

Net Income

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
		(dollars in thousands)		
Net income	$ 127,169	$ 126,127	$ 1,042	0.8%

Net income for 2008 was higher than 2007 primarily due to lower interest expense, lower selling, general and administrative expenses and a lower effective income tax rate offset by lower gross profit resulting from lower sales volume and higher manufacturing input costs, a gain on curtailment of postretirement benefits recognized in 2007 which did not recur in 2008 and higher restructuring charges. The total impact of the 53rd week in 2008 was a $3 million increase in net income.

Operating Results by Business Segment — Year Ended January 3, 2009 ("2008") Compared with Year Ended December 29, 2007 ("2007")

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales:				
Innerwear	$ 1,947,167	$ 2,100,554	$ (153,387)	(7.3)%
Outerwear	1,196,155	1,256,214	(60,059)	(4.8)
Hosiery	217,391	251,731	(34,340)	(13.6)
Direct to Consumer	370,163	360,500	9,663	2.7
International	496,170	448,618	47,552	10.6
Other	21,724	56,920	(35,196)	(61.8)
Total net sales	$ 4,248,770	$ 4,474,537	$ (225,767)	(5.0)%
Segment operating profit (loss):				
Innerwear	$ 223,420	$ 242,132	$ (18,712)	(7.7)%
Outerwear	66,149	67,340	(1,191)	(1.8)
Hosiery	68,696	74,636	(5,940)	(8.0)
Direct to Consumer	44,541	57,489	(12,948)	(22.5)
International	64,349	57,820	6,529	11.3
Other	328	(1,333)	1,661	(124.6)
Total segment operating profit:	467,483	498,084	(30,601)	(6.1)
Items not included in segment operating profit:				
General corporate expenses	(45,177)	(52,271)	(7,094)	(13.6)
Amortization of trademarks and other intangibles	(12,019)	(6,205)	5,814	93.7
Gain on curtailment of postretirement benefits	—	32,144	(32,144)	NM
Restructuring	(50,263)	(43,731)	6,532	14.9
Inventory write-off included in cost of sales	(18,696)	—	18,696	NM
Accelerated depreciation included in cost of sales	(23,862)	(36,912)	(13,050)	(35.4)
Accelerated depreciation included in selling, general and administrative expenses	14	(2,540)	(2,554)	(100.6)
Total operating profit	317,480	388,569	(71,089)	(18.3)
Other income (expense)	634	(5,235)	5,869	112.1
Interest expense, net	(155,077)	(199,208)	(44,131)	(22.2)
Income before income tax expense	$ 163,037	$ 184,126	$ (21,089)	(11.5)%

Innerwear

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 1,947,167	$ 2,100,554	$ (153,387)	(7.3)%
Segment operating profit	223,420	242,132	(18,712)	(7.7)

Overall net sales in the Innerwear segment were lower by $153 million or 7% in 2008 compared to 2007. The difficult economic and retail environment significantly impacted consumers' discretionary spending which resulted in lower sales in our intimate apparel and socks product categories. Total intimate apparel net sales were $115 million lower in 2008 compared to 2007. We experienced lower intimate apparel sales in our *Hanes* brand of $52 million and our smaller brands (*barely there*, *Just My Size* and *Wonderbra*) of $45 million and our private label brands of $6 million which we believe was primarily attributable to weaker sales at retail. In 2008 compared to 2007, our *Playtex* brand intimate apparel net sales were higher by $2 million and our *Bali* brand intimate apparel net sales were lower by $13 million. The growth in our *Playtex* brand sales was supported by successful marketing initiatives in the first half of 2008. Net sales in our male underwear product category were $11 million lower, which includes the impact of exiting a license arrangement for a boys' character underwear program in early 2008 that lowered sales by $15 million. The lower net sales in our socks product category reflects a decline in kids' and men's *Hanes* brand net sales of $20 million and *Champion* brand net sales of $10 million primarily related to the loss of a men's program for one of our customers. The total impact of the 53rd week in 2008, which is included in the amounts above, was a $27 million increase in sales for the Innerwear segment.

As a percent of segment net sales, gross profit percentage in the Innerwear segment was 33.0% in 2008 compared to 33.3% in 2007. The lower gross profit was due to lower sales volume of $86 million, unfavorable product sales mix of $16 million, higher cotton costs of $12 million, higher production costs of $10 million related to higher energy and oil related costs including freight costs, other vendor price increases of $7 million and lower product sales pricing of $4 million. These higher costs were offset by savings from our cost reduction initiatives and prior restructuring actions of $26 million, lower sales incentives of $23 million, $11 million of lower duty costs primarily related to higher refunds, $8 million of favorable one-time out of period cost recognition related to the capitalization of certain inventory supplies to be on a consistent basis across all business lines and lower other manufacturing overhead costs of $4 million. In addition, we incurred lower on-going excess and obsolete inventory costs of $8 million arising from realizing the benefits of driving down obsolete inventory levels through aggressive management and promotions and simplifying our product category offerings which reduced our style counts ranging from 7% to 30% in our various product category offerings.

The lower Innerwear segment operating profit in 2008 compared to 2007 is primarily attributable to lower gross profit and higher bad debt expense of $4 million primarily related to the Mervyn's bankruptcy. These higher costs were partially offset by savings of $17 million from prior restructuring actions primarily for compensation and related benefits, lower non-media related MAP expenses of $13 million, lower media related MAP expenses of $8 million and lower spending of $2 million in numerous other areas. A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to each segment. The allocation methodology for the consolidated selling, general and administrative expenses for 2008 is consistent with 2007. Our consolidated selling, general and administrative expenses before segment allocations was $31 million lower in 2008 compared to 2007.

Outerwear

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 1,196,155	$ 1,256,214	$ (60,059)	(4.8)%
Segment operating profit	66,149	67,340	(1,191)	(1.8)

Net sales in the Outerwear segment were lower by $60 million or 5% in 2008 compared to 2007, primarily as a result of higher net sales of *Champion* brand activewear of $26 million offset by lower net sales of retail casualwear of $63 million and lower net sales through our wholesale channel of $19 million, primarily in promotional T-shirts and sport shirts. Our *Champion* brand sales continued to benefit from our investment in the brand through our marketing initiatives. Our "How You Play" marketing campaign has received a very positive response from consumers. The lower retail casualwear net sales of $63 million reflect a $6 million impact related to the loss of seasonal programs continuing into the first half of 2009. The impact on 2009 net sales of losing these programs, which consisted of recurring seasonal programs that were renewed in prior years but were not renewed for 2009, occurred primarily in the first half of 2009. The total impact of the 53rd week in 2008, which is included in the amounts above, was a $14 million increase in sales for the Outerwear segment.

As a percent of segment net sales, gross profit percentage in the Outerwear segment was 22.5% in 2008 compared to 22.2% in 2007. While the gross profit percentage was higher, gross profit dollars were lower due to higher cotton costs of $18 million, lower sales volume of $17 million, higher production costs of $10 million related to higher energy and oil related costs including freight costs, higher sales incentives of $7 million and other vendor price increases of $3 million. These higher costs were partially offset by lower other manufacturing overhead costs of $23 million, savings of $11 million from our cost reduction initiatives and prior restructuring actions, higher product sales pricing of $7 million, favorable product sales mix of $2 million and lower on-going excess and obsolete inventory costs of $2 million.

The lower Outerwear segment operating profit in 2008 compared to 2007 is primarily attributable to lower gross profit, higher technology consulting and related expenses of $3 million and higher bad debt expense of $2 million primarily related to the Mervyn's bankruptcy. These higher costs were partially offset by savings of $5 million from our cost reduction initiatives and prior restructuring actions and lower media-related MAP expenses of $6 million. A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to each segment. The allocation methodology for the consolidated selling, general and administrative expenses for 2008 is consistent with 2007. Our consolidated selling, general and administrative expenses before segment allocations was $31 million lower in 2008 compared to 2007.

Hosiery

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 217,391	$ 251,731	$ (34,340)	(13.6)%
Segment operating profit	68,696	74,636	(5,940)	(8.0)

Net sales in the Hosiery segment declined by $34 million or 14%, which was substantially more than the long-term trend primarily due to lower sales of the *Hanes* brand to national chains and department stores and the *L'eggs* brand to mass retailers and food and drug stores. In addition, we experienced lower sales of $4 million related to the *Donna Karan* and *DKNY* license agreement and lower sales of our *Just My Size* brand of $3 million. We expect the trend of declining hosiery sales to continue consistent with the overall decline in the industry and with shifts in consumer preferences. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently. The total impact of the 53rd week in 2008, which is included in the amounts above, was a $4 million increase in sales for the Hosiery segment.

As a percent of segment net sales, gross profit percentage was 49.8% in 2008 compared to 49.1% in 2007. While the gross profit percentage was higher, gross profit dollars were lower due to lower sales volume of $20 million, unfavorable product sales mix of $2 million and vendor price increases of $2 million, partially offset by savings of $4 million from our cost reduction initiatives and prior restructuring actions and lower sales incentives of $4 million.

The lower Hosiery segment operating profit in 2008 compared to 2007 is primarily attributable to lower gross profit partially offset by lower distribution expenses of $3 million, lower non-media related MAP expenses of $3 million, savings of $1 million from our cost reduction initiatives and prior restructuring actions, and lower spending of $2 million in numerous other areas. A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to each segment. The allocation methodology for the consolidated selling, general and administrative expenses for 2008 is consistent with 2007. Our consolidated selling, general and administrative expenses before segment allocations was $31 million lower in 2008 compared to 2007.

Direct to Consumer

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 370,163	$ 360,500	$ 9,663	2.7%
Segment operating profit	44,541	57,489	(12,948)	(22.5)

Direct to Consumer segment net sales were higher by $10 million or 3% in 2008 compared to 2007 primarily due to higher net sales of $10 million in our Internet operations. Net sales in our outlet stores were flat overall primarily due to higher net sales attributable to new store openings offset by lower comparable store sales (2%) driven by lower traffic. We ended 2008 with 213 outlet stores, reflecting 10 store openings during 2008. The total impact of the 53rd week in 2008, which is included in the amounts above, was a $7 million increase in sales for the Direct to Consumer segment.

As a percent of segment net sales, gross profit in the Direct to Consumer segment was 61.1% in 2008 compared to 61.4% in 2007. While the gross profit percentage was lower, gross profit dollars were higher due to higher sales

volume of $6 million and favorable product sales mix of $4 million, partially offset by higher other overhead manufacturing costs of $4 million.

The lower Direct to Consumer segment operating profit in 2008 compared to 2007 was primarily attributable to higher non-media related MAP expenses of $9 million, higher distribution expenses of $4 million and higher expenses of $3 million as a result of opening 10 retail stores in 2008, partially offset by higher gross profit. A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for 2008 is consistent with 2007. Our consolidated selling, general and administrative expenses before segment allocations was $31 million lower 2008 compared to 2007.

International

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 496,170	$ 448,618	$ 47,552	10.6%
Segment operating profit	64,349	57,820	6,529	11.3

Overall net sales in the International segment were higher by $48 million or 11% in 2008 compared to 2007. During 2008, we experienced higher net sales, in each case excluding the impact of foreign currency exchange rates but including the impact of the 53rd week, in Europe of $13 million, Canada of $9 million and Asia of $5 million. The growth in our European casualwear business was driven by the strength of the *Stedman* brand that is sold in the wholesale channel. Higher sales in our *Champion* and *Hanes* brands activewear and male underwear businesses in Canada and in our *Champion* brand casualwear business in Asia also contributed to the sales growth. Changes in foreign currency exchange rates had a favorable impact on net sales of $22 million in 2008 compared to 2007. The favorable impact was primarily due to the strengthening of the Japanese yen, Euro and Brazilian real. The total impact of the 53rd week in 2008 was a $2 million increase in sales for the International segment.

As a percent of segment net sales, gross profit percentage was 40.1% in 2008 compared to 2007 at 40.6%. While the gross profit percentage was lower, gross profit dollars were higher for 2008 compared to 2007 as a result of higher sales volume of $15 million, a favorable impact related to foreign currency exchange rates of $9 million and lower on-going excess and obsolete inventory costs of $3 million partially offset by higher sales incentives of $7 million, unfavorable product sales mix of $2 million and higher spending of $3 million in numerous other areas.

The higher International segment operating profit in 2008 compared to 2007 is primarily attributable to the higher gross profit partially offset by higher distribution expenses of $3 million, higher non-media related MAP expenses of $3 million and higher media-related MAP expenses of $2 million. Changes in foreign currency exchange rates, which are included in the impact on gross profit above, had a favorable impact on segment operating profit of $4 million in 2008 compared to 2007.

Other

	Years Ended			
	January 3, 2009	December 29, 2007	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 21,724	$ 56,920	$ (35,196)	(61.8)%
Segment operating profit (loss)	328	(1,333)	1,661	124.6

The decline in net sales in our Other segment is primarily due to the continued vertical integration of a yarn and fabric operation acquisition from 2006 with less focus on sales of nonfinished fabric and yarn to third parties.

General Corporate Expenses

General corporate expenses were lower in 2008 compared to 2007 primarily due to lower pension expense of $8 million, which reflects a $3 million adjustment that reduced pension expense in 2007 related to the final separation of our pension assets and liabilities from Sara Lee, $4 million of lower start-up and shut-down costs associated with our consolidation and globalization of our supply chain, $3 million of spin off and related charges recognized in 2007 which did not recur in 2008 and $2 million of higher foreign exchange transaction gains. These lower expenses were partially offset by $7 million in amortization of gain on curtailment of postretirement benefits in 2007 which did not recur in 2008 and higher spending in numerous areas of $3 million.

Liquidity and Capital Resources

Trends and Uncertainties Affecting Liquidity

Our primary sources of liquidity are cash generated by operations and availability under our Revolving Loan Facility, Accounts Receivable Securitization Facility and our international loan facilities. At January 2, 2010, we had $307 million of borrowing availability under our $400 million Revolving Loan Facility (after taking into account outstanding letters of credit), $91 million of borrowing availability under our Accounts Receivable Securitization Facility, $39 million in cash and cash equivalents and $35 million of borrowing availability under our international loan facilities. We currently believe that our existing cash balances and cash generated by operations, together with our available credit capacity, will enable us to comply with the terms of our indebtedness and meet foreseeable liquidity requirements.

The following have impacted or are expected to impact liquidity:

- we have principal and interest obligations under our debt;
- we expect to continue to invest in efforts to improve operating efficiencies and lower costs;
- we expect to continue to ramp up our lower-cost manufacturing capacity in Asia, Central America and the Caribbean Basin and enhance efficiency;
- we may selectively pursue strategic acquisitions;
- we could increase or decrease the portion of the income of our foreign subsidiaries that is expected to be remitted to the United States, which could significantly impact our effective income tax rate; and
- our board of directors has authorized the repurchase of up to 10 million shares of our stock in the open market over the next few years (2.8 million of which we have repurchased as of January 2, 2010 at a cost of $75 million), although we may choose not to repurchase any stock and instead focus on the repayment of our debt in the next 12 months in light of the current economic recession.

We have restructured our supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance our production capability between the Western Hemisphere and Asia. With our global supply chain infrastructure substantially in place, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. We are focused on optimizing the working capital needs of our supply chain through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership relationships. The consolidation of our distribution network is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network.

We are operating in an uncertain and volatile economic environment, which could have unanticipated adverse effects on our business. The retail environment has been impacted by recent volatility in the financial markets, including stock prices, and by uncertain economic conditions. Increases in food and fuel prices, changes in the credit and housing markets leading to the current financial and credit crisis, actual and potential job losses among many sectors of the economy, significant declines in the stock market resulting in large losses to consumer retirement and investment accounts, and uncertainty regarding future federal tax and economic policies have all added to declines in consumer confidence and curtailed retail spending.

During 2009, we did not see a sustained rebound in consumer spending but rather mixed results. We also experienced substantial pressure on profitability due to the economic climate, increased pension costs and increased costs associated with implementing our price increase which became effective in February 2009, including repackaging costs.

Hosiery products continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending, which contributes to weaker sales and lowering of inventory levels by retailers. The Hosiery segment comprised 5% only of our net sales in 2009 however, and as a result, the decline in the Hosiery segment has not had a significant impact on our net sales or cash flows. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

We expect to be able to manage our working capital levels and capital expenditure amounts to maintain sufficient levels of liquidity. Factors that could help us in these efforts include higher sales volume and the realization of additional cost benefits from previous restructuring and related actions. During 2009, we reduced our media spending as the continuing recession constrained consumer spending. In 2010 we anticipate that we will restore our media spending back to a range of $90 to $100 million in an effort to generate sales growth.

2010 Outlook

We have secured significant shelf-space and distribution gains, starting primarily in 2010. Program gains significantly outnumber program losses, and we expect the net space gains to generate approximately 5% incremental sales growth in 2010, independent of a consumer spending rebound. If consumer spending does rebound, we have potential for additional upside in sales growth. By segment, two-thirds of the increases are expected in our Innerwear segment and most of the remainder in our Outerwear segment. However, both our Direct to Consumer and International segments should also see mid-single-digit growth in 2010.

Specifically for our Innerwear segment, the bulk of the gains are in men’s underwear and intimate apparel. The new programs in men’s underwear have already begun to ship, with the new intimate apparel program starting to ship in the second quarter of 2010. The remaining growth in the Innerwear segment in the back half of the year will be driven by replenishment of these new programs.

For the Outerwear segment, growth will be driven by the expansion of our *Just My Size* brand in the first half as a result of a multi-year agreement we entered into with Wal-Mart in April 2009 that significantly expanded the presence of our *Just My Size* brand. In the second half of 2010, *Champion* has confirmed space and distribution gains in fleece, performance apparel and sports bras across a broad set of accounts.

Our projected sales growth, combined with our cost savings, should drive greater operating profit growth in 2010. To support this growth, we have increased our production capacity. Our Nanjing textile facility started production in the fourth quarter of 2009 and is right on plan. We also secured additional capacity with outside contractors. The earthquake in Haiti caused some short-term disruption and incremental costs in early 2010, however we do not believe it will have a material impact on net sales.

Cash Requirements for Our Business

We rely on our cash flows generated from operations and the borrowing capacity under our Revolving Loan Facility, Accounts Receivable Securitization Facility and international loan facilities to meet the cash requirements of our business. The primary cash requirements of our business are payments to vendors in the normal course of business, restructuring costs, capital expenditures, maturities of debt and related interest payments, contributions to our pension plans and repurchases of our stock. We believe we have sufficient cash and available borrowings for our liquidity needs. The flexibility provided by our debt refinancing provides greater opportunity to pay down debt, repurchase our stock, pursue selected acquisitions or make discretionary contributions to our pension plans. During 2009, we reduced debt by $284 million through the use of cash flows from operations generated primarily by the reduction of inventory by $249 million.

The implementation of our consolidation and globalization strategy, which was designed to improve operating efficiencies and lower costs, has resulted in significant costs and will generate savings in future years. Restructuring charges related to our consolidation and globalization strategy were substantially completed by the end of 2009. The consolidation of our distribution network is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network. As a result of our consolidation and globalization strategy, we expected to incur approximately $250 million in restructuring and related charges over the three year period following the spin off from Sara Lee on September 5, 2006, of which approximately half was expected to be noncash. Through this three year period, we have recognized approximately $278 million in restructuring and related charges related to this strategy, of which approximately half have been noncash. These actions represent the substantial completion of the consolidation and globalization of our supply chain.

In December 2009, we entered into an agreement to sell selected trade accounts receivable to a financial institution on a nonrecourse basis. After the sale, we do not retain any interests in the receivables nor are we involved in the servicing or collection of these receivables. As of January 2, 2010, we had sold $71 million of accounts receivable at their stated value less applicable discount charges and fees.

Capital spending has varied significantly from year to year as we have executed our supply chain consolidation and globalization strategy and the integration and consolidation of our technology systems. We spent $127 million on gross capital expenditures during 2009. During 2010, we expect our annual gross capital spending to be relatively comparable to our annual depreciation and amortization expense and should represent our last high year of gross capital spending related to these efforts.

Pension Plans

Our U.S. qualified pension plan is approximately 80% funded as of January 2, 2010 compared to 86% funded as of January 3, 2009. The funded status reflects an increase in the benefit obligation due to a decrease in the discount rate used in the valuation of the liability, partially offset by an increase in the fair value of plan assets as a result of the stock market's performance during 2009. We may elect to make voluntary contributions, which are not expected to be significant, to maintain an 80% funded level which will avoid certain benefit payment restrictions under the Pension Protection Act. We expect pension expense in 2010 of approximately $17 million compared to $22 million in 2009. See Note 16 to our financial statements for more information on the plan asset components.

In connection with closing a manufacturing facility in early 2009, we, as required, notified the Pension Benefit Guaranty Corporation (the "PBGC") of the closing and requested a liability determination under section 4062(e) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to the National Textiles, L.L.C. Pension Plan. In September 2009, we entered into an agreement with the PBGC under which we contributed $7 million to the plan in September 2009 and agreed to contribute an additional $7 million to the plan by September 2010. In addition, in September 2009 we made a voluntary contribution of $2 million to the Hanesbrands Inc. Pension Plan to maintain a funding level sufficient to avoid certain benefit payment restrictions under the Pension Protection Act and may elect to do the same again in 2010.

Share Repurchase Program

On February 1, 2007, we announced that our Board of Directors granted authority for the repurchase of up to 10 million shares of our common stock. Share repurchases are made periodically in open-market transactions, and are subject to market conditions, legal requirements and other factors. Additionally, management has been granted authority to establish a trading plan under Rule 10b5-1 of the Exchange Act in connection with share repurchases, which will allow us to repurchase shares in the open market during periods in which the stock trading window is otherwise closed for our company and certain of our officers and employees pursuant to our insider trading policy. Since inception of the program, we have purchased 2.8 million shares of our common stock at a cost of $75 million (average price of $26.33). The primary objective of our share repurchase program is to reduce the impact of dilution caused by the exercise of options and vesting of stock unit awards. In light of the current economic recession, we may choose not to repurchase any stock and focus more on other uses of cash in the next twelve months.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements within the meaning of Item 303(a)(4) of SEC Regulation S-K.

Future Contractual Obligations and Commitments

The following table contains information on our contractual obligations and commitments as of January 2, 2010, and their expected timing on future cash flows and liquidity.

		Payments Due by Period			
	At January 2, 2010	Less Than 1 Year	1 - 3 Years	3 - 5 Years	Thereafter
			(in thousands)		
Operating activities:					
Inventory purchase obligations	$ 256,468	$ 256,468	$ —	$ —	$ —
Other purchase obligations (1)	158,285	158,285	—	—	—
Marketing and advertising obligations	18,773	16,973	1,550	250	—
Uncertain tax positions	28,070	3,268	16,822	—	7,980
Deferred compensation	16,629	4,029	6,321	1,952	4,327
Interest on debt obligations (2)	599,463	104,896	195,228	185,477	113,862
Operating lease obligations	249,944	49,047	71,373	43,361	86,163
Defined benefit plan mandatory contributions (3)	6,816	6,816	—	—	—
Severence and other restructuring payments	22,399	18,244	4,155	—	—
Other long-term obligations (4)	67,874	16,153	17,674	13,363	20,684
Investing activities:					
Capital expenditures	13,965	12,139	1,826	—	—
Financing activities:					
Debt	1,892,235	164,688	13,125	557,235	1,157,187
Notes payable	66,681	66,681	—	—	—
Total	$ 3,397,602	$ 877,687	$ 328,074	$ 801,638	$ 1,390,203

(1) Includes other purchase obligations, excluding inventory purchase obligations, for which we have agreed upon a fixed or minimum quantity to purchase, a fixed, minimum or variable pricing arrangement, and an approximate delivery date. Actual cash expenditures relating to these obligations may vary from the amounts shown in the table above. We enter into purchase obligations when terms or conditions are favorable or when a long-term commitment is necessary. Many of these arrangements are cancelable after a notice period without a significant penalty. This table omits purchase obligations that did not exist as of January 2, 2010, as well as obligations for accounts payable and accrued liabilities recorded on the Consolidated Balance Sheet.

(2) Interest obligations on floating rate debt instruments are calculated for future periods using interest rates in effect at January 2, 2010.

(3) In connection with closing a manufacturing facility in early 2009, we, as required, notified the PBGC of the closing and requested a liability determination under section 4062(e) of ERISA with respect to a defined benefit plan. In September 2009, we entered into an agreement with the PBGC under which we contributed $7 million to the defined contribution plan in September 2009 and agreed to contribute an additional $7 million to the plan by September 2010.

(4) Represents the projected payment for long-term liabilities recorded on the Consolidated Balance Sheet for certain employee benefit claims, royalty-bearing license agreement payments and capital leases.

Sources and Uses of Our Cash

The information presented below regarding the sources and uses of our cash flows for the years ended January 2, 2010 and January 3, 2009 was derived from our financial statements.

	Years Ended	
	January 2, 2010	January 3, 2009
	(dollars in thousands)	
Operating activities	$ 414,504	$ 177,397
Investing activities	(88,844)	(177,248)
Financing activities	(354,174)	(104,738)
Effect of changes in foreign currency exchange rates on cash	115	(2,305)
Decrease in cash and cash equivalents	(28,399)	(106,894)
Cash and cash equivalents at beginning of year	67,342	174,236
Cash and cash equivalents at end of period	$ 38,943	$ 67,342

Operating Activities

Net cash provided by operating activities was $415 million in 2009 compared to $177 million in 2008. The net increase in cash from operating activities of $237 million for 2009 compared to 2008 is primarily attributable to significantly lower uses of our working capital of $284 million, partially offset by lower net income.

Accounts receivable increased $40 million from January 3, 2009 primarily due to a longer collection cycle reflecting a more challenging retail environment, partially offset by the sale of selected accounts receivable as discussed in the “Cash Requirements for Our Business” section above.

Net inventory decreased $249 million from January 3, 2009 primarily due to decreases in levels as we complete the execution of our supply chain consolidation and globalization strategy, lower input costs such as cotton, oil and freight and lower excess and obsolete inventory levels. We continually monitor our inventory levels to best balance current supply and demand with potential future demand that typically surges when consumers no longer postpone purchases in our product categories. The lower excess and obsolete inventory levels are attributable to both our continuous evaluation of inventory levels and simplification of our product category offerings. We realized these benefits by driving down obsolete inventory levels through aggressive management and promotions.

With our global supply chain substantially restructured, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. We are focused on optimizing the working capital needs of our supply chain through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership relationships. The consolidation of our distribution network is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network.

In October 2009, we completed the sale of our yarn operations to Parkdale America as a result of which we ceased making our own yarn and now source all of our yarn requirements from large-scale yarn suppliers. We also entered into a yarn purchase agreement with Parkdale. Under this agreement, which has an initial term of six years, Parkdale will produce and sell to us a substantial amount of our Western Hemisphere yarn requirements. During the first two years of the term, Parkdale will also produce and sell to us a substantial amount of the yarn requirements of

our Nanjing, China textile facility. Exiting yarn production and entering into a supply agreement is expected to generate $100 million of working capital improvements within six months after the sale from reduced raw material requirements, reduced inventory, and sale proceeds.

Investing Activities

Net cash used in investing activities was $89 million in 2009 compared to $177 million in 2008. The lower net cash used in investing activities of $88 million for 2009 compared to 2008 was primarily the result of lower net spending on capital expenditures in 2009 compared to 2008 and acquisitions of a sewing operation in Thailand and an embroidery and screen print operation in Honduras for an aggregate cost of $15 million during 2008. During 2009, gross capital expenditures were $127 million as we continued to build out our textile and sewing network in Asia, Central America and the Caribbean Basin.

Financing Activities

Net cash used in financing activities was $354 million in 2009 compared to $105 million in 2008. The higher net cash used in financing activities of $249 million for 2009 compared to 2008 was primarily the result of higher repayments of debt of $147 million, fees paid for the amendments of the 2006 Senior Secured Credit Facility and Accounts Receivable Securitization Facility of $22 million in 2009 and fees paid related to the issuance of the 8% Senior Notes and the execution of the 2009 Senior Secured Credit Facility of $53 million in 2009. Lower net borrowings on notes payable of $38 million also contributed to the higher net cash used in financing activities in 2009 compared to 2008. In addition, we received $18 million in cash from Sara Lee in 2008 which was offset by stock repurchases of $30 million in 2008 that did not recur in 2009.

Cash and Cash Equivalents

As of January 2, 2010 and January 3, 2009, cash and cash equivalents were $39 million and $67 million, respectively. The lower cash and cash equivalents as of January 2, 2010 was primarily the result of net cash used in financing activities of $354 million and net cash used in investing activities of $89 million, partially offset by cash provided by operating activities of $415 million.

Financing Arrangements

We believe our financing structure provides a secure base to support our ongoing operations and key business strategies. In December 2009, we completed a growth-focused debt refinancing that enables us to simultaneously reduce leverage and consider acquisition opportunities. The refinancing gives us more flexibility in our use of excess cash flow, allows continued debt reduction, and provides a stable long-term capital structure with extended debt maturities at rates slightly lower than previous effective rates. The refinancing consisted of the sale of our $500 million 8% Senior Notes and the concurrent amendment and restatement of our 2006 Senior Secured Credit Facility to provide for the $1.15 billion 2009 Senior Secured Credit Facility. The proceeds from the sale of the 8% Senior Notes, together with the proceeds from borrowings under the 2009 Senior Secured Credit Facility, were used to refinance borrowings under the 2006 Senior Secured Credit Facility, to repay all borrowings under the Second Lien Credit Facility and to pay fees and expenses relating to these transactions.

Moody's Investors Service's ("Moody's") corporate credit rating for us is Ba3 and Standard & Poor's Ratings Services' ("Standard & Poor's") corporate credit rating for us is BB-. In November 2009, Moody's changed our rating outlook to "stable" from "negative," affirmed our corporate rating, probability of default rating and speculative grade liquidity rating, and assigned a rating of Ba1 to the 2009 Senior Secured Credit Facility. In December 2009, Moody's again affirmed our corporate rating, probability of default rating and speculative grade liquidity rating, assigned a rating of B1 to the 8% Senior Notes, and raised the rating on the Floating Rate Notes from B1 to B2. In September 2009, Standard & Poor's changed our current outlook to "negative" and placed our corporate credit rating and all issue-level ratings for us on "Creditwatch with negative implications." In December 2009, Standard & Poor's affirmed our corporate rating and outlook, and removed us from "Creditwatch with negative implications." Standard & Poor's also assigned ratings of BB+ and B+ to the 2009 Senior Secured Credit Facility and the 8% Senior Notes, respectively, and raised the rating on the Floating Rate Notes to B+.

As of January 2, 2010, we were in compliance with all financial covenants under our credit facilities. We ended the year with a leverage ratio, as calculated under the 2009 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility, of 4.11 to 1. The maximum leverage ratio permitted under the 2009 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility was 4.50 to 1 for the quarter ended January 2, 2010 and will decline over time until it reaches 3.75 to 1 beginning with the second fiscal quarter of 2011. We continue to monitor our covenant compliance carefully in this difficult economic environment. We expect to maintain compliance with our covenants during 2010, however economic conditions or the occurrence of events discussed above under "Risk Factors" could cause noncompliance.

2009 Senior Secured Credit Facility

The 2009 Senior Secured Credit Facility initially provides for aggregate borrowings of $1.15 billion, consisting of a $750 million term loan facility (the "Term Loan Facility") and the $400 million Revolving Loan Facility. A portion of the Revolving Loan Facility is available for the issuances of letters of credit and the making of swingline loans, and any such issuance of letters of credit or making of a swingline loan will reduce the amount available under the Revolving Loan Facility. At our option, we may add one or more term loan facilities or increase the commitments under the Revolving Loan Facility in an aggregate amount of up to $300 million so long as certain conditions are satisfied, including, among others, that no default or event of default is in existence and that we are in pro forma compliance with the financial covenants described below. As of January 2, 2010, we had $52 million outstanding under the Revolving Loan Facility, $41 million of standby and trade letters of credit issued and outstanding under this facility and $307 million of borrowing availability. At January 2, 2010, the interest rates on the Term Loan Facility and the Revolving Loan Facility were 5.25% and 6.75% respectively.

The proceeds of the Term Loan Facility were used to refinance all amounts outstanding under the Term A loan facility (in an initial principal amount of $250 million) and Term B loan facility (in an initial principal amount of $1.4 billion) under the 2006 Senior Secured Credit Facility and to repay all amounts outstanding under the Second Lien Credit Facility. Proceeds of the Revolving Loan Facility were used to pay fees and expenses in connection with these transactions, and will be used for general corporate purposes and working capital needs.

The 2009 Senior Secured Credit Facility is guaranteed by substantially all of our existing and future direct and indirect U.S. subsidiaries, with certain customary or agreed-upon exceptions for certain subsidiaries. We and each of the guarantors under the 2009 Senior Secured Credit Facility have granted the lenders under the 2009 Senior Secured Credit Facility a valid and perfected first priority (subject to certain customary exceptions) lien and security interest in the following:

- the equity interests of substantially all of our direct and indirect U.S. subsidiaries and 65% of the voting securities of certain first tier foreign subsidiaries; and
- substantially all present and future property and assets, real and personal, tangible and intangible, of us and each guarantor, except for certain enumerated interests, and all proceeds and products of such property and assets.

The Term Loan Facility matures on December 10, 2015. The Term Loan Facility will be repaid in equal quarterly installments in an amount equal to 1% per annum, with the balance due on the maturity date. The Revolving Loan Facility matures on December 10, 2013. All borrowings under the Revolving Loan Facility must be repaid in full upon maturity. Outstanding borrowings under the 2009 Senior Secured Credit Facility are prepayable without penalty. There are mandatory prepayments of principal in connection with (i) the incurrence of certain indebtedness, (ii) non-ordinary course asset sales or other dispositions (including as a result of casualty or condemnation) that exceed certain thresholds in any period of 12 consecutive months, with customary reinvestment provisions, and (iii) excess cash flow, which percentage will be based upon our leverage ratio during the relevant fiscal period.

At our option, borrowings under the 2009 Senior Secured Credit Facility may be maintained from time to time as (a) Base Rate loans, which shall bear interest at the highest of (i) 1/2 of 1% in excess of the federal funds rate, (ii) the rate publicly announced by JPMorgan Chase Bank as its "prime rate" at its principal office in New York City, in effect from time to time and (iii) the LIBO Rate (as defined in the 2009 Senior Secured Credit Facility and

adjusted for maximum reserves) for LIBOR-based loans with a one-month interest period plus 1.0%, in effect from time to time, in each case plus the applicable margin, or (b) LIBOR-based loans, which shall bear interest at the higher of (i) LIBO Rate (as defined in the 2009 Senior Secured Credit Facility and adjusted for maximum reserves), as determined by reference to the rate for deposits in dollars appearing on the Reuters Screen LIBOR01 Page for the respective interest period or other commercially available source designated by the administrative agent, and (ii) 2.00%, plus the applicable margin in effect from time to time. The applicable margin for the Term Loan Facility and the Revolving Loan Facility will be determined by reference to a leverage-based pricing grid set forth in the 2009 Senior Secured Credit Facility. In the case of the Term Loan Facility, the applicable margin will be (a) 3.25% for LIBOR-based loans and 2.25% for Base Rate loans if our leverage ratio is greater than or equal to 2.50 to 1, and (b) 3.00% for LIBOR-based loans and 2.00% for Base Rate loans if our leverage ratio is less than 2.50 to 1. In the case of the Revolving Loan Facility, the applicable margin will range from a maximum of 4.75% in the case of LIBOR-based loans and 3.75% in the case of Base Rate loans if our leverage ratio is greater than or equal to 4.00 to 1, and will step down in 0.25% increments to a minimum of 4.00% in the case of LIBOR-based loans and 3.00% in the case of Base Rate loans if our leverage ratio is less than 2.50 to 1. The applicable margin from the closing date of the 2009 Senior Secured Credit Facility through the delivery of our financial statements for the second fiscal quarter of 2010 will be (a) in the case of the Term Loan Facility, 3.25% and 2.25% for LIBOR-based loans and Base Rate loans, respectively, and (b) in the case of the Revolving Loan Facility, 4.50% and 3.50% for LIBOR-based loans and Base Rate loans, respectively.

The 2009 Senior Secured Credit Facility requires us to comply with customary affirmative, negative and financial covenants. The 2009 Senior Secured Credit Facility requires that we maintain a minimum interest coverage ratio and a maximum total debt to EBITDA (earnings before income taxes, depreciation expense and amortization, as computed pursuant to the 2009 Senior Secured Credit Facility), or leverage ratio. The interest coverage ratio covenant requires that the ratio of our EBITDA for the preceding four fiscal quarters to our consolidated total interest expense for such period shall not be less than a specified ratio for each fiscal quarter beginning with the fourth fiscal quarter of 2009. This ratio was 2.50 to 1 for the fourth fiscal quarter of 2009 and will increase over time until it reaches 3.25 to 1 for the third fiscal quarter of 2011 and thereafter. The leverage ratio covenant requires that the ratio of our total debt to EBITDA for the preceding four fiscal quarters will not be more than a specified ratio for each fiscal quarter beginning with the fourth fiscal quarter of 2009. This ratio was 4.50 to 1 for the fourth fiscal quarter of 2009 and will decline over time until it reaches 3.75 to 1 for the second fiscal quarter of 2011 and thereafter. The method of calculating all of the components used in the covenants is included in the 2009 Senior Secured Credit Facility.

The 2009 Senior Secured Credit Facility also requires us to calculate excess cash flow (as computed pursuant to the 2009 Senior Secured Credit Facility) as of the end of each fiscal year and we may be required in certain circumstances to make mandatory prepayments of amounts outstanding under the Term Loan Facility as a result of such calculation. As a result of the excess cash flow calculation for 2009, we are required to prepay $57.2 million under the Term Loan Facility during the second quarter of 2010.

The 2009 Senior Secured Credit Facility contains customary events of default, including nonpayment of principal when due; nonpayment of interest after a stated grace period, fees or other amounts after stated grace period; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; any cross-default to material indebtedness; certain material judgments; certain events related to ERISA, actual or asserted invalidity of any guarantee, security document or subordination provision or non-perfection of security interest, and a change in control (as defined in the 2009 Senior Secured Credit Facility).

8% Senior Notes

On December 10, 2009, we issued $500 million aggregate principal amount of the 8% Senior Notes. The 8% Senior Notes are senior unsecured obligations that rank equal in right of payment with all of our existing and future unsubordinated indebtedness. The 8% Senior Notes bear interest at an annual rate equal to 8%. Interest is payable on the 8% Senior Notes on June 15 and December 15 of each year. The 8% Senior Notes will mature on December 10, 2016. The net proceeds from the sale of the 8% Senior Notes were approximately $480 million. As noted above, these proceeds, together with the proceeds from borrowings under the 2009 Senior Secured Credit Facility, were used to refinance borrowings under the 2006 Senior Secured Credit Facility, to repay all borrowings under the Second Lien Credit Facility and to pay fees and expenses relating to these transactions. The 8% Senior Notes are guaranteed by substantially all of our domestic subsidiaries.

We may redeem some or all of the notes prior to December 15, 2013 at a redemption price equal to 100% of the principal amount of 8% Senior Notes redeemed plus an applicable premium. We may redeem some or all of the 8% Senior Notes at any time on or after December 15, 2013 at a redemption price equal to the principal amount of the 8% Senior Notes plus a premium of 4% if redeemed during the 12-month period commencing on December 15,

2013, 2% if redeemed during the 12-month period commencing on December 15, 2014 and no premium if redeemed after December 15, 2015, as well as any accrued and unpaid interest as of the redemption date. In addition, at any time prior to December 15, 2012, we may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 108% of the principal amount of the Notes redeemed with the net cash proceeds of certain equity offerings.

The indenture governing the 8% Senior Notes contains customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest; breach of other agreements in such indenture; failure to pay certain other indebtedness; failure to pay certain final judgments; failure of certain guarantees to be enforceable; and certain events of bankruptcy or insolvency.

Floating Rate Senior Notes

On December 14, 2006, we issued $500 million aggregate principal amount of the Floating Rate Senior Notes. The Floating Rate Senior Notes are senior unsecured obligations that rank equal in right of payment with all of our existing and future unsubordinated indebtedness. The Floating Rate Senior Notes bear interest at an annual rate, reset semi-annually, equal to LIBOR plus 3.375%. Interest is payable on the Floating Rate Senior Notes on June 15 and December 15 of each year. The Floating Rate Senior Notes will mature on December 15, 2014. The net proceeds from the sale of the Floating Rate Senior Notes were approximately $492 million. These proceeds, together with our working capital, were used to repay in full the $500 million outstanding under the bridge loan facility that we entered into in 2006. The Floating Rate Senior Notes are guaranteed by substantially all of our domestic subsidiaries.

We may redeem some or all of the Floating Rate Senior Notes at any time on or after December 15, 2008 at a redemption price equal to the principal amount of the Floating Rate Senior Notes plus a premium of 2% if redeemed during the 12-month period commencing on December 15, 2008, 1% if redeemed during the 12-month period commencing on December 15, 2009 and no premium if redeemed after December 15, 2010, as well as any accrued and unpaid interest as of the redemption date.

The indenture governing the Floating Rate Senior Notes contains customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest; breach of other agreements in such indenture; failure to pay certain other indebtedness; failure to pay certain final judgments; failure of certain guarantees to be enforceable; and certain events of bankruptcy or insolvency.

We repurchased $3 million of the Floating Rate Senior Notes for $2.8 million resulting in a gain of $0.2 million in 2009. We repurchased $6 million of the Floating Rate Senior Notes for $4 million resulting in a gain of $2 million in 2008.

Accounts Receivable Securitization

On November 27, 2007, we entered into the Accounts Receivable Securitization Facility, which initially provided for up to $250 million in funding accounted for as a secured borrowing, limited to the availability of eligible receivables, and is secured by certain domestic trade receivables. Under the terms of the Accounts Receivable Securitization Facility, we sell, on a revolving basis, certain domestic trade receivables to HBI Receivables LLC (“Receivables LLC”), a wholly-owned bankruptcy-remote subsidiary that in turn uses the trade receivables to secure the borrowings, which are funded through conduits that issue commercial paper in the short-term market and are not affiliated with us or through committed bank purchasers if the conduits fail to fund. The assets and liabilities of Receivables LLC are fully reflected on the Consolidated Balance Sheet, and the securitization is treated as a secured borrowing for accounting purposes. The borrowings under the Accounts Receivable Securitization Facility remain outstanding throughout the term of the agreement subject to us maintaining sufficient eligible receivables, by continuing to sell trade receivables to Receivables LLC, unless an event of default occurs. All of the proceeds from the Accounts Receivable Securitization Facility were used to make a prepayment of principal under the 2006 Senior Secured Credit Facility. On January 29, 2010, Receivables LLC gave notice to the agent and the managing agents under the Accounts Receivable Securitization Facility that, as permitted by the terms of the Accounts Receivable Securitization Facility, effective February 11, 2010, the amount of funding available under the Accounts Receivable Securitization Facility was being reduced from $250 million to $150 million.

Availability of funding under the Accounts Receivable Securitization Facility depends primarily upon the eligible outstanding receivables balance. As of January 2, 2010, we had $100 million outstanding under the Accounts Receivable Securitization Facility. The outstanding balance under the Accounts Receivable Securitization Facility is reported on our Consolidated Balance Sheet in the line "Current portion of debt." Unless the conduits fail to fund, the yield on the commercial paper, which is the conduits' cost to issue the commercial paper plus certain dealer fees, is considered a financing cost and is included in interest expense on the Consolidated Statement of Income. If the conduits fail to fund, the Accounts Receivable Securitization Facility would be funded through committed bank purchasers, and the interest rate payable at our option at the rate announced from time to time by JPMorgan as its prime rate or at the LIBO Rate (as defined in the Accounts Receivable Securitization Facility) plus the applicable margin in effect from time to time. The average blended interest rate for the outstanding balance as of January 2, 2010 was 2.80%.

On March 16, 2009, we and Receivables LLC entered into Amendment No. 1 ("Amendment No. 1") to the Accounts Receivable Securitization Facility. Prior to the execution of Amendment No. 1, the Accounts Receivable Securitization Facility contained the same leverage ratio and interest coverage ratio provisions as the 2006 Senior Secured Credit Facility, and Amendment No. 1 conformed these ratios to the ratios provided for in the 2006 Senior Secured Credit Facility as modified by an amendment to the 2006 Senior Secured Credit Facility that was also entered into in March 2009. Pursuant to Amendment No.1, the rate that would be payable to the conduit purchasers or the committed purchasers party to the Accounts Receivable Securitization Facility in the event of certain defaults was increased from 1% over the prime rate to 3% over the greatest of (i) the one-month LIBO rate plus 1%, (ii) the weighted average rates on federal funds transactions plus 0.5%, or (iii) the prime rate. Also pursuant to Amendment No. 1, several of the factors that contribute to the overall availability of funding were amended in a manner that would be expected to generally reduce the amount of funding that would be available under the Accounts Receivable Securitization Facility. Amendment No. 1 also provides for certain other amendments to the Accounts Receivable Securitization Facility, including changing the termination date for the Accounts Receivable Securitization Facility from November 27, 2010 to March 15, 2010, and requiring that Receivables LLC make certain payments to a conduit purchaser, a committed purchaser, or certain entities that provide funding to or are affiliated with them, in the event that assets and liabilities of a conduit purchaser are consolidated for financial and/or regulatory accounting purposes with certain other entities.

On April 13, 2009, we and Receivables LLC entered into Amendment No. 2 ("Amendment No. 2") to the Accounts Receivable Securitization Facility. Pursuant to Amendment No. 2, several of the factors that contribute to the overall availability of funding were amended in a manner would be expected to generally increase over time the amount of funding that would be available under the Accounts Receivable Securitization Facility as compared to the amount that would be available pursuant to Amendment No. 1. Amendment No. 2 also provides for certain other amendments to the Accounts Receivable Securitization Facility, including changing the termination date for the Accounts Receivable Securitization Facility from March 15, 2010 to April 12, 2010. In addition, HSBC Securities (USA) Inc. replaced JPMorgan Chase Bank, N.A. as agent under the Accounts Receivable Securitization Facility, PNC Bank, N.A. replaced JPMorgan Chase Bank, N.A. as a managing agent, and PNC Bank, N.A. and an affiliate of PNC Bank, N.A. replaced affiliates of JPMorgan Chase Bank, N.A. as a committed purchaser and a conduit purchaser, respectively.

On August 17, 2009, we and HBI Receivables entered into Amendment No. 3 to the Accounts Receivable Securitization Facility, pursuant to which certain definitions were amended to clarify the calculation of certain ratios that impact reporting under the Accounts Receivable Securitization Facility.

On December 10, 2009, we and Receivables LLC entered into Amendment No. 4 ("Amendment No. 4") to the Accounts Receivable Securitization Facility. Prior to the execution of Amendment No. 4, the Accounts Receivable Securitization Facility contained the same leverage ratio and interest coverage ratio provisions as the 2006 Senior Secured Credit Facility. Amendment No. 4 conformed these ratios to the ratios provided for in the 2009 Senior Secured Credit Facility.

On December 21, 2009, we and Receivables LLC entered into Amendment No. 5 ("Amendment No. 5") to the Accounts Receivable Securitization Facility. Pursuant to Amendment No. 5, Receivables LLC was permitted to sell receivables from certain obligors back to us, and to cease purchasing receivables of these certain obligors from us in the future. Amendment No. 5 also provides for certain other amendments to the Accounts Receivable Securitization

Facility, including changing the termination date for the Accounts Receivable Securitization Facility from April 12, 2010 to December 20, 2010. In addition, certain of the factors that contribute to the overall availability of funding were modified in a manner that, taken together, could result in a reduction in the amount of funding that will be available under the Accounts Receivable Securitization Facility. In connection with Amendment No. 5, certain fees were due to the managing agents and certain fees payable to the committed purchasers and the conduit purchasers were decreased.

The Accounts Receivable Securitization Facility contains customary events of default and requires us to maintain the same interest coverage ratio and leverage ratio as required by the 2009 Senior Secured Credit Facility. As of January 2, 2010, we were in compliance with all financial covenants.

Notes Payable

Notes payable were $67 million at January 2, 2010 and $62 million at January 3, 2009.

We have a short-term revolving facility arrangement with a Salvadoran branch of a Canadian bank amounting to $30 million of which $30 million was outstanding at January 2, 2010 which accrues interest at 4.47%. We were in compliance with the financial covenants contained in this facility at January 2, 2010.

We have a short-term revolving facility arrangement with a U.S. bank amounting to $25.0 million of which $25.0 million was outstanding at January 2, 2010 which accrues interest at 3.23%. We were in compliance with the financial covenants contained in this facility at January 2, 2010.

We have a short-term revolving facility arrangement with a Hong Kong bank amounting to THB 600 million ($18 million) of which $4.3 million was outstanding at January 2, 2010 which accrues interest at 5.32%. We were in compliance with the financial covenants contained in this facility at January 2, 2010.

We have a short-term revolving facility arrangement with a Chinese branch of a U.S. bank amounting to RMB 56 million ($8.2 million) of which $7.4 million was outstanding at January 2, 2010 which accrues interest at 6.37%. Borrowings under the facility accrue interest at the prevailing base lending rates published by the People's Bank of China from time to time plus 20%. We were in compliance with the financial covenants contained in this facility at January 2, 2010.

In addition, we have short-term revolving credit facilities in various other locations that can be drawn on from time to time amounting to $20.4 million of which $0 was outstanding at January 2, 2010.

Derivatives

In connection with the amendment and restatement of the 2006 Senior Secured Credit Facility and repayment of the Second Lien Credit Facility in December 2009, all outstanding interest rate hedging instruments which were hedging these underlying debt instruments along with the interest rate hedge instrument related to the Floating Rate Senior Notes were settled for $62 million, of which $40 million was paid in December 2009 and the remaining $22 million was included in the "Accounts Payable" line of the Consolidated Balance Sheet at January 2, 2010. The amounts deferred in Accumulated Other Comprehensive Loss associated with the 2006 Senior Secured Credit Facility and Second Lien Credit Facility were released to earnings as the underlying forecasted interest payments were no longer probable of occurring, which resulted in recognition of losses totaling $26 million that are included in the "Other Expense (Income)" line of the Consolidated Statement of Income. The amounts deferred in Accumulated Other Comprehensive Loss associated with the Floating Rate Senior Notes interest rate hedge were frozen at the termination date and will be amortized over the original remaining term of the interest rate hedge instrument.

We are required under the 2009 Senior Secured Credit Facility to hedge a portion of our floating rate debt to reduce interest rate risk caused by floating rate debt issuance. To comply with this requirement, in the first quarter of 2010 we entered into a hedging arrangement whereby we capped the LIBOR interest rate component on $490.7 million of the floating rate debt under the Floating Rate Senior Notes at 4.262%, as a result of which approximately 52% of our total debt outstanding at January 2, 2010 is now at a fixed rate.

We use forward exchange and option contracts to reduce the effect of fluctuating foreign currencies for a portion of our anticipated short-term foreign currency-denominated transactions.

Cotton is the primary raw material used to manufacture many of our products. While we have sold our yarn operations, we are still exposed to fluctuations in the cost of cotton. Increases in the cost of cotton can result in higher costs in the price we pay for yarn from our large-scale yarn suppliers. While we do

employ a dollar cost averaging strategy by entering into hedging contracts from time to time in an attempt to protect our business from the volatility of the market price of cotton, our business can be affected by dramatic movements in cotton prices.

Critical Accounting Policies and Estimates

We have chosen accounting policies that we believe are appropriate to accurately and fairly report our operating results and financial condition in conformity with accounting principles generally accepted in the United States. We apply these accounting policies in a consistent manner. Our significant accounting policies are discussed in Note 2, titled "Summary of Significant Accounting Policies," to our financial statements.

The application of critical accounting policies requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. These estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. We evaluate these estimates and assumptions on an ongoing basis and may retain outside consultants to assist in our evaluation. If actual results ultimately differ from previous estimates, the revisions are included in results of operations in the period in which the actual amounts become known. The critical accounting policies that involve the most significant management judgments and estimates used in preparation of our financial statements, or are the most sensitive to change from outside factors, are the following:

Sales Recognition and Incentives

We recognize revenue when (i) there is persuasive evidence of an arrangement, (ii) the sales price is fixed or determinable, (iii) title and the risks of ownership have been transferred to the customer and (iv) collection of the receivable is reasonably assured, which occurs primarily upon shipment. We record provisions for any uncollectible amounts based upon our historical collection statistics and current customer information. Our management reviews these estimates each quarter and makes adjustments based upon actual experience.

Note 2(d), titled "Summary of Significant Accounting Policies — Sales Recognition and Incentives," to our financial statements describes a variety of sales incentives that we offer to resellers and consumers of our products. Measuring the cost of these incentives requires, in many cases, estimating future customer utilization and redemption rates. We use historical data for similar transactions to estimate the cost of current incentive programs. Our management reviews these estimates each quarter and makes adjustments based upon actual experience and other available information. We classify the costs associated with cooperative advertising as a reduction of "Net sales" in our Consolidated Statements of Income.

Accounts Receivable Valuation

Accounts receivable consist primarily of amounts due from customers. We carry our accounts receivable at their net realizable value. In determining the appropriate allowance for doubtful accounts, we consider a combination of factors, such as the aging of trade receivables, industry trends, and our customers' financial strength, credit standing, and payment and default history. Changes in the aforementioned factors, among others, may lead to adjustments in our allowance for doubtful accounts. The calculation of the required allowance requires judgment by our management as to the impact of these and other factors on the ultimate realization of our trade receivables. Charges to the allowance for doubtful accounts are reflected in the "Selling, general and administrative expenses" line and charges to the allowance for customer chargebacks and other customer deductions are primarily reflected as a reduction in the "Net sales" line of our Consolidated Statements of Income. Our management reviews these estimates each quarter and makes adjustments based upon actual experience. Because we cannot predict future changes in the financial stability of our customers, actual future losses from uncollectible accounts may differ from our estimates. If the financial condition of our customers were to deteriorate, resulting in their inability to make payments, a large reserve might be required. The amount of actual historical losses has not varied materially from our estimates for bad debts.

Catalog Expenses

We incur expenses for printing catalogs for our products to aid in our sales efforts. We initially record these expenses as a prepaid item and charge it against selling, general and administrative expenses over time as the catalog is used. Expenses are recognized at a rate that approximates our historical experience with regard to the timing and amount of sales attributable to a catalog distribution.

Inventory Valuation

We carry inventory on our balance sheet at the estimated lower of cost or market. Cost is determined by the first-in, first-out, or "FIFO," method for our inventories. We carry obsolete, damaged, and excess inventory at the net realizable value, which we determine by assessing historical recovery rates, current market conditions and our future marketing and sales plans. Because our assessment of net realizable value is made at a point in time, there are inherent uncertainties related to our value determination. Market factors and other conditions underlying the net realizable value may change, resulting in further reserve requirements. A reduction in the carrying amount of an inventory item from cost to market value creates a new cost basis for the item that cannot be reversed at a later period. While we believe that adequate write-downs for inventory obsolescence have been provided in the financial statements, consumer tastes and preferences will continue to change and we could experience additional inventory write-downs in the future.

Rebates, discounts and other cash consideration received from a vendor related to inventory purchases are reflected as reductions in the cost of the related inventory item, and are therefore reflected in cost of sales when the related inventory item is sold.

Income Taxes

Deferred taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. We have recorded deferred taxes related to operating losses and capital loss carryforwards. Realization of deferred tax assets is dependent on future taxable income in specific jurisdictions, the amount and timing of which are uncertain, possible changes in tax laws and tax planning strategies. If in our judgment it appears that we will not be able to generate sufficient taxable income or capital gains to offset losses during the carryforward periods, we have recorded valuation allowances to reduce those deferred tax assets to amounts expected to be ultimately realized. An adjustment to income tax expense would be required in a future period if we determine that the amount of deferred tax assets to be realized differs from the net recorded amount.

Federal income taxes are provided on that portion of our income of foreign subsidiaries that is expected to be remitted to the United States and be taxable, reflecting the decisions made by us with regards to earnings permanently reinvested in foreign jurisdictions. In periods after the spin off, we may make different decisions as to the amount of earnings permanently reinvested in foreign jurisdictions, due to anticipated cash flow or other business requirements, which may impact our federal income tax provision and effective tax rate.

We periodically estimate the probable tax obligations using historical experience in tax jurisdictions and our informed judgment. There are inherent uncertainties related to the interpretation of tax regulations in the jurisdictions in which we transact business. The judgments and estimates made at a point in time may change based on the outcome of tax audits, as well as changes to, or further interpretations of, regulations. Income tax expense is adjusted in the period in which these events occur, and these adjustments are included in our Consolidated Statements of Income. If such changes take place, there is a risk that our effective tax rate may increase or decrease in any period. A company must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

In conjunction with the spin off, we and Sara Lee entered into a tax sharing agreement, which allocates responsibilities between us and Sara Lee for taxes and certain other tax matters. Under the tax sharing agreement, Sara Lee generally is liable for all U.S. federal, state, local and foreign income taxes attributable to us with respect

to taxable periods ending on or before September 5, 2006. Sara Lee also is liable for income taxes attributable to us with respect to taxable periods beginning before September 5, 2006 and ending after September 5, 2006, but only to the extent those taxes are allocable to the portion of the taxable period ending on September 5, 2006. We are generally liable for all other taxes attributable to us. Changes in the amounts payable or receivable by us under the stipulations of this agreement may impact our tax provision in any period.

Under the tax sharing agreement, within 180 days after Sara Lee filed its final consolidated tax return for the period that included September 5, 2006, Sara Lee was required to deliver to us a computation of the amount of deferred taxes attributable to our United States and Canadian operations that would be included on our opening balance sheet as of September 6, 2006 ("as finally determined") which has been done. We have the right to participate in the computation of the amount of deferred taxes. Under the tax sharing agreement, if substituting the amount of deferred taxes as finally determined for the amount of estimated deferred taxes that were included on that balance sheet at the time of the spin off causes a decrease in the net book value reflected on that balance sheet, then Sara Lee will be required to pay us the amount of such decrease. If such substitution causes an increase in the net book value reflected on that balance sheet, then we will be required to pay Sara Lee the amount of such increase. For purposes of this computation, our deferred taxes are the amount of deferred tax benefits (including deferred tax consequences attributable to deductible temporary differences and carryforwards) that would be recognized as assets on the Company's balance sheet computed in accordance with GAAP, but without regard to valuation allowances, less the amount of deferred tax liabilities (including deferred tax consequences attributable to taxable temporary differences) that would be recognized as liabilities on our opening balance sheet computed in accordance with GAAP, but without regard to valuation allowances. Neither we nor Sara Lee will be required to make any other payments to the other with respect to deferred taxes.

Based on our computation of the final amount of deferred taxes for our opening balance sheet as of September 6, 2006, the amount that is expected to be collected from Sara Lee based on our computation of $72 million, which reflects a preliminary cash installment received from Sara Lee of $18,000, is included as a receivable in Other Current Assets in the Consolidated Balance Sheets as of January 2, 2010 and January 3, 2009. We have exchanged information with Sara Lee in connection with this matter, but Sara Lee has disagreed with our computation. In accordance with the dispute resolution provisions of the tax sharing agreement, on August 3, 2009, we submitted the dispute to binding arbitration. The arbitration process is ongoing, and we will continue to prosecute our claim. We do not believe that the resolution of this dispute will have a material impact on our financial position, results of operations or cash flows.

Stock Compensation

We established the Omnibus Incentive Plan to award stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, performance shares and cash to our employees, non-employee directors and employees of our subsidiaries to promote the interest of our company and incent performance and retention of employees. Stock-based compensation is estimated at the grant date based on the award's fair value and is recognized as expense over the requisite service period. Estimation of stock-based compensation for stock options granted, utilizing the Black-Scholes option-pricing model, requires various highly subjective assumptions including volatility and expected option life. We use a combination of the volatility of our company and the volatility of peer companies for a period of time that is comparable to the expected life of the option to determine volatility assumptions. We utilize the simplified method outlined in SEC accounting rules to estimate expected lives for options granted. The simplified method is used for valuing stock option grants by eligible public companies that do not have sufficient historical exercise patterns on options granted to employees. We estimate forfeitures for stock-

based awards granted that are not expected to vest. If any of these inputs or assumptions changes significantly, our stock-based compensation expense could be materially different in the future.

Defined Benefit Pension Plans

For a discussion of our net periodic benefit cost, plan obligations, plan assets, and how we measure the amount of these costs, see Note 16 titled "Defined Benefit Pension Plans" to our consolidated financial statements.

Our U.S. qualified pension plan is approximately 80% funded as of January 2, 2010 compared to 86% funded as of January 3, 2009. The funded status reflects an increase in the benefit obligation due to a decrease in the discount rate used in the valuation of the liability, partially offset by an increase in the fair value of plan assets as a result of the stock market's performance during 2009. We may elect to make voluntary contributions to maintain an 80% funded level which will avoid certain benefit payment restrictions under the Pension Protection Act. The funded status of our defined benefit pension plans are recognized on our balance sheet and changes in the funded status are reflected in comprehensive income. We measure the funded status of our plans as of the date of our fiscal year end. We expect pension expense in 2010 of approximately $17 million compared to $22 million in 2009.

The net periodic cost of the pension plans is determined using projections and actuarial assumptions, the most significant of which are the discount rate and the long-term rate of asset return. The net periodic pension income or expense is recognized in the year incurred. Gains and losses, which occur when actual experience differs from actuarial assumptions, are amortized over the average future expected life of participants.

Our policies regarding the establishment of pension assumptions are as follows:

- In determining the discount rate, we utilized the Citigroup Pension Discount Curve (rounded to the nearest 10 basis points) in order to determine a unique interest rate for each plan and match the expected cash flows for each plan.
- Salary increase assumptions were based on historical experience and anticipated future management actions. The salary increase assumption only applies to the Canadian plans and portions of the Hanesbrands nonqualified retirement plans, as benefits under these plans are not frozen. The benefits under the Hanesbrands Inc. Pension Plan were frozen as of January 1, 2006.
- In determining the long-term rate of return on plan assets we applied a proportionally weighted blend between assuming the historical long-term compound growth rate of the plan portfolio would predict the future returns of similar investments, and the utilization of forward looking assumptions.
- Retirement rates were based primarily on actual experience while standard actuarial tables were used to estimate mortality.

The sensitivity of changes in actuarial assumptions on our annual pension expense and on our plans' projected benefit obligations, all other factors being equal, is illustrated by the following:

	Increase (Decrease) in	
	Pension Expense	Projected Benefit Obligation
1% decrease in discount rate	$ 1	$ 114
1% increase in discount rate	(1)	(94)
1% decrease in expected investment return	6	—
1% increase in expected investment return	(6)	—

Trademarks and Other Identifiable Intangibles

Trademarks and computer software are our primary identifiable intangible assets. We amortize identifiable intangibles with finite lives, and we do not amortize identifiable intangibles with indefinite lives. We base the estimated useful life of an identifiable intangible asset upon a number of factors, including the effects of demand, competition, expected changes in distribution channels and the level of maintenance expenditures required to obtain future cash flows. As of January 2, 2010, the net book value of trademarks and other identifiable intangible assets was $136 million, of which we are amortizing the entire balance. We anticipate that our amortization expense for 2010 will be $12 million.

We evaluate identifiable intangible assets subject to amortization for impairment using a process similar to that used to evaluate asset amortization described below under "— Depreciation and Impairment of Property, Plant and Equipment." We assess identifiable intangible assets not subject to amortization for impairment at least annually and more often as triggering events occur. In order to determine the impairment of identifiable intangible assets not subject to amortization, we compare the fair value of the intangible asset to its carrying amount. We recognize an impairment loss for the amount by which an identifiable intangible asset's carrying value exceeds its fair value.

We measure a trademark's fair value using the royalty saved method. We determine the royalty saved method by evaluating various factors to discount anticipated future cash flows, including operating results, business plans, and present value techniques. The rates we use to discount cash flows are based on interest rates and the cost of capital at a point in time. Because there are inherent uncertainties related to these factors and our judgment in applying them, the assumptions underlying the impairment analysis may change in such a manner that impairment in value may occur in the future. Such impairment will be recognized in the period in which it becomes known.

Goodwill

As of January 2, 2010, we had $322 million of goodwill. We do not amortize goodwill, but we assess for impairment at least annually and more often as triggering events occur. The timing of our annual goodwill impairment testing is the first day of the third fiscal quarter.

In evaluating the recoverability of goodwill, we estimate the fair value of our reporting units. We rely on a number of factors to determine the fair value of our reporting units and evaluate various factors to discount anticipated future cash flows, including operating results, business plans, and present value techniques. As discussed above under "Trademarks and Other Identifiable Intangibles," there are inherent uncertainties related to these factors, and our judgment in applying them and the assumptions underlying the impairment analysis may change in such a manner that impairment in value may occur in the future. Such impairment will be recognized in the period in which it becomes known.

We evaluate the recoverability of goodwill using a two-step process based on an evaluation of reporting units. The first step involves a comparison of a reporting unit's fair value to its carrying value. In the second step, if the reporting unit's carrying value exceeds its fair value, we compare the goodwill's implied fair value and its carrying value. If the goodwill's carrying value exceeds its implied fair value, we recognize an impairment loss in an amount equal to such excess.

Depreciation and Impairment of Property, Plant and Equipment

We state property, plant and equipment at its historical cost, and we compute depreciation using the straight-line method over the asset's life. We estimate an asset's life based on historical experience, manufacturers' estimates, engineering or appraisal evaluations, our future business plans and the period over which the asset will economically benefit us, which may be the same as or shorter than its physical life. Our policies require that we periodically review our assets' remaining depreciable lives based upon actual experience and expected future utilization. A change in the depreciable life is treated as a change in accounting estimate and the accelerated depreciation is accounted for in the period of change and future periods. Based upon current levels of depreciation, the average remaining depreciable life of our net property other than land is five years.

We test an asset for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Such events include significant adverse changes in business climate, several periods of operating or cash flow losses, forecasted continuing losses or a current expectation that an asset or asset group will be disposed of before the end of its useful life. We evaluate an asset's recoverability by comparing the asset or asset group's net carrying amount to the future net undiscounted cash flows we expect such asset or asset group will generate. If we determine that an asset is not recoverable, we recognize an impairment loss in the amount by which the asset's carrying amount exceeds its estimated fair value.

When we recognize an impairment loss for an asset held for use, we depreciate the asset's adjusted carrying amount over its remaining useful life. We do not restore previously recognized impairment losses if circumstances change.

Insurance Reserves

We maintain insurance coverage for property, workers' compensation and other casualty programs. We are responsible for losses up to certain limits and are required to estimate a liability that represents the ultimate exposure for aggregate losses below those limits. This liability is based on management's estimates of the ultimate costs to be incurred to settle known claims and claims not reported as of the balance sheet date. The estimated liability is not discounted and is based on a number of assumptions and factors, including historical trends, actuarial assumptions and economic conditions. If actual trends differ from the estimates, the financial results could be impacted. Actual trends have not differed materially from the estimates.

Assets and Liabilities Acquired in Business Combinations

We account for business acquisitions using the purchase method, which requires us to allocate the cost of an acquired business to the acquired assets and liabilities based on their estimated fair values at the acquisition date. We recognize the excess of an acquired business's cost over the fair value of acquired assets and liabilities as goodwill as discussed below under "Goodwill." We use a variety of information sources to determine the fair value of acquired assets and liabilities. We generally use third-party appraisers to determine the fair value and lives of property and identifiable intangibles, consulting actuaries to determine the fair value of obligations associated with defined benefit pension plans, and legal counsel to assess obligations associated with legal and environmental claims.

Recently Issued Accounting Pronouncements

Accounting for Transfers of Financial Assets

In June 2009, the Financial Accounting Standards Board ("FASB") issued new accounting rules for transfers of financial assets. The new rules require greater transparency and additional disclosures for transfers of financial assets and the entity's continuing involvement with them and change the requirements for derecognizing financial assets. The new accounting rules are effective for financial asset transfers occurring after the beginning of our first fiscal year that begins after November 15, 2009. We are evaluating the impact of adoption of these new rules on our financial condition, results of operations and cash flows.

Consolidation — Variable Interest Entities

In June 2009, the FASB issued new accounting rules related to the accounting and disclosure requirements for the consolidation of variable interest entities. The new accounting rules are effective for our first fiscal year that begins after November 15, 2009. We are evaluating the impact of adoption of these rules on our financial condition, results of operations and cash flows.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk***

We are exposed to market risk from changes in foreign exchange rates, interest rates and commodity prices. Our risk management control system uses analytical techniques including market value, sensitivity analysis and value at risk estimations.

Foreign Exchange Risk

We sell the majority of our products in transactions denominated in U.S. dollars; however, we purchase some raw materials, pay a portion of our wages and make other payments in our supply chain in foreign currencies. Our exposure to foreign exchange rates exists primarily with respect to the Canadian dollar, European euro, Mexican peso and Japanese yen against the U.S. dollar. We use foreign exchange forward and option contracts to hedge material exposure to adverse changes in foreign exchange rates. A sensitivity analysis technique has been used to evaluate the effect that changes in the market value of foreign exchange currencies will have on our forward and option contracts. At January 2, 2010, the potential change in fair value of foreign currency derivative instruments, assuming a 10% adverse change in the underlying currency price, was $7 million.

Interest Rates

Our debt under the 2009 Senior Secured Credit Facility, Floating Rate Senior Notes and Accounts Receivable Securitization Facility bear interest at variable rates. As a result, we are exposed to changes in market interest rates that could impact the cost of servicing our debt. We are required under the 2009 Senior Secured Credit Facility to hedge a portion of our floating rate debt to reduce interest rate risk caused by floating rate debt issuance. To comply with this requirement, in the first quarter of 2010 we entered into a hedging arrangement whereby we capped the LIBOR interest rate component on $490.7 million of the floating rate debt under the Floating Rate Senior Notes at 4.262%, as a result of which approximately 52% of our total debt outstanding at January 2, 2010 is now at a fixed rate. After giving effect to these arrangements, a 25-basis point movement in the annual interest rate charged on the outstanding debt balances as of January 2, 2010 would result in a change in annual interest expense of $3.5 million. We may also execute interest rate cash flow hedges in the form of caps and swaps in the future in order to mitigate our exposure to variability in cash flows for the future interest payments on a designated portion of borrowings.

Commodities

Cotton is the primary raw material used in manufacturing many of our products. While we have sold our yarn operations, we are still exposed to fluctuations in the cost of cotton. While we attempt to protect our business from the volatility of the market price of cotton through employing a dollar cost averaging strategy by entering into hedging contracts from time to time, our business can be adversely affected by dramatic movements in cotton prices. The cotton prices reflected in our results were 55 cents per pound in 2009. We expect the cost of cotton included in our results to average 68 cents per pound for the full year of 2010. The ultimate effect of these pricing levels on our earnings cannot be quantified, as the effect of movements in cotton prices on industry selling prices are uncertain, but any dramatic increase in the price of cotton could have a material adverse effect on our business, results of operations, financial condition and cash flows. We estimate that a change of $0.01 per pound in cotton prices would affect our annual raw material costs by $3 million, at current levels of production. The ultimate effect of this change on our earnings cannot be quantified, as the effect of movements in cotton prices on industry selling prices are uncertain, but any dramatic increase in the price of cotton would have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, fluctuations in crude oil or petroleum prices may influence the prices of other raw materials we use to manufacture our products, such as chemicals, dyestuffs, polyester yarn and foam. We generally purchase raw

materials at market prices. We estimate that a change of $10.00 per barrel in the price of oil would affect our freight costs by approximately $3 million, at current levels of usage.

Item 8. ***Financial Statements and Supplementary Data***

Our financial statements required by this item are contained on pages F-1 through F-63 of this Annual Report on Form 10-K. See Item 15(a)(1) for a listing of financial statements provided.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

As required by Exchange Act Rule 13a-15(b), our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Management's annual report on internal control over financial reporting and the report of independent registered public accounting firm are incorporated by reference to pages F-2 and F-3 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

In connection with the evaluation required by Exchange Act Rule 13a-15(d), our management, including our Chief Executive Officer and Chief Financial Officer, concluded that no changes in our internal control over financial reporting occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Information required by this Item 10 regarding our executive officers is included in Item 1C of this Annual Report on Form 10-K. We will provide other information that is responsive to this Item 10 in our definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report. That information is incorporated in this Item 10 by reference.

Item 11. ***Executive Compensation***

We will provide information that is responsive to this Item 11 in our definitive proxy statement or in an amendment to this Annual Report on Form 10-K not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K. That information is incorporated in this Item 11 by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

We will provide information that is responsive to this Item 12 in our definitive proxy statement or in an amendment to this Annual Report on Form 10-K not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K. That information is incorporated in this Item 12 by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

We will provide information that is responsive to this Item 13 in our definitive proxy statement or in an amendment to this Annual Report on Form 10-K not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K. That information is incorporated in this Item 13 by reference.

Item 14. ***Principal Accounting Fees and Services***

We will provide information that is responsive to this Item 14 in our definitive proxy statement or in an amendment to this Annual Report on Form 10-K not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K. That information is incorporated in this Item 14 by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a)(1)-(2) Financial Statements and Schedules

The financial statements and schedules listed in the accompanying Index to Consolidated Financial Statements on page F-1 are filed as part of this Report.

(a)(3) Exhibits

See “Index to Exhibits” beginning on page E-1, which is incorporated by reference herein. The Index to Exhibits lists all exhibits filed with this Report and identifies which of those exhibits are management contracts and compensation plans.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on the 9th day of February, 2010.

HANESBRANDS INC.

/s/ Richard A. Noll
Richard A. Noll
Chief Executive Officer

POWER OF ATTORNEY

KNOW BY ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints jointly and severally, Richard A. Noll, E. Lee Wyatt Jr. and Joia M. Johnson, and each one of them, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Capacity	Date
/s/ Richard A. Noll Richard A. Noll	Chief Executive Officer and Chairman of the Board of Directors (principal executive officer)	February 9, 2010
/s/ E. Lee Wyatt Jr. E. Lee Wyatt Jr.	Executive Vice President, Chief Financial Officer (principal financial officer)	February 9, 2010
/s/ Dale W. Boyles Dale W. Boyles	Vice President, Chief Accounting Officer and Controller (principal accounting officer)	February 9, 2010

Signature	Capacity	Date
/s/ Lee A. Chaden Lee A. Chaden	Director	February 9, 2010
/s/ Bobby J. Griffin Bobby J. Griffin	Director	February 9, 2010
/s/ James C. Johnson James C. Johnson	Director	February 9, 2010
/s/ Jessica T. Mathews Jessica T. Mathews	Director	February 9, 2010
/s/ J. Patrick Mulcahy J. Patrick Mulcahy	Director	February 9, 2010
/s/ Ronald L. Nelson Ronald L. Nelson	Director	February 9, 2010
/s/ Andrew J. Schindler Andrew J. Schindler	Director	February 9, 2010
/s/ Ann E. Ziegler Ann E. Ziegler	Director	February 9, 2010

INDEX TO EXHIBITS

References in this Index to Exhibits to the "Registrant" are to Hanesbrands Inc. The Registrant will furnish you, without charge, a copy of any exhibit, upon written request. Written requests to obtain any exhibit should be sent to Corporate Secretary, Hanesbrands Inc., 1000 East Hanes Mill Road, Winston-Salem, North Carolina 27105.

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.2	Articles Supplementary (Junior Participating Preferred Stock, Series A) (incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.3	Amended and Restated Bylaws of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2008).
3.4	Certificate of Formation of BA International, L.L.C. (incorporated by reference from Exhibit 3.4 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.5	Limited Liability Company Agreement of BA International, L.L.C. (incorporated by reference from Exhibit 3.5 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.6	Certificate of Incorporation of Caribesock, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.6 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.7	Bylaws of Caribesock, Inc. (incorporated by reference from Exhibit 3.7 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.8	Certificate of Incorporation of Caribetex, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.8 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.9	Bylaws of Caribetex, Inc. (incorporated by reference from Exhibit 3.9 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.10	Certificate of Formation of CASA International, LLC (incorporated by reference from Exhibit 3.10 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.11	Limited Liability Company Agreement of CASA International, LLC (incorporated by reference from Exhibit 3.11 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.12	Certificate of Incorporation of Ceibena Del, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.12 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.13	Bylaws of Ceibena Del, Inc. (incorporated by reference from Exhibit 3.13 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).

Exhibit Number	Description
3.14	Certificate of Formation of Hanes Menswear, LLC, together with Certificate of Conversion from a Corporation to a Limited Liability Company Pursuant to Section 18-214 of the Limited Liability Company Act and Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.14 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.15	Limited Liability Company Agreement of Hanes Menswear, LLC (incorporated by reference from Exhibit 3.15 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.16	Certificate of Incorporation of HPR, Inc., together with Certificate of Merger of Hanes Puerto Rico, Inc. into HPR, Inc. (now known as Hanes Puerto Rico, Inc.) (incorporated by reference from Exhibit 3.16 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.17	Bylaws of Hanes Puerto Rico, Inc. (incorporated by reference from Exhibit 3.17 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.18	Articles of Organization of Sara Lee Direct, LLC, together with Articles of Amendment reflecting the change of the entity's name to Hanesbrands Direct, LLC (incorporated by reference from Exhibit 3.18 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.19	Limited Liability Company Agreement of Sara Lee Direct, LLC (now known as Hanesbrands Direct, LLC) (incorporated by reference from Exhibit 3.19 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.20	Certificate of Incorporation of Sara Lee Distribution, Inc., together with Certificate of Amendment of Certificate of Incorporation of Sara Lee Distribution, Inc. reflecting the change of the entity's name to Hanesbrands Distribution, Inc. (incorporated by reference from Exhibit 3.20 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.21	Bylaws of Sara Lee Distribution, Inc. (now known as Hanesbrands Distribution, Inc.)(incorporated by reference from Exhibit 3.21 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.22	Certificate of Formation of HBI Branded Apparel Enterprises, LLC (incorporated by reference from Exhibit 3.22 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.23	Operating Agreement of HBI Branded Apparel Enterprises, LLC (incorporated by reference from Exhibit 3.23 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.24	Certificate of Incorporation of HBI Branded Apparel Limited, Inc. (incorporated by reference from Exhibit 3.24 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.25	Bylaws of HBI Branded Apparel Limited, Inc. (incorporated by reference from Exhibit 3.25 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.26	Certificate of Formation of HbI International, LLC (incorporated by reference from Exhibit 3.26 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).

Exhibit Number	Description
3.27	Limited Liability Company Agreement of HbI International, LLC (incorporated by reference from Exhibit 3.27 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.28	Certificate of Formation of SL Sourcing, LLC, together with Certificate of Amendment to the Certificate of Formation of SL Sourcing, LLC reflecting the change of the entity's name to HBI Sourcing, LLC (incorporated by reference from Exhibit 3.28 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.29	Limited Liability Company Agreement of SL Sourcing, LLC (now known as HBI Sourcing, LLC) (incorporated by reference from Exhibit 3.29 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.30	Certificate of Formation of Inner Self LLC (incorporated by reference from Exhibit 3.30 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.31	Limited Liability Company Agreement of Inner Self LLC (incorporated by reference from Exhibit 3.31 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.32	Certificate of Formation of Jasper-Costa Rica, L.L.C. (incorporated by reference from Exhibit 3.32 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.33	Amended and Restated Limited Liability Company Agreement of Jasper-Costa Rica, L.L.C. (incorporated by reference from Exhibit 3.33 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.34	Certificate of Formation of Playtex Dorado, LLC, together with Certificate of Conversion from a Corporation to a Limited Liability Company Pursuant to Section 18-214 of the Limited Liability Company Act (incorporated by reference from Exhibit 3.36 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.35	Amended and Restated Limited Liability Company Agreement of Playtex Dorado, LLC (incorporated by reference from Exhibit 3.37 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.36	Certificate of Incorporation of Playtex Industries, Inc. (incorporated by reference from Exhibit 3.38 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.37	Bylaws of Playtex Industries, Inc. (incorporated by reference from Exhibit 3.39 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.38	Certificate of Formation of Seamless Textiles, LLC, together with Certificate of Conversion from a Corporation to a Limited Liability Company Pursuant to Section 18-214 of the Limited Liability Company Act (incorporated by reference from Exhibit 3.40 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.39	Limited Liability Company Agreement of Seamless Textiles, LLC (incorporated by reference from Exhibit 3.41 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.40	Certificate of Incorporation of UPCR, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.42 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).

Exhibit Number	Description
3.41	Bylaws of UPCR, Inc. (incorporated by reference from Exhibit 3.43 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.42	Certificate of Incorporation of UPEL, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.44 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.43	Bylaws of UPEL, Inc. (incorporated by reference from Exhibit 3.45 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
4.1	Rights Agreement between Hanesbrands Inc. and Computershare Trust Company, N.A., Rights Agent. (incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
4.2	Form of Rights Certificate (incorporated by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
4.3	Placement Agreement, dated December 11, 2006, among Hanesbrands Inc., certain subsidiaries of Hanesbrands Inc., Morgan Stanley & Co. Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated (incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2006).
4.4	Indenture, dated as of December 14, 2006, among Hanesbrands Inc., certain subsidiaries of Hanesbrands Inc., and Branch Banking and Trust Company, as Trustee (incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 20, 2006).
4.5	Registration Rights Agreement with respect to Floating Rate Senior Notes due 2014, dated as of December 14, 2006, among Hanesbrands Inc., certain subsidiaries of Hanesbrands Inc., and Morgan Stanley & Co. Incorporated, Merrill Lynch, Pierce, Fenner & Smith Incorporated, ABN AMRO Incorporated, Barclays Capital Inc., Citigroup Global Markets Inc., and HSBC Securities (USA) Inc. (incorporated by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 20, 2006).
4.6	Indenture, dated as of August 1, 2008, among the Registrant, certain subsidiaries of the Registrant, and Branch Banking and Trust Company, as Trustee (incorporated by reference from Exhibit 4.3 to the Registrant's Registration Statement on Form S-3 (Commission file number 333-152733) filed with the Securities and Exchange Commission on August 1, 2008).
4.7	Underwriting Agreement dated December 3, 2009 between the Registrant, the subsidiary guarantors party thereto and J.P. Morgan Securities Inc. (incorporated by reference from Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 11, 2009).
4.8	First Supplemental Indenture, dated December 10, 2009, among the Registrant, the subsidiary guarantors and Branch Banking and Trust Company (incorporated by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 11, 2009).
10.1	Hanesbrands Inc. Omnibus Incentive Plan of 2006 (incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).*
10.2	Form of Stock Option Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (incorporated by reference from Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).*

Exhibit Number	Description
10.3	Form of Restricted Stock Unit Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006. (incorporated by reference from Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).*
10.4	Form of Performance Cash Award Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006.*
10.5	Form of Non-Employee Director Restricted Stock Unit Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (incorporated by reference from Exhibit 10.4 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009). *
10.6	Form of Non-Employee Director Stock Option Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (incorporated by reference from Exhibit 10.5 to the Registrant's Transition Report on Form 10-K filed with the Securities and Exchange Commission on February 22, 2007).*
10.7	Hanesbrands Inc. Retirement Savings Plan *
10.8	Hanesbrands Inc. Supplemental Employee Retirement Plan *
10.9	Hanesbrands Inc. Performance-Based Annual Incentive Plan (incorporated by reference from Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).*
10.10	Hanesbrands Inc. Executive Deferred Compensation Plan (incorporated by reference from Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on October 31, 2008).*
10.11	Hanesbrands Inc. Executive Life Insurance Plan (incorporated by reference from Exhibit 10.10 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009).*
10.12	Hanesbrands Inc. Executive Long-Term Disability Plan. (incorporated by reference from Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009).*
10.13	Hanesbrands Inc. Employee Stock Purchase Plan of 2006 (incorporated by reference from Exhibit 10.11 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).*
10.14	Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan (incorporated by reference from Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009).*
10.15	Severance/Change in Control Agreement dated December 18, 2008 between the Registrant and Richard A. Noll. (incorporated by reference from Exhibit 10.14 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009).*
10.16	Severance/Change in Control Agreement dated December 18, 2008 between the Registrant and Gerald W. Evans Jr. (incorporated by reference from Exhibit 10.15 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009).*
10.17	Severance/Change in Control Agreement dated December 18, 2008 between the Registrant and E. Lee Wyatt Jr. (incorporated by reference from Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009).*

Exhibit Number	Description
10.18	Severance/Change in Control Agreement dated December 10, 2008 between the Registrant and Kevin W. Oliver (incorporated by reference from Exhibit 10.17 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009).*
10.19	Severance/Change in Control Agreement dated December 17, 2008 between the Registrant and Joia M. Johnson (incorporated by reference from Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009).*
10.20	Severance/Change in Control Agreement dated December 18, 2008 between the Registrant and William J. Nictakis (incorporated by reference from Exhibit 10.19 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 11, 2009).*
10.21	Master Separation Agreement dated August 31, 2006 between the Registrant and Sara Lee Corporation (incorporated by reference from Exhibit 10.21 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 28, 2006).
10.22	Tax Sharing Agreement dated August 31, 2006 between the Registrant and Sara Lee Corporation (incorporated by reference from Exhibit 10.22 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 28, 2006).
10.23	Employee Matters Agreement dated August 31, 2006 between the Registrant and Sara Lee Corporation (incorporated by reference from Exhibit 10.23 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 28, 2006).
10.24	Master Transition Services Agreement dated August 31, 2006 between the Registrant and Sara Lee Corporation (incorporated by reference from Exhibit 10.24 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 28, 2006).
10.25	Real Estate Matters Agreement dated August 31, 2006 between the Registrant and Sara Lee Corporation (incorporated by reference from Exhibit 10.25 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 28, 2006).
10.26	Indemnification and Insurance Matters Agreement dated August 31, 2006 between the Registrant and Sara Lee Corporation (incorporated by reference from Exhibit 10.26 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 28, 2006).
10.27	Intellectual Property Matters Agreement dated August 31, 2006 between the Registrant and Sara Lee Corporation (incorporated by reference from Exhibit 10.27 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 28, 2006).
10.28	First Lien Credit Agreement dated September 5, 2006 (the "2006 Senior Secured Credit Facility") among the Registrant the various financial institutions and other persons from time to time party thereto, HSBC Bank USA, National Association, LaSalle Bank National Association, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley Senior Funding, Inc., Citicorp USA, Inc. and Citibank, N.A. (incorporated by reference from Exhibit 10.28 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 28, 2006).†
10.29	First Amendment dated February 22, 2007 to the 2006 Senior Secured Credit Facility (incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 28, 2007).
10.30	Second Amendment dated August 21, 2008 to the 2006 Senior Secured Credit Facility (incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 27, 2008).
10.31	Third Amendment dated March 10, 2009 to the 2006 Senior Secured Credit Facility (incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 16, 2009).

Exhibit Number	Description
10.32	Amended and Restated Credit Agreement dated as of September 5, 2006, as amended and restated as of December 10, 2009, among the Registrant, the various financial institutions and other Persons from time to time party to this Agreement, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the co-documentation agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the co-syndication agents, JPMorgan Chase Bank, N.A., as the administrative agent and the collateral agent, and J.P. Morgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, the investment banking division of Barclays Bank PLC, as the joint lead arrangers and joint bookrunners.
10.33	Second Lien Credit Agreement dated September 5, 2006 (the "Second Lien Credit Agreement") among HBI Branded Apparel Limited, Inc., the Registrant, the various financial institutions and other persons from time to time party thereto, HSBC Bank USA, National Association, LaSalle Bank National Association, Barclays Bank PLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley Senior Funding, Inc., Citicorp USA, Inc. and Citibank, N.A. (incorporated by reference from Exhibit 10.29 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on September 28, 2006).†
10.34	First Amendment dated August 21, 2008 to the Second Lien Credit Agreement (incorporated by reference from Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 27, 2008).
10.35	Receivables Purchase Agreement dated as of November 27, 2007 (the "Accounts Receivable Securitization Facility") among HBI Receivables LLC and the Registrant, JPMorgan Chase Bank, N.A., HSBC Bank USA, National Association, Falcon Asset Securitization Company LLC, Bryant Park Funding LLC, and HSBC Securities (USA) Inc. (incorporated by reference from Exhibit 10.34 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 19, 2008).†
10.36	Amendment No. 1 dated as of March 16, 2009 to the Accounts Receivables Securitization Facility (incorporated by reference from Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 16, 2009).†
10.37	Amendment No. 2 dated as of April 13, 2009 to the Accounts Receivables Securitization Facility (incorporated by reference from Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 11, 2009).†
10.38	Amendment No. 3 dated as of August 17, 2009 to the Accounts Receivables Securitization Facility (incorporated by reference from Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 5, 2009).
10.39	Amendment No. 4 dated as of December 10, 2009 to the Accounts Receivables Securitization Facility.
10.40	Amendment No. 5 dated as of December 21, 2009 to the Accounts Receivables Securitization Facility. †
12.1	Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP.
24.1	Powers of Attorney (included on the signature pages hereto).
31.1	Certification of Richard A. Noll, Chief Executive Officer.
31.2	Certification of E. Lee Wyatt Jr., Chief Financial Officer.
32.1	Section 1350 Certification of Richard A. Noll, Chief Executive Officer.
32.2	Section 1350 Certification of E. Lee Wyatt Jr., Chief Financial Officer.

* Agreement relates to executive compensation.

† Portions of this exhibit were redacted pursuant to a confidential treatment request filed with the Secretary of the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

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HANESBRANDS INC.

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Hanesbrands Inc.

Management's Report on Internal Control Over Financial Reporting

Management of Hanesbrands Inc. ("Hanesbrands") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Securities and Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Hanesbrands' system of internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Hanesbrands; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that receipts and expenditures of Hanesbrands are being made only in accordance with authorizations of management and directors of Hanesbrands; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Hanesbrands' assets that could have a material effect on the financial statements.

Management has evaluated the effectiveness of Hanesbrands' internal control over financial reporting as of January 2, 2010, based upon criteria for effective internal control over financial reporting described in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation, management determined that Hanesbrands' internal control over financial reporting was effective as of January 2, 2010.

The effectiveness of our internal control over financial reporting as of January 2, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included in Part II, Item 8 of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Hanesbrands Inc.

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Hanesbrands Inc. (the "Company") at January 2, 2010 and January 3, 2009, and the results of its operations and its cash flows for each of the three years in the period ended January 2, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 2, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Greensboro, North Carolina
February 9, 2010

HANESBRANDS INC.

Consolidated Statements of Income
(in thousands, except per share amounts)

	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Net sales	$ 3,891,275	$ 4,248,770	$ 4,474,537
Cost of sales	2,626,001	2,871,420	3,033,627
Gross profit	1,265,274	1,377,350	1,440,910
Selling, general and administrative expenses	940,530	1,009,607	1,040,754
Gain on curtailment of postretirement benefits	—	—	(32,144)
Restructuring	53,888	50,263	43,731
Operating profit	270,856	317,480	388,569
Other expense (income)	49,301	(634)	5,235
Interest expense, net	163,279	155,077	199,208
Income before income tax expense	58,276	163,037	184,126
Income tax expense	6,993	35,868	57,999
Net income	$ 51,283	$ 127,169	$ 126,127
Earnings per share:			
Basic	$ 0.54	$ 1.35	$ 1.31
Diluted	$ 0.54	$ 1.34	$ 1.30
Weighted average shares outstanding:			
Basic	95,158	94,171	95,936
Diluted	95,668	95,164	96,741

See accompanying notes to Consolidated Financial Statements.

HANESBRANDS INC.

Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	January 2, 2010	January 3, 2009
ASSETS		
Cash and cash equivalents	$ 38,943	$ 67,342
Trade accounts receivable less allowances of $25,776 at January 2, 2010 and $21,897 at January 3, 2009	450,541	404,930
Inventories	1,049,204	1,290,530
Deferred tax assets	139,836	181,850
Other current assets	144,033	165,673
Total current assets	1,822,557	2,110,325
Property, net	602,826	588,189
Trademarks and other identifiable intangibles, net	136,214	147,443
Goodwill	322,002	322,002
Deferred tax assets	357,103	321,037
Other noncurrent assets	85,862	45,053
Total assets	$ 3,326,564	$ 3,534,049
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 351,971	$ 347,153
Accrued liabilities and other:		
Payroll and employee benefits	76,315	82,815
Advertising and promotion	85,069	69,102
Restructuring	18,244	21,381
Other	116,007	120,459
Notes payable	66,681	61,734
Current portion of debt	164,688	45,640
Total current liabilities	878,975	748,284
Long-term debt	1,727,547	2,130,907
Pension and postretirement benefits	290,030	294,095
Other noncurrent liabilities	95,293	175,608
Total liabilities	2,991,845	3,348,894
Stockholders' equity:		
Preferred stock (50,000,000 authorized shares; $.01 par value) Issued and outstanding — None	—	—
Common stock (500,000,000 authorized shares; $.01 par value) Issued and outstanding — 95,396,967 at January 2, 2010 and 93,520,132 at January 3, 2009	954	935
Additional paid-in capital	287,955	248,167
Retained earnings	268,805	217,522
Accumulated other comprehensive loss	(222,995)	(281,469)
Total stockholders' equity	334,719	185,155
Total liabilities and stockholders' equity	$ 3,326,564	$ 3,534,049

See accompanying notes to Consolidated Financial Statements.

HANESBRANDS INC.

Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(in thousands)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balances at December 30, 2006	**96,312**	**$ 963**	**$ 94,852**	**$ 33,024**	**$ (59,568)**	**$ 69,271**
Net income	—	—	—	126,127	—	126,127
Translation adjustments	—	—	—	—	20,114	20,114
Net unrealized loss on qualifying cash flow hedges, net of tax of $4,456	—	—	—	—	(6,877)	(6,877)
Recognition of gain from healthcare plan settlement, net of tax of $12,505	—	—	—	—	(19,639)	(19,639)
Net unrecognized gain from pension and postretirement plans, net of tax of $23,590	—	—	—	—	37,052	37,052
Comprehensive income						156,777
Stock-based compensation	—	—	33,185	—	—	33,185
Exercise of stock options, vesting of restricted stock units and other	533	7	3,428	—	—	3,435
Stock repurchases	(1,613)	(16)	(2,006)	(42,451)	—	(44,473)
Final separation of pension plan assets and liabilities	—	—	74,189	—	—	74,189
Net transactions related to spin off	—	—	(4,629)	—	—	(4,629)
Adoption of new pension accounting rules	—	—	—	1,149	—	1,149
Balances at December 29, 2007	**95,232**	**$ 954**	**$ 199,019**	**$ 117,849**	**$ (28,918)**	**$ 288,904**
Net income	—	—	—	127,169	—	127,169
Translation adjustments	—	—	—	—	(29,463)	(29,463)
Net unrealized loss on qualifying cash flow hedges, net of tax of $24,683	—	—	—	—	(38,818)	(38,818)
Net unrecognized loss from pension and postretirement plans, net of tax of $117,012	—	—	—	—	(184,270)	(184,270)
Comprehensive loss						(125,382)
Stock-based compensation	—	—	31,002	—	—	31,002
Exercise of stock options, vesting of restricted stock units and other	456	2	10,076	—	—	10,078
Stock repurchases	(1,224)	(12)	(2,767)	(27,496)	—	(30,275)
Net transactions related to spin off	(944)	(9)	10,837	—	—	10,828
Balances at January 3, 2009	**93,520**	**$ 935**	**$ 248,167**	**$ 217,522**	**$ (281,469)**	**$ 185,155**
Net income	—	—	—	51,283	—	51,283
Translation adjustments	—	—	—	—	18,966	18,966
Net unrealized gain on qualifying cash flow hedges, net of tax of $17,639	—	—	—	—	28,580	28,580
Net unrecognized gain from pension and postretirement plans, net of tax of $1,835	—	—	—	—	10,928	10,928
Comprehensive income						109,757
Stock-based compensation	—	—	37,391	—	—	37,391
Exercise of stock options, vesting of restricted stock units and other	1,877	19	2,397	—	—	2,416
Balances at January 2, 2010	**95,397**	**$ 954**	**$ 287,955**	**$ 268,805**	**$ (222,995)**	**$ 334,719**

See accompanying notes to Consolidated Financial Statements.

HANESBRANDS INC.

Consolidated Statements of Cash Flows
(in thousands)

	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Operating activities:			
Net income	$ 51,283	$ 127,169	$ 126,127
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	84,312	103,126	125,471
Amortization of intangibles	12,443	12,019	6,205
Restructuring	8,207	5,133	(3,446)
Gain on curtailment of postretirement benefits	—	—	(32,144)
Losses on early extinguishment of debt	2,423	1,332	5,235
Gain on repurchase of Floating Rate Senior Notes	(157)	(1,966)	—
Charges incurred for amendments of credit facilities	20,634	—	—
Interest rate hedge termination	26,029	—	—
Amortization of debt issuance costs	10,967	6,032	6,475
Stock compensation expense	37,697	31,449	33,625
Deferred taxes	(9,152)	(1,445)	28,069
Other	(10,252)	(1,616)	(75)
Changes in assets and liabilities:			
Accounts receivable	(39,805)	163,687	(81,396)
Inventories	248,820	(182,971)	96,338
Other assets	22,210	(49,256)	19,212
Accounts payable	3,522	34,046	67,038
Accrued liabilities and other	(54,677)	(69,342)	(37,694)
Net cash provided by operating activities	414,504	177,397	359,040
Investing activities:			
Purchases of property, plant and equipment	(126,825)	(186,957)	(91,626)
Acquisitions of businesses, net of cash acquired	—	(14,655)	(20,243)
Acquisition of trademark	—	—	(5,000)
Proceeds from sales of assets	37,965	25,008	16,573
Other	16	(644)	(789)
Net cash used in investing activities	(88,844)	(177,248)	(101,085)
Financing activities:			
Borrowings on notes payable	1,628,764	602,627	66,413
Repayments on notes payable	(1,624,139)	(560,066)	(88,970)
Incurrence of debt under the 2009 Senior Secured Credit Facility	750,000	—	—
Payments to amend and refinance credit facilities	(74,976)	(69)	(3,266)
Borrowings on revolving loan facility	2,034,026	791,000	—
Repayments on revolving loan facility	(1,982,526)	(791,000)	—
Repayments of debt under 2006 Senior Secured Credit Facility	(1,440,250)	(125,000)	(428,125)
Issuance of 8% Senior Notes	500,000	—	—
Repurchase of Floating Rate Senior Notes	(2,788)	(4,354)	—
Borrowings on Accounts Receivable Securitization Facility	183,451	20,944	250,000
Repayments on Accounts Receivable Securitization Facility	(326,068)	(28,327)	—
Proceeds from stock options exercised	1,179	2,191	6,189
Stock repurchases	—	(30,275)	(44,473)
Transaction with Sara Lee Corporation	—	18,000	—
Other	(847)	(409)	(1,147)
Net cash used in financing activities	(354,174)	(104,738)	(243,379)
Effect of changes in foreign exchange rates on cash	115	(2,305)	3,687
Increase (decrease) in cash and cash equivalents	(28,399)	(106,894)	18,263
Cash and cash equivalents at beginning of year	67,342	174,236	155,973
Cash and cash equivalents at end of year	$ 38,943	$ 67,342	$ 174,236

See accompanying notes to Consolidated Financial Statements.

HANESBRANDS INC.

Notes to Consolidated Financial Statements
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

(1) Background

Hanesbrands Inc., a Maryland corporation (the "Company"), is a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion*, *Playtex*, *Bali*, *L'eggs*, *Just My Size*, *barely there*, *Wonderbra*, *Stedman*, *Outer Banks*, *Zorba*, *Rinbros* and *Duofold*. The Company designs, manufactures, sources and sells a broad range of apparel essentials such as T-shirts, bras, panties, men's underwear, kids' underwear, casualwear, activewear, socks and hosiery.

The Company's fiscal year ends on the Saturday closest to December 31. All references to "2009", "2008" and "2007" relate to the 52 week fiscal year ended on January 2, 2010, the 53 week fiscal year ended on January 3, 2009 and the 52 week fiscal year ended on December 29, 2007, respectively.

The Company has also evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through February 9, 2010, the day the financial statements were issued.

(2) Summary of Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, certain financial statement disclosures at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from these estimates.

(c) Foreign Currency Translation

Foreign currency-denominated assets and liabilities are translated into U.S. dollars at exchange rates existing at the respective balance sheet dates. Translation adjustments resulting from fluctuations in exchange rates are recorded as a separate component of accumulated other comprehensive loss within stockholders' equity. The Company translates the results of operations of its foreign operations at the average exchange rates during the respective periods. Gains and losses resulting from foreign currency transactions are included in the "Selling, general and administrative expenses" line of the Consolidated Statements of Income.

(d) Sales Recognition and Incentives

The Company recognizes revenue when (i) there is persuasive evidence of an arrangement, (ii) the sales price is fixed or determinable, (iii) title and the risks of ownership have been transferred to the customer and (iv) collection

of the receivable is reasonably assured, which occurs primarily upon shipment. The Company records a sales reduction for returns and allowances based upon historical return experience. The Company earns royalty revenues through license agreements with manufacturers of other consumer products that incorporate certain of the Company's brands. The Company accrues revenue earned under these contracts based upon reported sales from the licensee. The Company offers a variety of sales incentives to resellers and consumers of its products, and the policies regarding the recognition and display of these incentives within the Consolidated Statements of Income are as follows:

Discounts, Coupons, and Rebates

The Company recognizes the cost of these incentives at the later of the date at which the related sale is recognized or the date at which the incentive is offered. The cost of these incentives is estimated using a number of factors, including historical utilization and redemption rates. All cash incentives of this type are included in the determination of net sales. The Company includes incentives offered in the form of free products in the determination of cost of sales.

Volume-Based Incentives

These incentives typically involve rebates or refunds of cash that are redeemable only if the reseller completes a specified number of sales transactions. Under these incentive programs, the Company estimates the anticipated rebate to be paid and allocates a portion of the estimated cost of the rebate to each underlying sales transaction with the customer. The Company includes these amounts in the determination of net sales.

Cooperative Advertising

Under these arrangements, the Company agrees to reimburse the reseller for a portion of the costs incurred by the reseller to advertise and promote certain of the Company's products. The Company recognizes the cost of cooperative advertising programs in the period in which the advertising and promotional activity first takes place. In 2007, the Company changed the manner in which it accounted for cooperative advertising, which resulted in a change in the classification from media, advertising and promotion expenses to a reduction in sales, because the estimated fair value of the identifiable benefit was no longer obtained beginning in 2007.

Fixtures and Racks

Store fixtures and racks are periodically used by resellers to display Company products. The Company expenses the cost of these fixtures and racks in the period in which they are delivered to the resellers. The Company includes the costs of fixtures and racks incurred by resellers and charged back to the Company in the determination of net sales. Fixtures and racks purchased by the Company and provided to resellers are included in selling, general and administrative expenses.

(e) Advertising Expense

Advertising costs, which include the development and production of advertising materials and the communication of these materials through various forms of media, are expensed in the period the advertising first takes place. The Company recognized advertising expense in the "Selling, general and administrative expenses" caption in the Consolidated Statements of Income of $166,467, $187,034, and $188,327 in 2009, 2008 and 2007, respectively.

(f) Shipping and Handling Costs

Revenue received for shipping and handling costs is included in net sales and was $22,434, $24,244, and $22,751 in 2009, 2008 and 2007, respectively. Shipping costs, that comprise payments to third party shippers, and handling costs, which consist of warehousing costs in the Company's various distribution facilities, were $222,169, $238,340, and $234,070 in the 2009, 2008 and 2007, respectively. The Company recognizes shipping, handling and

distribution costs in the "Selling, general and administrative expenses" line of the Consolidated Statements of Income.

(g) Catalog Expenses

The Company incurs expenses for printing catalogs for products to aid in the Company's sales efforts. The Company initially records these expenses as a prepaid item and charges it against selling, general and administrative expenses over time as the catalog is used. Expenses are recognized at a rate that approximates historical experience with regard to the timing and amount of sales attributable to a catalog distribution.

(h) Research and Development

Research and development costs are expensed as incurred and are included in the "Selling, general and administrative expenses" line of the Consolidated Statements of Income. Research and development expense was $46,305, $46,460, and $45,409 in 2009, 2008 and 2007, respectively.

(i) Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered to be cash equivalents.

(j) Accounts Receivable Valuation

Accounts receivable are stated at their net realizable value. The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the accounts receivable portfolio determined on the basis of historical experience, aging of trade receivables, specific allowances for known troubled accounts and other currently available information.

(k) Inventory Valuation

Inventories are stated at the lower of cost or market. Obsolete, damaged, and excess inventory is carried at the net realizable value, which is determined by assessing historical recovery rates, current market conditions and future marketing and sales plans. Rebates, discounts and other cash consideration received from a vendor related to inventory purchases are reflected as reductions in the cost of the related inventory item, and are therefore reflected in cost of sales when the related inventory item is sold.

(l) Property

Property is stated at historical cost and depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Machinery and equipment is depreciated over periods ranging from three to 25 years and buildings and building improvements over periods of up to 40 years. A change in the depreciable life is treated as a change in accounting estimate and the accelerated depreciation is accounted for in the period of change and future periods. Additions and improvements that substantially extend the useful life of a particular asset and interest costs incurred during the construction period of major properties are capitalized. Repairs and maintenance costs are expensed as incurred. Upon sale or disposition of an asset, the cost and related accumulated depreciation are removed from the accounts.

Property is tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Such events include significant adverse changes in the business climate, several periods of operating or cash flow losses, forecasted continuing losses or a current expectation that an asset or an asset group will be disposed of before the end of its useful life. Recoverability of property is evaluated by a comparison of the carrying amount of an asset or asset group to future net undiscounted cash flows expected to be generated by the asset or asset group. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the estimated fair value. When an impairment loss is recognized for assets to be held and used, the adjusted carrying amount of those assets is

depreciated over its remaining useful life. Restoration of a previously recognized impairment loss is not permitted under U.S. generally accepted accounting principles.

(m) Trademarks and Other Identifiable Intangible Assets

The primary identifiable intangible assets of the Company are trademarks and computer software all of which have finite lives that are subject to amortization. The estimated useful life of a finite-lived intangible asset is based upon a number of factors, including the effects of demand, competition, expected changes in distribution channels and the level of maintenance expenditures required to obtain future cash flows. Finite-lived trademarks are being amortized over periods ranging from five to 30 years, while computer software is being amortized over periods ranging from two to ten years. Identifiable intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used in evaluating elements of property.

The Company capitalizes internal software development costs, which include the actual costs to purchase software from vendors and generally include personnel and related costs for employees who were directly associated with the enhancement and implementation of purchased computer software. Additions to computer software are included in purchases of property and equipment in the Consolidated Statements of Cash Flows.

(n) Goodwill

Goodwill is the amount by which the purchase price exceeds the fair value of the assets acquired and liabilities assumed in a business combination. When a business combination is completed, the assets acquired and liabilities assumed are assigned to the reporting unit or units of the Company given responsibility for managing, controlling and generating returns on these assets and liabilities. In many instances, all of the acquired assets and assumed liabilities are assigned to a single reporting unit and in these cases all of the goodwill is assigned to the same reporting unit. In those situations in which the acquired assets and liabilities are allocated to more than one reporting unit, the goodwill to be assigned to each reporting unit is determined in a manner similar to how the amount of goodwill recognized in a business combination is determined.

Goodwill is not amortized; however, it is assessed for impairment at least annually and as triggering events occur. The Company's annual measurement date is the first day of the third fiscal quarter. The first step involves comparing the fair value of a reporting unit to its carrying value. If the carrying value of the reporting unit exceeds its fair value, the second step of the process involves comparing the implied fair value to the carrying value of the goodwill of that reporting unit. If the carrying value of the goodwill of a reporting unit exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to such excess.

In evaluating the recoverability of goodwill, it is necessary to estimate the fair values of the reporting units. In making this assessment, management relies on a number of factors to discount anticipated future cash flows including operating results, business plans and present value techniques. Rates used to discount cash flows are dependent upon interest rates and the cost of capital at a point in time. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of goodwill impairment.

(o) Stock-Based Compensation

The Company established the Hanesbrands Inc. Omnibus Incentive Plan of 2006, (the "Hanesbrands OIP") to award stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, performance shares and cash to its employees, non-employee directors and employees of its subsidiaries to promote the interests of the Company and incent performance and retention of employees. The Company recognizes the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards.

(p) Income Taxes

Deferred taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. Given continuing losses in certain jurisdictions in which the Company operates on a separate return basis, a valuation allowance has been established for the deferred tax assets in these specific locations. The Company periodically estimates the probable tax obligations using historical experience in tax jurisdictions and informed judgment. There are inherent uncertainties related to the interpretation of tax regulations in the jurisdictions in which the Company transacts business. The judgments and estimates made at a point in time may change based on the outcome of tax audits, as well as changes to, or further interpretations of, regulations. Income tax expense is adjusted in the period in which these events occur, and these adjustments are included in the Company's Consolidated Statements of Income. If such changes take place, there is a risk that the Company's effective tax rate may increase or decrease in any period. A company must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

(q) Financial Instruments

The Company uses financial instruments, including forward exchange, option and swap contracts, to manage its exposures to movements in interest rates, foreign exchange rates and commodity prices. The use of these financial instruments modifies the exposure of these risks with the intent to reduce the risk or cost to the Company. The Company does not use derivatives for trading purposes and is not a party to leveraged derivative contracts.

The Company formally documents its hedge relationships, including identifying the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. This process includes linking derivatives that are designated as hedges of specific assets, liabilities, firm commitments or forecasted transactions. The Company also formally assesses, both at inception and at least quarterly thereafter, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. If it is determined that a derivative ceases to be a highly effective hedge, or if the anticipated transaction is no longer likely to occur, the Company discontinues hedge accounting, and any deferred gains or losses are recorded in the "Selling, general and administrative expenses" line of the Consolidated Financial Statements.

Derivatives are recorded in the Consolidated Balance Sheets at fair value in other assets and other liabilities. The fair value is based upon either market quotes for actively traded instruments or independent bids for nonexchange traded instruments.

On the date the derivative is entered into, the Company designates the type of derivative as a fair value hedge, cash flow hedge, net investment hedge or a mark to market hedge, and accounts for the derivative in accordance with its designation.

Mark to Market Hedge

A derivative used as a hedging instrument whose change in fair value is recognized to act as an economic hedge against changes in the values of the hedged item is designated a mark to market hedge. For derivatives designated as mark to market hedges, changes in fair value are reported in earnings in the "Selling, general and administrative expenses" line of the Consolidated Statements of Income. Forward exchange contracts are recorded as mark to market hedges when the hedged item is a recorded asset or liability that is revalued in each accounting period.

Cash Flow Hedge

A hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability is designated as a cash flow hedge. The effective portion of the change in the fair value of a derivative that is designated as a cash flow hedge is recorded in the "Accumulated other comprehensive loss" line of the Consolidated Balance Sheets. When the hedged item affects the income statement, the gain or loss included in accumulated other comprehensive income (loss) is reported on the same line in the Consolidated Statements of Income as the hedged item. In addition, both the fair value of changes excluded from the Company's effectiveness assessments and the ineffective portion of the changes in the fair value of derivatives used as cash flow hedges are reported in the "Selling, general and administrative expenses" line in the Consolidated Statements of Income.

(r) Recently Issued Accounting Pronouncements

The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles

In June 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification (the "Codification"). The Codification is the single source for all authoritative GAAP recognized by the FASB to be applied in the preparation of financial statements of nongovernmental entities issued for periods ending after September 15, 2009. The Codification supersedes all existing non-SEC accounting and reporting standards. The Codification did not change GAAP and did not have a material impact on the Company's financial condition, results of operations or cash flows but resulted in certain additional disclosures.

Fair Value Measurements

In September 2006, the FASB issued new accounting rules for fair value measurements, which defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. In February 2008, the FASB approved a one-year deferral of the adoption of the rules as it relates to certain non-financial assets and liabilities. The Company adopted the provisions for its financial assets and liabilities effective December 30, 2007 and adopted the provisions for its non-financial assets and liabilities effective January 4, 2009. Neither the adoption in the first quarter ended March 29, 2008 for financial assets and liabilities nor the adoption in the first quarter ended April 4, 2009 for non-financial assets and liabilities had a material impact on the financial condition, results of operations or cash flows of the Company, but both adoptions resulted in certain additional disclosures reflected in Note 15.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB issued new accounting rules on business combinations and noncontrolling interests in consolidated financial statements. The new rules improve the relevance, comparability, and transparency of the financial information that a company provides in its consolidated financial statements. The new rules require a company to clearly identify and present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company's equity. It also requires that the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income; that changes in ownership interest be accounted for similarly, as equity transactions; and when a subsidiary is deconsolidated, that any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary be measured at fair value. The Company adopted the new accounting rules in the first quarter ended April 4, 2009. The adoption did not have a material impact on the Company's financial condition, results of operations or cash flows.

Disclosures About Derivative Instruments and Hedging Activities

In March 2008, the FASB issued new accounting guidance which expands the disclosure requirements about an entity's derivative instruments and hedging activities. The Company adopted the new accounting rules in the first

quarter ended April 4, 2009. The adoption did not have a material impact on the Company's financial condition, results of operations or cash flows but resulted in certain additional disclosures reflected in Note 14.

Employers' Disclosures about Postretirement Benefit Plan Assets

In December 2008, the FASB issued rules on the disclosure of postretirement benefit plan assets. The rules expand the disclosure requirements to include more detailed disclosures about an employers' plan assets, including employers' investment strategies, major categories of plan assets, concentrations of risk within plan assets, and valuation techniques used to measure the fair value of plan assets. The Company adopted the new accounting rules as of January 2, 2010. The adoption did not have a material impact on the Company's financial condition, results of operations or cash flows but resulted in certain additional disclosures reflected in Notes 15, 16 and 17.

Accounting for Transfers of Financial Assets

In June 2009, the FASB issued new accounting rules for transfers of financial assets. The new rules require greater transparency and additional disclosures for transfers of financial assets and the entity's continuing involvement with them and changes the requirements for derecognizing financial assets. The new accounting rules are effective for financial asset transfers occurring after the beginning of the Company's first fiscal year that begins after November 15, 2009. The Company is evaluating the impact of adoption of these new rules on the financial condition, results of operations and cash flows of the Company.

Consolidation — Variable Interest Entities

In June 2009, the FASB issued new accounting rules related to the accounting and disclosure requirements for the consolidation of variable interest entities. The new accounting rules are effective for the Company's first fiscal year that begins after November 15, 2009. The Company is evaluating the impact of adoption of these rules on the financial condition, results of operations and cash flows of the Company.

(s) Reclassifications

A revision to the balance sheet classification was made to the 2008 Consolidated Balance Sheet for freight expenses payable of $21,635, which had previously been included in accrued liabilities but has been reclassified into accounts payable. Only amounts related to invoices received from vendors were reclassified from accrued liabilities into accounts payable. This reclassification had no impact on the Company's previously reported total assets, total liabilities, shareholders' equity or net income.

(3) Earnings Per Share

Basic earnings per share ("EPS") was computed by dividing net income by the number of weighted average shares of common stock outstanding during the period. Diluted EPS was calculated to give effect to all potentially dilutive shares of common stock using the treasury stock method. The reconciliation of basic to diluted weighted average shares for 2009, 2008 and 2007 is as follows:

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	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Basic weighted average shares	95,158	94,171	95,936
Effect of potentially dilutive securities:			
Stock options	—	100	278
Restricted stock units	510	882	527
Employee stock purchase plan and other	—	11	—
Diluted weighted average shares	95,668	95,164	96,741

Options to purchase 6,273, 3,735 and 1,163 shares of common stock and 234, 0 and 0 restricted stock units were excluded from the diluted earnings per share calculation because their effect would be anti-dilutive for 2009, 2008 and 2007, respectively.

(4) Stock-Based Compensation

The Company established the Hanesbrands OIP to award stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, performance shares and cash to its employees, non-employee directors and employees of its subsidiaries to promote the interests of the Company and incent performance and retention of employees.

Stock Options

The exercise price of each stock option equals the closing market price of Hanesbrands' stock on the date of grant. Options generally vest ratably over two to three years and can generally be exercised over a term of 10 years. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The following table illustrates the assumptions for the Black-Scholes option-pricing model used in determining the fair value of options granted during 2009, 2008 and 2007, respectively.

	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Dividend yield	—	—	—
Risk-free interest rate	2.49%	1.68-2.64%	3.24-4.92%
Volatility	48%	28-37%	26-28%
Expected term (years)	6.0	3.8-6.0	2.5-4.5

The dividend yield assumption is based on the Company's current intent not to pay dividends. The Company uses a combination of the volatility of the Company and the volatility of peer companies for a period of time that is comparable to the expected life of the option to determine volatility assumptions due to the limited trading history of the Company's common stock. The Company utilizes the simplified method outlined in SEC accounting rules to estimate expected lives for options granted. The simplified method is used for valuing stock option grants by eligible public companies that do not have sufficient historical exercise patterns on options granted to employees.

A summary of the changes in stock options outstanding to the Company's employees under the Hanesbrands OIP is presented below:

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	Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term (Years)
Options outstanding at December 30, 2006	2,949	$ 22.37	$ 3,686	5.99
Granted	1,222	25.59		
Exercised	(277)	22.37		
Forfeited	(249)	22.97		
Options outstanding at December 29, 2007	3,645	$ 23.41	$ 16,369	5.44
Granted	2,624	19.81		
Exercised	(98)	22.50		
Forfeited	(142)	23.35		
Options outstanding at January 3, 2009	6,029	$ 21.86	$ —	5.99
Granted	466	24.33		
Exercised	(66)	17.71		
Forfeited	(142)	21.32		
Options outstanding at January 2, 2010	6,287	$ 22.10	$ 15,770	7.77
Options exercisable at January 2, 2010	3,754	$ 22.51	$ 7,569	7.22

During 2008, after consultation with its compensation consultants, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") determined to make decisions regarding 2009 compensation for executive officers at its meeting in December 2008, so that such decisions could be made prior to the January 1, 2009 effective date for any changes in total compensation opportunities rather than retroactively, and to approve equity grants simultaneously with those decisions. Regarding 2008 compensation, the Compensation Committee made decisions and approved equity grants at its meeting in January 2008. Therefore, two equity awards, including awards of stock options, were made to executive officers and other employees during 2008.

There were 2,981, 968 and 634 options that vested during 2009, 2008 and 2007, respectively. The total intrinsic value of options that were exercised during 2009, 2008 and 2007 was $465, $1,057 and $1,804, respectively. The weighted average fair value of individual options granted during 2009, 2008 and 2007 was $11.80, $6.29 and $7.83, respectively.

Cash received from option exercises under all share-based payment arrangements for 2009, 2008 and 2007 was $1,179, $2,191 and $6,189, respectively. The actual tax benefit realized for the tax deductions from option exercise of the share-based payment arrangements totaled $465, $806, and $1,503 for 2009, 2008 and 2007, respectively.

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Stock Unit Awards

Restricted stock units (RSUs) of Hanesbrands' stock are granted to certain Company employees and non-employee directors to incent performance and retention over periods ranging from one to three years. Upon vesting, the RSUs are converted into shares of the Company's common stock on a one-for-one basis and issued to the grantees. All RSUs which have been granted under the Hanesbrands OIP vest solely upon continued future service to the Company. The cost of these awards is determined using the fair value of the shares on the date of grant, and compensation expense is recognized over the period during which the grantees provide the requisite service to the Company. A summary of the changes in the restricted stock unit awards outstanding under the Hanesbrands OIP is presented below:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term (Years)
Nonvested share units outstanding at December 30, 2006	1,546	$ 22.37	$ 36,516	2.41
Granted	615	25.38		
Vested	(440)	22.37		
Forfeited	(143)	23.17		
Nonvested share units outstanding at December 29, 2007	1,578	$ 23.47	$ 43,922	1.89
Granted	1,512	18.19		
Vested	(583)	23.28		
Forfeited	(105)	23.69		
Nonvested share units outstanding at January 3, 2009	2,402	$ 20.19	$ 31,652	1.89
Granted	408	24.29		
Vested	(1,193)	20.84		
Forfeited	(91)	19.57		
Nonvested share units outstanding at January 2, 2010	1,526	$ 20.82	$ 36,796	1.76
Vested share units at January 2, 2010	2,216	$ 21.79		

During 2008, after consultation with its compensation consultants, the Compensation Committee determined to make decisions regarding 2009 compensation for executive officers at its meeting in December 2008, so that such decisions could be made prior to the January 1, 2009 effective date for any changes in total compensation opportunities rather than retroactively, and to approve equity grants simultaneously with those decisions. Regarding 2008 compensation, the Compensation Committee made decisions and approved equity grants at its meeting in January 2008. Therefore, two equity awards, including awards of restricted stock units, were made to executive officers and other employees during 2008.

The total fair value of shares vested during 2009, 2008 and 2007 was $24,871, $13,560 and $9,853, respectively. Certain participants elected to defer receipt of shares earned upon vesting. As of January 2, 2010, a total of 174 shares of common stock are issuable in future years for such deferrals.

For all share-based payments under the Hanesbrands OIP, during 2009, 2008 and 2007, the Company recognized total compensation expense of $37,391, $31,002 and $33,185 and recognized a deferred tax benefit of $14,464, $11,585 and $12,360, respectively. During 2009, the Company incurred $1,814 related to amending the terms of all outstanding stock options granted under the Hanesbrands OIP that had an original term of five or seven

years to the tenth anniversary of the original grant date.

At January 2, 2010, there was $9,529 of total unrecognized compensation cost related to non-vested stock-based compensation arrangements, of which $7,205, $1,854, and $470 is expected to be recognized in 2010, 2011 and 2012, respectively. The Company satisfies the requirement for common shares for share-based payments to employees pursuant to the Hanesbrands OIP by issuing newly authorized shares. The Hanesbrands OIP authorized 13,105 shares for awards of stock options and restricted stock units, of which 2,457 were available for future grants as of January 2, 2010.

Employee Stock Purchase Plan

The Company established the Hanesbrands Inc. Employee Stock Purchase Plan of 2006 (the "ESPP"), which is qualified under Section 423 of the Internal Revenue Code. An aggregate of up to 2,442 shares of Hanesbrands common stock may be purchased by eligible employees pursuant to the ESPP. The purchase price for shares under the ESPP is equal to 85% of the stock's fair market value on the purchase date. During 2009, 2008 and 2007, 156, 129 and 78 shares, respectively, were purchased under the ESPP by eligible employees. The Company had 2,079 shares of common stock available for issuance under the ESPP as of January 2, 2010. The Company recognized $306, $447 and $440 of stock compensation expense under the ESPP during 2009, 2008 and 2007, respectively.

(5) Restructuring

Since becoming an independent company, the Company has undertaken a variety of restructuring efforts in connection with its consolidation and globalization strategy designed to improve operating efficiencies and lower costs. As a result of this strategy, the Company expected to incur approximately $250,000 in restructuring and related charges over the three year period following the spin off from Sara Lee Corporation ("Sara Lee") on September 5, 2006, of which approximately half was expected to be noncash. As of January 2, 2010, the Company has recognized approximately $278,000 in restructuring and related charges related to this strategy since September 5, 2006, of which approximately half have been noncash. Of the amounts recognized, approximately $103,000 related to employee termination and other benefits, approximately $96,000 related to accelerated depreciation of buildings and equipment for facilities that have been or will be closed, approximately $30,000 related to noncancelable lease and other contractual obligations, approximately $23,000 related to write-offs of stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate, approximately $17,000 related to impairments of fixed assets and approximately $9,000 related to other exit costs such as equipment moving costs. The consolidation of the distribution network is still in process but will not result in any substantial charges in future periods. The distribution network consolidation involves the implementation of new warehouse management systems and technology, and opening of new distribution centers and new third-party logistics providers to replace parts of the Company's legacy distribution network.

Accelerated depreciation related to the Company's manufacturing facilities and distribution centers that have been or will be closed is reflected in the "Cost of sales" and "Selling, general and administrative expenses" lines of the Consolidated Statements of Income. The write-offs of stranded raw materials and work in process inventory are reflected in the "Cost of sales" line of the Consolidated Statements of Income.

The reported results for 2009, 2008 and 2007 reflect amounts recognized for restructuring actions, including the impact of certain actions that were completed for amounts more favorable than previously estimated. The impact of restructuring efforts on income before income tax expense is summarized as follows:

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	Years Ended		
	January 2, 2010	January 3, 2009	December 27, 2007
Restructuring programs:			
Year ended January 2, 2010 restructuring actions	$ 46,216	$ —	$ —
Year ended January 3, 2009 restructuring actions	17,833	87,117	—
Year ended December 29, 2007 restructuring actions	4,631	8,661	70,050
Six months ended December 30, 2006 and prior restructuring actions	1,068	(2,971)	13,133
	$ 69,748	$ 92,807	$ 83,183

The following table illustrates where the costs associated with these actions are recognized in the Consolidated Statements of Income:

	Years Ended		
	January 2, 2010	January 3, 2009	December 27, 2007
Cost of sales	$ 12,776	$ 42,558	$ 36,912
Selling, general and administrative expenses	3,084	(14)	2,540
Restructuring	53,888	50,263	43,731
	$ 69,748	$ 92,807	$ 83,183

Components of the restructuring actions are as follows:

	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Accelerated depreciation	$ 11,725	$ 23,848	$ 39,452
Inventory write-offs	4,135	18,696	—
Fixed asset impairments	7,503	8,993	1,857
Employee termination and other benefits	23,941	34,409	31,780
Noncancelable lease and other contractual obligations and other	22,444	6,861	10,094
	$ 69,748	$ 92,807	$ 83,183

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Rollforward of accrued restructuring is as follows:

	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Beginning accrual	$ 21,793	$ 23,350	$ 17,029
Restructuring expenses	45,720	49,198	46,762
Cash payments	(42,282)	(41,185)	(35,517)
Adjustments to restructuring expenses	(2,832)	(9,570)	(4,924)
Ending accrual	$ 22,399	$ 21,793	$ 23,350

The accrual balance as of January 2, 2010 is comprised of $18,244 in current accrued liabilities and $4,155 in other noncurrent liabilities. The $18,244 in current accrued liabilities consists of $9,415 for employee termination and other benefits and $8,829 for noncancelable lease and other contractual obligations. The $4,155 in other noncurrent liabilities primarily consists of noncancelable lease and other contractual obligations.

Adjustments to previous estimates resulted from actual costs to settle obligations being lower than expected. The adjustments were reflected in the "Restructuring" line of the Consolidated Statements of Income.

Year Ended January 2, 2010 Actions

During 2009, the Company approved actions to close eight manufacturing facilities, three distribution centers, a yarn warehouse and a cotton warehouse in the Dominican Republic, the United States, Costa Rica, Honduras, Puerto Rico and Canada, and eliminate an aggregate of approximately 4,100 positions in those countries and El Salvador. The production capacity represented by the manufacturing facilities has been primarily relocated to lower cost locations in Asia, Central America and the Caribbean Basin. The distribution capacity has been relocated to the Company's West Coast distribution center in California in order to expand capacity for goods the Company sources from Asia. In addition, approximately 300 management and administrative positions were eliminated, with the majority of these positions based in the United States. The Company recorded charges of $46,216 in 2009, related to these actions. The Company recognized $25,038 for employee termination and other benefits recognized in accordance with benefit plans previously communicated to the affected employee group, $9,204 for accelerated depreciation of buildings and equipment, $6,071 for noncancelable lease and other contractual obligations related to the closure of certain manufacturing facilities, $3,529 for fixed asset impairments related to the closure of certain manufacturing facilities, $1,635 for write-offs of stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate related to the closure of certain manufacturing facilities and $739 for other exit costs. These charges are reflected in the "Restructuring," "Cost of sales" and "Selling, general and administrative expenses" lines of the Consolidated Statements of Income. As of January 2, 2010, 3,044 employees had been terminated and the severance obligation remaining in accrued restructuring on the Consolidated Balance Sheet was $8,977. The noncancelable lease and other contractual obligations remaining in accrued restructuring on the Consolidated Balance Sheet as of January 2, 2010 was $5,471. All actions are expected to be completed within a 12-month period.

During 2009, the Company ceased making its own yarn and now sources all of its yarn requirements from large-scale yarn suppliers. The Company entered into an agreement with Parkdale America, LLC ("Parkdale America") under which the Company agreed to sell or lease assets related to operations at the Company's four yarn manufacturing facilities to Parkdale America. The transaction closed in October 2009 and resulted in Parkdale America operating three of the four facilities. As discussed above, the Company approved an action to close the fourth yarn manufacturing facility, as well as a yarn warehouse and a cotton warehouse. The Company also entered into a yarn purchase agreement with Parkdale America and Parkdale Mills, LLC (together with Parkdale America,

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"Parkdale"). Under this agreement, which has an initial term of six years, Parkdale will produce and sell to the Company a substantial amount of the Company's Western Hemisphere yarn requirements. During the first two years of the term, Parkdale will also produce and sell to the Company a substantial amount of the yarn requirements of the Company's Nanjing, China textile facility.

The following table summarizes planned and actual employee terminations by location as of January 2, 2010:

Number of Employees	Total
Dominican Republic	1,366
United States	1,246
Costa Rica	681
El Salvador	599
Honduras	332
Puerto Rico	117
Other	67
	4,408
Actions completed	3,044
Actions remaining	1,364
	4,408

Year Ended January 3, 2009 Actions

During 2008, the Company approved actions to close 11 manufacturing facilities and three distribution centers and eliminate approximately 6,800 positions in Mexico, the United States, Costa Rica, Honduras and El Salvador. The production capacity represented by the manufacturing facilities has been relocated to lower cost locations in Asia, Central America and the Caribbean Basin. The distribution capacity has been relocated to the Company's West Coast distribution facility in California in order to expand capacity for goods the Company sources from Asia. In addition, approximately 200 management and administrative positions were eliminated, with the majority of these positions based in the United States. All actions were substantially completed within a 12-month period. The Company recorded charges of $87,117 in the year ended January 3, 2009. The Company recognized $37,190 which represents employee termination and other benefits recognized in accordance with benefit plans previously communicated to the affected employee group, $18,696 for write-offs of stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate related to the closure of certain manufacturing facilities, $14,457 for accelerated depreciation of buildings and equipment, $8,495 for noncancelable leases, other contractual obligations and other charges related to the closure of certain manufacturing facilities and $8,279 for fixed asset impairments related to the closure of certain manufacturing facilities. These charges are reflected in the "Restructuring," "Cost of sales" and "Selling, general and administrative expenses" lines of the Consolidated Statement of Income. As of January 2, 2010, 6,978 employees had been terminated and the severance obligation remaining in accrued restructuring on the Consolidated Balance Sheet was $1,353. The lease termination and other contractual obligations remaining in accrued restructuring on the Consolidated Balance Sheet as of January 2, 2010 was $6,322.

During 2009, the Company recognized additional charges, as well as credits for certain actions which were completed for amounts more favorable than previously estimated, associated with facility closures announced in 2008, resulting in a decrease of $17,833 to income before income tax expense. In 2009, the Company recognized charges of $7,628 for noncancelable lease and other contractual obligations associated with plant closures announced in 2008, charges of $7,620 for other exit costs, charges of $2,732 for fixed asset impairments related to the closure of certain manufacturing facilities and charges of $2,411 for write-offs of stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate related to the closure of certain manufacturing facilities. The Company recognized credits of $836 for employee termination and other

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benefits resulting from actual costs to settle obligations being lower than expected and credits of $1,722 to accelerated depreciation as a result of proceeds from sales of fixed assets to which accelerated depreciation was previously charged exceeding previous estimates. These charges and credits are reflected in the "Restructuring," and "Cost of sales" and "Selling, general and administrative expenses" lines of the Consolidated Statements of Income.

The following table summarizes planned and actual employee terminations by location as of January 2, 2010:

Number of Employees	Total
Mexico	1,958
United States	1,909
Costa Rica	1,710
Honduras	1,193
El Salvador	150
Other	84
	7,004
Actions completed	6,978
Actions remaining	26
	7,004

Year Ended December 29, 2007 Restructuring Actions

During 2007, the Company, in connection with its consolidation and globalization strategy, approved actions to close 16 manufacturing facilities and three distribution centers in the Dominican Republic, Mexico, the United States, Brazil and Canada. All actions were substantially completed within a 12-month period. The net impact of these actions was to reduce income before income tax expense by $70,050 in the year ended December 29, 2007. As of January 2, 2010, 6,256 employees had been terminated and the severance obligation remaining in accrued liabilities on the Consolidated Balance Sheet was $46. The lease termination and other contractual obligations remaining in accrued restructuring on the Consolidated Balance Sheet as of January 2, 2010 was $94.

During 2008, the Company recognized additional restructuring charges associated with plant closures announced in 2007, resulting in a decrease of $8,661 to net income before income tax expense. The Company recognized charges of $10,484 for accelerated depreciation of buildings and equipment associated with plant closures and charges of $661 for lease termination costs, other contractual obligations and other restructuring related expenses. The additional charges are reflected in the "Cost of sales," "Selling, general and administrative expenses" and "Restructuring" lines of the Consolidated Statements of Income.

During 2008, certain actions were completed for amounts more favorable than originally estimated, resulting in an increase of $2,484 to income before income tax expense. The $2,484 consists of a credit for employee termination and other benefits and resulted from actual costs to settle obligations being lower than expected. The adjustment is reflected in the "Restructuring" line of the Consolidated Statements of Income.

During 2009, the Company recognized additional restructuring charges associated with plant closures announced in 2007, resulting in a decrease of $4,631 to income before income tax expense. In 2009, the Company recognized charges of $4,222 for accelerated depreciation of buildings and equipment associated with plant closures and $409 for other exit costs. These charges are reflected in the "Restructuring," "Cost of sales" and "Selling, general and administrative expenses" lines of the Consolidated Statements of Income.

The following table summarizes planned and actual employee terminations by location as of January 2, 2010:

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Number of Employees	Total
Dominican Republic	2,635
Mexico	2,151
United States	1,222
Brazil	156
Canada	93
	6,257
Actions completed	6,256
Actions remaining	1
	6,257

(6) Inventories

Inventories consisted of the following:

	January 2, 2010	January 3, 2009
Raw materials	$ 106,138	$ 172,494
Work in process	100,686	116,800
Finished goods	842,380	1,001,236
	$ 1,049,204	$ 1,290,530

(7) Trade Accounts Receivable

Allowances for Trade Accounts Receivable

The changes in the Company's allowance for doubtful accounts and allowance for chargebacks and other deductions are as follows:

	Allowance for Doubtful Accounts	Allowance for Chargebacks and Other Deductions	Total
Balance at December 30, 2006	$ 10,662	$ 17,047	$ 27,709
Charged to expenses	(363)	45,966	45,603
Deductions and write-offs	(971)	(40,699)	(41,670)
Balance at December 29, 2007	9,328	22,314	31,642
Charged to expenses	8,074	5,366	13,440
Deductions and write-offs	(4,847)	(18,338)	(23,185)
Balance at January 3, 2009	12,555	9,342	21,897
Charged to expenses	3,647	5,724	9,371
Deductions and write-offs	(700)	(4,792)	(5,492)
Balance at January 2, 2010	$ 15,502	$ 10,274	$ 25,776

Charges to the allowance for doubtful accounts are reflected in the "Selling, general and administrative expenses" line and charges to the allowance for customer chargebacks and other customer deductions are primarily reflected as a reduction in the "Net sales" line of the Consolidated Statements of Income. Deductions and write-offs, which do not increase or decrease income, represent write-offs of previously reserved accounts receivables and allowed customer chargebacks and deductions against gross accounts receivable.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

Sale of Accounts Receivable

In December 2009, the Company entered into an agreement to sell selected trade accounts receivable to a financial institution. After the sale, the Company does not retain any interests in the receivables and the financial institution services and collects these accounts receivable directly from the customer. Net proceeds of this accounts receivable sale program are recognized in the Consolidated Statement of Cash Flows as part of operating cash flows. By January 2, 2010, the Company sold $71,248 of accounts receivable at their stated value, and accordingly accounts receivable in the January 2, 2010 Consolidated Balance Sheet was reduced by that amount. The funding fee of $163 charged by the financial institution for this program in 2009 was recorded in the "Other expense (income)" line in the Consolidated Statement of Income.

(8) Property, Net

Property is summarized as follows:

	January 2, 2010	January 3, 2009
Land	$ 28,544	$ 29,633
Buildings and improvements	478,148	413,375
Machinery and equipment	895,336	952,301
Construction in progress	28,973	106,043
Capital leases	4,018	3,794
	1,435,019	1,505,146
Less accumulated depreciation	832,193	916,957
Property, net	$ 602,826	$ 588,189

(9) Notes Payable

The Company had the following short-term obligations at January 2, 2010 and January 3, 2009:

		Principle Amount	
	Interest Rate as of January 2, 2010	January 2, 2010	January 3, 2009
Short-term revolving facility in El Salvador	4.47%	$ 30,000	$ —
Short-term revolving facility in Luxembourg	3.23%	25,000	—
Short-term revolving facility in Thailand	5.32%	4,284	15,472
Short-term revolving facility in China	6.37%	7,397	8,203
Short-term revolving facility in El Salvador	—	—	28,730
Short-term revolving facility in India	—	—	5,300
Other	—	—	4,029
		$ 66,681	$ 61,734

The Company has a short-term revolving facility arrangement with a Salvadoran branch of a Canadian bank amounting to $30,000 of which $30,000 was outstanding at January 2, 2010 which accrues interest at 4.47%. The Company was in compliance with the financial covenants contained in this facility at January 2, 2010.

(amounts in thousands, except per share data)

The Company has a short-term revolving facility arrangement with a U.S. bank amounting to $25,000 of which $25,000 was outstanding at January 2, 2010 which accrues interest at 3.23%. The Company was in compliance with the financial covenants contained in this facility at January 2, 2010.

The Company has a short-term revolving facility arrangement with a Hong Kong bank amounting to THB 600 million ($17,980) of which $4,284 was outstanding at January 2, 2010 which accrues interest at 5.32%. The Company was in compliance with the financial covenants contained in this facility at January 2, 2010.

The Company has a short-term revolving facility arrangement with a Chinese branch of a U.S. bank amounting to RMB 56 million ($8,203) of which $7,397 was outstanding at January 2, 2010 which accrues interest at 6.37%. Borrowings under the facility accrue interest at the prevailing base lending rates published by the People's Bank of China from time to time plus 20%. The Company was in compliance with the financial covenants contained in this facility at January 2, 2010.

In addition, the Company has short-term revolving credit facilities in various other locations that can be drawn on from time to time amounting to $20,433 of which $0 was outstanding at January 2, 2010.

Total interest paid on notes payable was $3,974, $2,208 and $1,175 in 2009, 2008 and 2007, respectively.

(10) Debt

The Company had the following debt at January 2, 2010 and January 3, 2009:

	Interest Rate as of January 2, 2010	Principal Amount		Maturity Date
		January 2, 2010	January 3, 2009	
2009 Senior Secured Credit Facility:				
Term Loan Facility	5.25%	$ 750,000	$ —	December 2015
Revolving Loan Facility	6.75%	51,500	—	December 2013
8% Senior Notes	8.00%	500,000	—	December 2016
Floating Rate Senior Notes	3.83%	490,735	493,680	December 2014
Accounts Receivable Securitization Facility	2.80%	100,000	242,617	December 2010
2006 Senior Secured Credit Facility:				
Term A Facility		—	139,000	September 2012
Term B Facility		—	851,250	September 2013
Second Lien Credit Facility		—	450,000	March 2014
		1,892,235	2,176,547	
Less current maturities		164,688	45,640	
		$ 1,727,547	$ 2,130,907	

In connection with the spin off on September 5, 2006, the Company entered into a $2,150,000 senior secured credit facility (the "2006 Senior Secured Credit Facility"), a $450,000 senior secured second lien credit facility (the "Second Lien Credit Facility") and a $500,000 bridge loan facility (the "Bridge Loan Facility"). The Bridge Loan Facility was paid off in full through the issuance of $500,000 of floating rate senior notes (the "Floating Rate Senior Notes") issued in December 2006. On November 27, 2007, the Company entered into an accounts receivable securitization facility ("the Accounts Receivable Securitization Facility"), which initially provided for up to $250,000 in funding accounted for as a secured borrowing, limited to the availability of eligible receivables, and is secured by certain domestic trade receivables. On December 10, 2009, the Company completed the sale of $500,000 in aggregate principal amount of 8.000% senior notes (the "8% Senior Notes") and amended and restated

the 2006 Senior Secured Credit Facility to provide for a new $1,150,000 senior secured credit facility (the "2009 Senior Secured Credit Facility"). The Company used the net proceeds from the offering of the 8% Senior Notes together with the proceeds from the borrowings under the 2009 Senior Secured Credit Facility, to refinance outstanding borrowings under the 2006 Senior Secured Credit Facility, to repay the outstanding borrowings under the Second Lien Credit Facility and to pay fees and expenses related to these transactions. The outstanding balances at January 2, 2010 are reported in the "Long-term debt" and "Current portion of debt" lines of the Consolidated Balance Sheets.

Total cash paid for interest related to debt in 2009, 2008 and 2007 was $161,854, $150,898 and $165,331, respectively.

2009 Senior Secured Credit Facility

The 2009 Senior Secured Credit Facility initially provides for aggregate borrowings of $1,150,000, consisting of a $750,000 term loan facility (the "Term Loan Facility") and a $400,000 revolving loan facility (the "Revolving Loan Facility"). A portion of the Revolving Loan Facility is available for the issuances of letters of credit and the making of swingline loans, and any such issuance of letters of credit or making of a swingline loan will reduce the amount available under the Revolving Loan Facility. At the Company's option, it may add one or more term loan facilities or increase the commitments under the Revolving Loan Facility in an aggregate amount of up to $300,000 so long as certain conditions are satisfied, including, among others, that no default or event of default is in existence and that the Company is in pro forma compliance with the financial covenants described below. As of January 2, 2010, the Company had $51,500 outstanding under the Revolving Loan Facility, $41,496 of standby and trade letters of credit issued and outstanding under this facility and $307,004 of borrowing availability. At January 2, 2010, the interest rates on the Term Loan Facility and the Revolving Loan Facility were 5.25% and 6.75% respectively.

The proceeds of the Term Loan Facility were used to refinance all amounts outstanding under the Term A loan facility (in an initial principal amount of $250,000) and Term B loan facility (in an initial principal amount of $1,400,000) under the 2006 Senior Secured Credit Facility and to repay all amounts outstanding under the Second Lien Credit Facility. Proceeds of the Revolving Loan Facility were used to pay fees and expenses in connection with these transactions, and will be used for general corporate purposes and working capital needs.

The 2009 Senior Secured Credit Facility is guaranteed by substantially all of the Company's existing and future direct and indirect U.S. subsidiaries, with certain customary or agreed-upon exceptions for certain subsidiaries. The Company and each of the guarantors under the 2009 Senior Secured Credit Facility have granted the lenders under the 2009 Senior Secured Credit Facility a valid and perfected first priority (subject to certain customary exceptions) lien and security interest in the following:

- the equity interests of substantially all of the Company's direct and indirect U.S. subsidiaries and 65% of the voting securities of certain first tier foreign subsidiaries; and
- substantially all present and future property and assets, real and personal, tangible and intangible, of the Company and each guarantor, except for certain enumerated interests, and all proceeds and products of such property and assets.

The Term Loan Facility matures on December 10, 2015. The Term Loan Facility will be repaid in equal quarterly installments in an amount equal to 1% per annum, with the balance due on the maturity date. The Revolving Loan Facility matures on December 10, 2013. All borrowings under the Revolving Loan Facility must be repaid in full upon maturity. Outstanding borrowings under the 2009 Senior Secured Credit Facility are prepayable without penalty. There are mandatory prepayments of principal in connection with (i) the incurrence of certain indebtedness, (ii) non-ordinary course asset sales or other dispositions (including as a result of casualty or condemnation) that exceed certain thresholds in any period of 12 consecutive months, with customary reinvestment

provisions, and (iii) excess cash flow, which percentage will be based upon the Company's leverage ratio during the relevant fiscal period.

At the Company's option, borrowings under the 2009 Senior Secured Credit Facility may be maintained from time to time as (a) Base Rate loans, which shall bear interest at the highest of (i) 1/2 of 1% in excess of the federal funds rate, (ii) the rate publicly announced by JPMorgan Chase Bank as its "prime rate" at its principal office in New York City, in effect from time to time and (iii) the LIBO Rate (as defined in the 2009 Senior Secured Credit Facility and adjusted for maximum reserves) for LIBOR-based loans with a one-month interest period plus 1.0%, in effect from time to time, in each case plus the applicable margin, or (b) LIBOR-based loans, which shall bear interest at the higher of (i) LIBO Rate (as defined in the 2009 Senior Secured Credit Facility and adjusted for maximum reserves), as determined by reference to the rate for deposits in dollars appearing on the Reuters Screen LIBOR01 Page for the respective interest period or other commercially available source designated by the administrative agent, and (ii) 2.00%, plus the applicable margin in effect from time to time. The applicable margin for the Term Loan Facility and the Revolving Loan Facility will be determined by reference to a leverage-based pricing grid set forth in the 2009 Senior Secured Credit Facility. In the case of the Term Loan Facility, the applicable margin will be (a) 3.25% for LIBOR-based loans and 2.25% for Base Rate loans if the Company's leverage ratio is greater than or equal to 2.50 to 1, and (b) 3.00% for LIBOR-based loans and 2.00% for Base Rate loans if the Company's leverage ratio is less than 2.50 to 1. In the case of the Revolving Loan Facility, the applicable margin will range from a maximum of 4.75% in the case of LIBOR-based loans and 3.75% in the case of Base Rate loans if the Company's leverage ratio is greater than or equal to 4.00 to 1, and will step down in 0.25% increments to a minimum of 4.00% in the case of LIBOR-based loans and 3.00% in the case of Base Rate loans if the Company's leverage ratio is less than 2.50 to 1. The applicable margin from the closing date of the 2009 Senior Secured Credit Facility through the delivery of the Company's financial statements for the second fiscal quarter of 2010 will be (a) in the case of the Term Loan Facility, 3.25% and 2.25% for LIBOR-based loans and Base Rate loans, respectively, and (b) in the case of the Revolving Loan Facility, 4.50% and 3.50% for LIBOR-based loans and Base Rate loans, respectively.

The 2009 Senior Secured Credit Facility requires the Company to comply with customary affirmative, negative and financial covenants. The 2009 Senior Secured Credit Facility requires that the Company maintain a minimum interest coverage ratio and a maximum total debt to EBITDA (earnings before income taxes, depreciation expense and amortization as computed pursuant to the 2009 Senior Secured Credit Facility), or leverage ratio. The interest coverage ratio covenant requires that the ratio of the Company's EBITDA for the preceding four fiscal quarters to its consolidated total interest expense for such period shall not be less than a specified ratio for each fiscal quarter beginning with the fourth fiscal quarter of 2009. This ratio was 2.50 to 1 for the fourth fiscal quarter of 2009 and will increase over time until it reaches 3.25 to 1 for the third fiscal quarter of 2011 and thereafter. The leverage ratio covenant requires that the ratio of the Company's total debt to EBITDA for the preceding four fiscal quarters will not be more than a specified ratio for each fiscal quarter beginning with the fourth fiscal quarter of 2009. This ratio was 4.50 to 1 for the fourth fiscal quarter of 2009 and will decline over time until it reaches 3.75 to 1 for the second fiscal quarter of 2011 and thereafter. The method of calculating all of the components used in the covenants is included in the 2009 Senior Secured Credit Facility.

The 2009 Senior Secured Credit Facility also requires the Company to calculate excess cash flow (as computed pursuant to the 2009 Senior Secured Credit Facility) as of the end of each fiscal year and the Company may be required in certain circumstances to make mandatory prepayments of amounts outstanding under the Term Loan Facility as a result of such calculation. As a result of the excess cash flow calculation for 2009, the Company is required to prepay $57,188 million under the Term Loan Facility during the second quarter of 2010.

The 2009 Senior Secured Credit Facility contains customary events of default, including nonpayment of principal when due; nonpayment of interest after a stated grace period, fees or other amounts after stated grace period; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; any cross-default to material indebtedness; certain material judgments; certain events related to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), actual or asserted invalidity of any guarantee, security document or subordination provision or non-perfection of security interest, and a change in control (as defined in the 2009 Senior Secured Credit Facility).

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

8% Senior Notes

On December 10, 2009, the Company issued $500,000 aggregate principal amount of the 8% Senior Notes. The 8% Senior Notes are senior unsecured obligations that rank equal in right of payment with all of the Company's existing and future unsubordinated indebtedness. The 8% Senior Notes bear interest at an annual rate equal to 8%. Interest is payable on the 8% Senior Notes on June 15 and December 15 of each year. The 8% Senior Notes will mature on December 10, 2016. The net proceeds from the sale of the 8% Senior Notes were approximately $480,000. As noted above, these proceeds, together with the proceeds from borrowings under the 2009 Senior Secured Credit Facility, were used to refinance borrowings under the 2006 Senior Secured Credit Facility, to repay all borrowings under the Second Lien Credit Facility and to pay fees and expenses relating to these transactions. The 8% Senior Notes are guaranteed by substantially all of the Company's domestic subsidiaries.

The Company may redeem some or all of the notes prior to December 15, 2013 at a redemption price equal to 100% of the principal amount of 8% Senior Notes redeemed plus an applicable premium. The Company may redeem some or all of the 8% Senior Notes at any time on or after December 15, 2013 at a redemption price equal to the principal amount of the 8% Senior Notes plus a premium of 4% if redeemed during the 12-month period commencing on December 15, 2013, 2% if redeemed during the 12-month period commencing on December 15, 2014 and no premium if redeemed after December 15, 2015, as well as any accrued and unpaid interest as of the redemption date. In addition, at any time prior to December 15, 2012, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 108% of the principal amount of the Notes redeemed with the net cash proceeds of certain equity offerings.

The indenture governing the 8% Senior Notes contains customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest; breach of other agreements in such indenture; failure to pay certain other indebtedness; failure to pay certain final judgments; failure of certain guarantees to be enforceable; and certain events of bankruptcy or insolvency.

Floating Rate Senior Notes

On December 14, 2006, the Company issued $500,000 aggregate principal amount of the Floating Rate Senior Notes. The Floating Rate Senior Notes are senior unsecured obligations that rank equal in right of payment with all of the Company's existing and future unsubordinated indebtedness. The Floating Rate Senior Notes bear interest at an annual rate, reset semi-annually, equal to the London Interbank Offered Rate, or LIBOR, plus 3.375%. Interest is payable on the Floating Rate Senior Notes on June 15 and December 15 of each year. The Floating Rate Senior Notes will mature on December 15, 2014. The net proceeds from the sale of the Floating Rate Senior Notes were approximately $492,000. These proceeds, together with working capital, were used to repay in full the $500,000 outstanding under the Bridge Loan Facility. The Floating Rate Senior Notes are guaranteed by substantially all of the Company's domestic subsidiaries. The Company may redeem some or all of the Floating Rate Senior Notes at any time on or after December 15, 2008 at a redemption price equal to the principal amount of the Floating Rate Senior Notes plus a premium of 2% if redeemed during the 12-month period commencing on December 15, 2008, 1% if redeemed during the 12-month period commencing on December 15, 2009 and no premium if redeemed after December 15, 2010, as well as any accrued and unpaid interest as of the redemption date.

The indenture governing the Floating Rate Senior Notes contains customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest; breach of other agreements in such indenture; failure to pay certain other indebtedness; failure to pay certain final judgments; failure of certain guarantees to be enforceable; and certain events of bankruptcy or insolvency.

The Company repurchased $2,945 of the Floating Rate Senior Notes for $2,788 resulting in a gain of $157 in 2009. The Company repurchased $6,320 of the Floating Rate Senior Notes for $4,354 resulting in a gain of $1,966 in 2008.

Accounts Receivable Securitization Facility

On November 27, 2007, the Company entered into the Accounts Receivable Securitization Facility, which initially provided for up to $250,000 in funding accounted for as a secured borrowing, limited to the availability of eligible receivables, and is secured by certain domestic trade receivables. Under the terms of the Accounts Receivable Securitization Facility, the Company sells, on a revolving basis, certain domestic trade receivables to HBI Receivables LLC ("Receivables LLC"), a wholly-owned bankruptcy-remote subsidiary that in turn uses the trade receivables to secure the borrowings, which are funded through conduits that issue commercial paper in the short-term market and are not affiliated with the Company or through committed bank purchasers if the conduits fail to fund. The assets and liabilities of Receivables LLC are fully reflected on the Consolidated Balance Sheet, and the securitization is treated as a secured borrowing for accounting purposes. The borrowings under the Accounts Receivable Securitization Facility remain outstanding throughout the term of the agreement subject to the Company maintaining sufficient eligible receivables, by continuing to sell trade receivables to Receivables LLC, unless an event of default occurs. All of the proceeds from the Accounts Receivable Securitization Facility were used to make a prepayment of principal under the 2006 Senior Secured Credit Facility. On January 29, 2010, Receivables LLC gave notice to the agent and the managing agents under the Accounts Receivable Securitization Facility that, as permitted by the terms of the Accounts Receivable Securitization Facility, effective February 11, 2010, the amount of funding available under the Accounts Receivable Securitization Facility was being reduced from $250,000 to $150,000.

Availability of funding under the Accounts Receivable Securitization Facility depends primarily upon the eligible outstanding receivables balance. As of January 2, 2010, the Company had $100,000 outstanding under the Accounts Receivable Securitization Facility. The outstanding balance under the Accounts Receivable Securitization Facility is reported on the Consolidated Balance Sheet in the line "Current portion of debt." Unless the conduits fail to fund, the yield on the commercial paper, which is the conduits' cost to issue the commercial paper plus certain dealer fees, is considered a financing cost and is included in interest expense on the Consolidated Statement of Income. If the conduits fail to fund, the Accounts Receivable Securitization Facility would be funded through committed bank purchasers, and the interest rate payable at the Company's option at the rate announced from time to time by JPMorgan as its prime rate or at the LIBO Rate (as defined in the Accounts Receivable Securitization Facility) plus the applicable margin in effect from time to time. The average blended interest rate for the outstanding balance as of January 2, 2010 was 2.80%.

On March 16, 2009, the Company and Receivables LLC entered into Amendment No. 1 ("Amendment No. 1") to the Accounts Receivable Securitization Facility. Prior to the execution of Amendment No. 1, the Accounts Receivable Securitization Facility contained the same leverage ratio and interest coverage ratio provisions as the 2006 Senior Secured Credit Facility, and Amendment No. 1 conformed these ratios to the ratios provided for in the 2006 Senior Secured Credit Facility as modified by an amendment to the 2006 Senior Secured Credit Facility that was also entered into in March 2009. Pursuant to Amendment No.1, the rate that would be payable to the conduit purchasers or the committed purchasers party to the Accounts Receivable Securitization Facility in the event of certain defaults was increased from 1% over the prime rate to 3% over the greatest of (i) the one-month LIBO rate plus 1%, (ii) the weighted average rates on federal funds transactions plus 0.5%, or (iii) the prime rate. Also pursuant to Amendment No. 1, several of the factors that contribute to the overall availability of funding were amended in a manner that would be expected to generally reduce the amount of funding that would be available under the Accounts Receivable Securitization Facility. Amendment No. 1 also provides for certain other amendments to the Accounts Receivable Securitization Facility, including changing the termination date for the Accounts Receivable Securitization Facility from November 27, 2010 to March 15, 2010, and requiring that Receivables LLC make certain payments to a conduit purchaser, a committed purchaser, or certain entities that provide funding to or are affiliated with them, in the event that assets and liabilities of a conduit purchaser are consolidated for financial and/or regulatory accounting purposes with certain other entities.

On April 13, 2009, the Company and Receivables LLC entered into Amendment No. 2 ("Amendment No. 2") to the Accounts Receivable Securitization Facility. Pursuant to Amendment No. 2, several of the factors that

contribute to the overall availability of funding were amended in a manner would be expected to generally increase over time the amount of funding that would be available under the Accounts Receivable Securitization Facility as compared to the amount that would be available pursuant to Amendment No. 1. Amendment No. 2 also provides for certain other amendments to the Accounts Receivable Securitization Facility, including changing the termination date for the Accounts Receivable Securitization Facility from March 15, 2010 to April 12, 2010. In addition, HSBC Securities (USA) Inc. replaced JPMorgan Chase Bank, N.A. as agent under the Accounts Receivable Securitization Facility, PNC Bank, N.A. replaced JPMorgan Chase Bank, N.A. as a managing agent, and PNC Bank, N.A. and an affiliate of PNC Bank, N.A. replaced affiliates of JPMorgan Chase Bank, N.A. as a committed purchaser and a conduit purchaser, respectively.

On August 17, 2009, the Company and HBI Receivables entered into Amendment No. 3 to the Accounts Receivable Securitization Facility, pursuant to which certain definitions were amended to clarify the calculation of certain ratios that impact reporting under the Accounts Receivable Securitization Facility.

On December 10, 2009, the Company and Receivables LLC entered into Amendment No. 4 (“Amendment No. 4”) to the Accounts Receivable Securitization Facility. Prior to the execution of Amendment No. 4, the Accounts Receivable Securitization Facility contained the same leverage ratio and interest coverage ratio provisions as the 2006 Senior Secured Credit Facility. Amendment No. 4 conformed these ratios to the ratios provided for in the 2009 Senior Secured Credit Facility.

On December 21, 2009, the Company and Receivables LLC entered into Amendment No. 5 (“Amendment No. 5”) to the Accounts Receivable Securitization Facility. Pursuant to Amendment No. 5, Receivables LLC was permitted to sell receivables from certain obligors back to the Company, and to cease purchasing receivables of these certain obligors from us in the future. Amendment No. 5 also provides for certain other amendments to the Accounts Receivable Securitization Facility, including changing the termination date for the Accounts Receivable Securitization Facility from April 12, 2010 to December 20, 2010. In addition, certain of the factors that contribute to the overall availability of funding were modified in a manner that, taken together, could result in a reduction in the amount of funding that will be available under the Accounts Receivable Securitization Facility. In connection with Amendment No. 5, certain fees were due to the managing agents and certain fees payable to the committed purchasers and the conduit purchasers were decreased.

The Accounts Receivable Securitization Facility contains customary events of default and requires the Company to maintain the same interest coverage ratio and leverage ratio as required by the 2009 Senior Secured Credit Facility. As of January 2, 2010, the Company was in compliance with all financial covenants.

The total amount of receivables used as collateral for the credit facility was $310,477 at January 2, 2010 and is reported on the Company’s Consolidated Balance Sheet in trade accounts receivable less allowances.

Future Principal Payments

Future principal payments for all of the facilities described above are as follows: $164,688 due in 2010, $5,625 due in 2011, $7,500 due in 2012, $59,000 due in 2013, $498,235 due in 2014 and $1,157,187 thereafter.

Debt Issuance Costs

The Company incurred $54,342 in capitalized debt issuance costs in connection with entering into of the 2009 Senior Secured Facility and the amendments to the 2006 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility in 2009. The Company incurred $69 and $3,266 in debt issuance costs in connection with entering into the amendments to the 2006 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility in 2008 and 2007, respectively. Debt issuance costs are amortized to interest expense over the respective lives of the debt instruments, which range from one to seven years. As of January 2, 2010, the net carrying value of unamortized debt issuance costs was $65,729 which is included in other noncurrent assets in the Consolidated Balance Sheet. The Company’s debt issuance cost amortization was $10,967, $6,032 and

(amounts in thousands, except per share data)

$6,475 in 2009, 2008 and 2007, respectively.

In 2009, the Company recognized charges of $20,634 in the "Other expense (income)" line of the Consolidated Statements of Income, which represents certain costs related to the issuance of the 2009 Senior Secured Facility and the amendments to the 2006 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility. The Company recognized $2,423 of losses on early extinguishment of debt in 2009 related to the prepayment of $140,250 on the 2006 Senior Secured Credit Facility.

The Company recognized $1,332 of losses on early extinguishment of debt in 2008 which is comprised of a loss of $1,269 related to the prepayment of $125,000 on the 2006 Senior Secured Credit Facility and $63 related to the repurchase of $6,320 of Floating Rate Senior Notes. In 2007, the Company recognized $5,235 of losses on early extinguishment of debt related to prepayments of $425,000 on the 2006 Senior Secured Credit Facility.

(11) Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows:

	Cumulative Translation Adjustment	Net Unrealized Income (Loss) on Cash Flows Hedges	Pension and Postretirement	Income Taxes	Accumulated Other Comprehensive Loss
Balance at December 29, 2007	$ 9,230	$ (17,894)	$ (44,167)	$ 23,913	$ (28,918)
Other comprehensive income (loss) activity	(29,463)	(63,501)	(301,282)	141,695	(252,551)
Balance at January 3, 2009	(20,233)	(81,395)	(345,449)	165,608	(281,469)
Other comprehensive income (loss) activity	18,966	46,219	12,763	(19,474)	58,474
Balance at January 2, 2010	$ (1,267)	$ (35,176)	$ (332,686)	$ 146,134	$ (222,995)

(12) Commitments and Contingencies

The Company is a party to various pending legal proceedings, claims and environmental actions by government agencies. In accordance with the accounting rules for contingencies, the Company records a provision with respect to a claim, suit, investigation, or proceeding when it is probable that a liability has been incurred and the amount of the loss can reasonably be estimated. Any provisions are reviewed at least quarterly and are adjusted to reflect the impact and status of settlements, rulings, advice of counsel and other information pertinent to the particular matter. The recorded liabilities for these items were not material to the Consolidated Financial Statements of the Company in any of the years presented. Although the outcome of such items cannot be determined with certainty, the Company's legal counsel and management are of the opinion that the final outcome of these matters will not have a material adverse impact on the consolidated financial position, results of operations or liquidity.

Operating Leases

The Company leases certain buildings and equipment under agreements that are classified as operating leases. Rental expense under operating leases was $63,759, $53,072 and $47,366 in 2009, 2008 and 2007, respectively.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) are as follows: $49,047 in 2010, $40,450 in 2011, $30,923 in 2012, $22,770 in 2013, $20,591 in 2014 and $86,163 thereafter.

(amounts in thousands, except per share data)

During 2009, the Company entered into a sale-leaseback transaction involving a manufacturing facility. The facility is being leased back over 22 months and is classified as an operating lease. The Company received net proceeds on the sale of $2,517, resulting in a deferred gain of $348 which will be amortized over the lease term.

During 2008, the Company entered into sale-leaseback transactions involving two distribution centers and one manufacturing facility. The facilities are being leased back over terms ranging from one to four years and are classified as operating leases. The Company received net proceeds on the sales of $18,782, resulting in deferred gains of $6,317 which will be amortized over the lease terms.

License Agreements

The Company is party to several royalty-bearing license agreements for use of third-party trademarks in certain of their products. The license agreements typically require a minimum guarantee to be paid either at the commencement of the agreement, by a designated date during the term of the agreement or by the end of the agreement period. When payments are made in advance of when they are due, the Company records a prepayment and amortizes the expense in the "Cost of sales" line of the Consolidated Statements of Income uniformly over the guaranteed period. For guarantees required to be paid at the completion of the agreement, royalties are expensed through "Cost of sales" as the related sales are made. Management has reviewed all license agreements and has concluded that there are no liabilities recorded at inception of the agreements.

During 2009, 2008 and 2007, the Company incurred royalty expense of approximately $11,105, $11,709 and $11,583, respectively.

Minimum amounts due under the license agreements are approximately $8,775 in 2010, $2,644 in 2011, $1,296 in 2012, $60 in 2013 and $60 in 2014. In addition to the minimum guaranteed amounts under license agreements, in 2007 the Company entered into a partnership agreement which included a minimum fee of $6,300 for each year from 2008 through 2017.

(13) Intangible Assets and Goodwill

(a) Intangible Assets

The primary components of the Company's intangible assets and the related accumulated amortization are as follows:

	Gross	Accumulated Amortization	Net Book Value
Year ended January 2, 2010:			
Intangible assets subject to amortization:			
Trademarks and brand names	$ 192,440	$ 77,146	$ 115,294
Computer software	56,356	35,436	20,920
	$ 248,796	$ 112,582	
Net book value of intangible assets			$ 136,214

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	Gross	Accumulated Amortization	Net Book Value
Year ended January 3, 2009:			
Intangible assets subject to amortization:			
Trademarks and brand names	$ 192,857	$ 72,766	$ 120,091
Computer software	55,556	28,204	27,352
	$ 248,413	$ 100,970	
Net book value of intangible assets			$ 147,443

The amortization expense for intangibles subject to amortization was $12,443, $12,019 and $6,205 for 2009, 2008 and 2007, respectively. The estimated amortization expense for the next five years, assuming no change in the estimated useful lives of identifiable intangible assets or changes in foreign exchange rates is as follows: $11,620 in 2010, $8,876 in 2011, $8,484 in 2012, $8,201 in 2013 and $7,782 in 2014. There was no impairment of trademarks in any of the periods presented.

(b) Goodwill

During 2008, the Company completed two business acquisitions: a sewing operation in Thailand and an embroidery and screen-printing production operation in Honduras, that resulted in the recognition of goodwill of $3,665 and $3,797, respectively.

During 2007, the Company completed two business acquisitions in El Salvador: a textile manufacturing operation and a sheer hosiery manufacturing company, that resulted in the recognition of goodwill of $27,293 and $1,517, respectively. The Company recognized $4,115 of additional goodwill for these acquisitions in 2008 upon completion of final purchase price allocations.

None of the preceding business acquisitions were determined by the Company to be material, individually or in the aggregate. As a result, the disclosures and supplemental pro forma information required by SFAS 141 are not presented.

Goodwill and the changes in those amounts during the period are as follows:

	Innerwear	Outerwear	Hosiery	Direct to Consumer	International	Total
Net book value at December 29, 2007	$ 211,209	$ 62,711	$ 23,219	$ 255	$ 13,031	$ 310,425
Acquisitions of businesses	8,520	1,103	1,954	—	—	11,577
Net book value at January 3, 2009	219,729	63,814	25,173	255	13,031	322,002
Net book value at January 2, 2010	$ 219,729	$ 63,814	$ 25,173	$ 255	$ 13,031	$ 322,002

There has been no impairment of goodwill.

(14) Financial Instruments and Risk Management

The Company uses financial instruments to manage its exposures to movements in interest rates, foreign exchange rates and commodity prices. The use of these financial instruments modifies the Company's exposure to these risks with the goal of reducing the risk or cost to the Company. The Company does not use derivatives for trading purposes and is not a party to leveraged derivative contracts.

The Company recognizes all derivative instruments as either assets or liabilities at fair value in the Consolidated Balance Sheets. The fair value is based upon either market quotes for actively traded instruments or independent bids for nonexchange traded instruments. The Company formally documents its hedge relationships, including identifying the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. This process includes linking derivatives that are designated as hedges of specific assets, liabilities, firm commitments or forecasted transactions to the hedged risk. On the date the derivative is entered into, the Company designates the derivative as a fair value hedge, cash flow hedge, net investment hedge or a mark to market hedge, and accounts for the derivative in accordance with its designation. The Company also formally assesses, both at inception and at least quarterly thereafter, whether the derivatives are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. If it is determined that a derivative ceases to be a highly effective hedge, or if the anticipated transaction is no longer likely to occur, the Company discontinues hedge accounting, and any deferred gains or losses are recorded in the respective measurement period. The Company currently does not have any fair value or net investment hedge instruments.

The Company may be exposed to credit losses in the event of nonperformance by individual counterparties or the entire group of counterparties to the Company's derivative contracts. Risk of nonperformance by counterparties is mitigated by dealing with highly rated counterparties and by diversifying across counterparties.

Mark to Market Hedges

A derivative used as a hedging instrument whose change in fair value is recognized to act as an economic hedge against changes in the values of the hedged item is designated a mark to market hedge.

Mark to Market Hedges — Intercompany Foreign Exchange Transactions

The Company uses foreign exchange derivative contracts to reduce the impact of foreign exchange fluctuations on anticipated intercompany purchase and lending transactions denominated in foreign currencies. Foreign exchange derivative contracts are recorded as mark to market hedges when the hedged item is a recorded asset or liability that is revalued in each accounting period. Mark to market hedge derivatives relating to intercompany foreign exchange contracts are reported in the Consolidated Statements of Cash Flows as cash flow from operating activities. The table below summarizes the U.S. dollar equivalent of commitments to purchase and sell foreign currencies in the Company's foreign currency mark to market hedge derivative portfolio using the exchange rate at the reporting date as of January 2, 2010 and January 3, 2009.

(amounts in thousands, except per share data)

	January 2, 2010	January 3, 2009
Foreign currency bought (sold):		
Canadian dollar	$ —	$ 40,537
Canadian dollar	(3,420)	—
Japanese yen	(863)	—
European euro	(2,650)	(18,181)
European euro	1,732	5,347
Mexican peso	(38,028)	(11,310)
Mexican peso	14,061	—

Cash Flow Hedges

A hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability is designated as a cash flow hedge. The effective portion of the change in the fair value of a derivative that is designated as a cash flow hedge is recorded in the "Accumulated other comprehensive loss" line of the Consolidated Balance Sheets. When the impact of the hedged item is recognized in the income statement, the gain or loss included in accumulated other comprehensive loss is reported on the same line in the Consolidated Statements of Income as the hedged item.

Cash Flow Hedges — Interest Rate Derivatives

The Company has executed in the past certain interest rate cash flow hedges in the form of swaps and caps in order to mitigate the Company's exposure to variability in cash flows for the future interest payments on a designated portion of floating rate debt. The effective portion of interest rate hedge gains and losses deferred in "Accumulated other comprehensive loss" is reclassified into earnings as the underlying debt interest payments are recognized. Interest rate cash flow hedge derivatives are reported as a component of interest expense and therefore are reported as cash flow from operating activities similar to the manner in which cash interest payments are reported in the Consolidated Statements of Cash Flows.

Cash Flow Hedges — Foreign Currency Derivatives

The Company uses forward exchange and option contracts to reduce the effect of fluctuating foreign currencies on short-term foreign currency-denominated transactions, foreign currency-denominated investments, and other known foreign currency exposures. Gains and losses on these contracts are intended to offset losses and gains on the hedged transaction in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates. The effective portion of foreign exchange hedge gains and losses deferred in "Accumulated other comprehensive loss" is reclassified into earnings as the underlying inventory is sold, using historical inventory turnover rates. The settlement of foreign exchange hedge derivative contracts related to the purchase of inventory or other hedged items are reported in the Consolidated Statements of Cash Flows as cash flow from operating activities.

Historically, the principal currencies hedged by the Company include the Euro, Mexican peso, Canadian dollar and Japanese yen. Forward exchange contracts mature on the anticipated cash requirement date of the hedged transaction, generally within one year. The table below summarizes the U.S. dollar equivalent of commitments to purchase and sell foreign currencies in the Company's foreign currency cash flow hedge derivative portfolio using the exchange rate at the reporting date as of January 2, 2010 and January 3, 2009.

(amounts in thousands, except per share data)

	January 2, 2010	January 3, 2009
Foreign currency bought (sold):		
Canadian dollar	$ (32,955)	$ (29,430)
Japanese yen	(12,526)	(7,839)
European euro	—	(7,568)
Mexican peso	(16,307)	—

Cash Flow Hedges — Commodity Derivatives

Cotton is the primary raw material used to manufacture many of the Company's products and is purchased at market prices. From time to time, the Company uses commodity financial instruments to hedge the price of cotton, for which there is a high correlation between the hedged item and the hedge instrument. Gains and losses on these contracts are intended to offset losses and gains on the hedged transactions in an effort to reduce the earnings volatility resulting from fluctuating commodity prices. The effective portion of commodity hedge gains and losses deferred in "Accumulated other comprehensive loss" is reclassified into earnings as the underlying inventory is sold, using historical inventory turnover rates. The settlement of commodity hedge derivative contracts related to the purchase of inventory is reported in the Consolidated Statements of Cash Flows as cash flow from operating activities. There were no amounts outstanding under cotton futures or cotton option contracts at January 2, 2010 and January 3, 2009.

Fair Values of Derivative Instruments

The fair values of derivative financial instruments recognized in the Consolidated Balance Sheets of the Company were as follows:

		Fair Value	
	Balance Sheet Location	January 2, 2010	January 3, 2009
Derivative assets — hedges			
Interest rate contracts	Other current assets	$ —	$ 46
Foreign exchange contracts	Other current assets	407	1,209
Total derivative assets — hedges		407	1,255
Derivative assets — non-hedges			
Foreign exchange contracts	Other current assets	207	3,286
Total derivative assets		$ 614	$ 4,541
Derivative liabilities — hedges			
Interest rate contracts	Accrued liabilities	$ —	$ (6,084)
Interest rate contracts	Other noncurrent liabilities	—	(76,927)
Foreign exchange contracts	Accrued liabilities	(107)	(1,347)
Total derivative liabilities — hedges		(107)	(84,358)
Derivative liabilities — non-hedges			
Foreign exchange contracts	Accrued liabilities	(432)	(533)
Total derivative liabilities		$ (539)	$ (84,891)
Net derivative liability		$ 75	$ (80,350)

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Net Derivative Gain or Loss

The effect of cash flow hedge derivative instruments on the Consolidated Statements of Income and Accumulated Other Comprehensive Loss is as follows:

	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (Effective Portion) Year Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Interest rate contracts	$ 20,559	$ (66,088)	$ (16,357)
Foreign exchange contracts	(1,560)	756	(920)
Commodity contracts	—	(208)	(1,212)
Total	$ 18,999	$ (65,540)	$ (18,489)

	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion) Year Ended			Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)
	January 2, 2010	January 3, 2009	December 29, 2007	
Interest rate contracts	$ (1,820)	$ (1,176)	$ (717)	Interest expense, net
Interest rate contracts	(26,029)	—	—	Other income (expense)
Foreign exchange contracts	721	(2,025)	(6)	Cost of sales
Commodity contracts	(95)	473	(6,464)	Cost of sales
Total	$ (27,223)	$ (2,728)	$ (7,187)	

As disclosed in Note 10, in connection with the amendment and restatement of the 2006 Senior Secured Credit Facility and repayment of the Second Lien Credit Facility in December 2009, all outstanding interest rate hedging instruments which were hedging these underlying debt instruments along with the interest rate hedge instrument related to the Floating Rate Senior Notes were settled for $62,256, of which $40,391 was paid in December 2009 and the remaining $21,865 was included in the "Accounts Payable" line of the Consolidated Balance Sheet at January 2, 2010. The amounts deferred in Accumulated Other Comprehensive Loss associated with the 2006 Senior Secured Credit Facility and Second Lien Credit Facility were released to earnings as the underlying forecasted interest payments were no longer probable of occurring, which resulted in recognition of losses totaling $26,029 that are included in the "Other Expense (Income)" line of the Consolidated Statement of Income. The amounts deferred in Accumulated Other Comprehensive Loss associated with the Floating Rate Senior Notes interest rate hedge were frozen at the termination date and will be amortized over the original remaining term of the interest rate hedge instrument. The unamortized balance in Accumulated Other Comprehensive Loss was $34,817 as of January 2, 2010. In the first quarter of 2010, the Company entered into two interest rate caps to hedge the risks associated with fluctuations in the 6-month LIBOR rate for the Floating Rate Senior Notes. The terms of the interest rate caps include: a total notional amount of $490,735, consisting of $240,735 and $250,000, respectively, an expiration date of December 2011, and a capped 6-month LIBOR interest rate of 4.26%.

The Company expects to reclassify into earnings during the next 12 months a net loss from Accumulated Other Comprehensive Loss of approximately $18,660 as a result of terminating a swap in December 2009 with respect to which the underlying hedged item still exists as of January 2, 2010.

The changes in fair value of derivatives excluded from the Company's effectiveness assessments and the ineffective portion of the changes in the fair value of derivatives used as cash flow hedges are reported in the "Selling, general and administrative expenses" line in the Consolidated Statements of Income. The Company recognized gains (losses) related to ineffectiveness of hedging relationships in 2009 of $161, consisting of $152 for

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interest rate contracts and $9 for foreign exchange contracts. The Company recognized gains (losses) related to ineffectiveness of hedging relationships in 2008 of $(323), consisting of $(149) for interest rate contracts and $(174) for foreign exchange contracts. The Company recognized gains (losses) related to ineffectiveness of hedging relationships in 2007of $80, consisting of $10 for interest rate contracts and $70 for foreign exchange contracts.

The effect of mark to market hedge derivative instruments on the Consolidated Statements of Income is as follows:

		Amount of Gain (Loss) Recognized in Income		
	Location of Gain (Loss) Recognized in Income on Derivative	Year Ended January 2, 2010	January 3, 2009	December 29, 2007
Foreign exchange contracts	Selling, general and administrative expenses	$ 3,846	$ (6,691)	$ (451)
Total		$ 3,846	$ (6,691)	$ (451)

(15) Fair Value of Assets and Liabilities

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. A three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, is utilized for disclosing the fair value of the Company's assets and liabilities. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques:

- Market approach — prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach — amount that would be required to replace the service capacity of an asset or replacement cost.
- Income approach — techniques to convert future amounts to a single present amount based on market expectations, including present value techniques, option-pricing and other models.

The Company primarily applies the market approach for commodity derivatives and for all defined benefit plan investment assets, and the income approach for interest rate and foreign currency derivatives for recurring fair value measurements and attempts to utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The determination of fair values incorporates various factors that include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the Company's nonperformance risk on its liabilities. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

As of January 2, 2010 and January 3, 2009, the Company held certain financial assets and liabilities that are required to be measured at fair value on a recurring basis. These consisted of the Company's derivative instruments related to interest rates and foreign exchange rates and pension defined benefit pension plan investment assets. The fair values of cotton derivatives are determined based on quoted prices in public markets and are categorized as

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Level 1. The fair values of interest rate and foreign exchange rate derivatives are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2. The fair values of defined benefit pension plan investments include: U.S. equity securities, certain foreign equity securities and debt securities that are determined based on quoted prices in public markets categorized as Level 1, certain foreign equity securities and debt securities that are determined based on inputs readily available in public markets or can be derived from information available in publicly quoted markets categorized as Level 2, and investments in hedge funds of funds and real estate investments that are based on unobservable inputs about which little or no market data exists that are classified as Level 3. There were no changes during 2009 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis. The hedge fund of funds and real estate investments have varying redemption terms of monthly, quarterly and annually, and have required notification periods ranging from 45 to 90 days.

As of January 2, 2010, the Company did not have any non-financial assets or liabilities that are required to be measured at fair value on a recurring basis.

The following tables set forth by level within the fair value hierarchy the Company's financial assets and liabilities accounted for at fair value on a recurring basis.

	Assets (Liabilities) at Fair Value as of January 2, 2010		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Defined benefit pension plan investment assets:			
Hedge fund of funds	$ —	$ —	$ 255,212
U.S. equity securities	143,603	—	—
Foreign equity securities	37,815	26,978	—
Debt securities	4,775	108,839	—
Real estate	—	—	19,990
Cash and other	15,378	—	—
	201,571	135,817	275,202
Derivative contracts, net	—	75	—
Total	$ 201,571	$ 135,892	$ 275,202

	Assets (Liabilities) at Fair Value as of January 3, 2009		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative contracts, net	$ —	$ (80,350)	$ —
Total	$ —	$ (80,350)	$ —

The table below sets forth a summary of changes in the fair value of the Level 3 investment assets in 2009.

(amounts in thousands, except per share data)

	Hedge fund of funds	Real estate
Balance at January 3, 2009	$ 242,060	$ 27,975
Actual return on assets	33,152	(7,985)
Sale of assets	(20,000)	—
Balance at January 2, 2010	$ 255,212	$ 19,990

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, trade accounts receivable, notes receivable and accounts payable approximated fair value as of January 2, 2010 and January 3, 2009. The fair value of debt was $1,881,868 and $1,753,885 as of January 2, 2010 and January 3, 2009 and had a carrying value of $1,892,235 and $2,176,547, respectively. The fair values were estimated using quoted market prices as provided in secondary markets which consider the Company's credit risk and market related conditions. The carrying amounts of the Company's notes payable approximated fair value as of January 2, 2010 and January 3, 2009, primarily due to the short-term nature of these instruments.

(16) Defined Benefit Pension Plans

Effective as of January 1, 2006, the Company created the Hanesbrands Inc. Pension and Retirement Plan, a new frozen defined benefit plan to receive assets and liabilities accrued under the Sara Lee Pension Plan that are attributable to current and former Company employees. In connection with the spin off on September 5, 2006, the Company assumed Sara Lee's obligations under the Sara Lee Corporation Consolidated Pension and Retirement Plan, the Sara Lee Supplemental Executive Retirement Plan, the Sara Lee Canada Pension Plans and certain other plans that related to the Company's current and former employees and assumed other Sara Lee retirement plans covering only Company employees. The Company also assumed two noncontributory defined benefit plans, the Playtex Apparel, Inc Pension Plan (the "Playtex Plan") and the National Textiles, L.L.C. Pension Plan (the "National Textiles Plan").

Effective August 31, 2009, the Company merged the Playtex Plan and the National Textiles Plan into the Hanesbrands Inc. Pension and Retirement Plan, which was renamed the Hanesbrands Inc. Pension Plan (the "Hanesbrands Pension Plan").

During 2007, the Company completed the separation of its pension plan assets and liabilities from those of Sara Lee in accordance with governmental regulations, which resulted in a higher total amount of pension plan assets being transferred to the Company than originally was estimated prior to the spin off. Prior to spin off, the fair value of plan assets included in the annual valuations represented a best estimate based upon a percentage allocation of total assets of the Sara Lee trust. The separation resulted in a reduction to pension liabilities of approximately $74,000 with a corresponding credit to additional paid-in capital and resulted in a decrease of approximately $6,000 to pension expense in 2007.

The annual cost (income) incurred by the Company for these defined benefit plans in 2009, 2008 and 2007, was $21,293, $(11,801) and $(3,390), respectively.

The components of net periodic benefit cost and other amounts recognized in other comprehensive loss of the Company's noncontributory defined benefit pension plans were as follows:

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	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Service cost	$ 1,198	$ 1,136	$ 1,446
Interest cost	50,755	51,412	49,494
Expected return on assets	(39,832)	(64,549)	(55,588)
Asset allocation	—	—	(1,867)
Settlement cost	—	—	345
Amortization of:			
Prior service cost	26	39	43
Net actuarial loss	9,146	161	2,737
Net periodic benefit cost (income)	$ 21,293	$ (11,801)	$ (3,390)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss)			
Net (gain) loss	$ (11,947)	$ 300,127	$ (61,162)
Prior service cost	(26)	(140)	—
Total recognized in other comprehensive loss (income)	(11,973)	299,987	(61,162)
Total recognized in net periodic benefit cost and other comprehensive loss (income)	$ 9,320	$ 288,186	$ (64,552)

The estimated net loss and prior service credit for the defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost in 2010 are $8,628 and $26, respectively.

The funded status of the Company's defined benefit pension plans at the respective year ends was as follows:

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	January 2, 2010	January 3, 2009
Accumulated benefit obligation:		
Beginning of year	$ 854,414	$ 837,416
Service cost	1,198	1,136
Interest cost	50,755	51,412
Benefits paid	(57,782)	(54,318)
Plan curtailment	—	1,123
Impact of exchange rate change	2,711	(4,367)
Settlements	(5,394)	—
Actuarial loss	53,306	22,012
End of year	899,208	854,414
Fair value of plan assets:		
Beginning of year	564,705	834,214
Actual return on plan assets	92,805	(213,491)
Employer contributions	16,052	3,702
Benefits paid	(57,782)	(54,319)
Settlements	(5,744)	—
Impact of exchange rate change	2,554	(5,401)
End of year	612,590	564,705
Funded status	$ (286,618)	$ (289,709)

The total accumulated benefit obligation and the accumulated benefit obligation and fair value of plan assets for the Company's pension plans with accumulated benefit obligations in excess of plan assets are as follows:

	January 2, 2010	January 3, 2009
Accumulated benefit obligation	$ 899,208	$ 854,414
Plans with accumulated benefit obligation in excess of plan assets		
Accumulated benefit obligation	898,997	854,414
Fair value of plan assets	612,317	564,705

Amounts recognized in the Company's Consolidated Balance Sheets consist of:

	January 2, 2010	January 3, 2009
Noncurrent assets	$ 51	$ —
Current liabilities	(3,591)	(2,919)
Noncurrent liabilities	(283,078)	(286,790)
Accumulated other comprehensive loss	(332,370)	(344,343)

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Amounts recognized in accumulated other comprehensive loss consist of:

	January 2, 2010	January 3, 2009
Prior service cost	$ 165	$ 191
Actuarial loss	332,205	344,152
	$ 332,370	$ 344,343

Accrued benefit costs related to the Company's defined benefit pension plans are reported in the "Other noncurrent assets", "Accrued liabilities — Payroll and employee benefits" and "Pension and postretirement benefits" lines of the Consolidated Balance Sheets.

(a) Measurement Date and Assumptions

A December 31 measurement date is used to value plan assets and obligations for the pension plans. In determining the discount rate, the Company utilizes, as a general benchmark, the single discount rate equivalent to discounting the expected cash flows from each plan using the yields at each duration from a published yield curve as of the measurement date. The expected long-term rate of return on plan assets was based on the Company's investment policy target allocation of the asset portfolio between various asset classes and the expected real returns of each asset class over various periods of time. The weighted average actuarial assumptions used in measuring the net periodic benefit cost and plan obligations for the periods presented were as follows:

	January 2, 2010	January 3, 2009	December 29, 2007
Net periodic benefit cost:			
Discount rate	6.11%	6.34%	5.80%
Long-term rate of return on plan assets	7.41	8.03	7.59
Rate of compensation increase (1)	3.38	3.63	3.63
Plan obligations:			
Discount rate	5.78%	6.11%	6.34%
Rate of compensation increase (1)	3.70	3.38	3.63

(1) The compensation increase assumption applies to the non domestic plans and portions of the Hanesbrands nonqualified retirement plans, as benefits under these plans were not frozen at January 2, 2010, January 3, 2009 and December 29, 2007.

(amounts in thousands, except per share data)

(b) Plan Assets, Expected Benefit Payments, and Funding

The allocation of pension plan assets as of the respective period end measurement dates is as follows:

	January 2, 2010	January 3, 2009
Asset category:		
Hedge fund of funds	42%	43%
U.S. equity securities	23	22
Debt securities	19	20
Foreign equity securities	11	9
Real estate	3	5
Cash and other	2	1

The Company's asset strategy and primary investment objective are to maximize the principal value of the plan assets to meet current and future benefit obligations to plan participants and their beneficiaries. To accomplish this goal, the assets of the plan are broadly diversified to protect against large investment losses and to reduce the likelihood of excessive volatility of returns. Diversification of assets is achieved through strategic allocations to various asset classes, as well as various investment styles within these asset classes, and by retaining multiple, third-party investment management firms with complementary investment styles and philosophies to implement these allocations. The Company has established a target asset allocation based upon analysis of risk/return tradeoffs and correlations of asset mixes given long-term historical data, prospective capital market returns and forecasted liabilities of the plans. The target asset allocation approximates the actual asset allocation as of January 2, 2010. In addition to volatility protection, diversification enables the assets of the plan the best opportunity to provide adequate returns in order to meet the Company's investment return objectives. These objectives include, over a rolling five-year period, to achieve a total return which exceeds the required actuarial rate of return for the plan and to outperform a passive portfolio, consisting of a similar asset allocation.

The Company utilizes market data or assumptions that market participants would use in pricing the pension plan assets. Effective January 2, 2010, the Company has adopted new pension disclosure rules. In accordance with these rules, a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, is utilized for disclosing the fair value of the Company's pension plan assets. At January 2, 2010, the Company had $201,571 classified as Level 1 assets, $135,817 classified as Level 2 assets and $275,202 classified as Level 3 assets. The Level 1 assets consisted primarily of U.S. equity securities, debt securities, certain foreign equity securities and cash and cash equivalents, Level 2 assets consisted primarily of debt securities and certain foreign equity securities, and Level 3 assets consisted primarily of hedge fund of funds and real estate investments. Refer to Note 15 for the Company's complete disclosure of the fair value of pension plan assets.

In September 2009, the Company entered into an agreement with the Pension Benefit Guaranty Corporation (the "PBGC") under which the Company agreed to contribute $7,000 in 2009 and $6,816 in 2010. The Company is not required to make any other contributions to the pension plans in 2010. Expected benefit payments are as follows: $54,223 in 2010, $52,632 in 2011, $52,721 in 2012, $52,700 in 2013, $55,602 in 2014 and $283,598 thereafter.

(17) Postretirement Healthcare and Life Insurance Plans

On December 1, 2007 the Company effectively terminated all retiree medical coverage. A gain on curtailment of $32,144 is recorded in the Consolidated Statement of Income for the year ended December 29, 2007, which represents the final settlement of the retirement plan.

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In December 2006, the Company changed the postretirement plan benefits to (a) pass along a higher share of retiree medical costs to all retirees effective February 1, 2007, (b) eliminate company contributions toward premiums for retiree medical coverage effective December 1, 2007, (c) eliminate retiree medical coverage options for all current and future retirees age 65 and older and (d) eliminate future postretirement life benefits. Gains associated with these plan amendments were amortized throughout the year ended December 29, 2007 in anticipation of the effective termination of the medical plan on December 1, 2007.

The postretirement plan expense (income) incurred by the Company for these postretirement plans for 2009, 2008 and 2007 is $504, $386 and $(5,410), respectively.

The components of the Company's postretirement healthcare and life insurance plans were as follows:

	January 2, 2010	January 3, 2009	December 29, 2007
Service costs	$ —	$ —	$ 256
Interest cost	480	393	835
Expected return on assets	—	(7)	(7)
Amortization of:			
Transition asset	—	—	(62)
Prior service cost	—	—	(7,380)
Net actuarial loss	24	—	948
Net periodic benefit (income) cost	$ 504	$ 386	$ (5,410)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income			
Net (gain) loss	$ (766)	$ 1,298	$ (191)
Recognition of settlement of healthcare plan	(24)	—	(32,144)
Total recognized loss (gain) in other comprehensive income	(790)	1,298	(32,335)
Total recognized in net periodic benefit cost and other comprehensive loss	$ (286)	$ 1,684	$ (37,745)

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The funded status of the Company's postretirement healthcare and life insurance plans at the respective year end was as follows:

	January 2, 2010	January 3, 2009
Accumulated benefit obligation:		
Beginning of year	$ 7,949	$ 6,598
Interest cost	480	393
Benefits paid	(140)	(175)
Actuarial (gain) loss	(766)	1,133
End of year	7,523	7,949
Fair value of plan assets:		
Beginning of year	—	173
Actual return on plan assets	—	(173)
Employer contributions	140	166
Benefits paid	(140)	(166)
End of year	—	—
Funded status and accrued benefit cost recognized	$ (7,523)	$ (7,949)
Amounts recognized in the Company's Consolidated Balance Sheet consist of:		
Current liabilities	$ (571)	$ (645)
Noncurrent liabilities	(6,952)	(7,304)
	$ (7,523)	$ (7,949)
Amounts recognized in accumulated other comprehensive loss consist of:		
Actuarial loss	$ 316	$ 1,106

Accrued benefit costs related to the Company's postretirement healthcare and life insurance plans are reported in the "Accrued liabilities — Payroll and employee benefits" and "Pension and postretirement benefits" lines of the Consolidated Balance Sheets.

(a) Measurement Date and Assumptions

A December 31 measurement date is used to value plan assets and obligations for the postretirement plans. The weighted average actuarial assumptions used in measuring the net periodic benefit cost and plan obligations for the plans at the respective measurement dates were as follows:

	January 2, 2010	January 3, 2009	December 29, 2007
Net periodic benefit cost:			
Discount rate	6.30%	6.20%	6.20%
Long-term rate of return on plan assets	3.70	3.70	3.70
Plan obligations:			
Discount rate	5.50%	6.30%	6.20%

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Notes to Consolidated Financial Statements — (Continued)
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(b) Contributions and Benefit Payments

The Company expects to make a contribution of $586 in 2010. Expected benefit payments are as follows: $586 in 2010, $589 in 2011, $591 in 2012, $591 in 2013, $590 in 2014 and $2,865 thereafter.

(18) Income Taxes

The provision for income tax computed by applying the U.S. statutory rate to income before taxes as reconciled to the actual provisions were:

	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Income before income tax expense:			
Domestic	(142.8)%	0.6%	6.0%
Foreign	242.8	99.4	94.0
	100.0%	100.0%	100.0%
Tax expense at U.S. statutory rate	35.0%	35.0%	35.0%
State income taxes	(3.4)	0.6	0.6
Tax on remittance of foreign earnings	33.9	1.5	10.8
Foreign taxes less than U.S. statutory rate	(46.4)	(16.3)	(15.3)
Change in state effective tax rate	(14.1)	—	—
Employee benefits	10.6	0.6	0.5
Change in valuation allowance	(9.9)	2.1	1.6
Other, net	6.3	(1.5)	(1.7)
Taxes at effective worldwide tax rates	12.0%	22.0%	31.5%

Current and deferred tax provisions (benefits) were:

	Current	Deferred	Total
Year ended January 2, 2010			
Domestic	$ —	$ 6,727	$ 6,727
Foreign	15,783	(9,503)	6,280
State	362	(6,376)	(6,014)
	$ 16,145	$ (9,152)	$ 6,993
Year ended January 3, 2009			
Domestic	$ 13,531	$ (3,672)	$ 9,859
Foreign	20,285	4,264	24,549
State	3,497	(2,037)	1,460
	$ 37,313	$ (1,445)	$ 35,868
Year ended December 29, 2007			
Domestic	$ 452	$ 22,327	$ 22,779
Foreign	23,471	4,780	28,251
State	6,007	962	6,969
	$ 29,930	$ 28,069	$ 57,999

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Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
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	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Cash payments for income taxes	$ 15,163	$ 32,767	$ 20,562

Cash payments above represent cash tax payments made by the Company primarily in foreign jurisdictions.

The deferred tax assets and liabilities at the respective year-ends were as follows:

	January 2, 2010	January 3, 2009
Deferred tax assets:		
Nondeductible reserves	$ 10,962	$ 15,269
Inventories	84,964	94,803
Property and equipment	6,266	7,076
Intangibles	156,696	155,248
Bad debt allowance	13,170	12,439
Accrued expenses	11,590	20,507
Employee benefits	160,671	166,120
Tax credits	11,312	1,903
Net operating loss and other tax carryforwards	40,192	21,527
Derivatives	13,976	31,614
Other	6,275	2,796
Gross deferred tax assets	516,074	529,302
Less valuation allowances	(21,556)	(23,727)
Deferred tax assets	494,518	505,575
Deferred tax liabilities:		
Prepaids	2,718	3,443
Deferred tax liabilities	2,718	3,443
Net deferred tax assets	$ 491,800	$ 502,132

The valuation allowance for deferred tax assets as of January 2, 2010 and January 3, 2009 was $21,556 and $23,727, respectively. The net change in the total valuation allowance for 2009 was $(2,171) which, including foreign currency fluctuations, consisted of a release of $(6,816) related to favorable financial performance in certain foreign jurisdictions partially offset by foreign loss carryforwards generated. The net change in the total valuation allowance for 2008 was $7,735 which consisted of foreign loss carryforwards generated and foreign currency fluctuations. The net change in the total valuation allowance for 2007 was $1,401 which, including foreign currency fluctuations, consisted of $2,082 of foreign loss carryforward additions partially offset by reductions to foreign goodwill of $(681).

The valuation allowance at January 2, 2010 relates to deferred tax assets established for foreign loss carryforwards of $21,556. The valuation allowance at January 3, 2009 relates in part to deferred tax assets established for foreign loss carryforwards of $21,527 and to foreign goodwill of $2,200.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable

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income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances.

At January 2, 2010, the Company has total net operating loss carryforwards of approximately $220,244, consisting of $20,822 for federal, $92,102 for foreign, and $107,320 for state, which will expire as follows:

Fiscal Year:	
2010	$ 2,114
2011	3,377
2012	3,739
2013	10,055
2014	9,567
Thereafter	191,392

At January 2, 2010, the Company had tax credit carryforwards totaling $11,312 which expire after 2019.

At January 2, 2010, applicable U.S. federal income taxes and foreign withholding taxes have not been provided on the accumulated earnings of foreign subsidiaries that are expected to be permanently reinvested. If these earnings had not been permanently reinvested, deferred taxes of approximately $158,000 would have been recognized in the Consolidated Financial Statements.

The Company adopted new accounting rules in 2007 which resulted in no adjustment to the liability for unrecognized income tax benefits as of the beginning of 2007. Although it is not reasonably possible to estimate the amount by which these unrecognized tax benefits may increase or decrease within the next twelve months due to uncertainties regarding the timing of examinations and the amount of settlements that may be paid, if any, to tax authorities, the Company currently expects a reduction of $3,268 for unrecognized tax benefits accrued at January 2, 2010 within the next twelve months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance at December 29, 2007	$ 13,617
Additions based on tax positions related to the current year	11,502
Additions for tax positions of prior years	513
Reductions for tax positions of prior years	(450)
Settlements	—
Balance at January 3, 2009	$ 25,182
Additions based on tax positions related to the current year	12,677
Additions for tax positions of prior years	2,520
Reductions for tax positions of prior years	(450)
Settlements	—
Balance at January 2, 2010	$ 39,929

Included in unrecognized tax benefits are $25,869 of tax benefits that, if recognized, would reduce the Company's annual effective tax rate. The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company recognized $1,010, $647 and $720 for interest and penalties classified as income tax expense in the Consolidated Statement of Income for 2009, 2008, and 2007, respectively. At January 2, 2010 and January 3, 2009, the Company had a total of $2,377 and $1,367, respectively, of interest and penalties accrued

related to unrecognized tax benefits.

The Company files a consolidated U.S. federal income tax return, as well as separate and combined income tax returns in numerous state and foreign jurisdictions. The tax years subject to examination vary by jurisdiction. At January 2, 2010, all tax years since the spin off from Sara Lee remain subject to examination. The Company regularly assesses the outcomes of both ongoing and future examinations for the current or prior years to ensure the Company's provision for income taxes is sufficient. The Company recognizes liabilities based on estimates of whether additional taxes will be due and believes its reserves are adequate in relation to any potential assessments.

The Company and Sara Lee entered into a tax sharing agreement in connection with the spin off of the Company from Sara Lee on September 5, 2006. Under the tax sharing agreement, within 180 days after Sara Lee filed its final consolidated tax return for the period that included September 5, 2006, Sara Lee was required to deliver to the Company a computation of the amount of deferred taxes attributable to the Company's United States and Canadian operations that would be included on the Company's opening balance sheet as of September 6, 2006 ("as finally determined") which has been done. The Company has the right to participate in the computation of the amount of deferred taxes. Under the tax sharing agreement, if substituting the amount of deferred taxes as finally determined for the amount of estimated deferred taxes that were included on that balance sheet at the time of the spin off causes a decrease in the net book value reflected on that balance sheet, then Sara Lee will be required to pay the Company the amount of such decrease. If such substitution causes an increase in the net book value reflected on that balance sheet, then the Company will be required to pay Sara Lee the amount of such increase. For purposes of this computation, the Company's deferred taxes are the amount of deferred tax benefits (including deferred tax consequences attributable to deductible temporary differences and carryforwards) that would be recognized as assets on the Company's balance sheet computed in accordance with GAAP, but without regard to valuation allowances, less the amount of deferred tax liabilities (including deferred tax consequences attributable to taxable temporary differences) that would be recognized as liabilities on the Company's opening balance sheet computed in accordance with GAAP, but without regard to valuation allowances. Neither the Company nor Sara Lee will be required to make any other payments to the other with respect to deferred taxes.

Based on the Company's computation of the final amount of deferred taxes for the Company's opening balance sheet as of September 6, 2006, the amount that is expected to be collected from Sara Lee based on the Company's computation of $72,223, which reflects a preliminary cash installment received from Sara Lee of $18,000, is included as a receivable in Other current assets in the Consolidated Balance Sheet as of January 2, 2010 and January 3, 2009. The Company and Sara Lee have exchanged information in connection with this matter, but Sara Lee has disagreed with the Company's computation. In accordance with the dispute resolution provisions of the tax sharing agreement, on August 3, 2009, the Company submitted the dispute to binding arbitration. The arbitration process is ongoing, and the Company will continue to prosecute its claim. The Company does not believe that the resolution of this dispute will have a material impact on the Company's financial position, results of operations or cash flows.

(19) Stockholders' Equity

The Company is authorized to issue up to 500,000 shares of common stock, par value $0.01 per share, and up to 50,000 shares of preferred stock, par value $0.01 per share, and the Company's board of directors may, without stockholder approval, increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Company is authorized to issue. At January 2, 2010 and January 3, 2009, 95,397 and 93,520 shares, respectively, of common stock were issued and outstanding and no shares of preferred stock were issued or outstanding. Included within the 50,000 shares of preferred stock, 500 shares are designated Junior Participating Preferred Stock, Series A (the "Series A Preferred Stock") and reserved for issuance upon the exercise of rights under the rights agreement described below.

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On February 1, 2007, the Company announced that the Board of Directors granted authority for the repurchase of up to 10,000 shares of the Company's common stock. Share repurchases are made periodically in open-market transactions, and are subject to market conditions, legal requirements and other factors. Additionally, management has been granted authority to establish a trading plan under Rule 10b5-1 of the Exchange Act in connection with share repurchases, which will allow the Company to repurchase shares in the open market during periods in which the stock trading window is otherwise closed for our company and certain of the Company's officers and employees pursuant to the Company's insider trading policy. Since inception of the program, the Company has purchased 2,800 shares of common stock at a cost of $74,747 (average price of $26.33). The primary objective of the share repurchase program is to reduce the impact of dilution caused by the exercise of options and vesting of stock unit awards.

Preferred Stock Purchase Rights

Pursuant to a stockholder rights agreement entered into by the Company prior to the spin off, one preferred stock purchase right will be distributed with and attached to each share of the Company's common stock. Each right will entitle its holder, under the circumstances described below, to purchase from the Company one one-thousandth of a share of the Series A Preferred Stock at an exercise price of $75 per right. Initially, the rights will be associated with the Company's common stock, and will be transferable with and only with the transfer of the underlying share of common stock. Until a right is exercised, its holder, as such, will have no rights as a stockholder with respect to such rights, including, without limitation, the right to vote or to receive dividends.

The rights will become exercisable and separately certificated only upon the rights distribution date, which will occur upon the earlier of: (i) ten days following a public announcement by the Company that a person or group (an "acquiring person") has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of its outstanding shares of common stock (the date of the announcement being the "stock acquisition date"); or (ii) ten business days (or later if so determined by our board of directors) following the commencement of or public disclosure of an intention to commence a tender offer or exchange offer by a person if, after acquiring the maximum number of securities sought pursuant to such offer, such person, or any affiliate or associate of such person, would acquire, or obtain the right to acquire, beneficial ownership of 15% or more of our outstanding shares of the Company's common stock.

Upon the Company's public announcement that a person or group has become an acquiring person, each holder of a right (other than any acquiring person and certain related parties, whose rights will have automatically become null and void) will have the right to receive, upon exercise, common stock with a value equal to two times the exercise price of the right. In the event of certain business combinations, each holder of a right (except rights which previously have been voided as described above) will have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the right.

The Company may redeem the rights in whole, but not in part, at a price of $0.001 per right (subject to adjustment and payable in cash, common stock or other consideration deemed appropriate by the board of directors) at any time prior to the earlier of the stock acquisition date and the rights expiration date. Immediately upon the action of the board of directors authorizing any redemption, the rights will terminate and the holders of rights will only be entitled to receive the redemption price. At any time after a person becomes an acquiring person and prior to the earlier of (i) the time any person, together with all affiliates and associates, becomes the beneficial owner of 50% or more of the Company's outstanding common stock and (ii) the occurrence of a business combination, the board of directors may cause the Company to exchange for all or part of the then-outstanding and exercisable rights shares of its common stock at an exchange ratio of one common share per right, adjusted to reflect any stock split, stock dividend or similar transaction.

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(20) Business Segment Information

During the fourth quarter of 2009, as the Company sought to drive more outerwear sales through its retail operations by expanding its *Hanes* and *Champion* offerings, the Company made the decision to change its internal organizational structure so that its retail operations, previously included in the Innerwear segment, would be a separate "Direct to Consumer" segment. As a result, the Company's operations are managed and reported in six operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer, International and Other. Certain other insignificant changes between segments have been reflected in the segment disclosures to conform to the current organizational structure. These segments are organized principally by product category, geographic location and distribution channel. Management of each segment is responsible for the operations of these segments' businesses but shares a common supply chain and media and marketing platforms.

The types of products and services from which each reportable segment derives its revenues are as follows:

- Innerwear sells basic branded products that are replenishment in nature under the product categories of women's intimate apparel, men's underwear, kids' underwear and socks.
- Outerwear sells basic branded products that are seasonal in nature under the product categories of casualwear and activewear.
- Hosiery sells products in categories such as pantyhose and knee highs.
- Direct to Consumer includes the Company's value-based ("outlet") stores and Internet operations which sell products from the Company's portfolio of leading brands. The Company's Internet operations are supported by its catalogs.
- International relates to the Latin America, Asia, Canada, Europe and South America geographic locations which sell products that span across the Innerwear, Outerwear and Hosiery reportable segments.
- Other is primarily comprised of sales of yarn to third parties in the United States and Latin America in order to maintain asset utilization at certain manufacturing facilities and are intended to generate approximate break even margins.

The Company evaluates the operating performance of its segments based upon segment operating profit, which is defined as operating profit before general corporate expenses, amortization of trademarks and other identifiable intangibles and restructuring and related accelerated depreciation charges and inventory write-offs. The accounting policies of the segments are consistent with those described in Note 2, "Summary of Significant Accounting Policies."

	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Net sales:			
Innerwear	$ 1,833,616	$ 1,947,167	$ 2,100,554
Outerwear	1,051,735	1,196,155	1,256,214
Hosiery	185,710	217,391	251,731
Direct to Consumer	369,739	370,163	360,500
International	437,804	496,170	448,618
Other	12,671	21,724	56,920
Total net sales	$ 3,891,275	$ 4,248,770	$ 4,474,537

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	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Segment operating profit (loss):			
Innerwear	$ 234,352	$ 223,420	$ 242,132
Outerwear	53,050	66,149	67,340
Hosiery	61,070	68,696	74,636
Direct to Consumer	37,178	44,541	57,489
International	44,688	64,349	57,820
Other	(2,164)	328	(1,333)
Total segment operating profit	428,174	467,483	498,084
Items not included in segment operating profit (loss):			
General corporate expenses	(75,127)	(45,177)	(52,271)
Amortization of trademarks and other identifiable intangibles	(12,443)	(12,019)	(6,205)
Gain on curtailment of postretirement benefits	—	—	32,144
Restructuring	(53,888)	(50,263)	(43,731)
Inventory write-offs included in cost of sales	(4,135)	(18,696)	—
Accelerated depreciation included in cost of sales	(8,641)	(23,862)	(36,912)
Accelerated depreciation included in selling, general and administrative expenses	(3,084)	14	(2,540)
Total operating profit	270,856	317,480	388,569
Other (expense) income	(49,301)	634	(5,235)
Interest expense, net	(163,279)	(155,077)	(199,208)
Income before income tax expense	$ 58,276	$ 163,037	$ 184,126

	January 2, 2010	January 3, 2009
Assets:		
Innerwear	$ 1,101,632	$ 1,207,971
Outerwear	707,118	828,706
Hosiery	83,662	87,518
Direct to Consumer	80,243	77,687
International	221,504	201,957
Other	1,622	5,985
	2,195,781	2,409,824
Corporate (1)	1,130,783	1,124,225
Total assets	$ 3,326,564	$ 3,534,049

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	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Depreciation and amortization expense:			
Innerwear	$ 36,328	$ 39,949	$ 40,545
Outerwear	21,988	25,092	25,346
Hosiery	3,831	5,778	9,157
Direct to Consumer	5,621	3,713	2,335
International	2,071	2,288	4,432
Other	169	802	1,645
	70,008	77,622	83,460
Corporate	26,747	37,523	48,216
Total depreciation and amortization expense	$ 96,755	$ 115,145	$ 131,676

	Years Ended		
	January 2, 2010	January 3, 2009	December 29, 2007
Additions to long-lived assets:			
Innerwear	$ 49,061	$ 70,808	$ 33,509
Outerwear	59,048	84,412	28,025
Hosiery	711	781	1,914
Direct to Consumer	8,914	11,152	4,212
International	1,504	2,693	1,951
Other	16	46	693
	119,254	169,892	70,304
Corporate	7,571	17,065	26,322
Total additions to long-lived assets	$ 126,825	$ 186,957	$ 96,626

(1) Principally cash and equivalents, certain fixed assets, net deferred tax assets, goodwill, trademarks and other identifiable intangibles, and certain other noncurrent assets.

Sales to Wal-Mart, Target and Kohl's were substantially in the Innerwear and Outerwear segments and represented 27%, 17% and 7% of total sales in 2009, respectively.

Worldwide sales by product category for Innerwear, Outerwear, Hosiery and Other were $2,395,056, $1,238,806, $244,742 and $12,671, respectively, in 2009.

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(21) Geographic Area Information

	Years Ended or at					
	January 2, 2010		January 3, 2009		December 29, 2007	
	Sales	Long-Lived Assets	Sales	Long-Lived Assets	Sales	Long-Lived Assets
United States	$3,447,751	$ 185,821	$3,748,382	$ 237,841	$4,013,738	$ 312,310
Mexico	65,832	1,672	68,453	7,097	73,427	12,527
Central America and the Caribbean Basin	10,419	260,564	13,550	232,625	26,851	177,295
Japan	94,037	240	98,251	311	83,606	205
Canada	124,197	5,084	139,971	4,817	124,500	6,196
Europe	59,679	520	93,560	489	70,364	536
China	10,197	114,100	9,397	72,654	6,561	11,526
Other	79,163	34,825	77,206	32,355	75,490	13,691
	$3,891,275	$ 602,826	$4,248,770	$ 588,189	$4,474,537	$ 534,286

The net sales by geographic region is attributed by customer location.

(22) Quarterly Financial Data (Unaudited)

	First	Second	Third	Fourth	Total
2009					
Net sales	$857,841	$ 986,022	$1,058,673	$ 988,739	$3,891,275
Gross profit	257,876	327,391	356,680	323,327	1,265,274
Net income (loss)	(19,328)	30,555	41,138	(1,082)	51,283
Basic earnings (loss) per share	(0.20)	0.32	0.43	(0.01)	0.54
Diluted earnings (loss) per share	(0.20)	0.32	0.43	(0.01)	0.54
2008					
Net sales	$987,847	$1,072,171	$1,153,635	$1,035,117	$4,248,770
Gross profit	344,964	380,956	341,784	309,646	1,377,350
Net income	36,024	57,344	15,920	17,881	127,169
Basic earnings per share	0.38	0.61	0.17	0.19	1.35
Diluted earnings per share	0.38	0.60	0.17	0.19	1.34

The amounts above include the impact of restructuring and curtailment as described in Notes 5 and 17, respectively, to the Consolidated Financial Statements. In the fourth quarter of the year ended January 3, 2009, the Company recognized a one-time out of period adjustment to increase gross profit approximately $8,000 related to the capitalization of certain inventory supplies to be on a consistent basis across all business lines. The inconsistent application of the policy was not material to prior years or quarterly periods.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

(23) Consolidating Financial Information

In accordance with the indenture governing the Company's $500,000 Floating Rate Senior Notes issued on December 14, 2006 and the indenture governing the Company's $500,000 8% Senior Notes issued on December 10, 2009 (together, the "Indentures"), certain of the Company's subsidiaries have guaranteed the Company's obligations under the Floating Rate Senior Notes and the 8% Senior Notes, respectively. The following presents the condensed consolidating financial information separately for:

(i) Parent Company, the issuer of the guaranteed obligations. Parent Company includes Hanesbrands Inc. and its 100% owned operating divisions which are not legal entities, and excludes its subsidiaries which are legal entities;

(ii) Guarantor subsidiaries, on a combined basis, as specified in the Indentures;

(iii) Non-guarantor subsidiaries, on a combined basis;

(iv) Consolidating entries and eliminations representing adjustments to (a) eliminate intercompany transactions between or among Parent Company, the guarantor subsidiaries and the non-guarantor subsidiaries, (b) eliminate intercompany profit in inventory, (c) eliminate the investments in our subsidiaries and (d) record consolidating entries; and

(v) Parent Company, on a consolidated basis.

The Floating Rate Senior Notes and the 8% Senior Notes are fully and unconditionally guaranteed on a joint and several basis by each guarantor subsidiary, each of which is wholly owned, directly or indirectly, by Hanesbrands Inc. Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements, except for the use by the Parent Company and guarantor subsidiaries of the equity method of accounting to reflect ownership interests in subsidiaries which are eliminated upon consolidation.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

	Consolidating Statement of Income Year Ended January 2, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$3,911,759	$ 429,717	$ 2,707,159	$(3,157,360)	$3,891,275
Cost of sales	3,201,313	157,800	2,402,017	(3,135,129)	2,626,001
Gross profit	710,446	271,917	305,142	(22,231)	1,265,274
Selling, general and administrative expenses	743,907	88,993	105,366	2,264	940,530
Restructuring	48,319	—	5,569	—	53,888
Operating profit (loss)	(81,780)	182,924	194,207	(24,495)	270,856
Equity in earnings (loss) of subsidiaries	294,200	102,506	—	(396,706)	—
Other expense	49,301	—	—	—	49,301
Interest expense, net	123,760	21,284	18,235	—	163,279
Income (loss) before income tax expense (benefit)	39,359	264,146	175,972	(421,201)	58,276
Income tax expense (benefit)	(11,924)	3,843	15,074	—	6,993
Net income (loss)	$ 51,283	$ 260,303	$ 160,898	$ (421,201)	$ 51,283

	Consolidating Statement of Income Year Ended January 3, 2009				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$4,456,838	$ 432,209	$ 2,839,424	$(3,479,701)	$4,248,770
Cost of sales	3,520,096	169,115	2,537,883	(3,355,674)	2,871,420
Gross profit	936,742	263,094	301,541	(124,027)	1,377,350
Selling, general and administrative expenses	839,023	76,139	94,281	164	1,009,607
Restructuring	34,313	375	15,575	—	50,263
Operating profit (loss)	63,406	186,580	191,685	(124,191)	317,480
Equity in earnings (loss) of subsidiaries	170,714	128,359	—	(299,073)	—
Other income	(634)	—	—	—	(634)
Interest expense, net	103,919	33,462	17,696	—	155,077
Income (loss) before income tax expense	130,835	281,477	173,989	(423,264)	163,037
Income tax expense	3,666	9,312	22,890	—	35,868
Net income (loss)	$ 127,169	$ 272,165	$ 151,099	$ (423,264)	$ 127,169

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

	Consolidating Statement of Income Year Ended December 29, 2007				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$4,421,464	$ 875,358	$ 2,532,886	$(3,355,171)	$4,474,537
Cost of sales	3,527,794	640,341	2,240,203	(3,374,711)	3,033,627
Gross profit	893,670	235,017	292,683	19,540	1,440,910
Selling, general and administrative expenses	923,127	4,096	112,332	1,199	1,040,754
Gain on curtailment of postretirement benefits	(32,144)	—	—	—	(32,144)
Restructuring	39,625	72	4,034	—	43,731
Operating profit (loss)	(36,938)	230,849	176,317	18,341	388,569
Equity in earnings (loss) of subsidiaries	339,034	137,571	—	(476,605)	—
Other expenses	5,235	—	—	—	5,235
Interest expense, net	154,367	42,299	2,544	(2)	199,208
Income (loss) before income tax expense	142,494	326,121	173,773	(458,262)	184,126
Income tax expense	16,367	13,380	28,252	—	57,999
Net income (loss)	$ 126,127	$ 312,741	$ 145,521	$ (458,262)	$ 126,127

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

	Condensed Consolidating Balance Sheet January 2, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 12,805	$ 1,646	$ 24,492	$ —	$ 38,943
Trade accounts receivable less allowances	47,654	5,973	398,807	(1,893)	450,541
Inventories	838,685	52,165	291,062	(132,708)	1,049,204
Deferred tax assets and other current assets	233,073	13,605	37,643	(452)	283,869
Total current assets	1,132,217	73,389	752,004	(135,053)	1,822,557
Property, net	154,476	17,787	430,563	—	602,826
Trademarks and other identifiable intangibles, net	20,677	109,833	5,704	—	136,214
Goodwill	232,882	16,934	72,186	—	322,002
Investments in subsidiaries	927,105	730,159	—	(1,657,264)	—
Deferred tax assets and other noncurrent assets	371,287	153,617	29,259	(111,198)	442,965
Total assets	$ 2,838,644	$ 1,101,719	$ 1,289,716	$ (1,903,515)	$ 3,326,564
Liabilities and Stockholders' Equity					
Accounts payable	$ 172,802	$ 5,237	$ 88,285	$ 85,647	$ 351,971
Accrued liabilities	207,079	22,902	65,689	(35)	295,635
Notes payable	—	—	66,681	—	66,681
Current portion of debt	64,688	—	100,000	—	164,688
Total current liabilities	444,569	28,139	320,655	85,612	878,975
Long-term debt	1,727,547	—	—	—	1,727,547
Other noncurrent liabilities	331,809	3,626	45,597	4,291	385,323
Total liabilities	2,503,925	31,765	366,252	89,903	2,991,845
Stockholders' equity	334,719	1,069,954	923,464	(1,993,418)	334,719
Total liabilities and stockholders' equity	$ 2,838,644	$ 1,101,719	$ 1,289,716	$ (1,903,515)	$ 3,326,564

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

	Condensed Consolidating Balance Sheet January 3, 2009				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 16,210	$ 2,355	$ 48,777	$ —	$ 67,342
Trade accounts receivable less allowances	(4,956)	6,096	406,305	(2,515)	404,930
Inventories	1,078,048	49,581	295,946	(133,045)	1,290,530
Deferred tax assets and other current assets	288,208	10,158	49,734	(577)	347,523
Total current assets	1,377,510	68,190	800,762	(136,137)	2,110,325
Property, net	208,844	13,914	365,431	—	588,189
Trademarks and other identifiable intangibles, net	27,199	114,630	5,614	—	147,443
Goodwill	232,882	16,934	72,186	—	322,002
Investments in subsidiaries	545,866	649,513	—	(1,195,379)	—
Deferred tax assets and other noncurrent assets	91,401	397,802	(37,980)	(85,133)	366,090
Total assets	$ 2,483,702	$ 1,260,983	$ 1,206,013	$ (1,416,649)	$ 3,534,049
Liabilities and Stockholders' Equity					
Accounts payable	$ 183,369	$ 3,980	$ 74,157	$ 85,647	$ 347,153
Accrued liabilities	207,996	30,875	57,555	(2,669)	293,757
Notes payable	—	—	61,734	—	61,734
Current portion of debt	—	—	45,640	—	45,640
Total current liabilities	391,365	34,855	239,086	82,978	748,284
Long-term debt	1,483,930	450,000	196,977	—	2,130,907
Other noncurrent liabilities	423,252	7,344	34,968	4,139	469,703
Total liabilities	2,298,547	492,199	471,031	87,117	3,348,894
Stockholders' equity	185,155	768,784	734,982	(1,503,766)	185,155
Total liabilities and stockholders' equity	$ 2,483,702	$ 1,260,983	$ 1,206,013	$ (1,416,649)	$ 3,534,049

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

	Condensed Consolidating Statement of Cash Flows Year Ended January 2, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 170,296	$ 497,035	$ 140,743	$ (393,570)	$ 414,504
Investing activities:					
Purchases of property, plant and equipment	(21,442)	(8,036)	(97,347)	—	(126,825)
Proceeds from sales of assets	32,931	—	5,034	—	37,965
Other	(148)	16	—	148	16
Net cash provided by (used in) investing activities	11,341	(8,020)	(92,313)	148	(88,844)
Financing activities:					
Borrowings on notes payable	—	—	1,628,764	—	1,628,764
Repayments on notes payable	—	—	(1,624,139)	—	(1,624,139)
Incurrence of debt under 2009 credit facilities	750,000	—	—	—	750,000
Payments to amend and refinance credit facilities	(71,826)	—	(3,150)	—	(74,976)
Borrowings on revolving loan facility	2,034,026	—	—	—	2,034,026
Repayments on revolving loan facility	(1,982,526)	—	—	—	(1,982,526)
Repayment of debt under 2006 credit facilities	(990,250)	(450,000)	—	—	(1,440,250)
Issuance of 8% Senior Notes	500,000	—	—	—	500,000
Repurchase of floating rate senior notes	(2,788)	—	—	—	(2,788)
Borrowings on Accounts Receivable Securitization Facility	—	—	183,451	—	183,451
Repayments on Accounts Receivable Securitization Facility	—	—	(326,068)	—	(326,068)
Proceeds from stock options exercised	1,179	—	—	—	1,179
Other	(815)	—	(32)	—	(847)
Net transactions with related entities	(422,042)	(39,724)	68,344	393,422	—
Net cash provided by (used in) financing activities	(185,042)	(489,724)	(72,830)	393,422	(354,174)
Effect of changes in foreign exchange rates on cash	—	—	115	—	115
Decrease in cash and cash equivalents	(3,405)	(709)	(24,285)	—	(28,399)
Cash and cash equivalents at beginning of year	16,210	2,355	48,777	—	67,342
Cash and cash equivalents at end of year	$ 12,805	$ 1,646	$ 24,492	$ —	$ 38,943

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

	Condensed Consolidating Statement of Cash Flows Year Ended January 3, 2009				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 18,786	$ 139,463	$ 319,393	$ (300,245)	$ 177,397
Investing activities:					
Purchases of property, plant and equipment	(32,129)	(10,813)	(144,015)	—	(186,957)
Acquisition of businesses, net of cash acquired	—	—	(14,655)	—	(14,655)
Proceeds from sales of assets	20,612	38	4,358	—	25,008
Other	2,047	(91)	(1,772)	(828)	(644)
Net cash used in investing activities	(9,470)	(10,866)	(156,084)	(828)	(177,248)
Financing activities:					
Borrowings on notes payable	—	—	602,627	—	602,627
Repayments on notes payable	—	—	(560,066)	—	(560,066)
Payments to amend credit facilities	(48)	(10)	(11)	—	(69)
Borrowings on revolving loan facility	791,000	—	—	—	791,000
Repayments on revolving loan facility	(791,000)	—	—	—	(791,000)
Repayment of debt under credit facilities	(125,000)	—	—	—	(125,000)
Repurchase of floating rate senior notes	(4,354)	—	—	—	(4,354)
Borrowings on Accounts Receivable Securitization Facility	—	—	20,944	—	20,944
Repayments on Accounts Receivable Securitization Facility	—	—	(28,327)	—	(28,327)
Proceeds from stock options exercised	2,191	—	—	—	2,191
Stock repurchases	(30,275)	—	—	—	(30,275)
Transaction with Sara Lee Corporation	18,000	—	—	—	18,000
Other	(395)	—	(14)	—	(409)
Net transactions with related entities	62,299	(132,561)	(230,811)	301,073	—
Net cash provided by (used in) financing activities	(77,582)	(132,571)	(195,658)	301,073	(104,738)
Effect of changes in foreign exchange rates on cash	—	—	(2,305)	—	(2,305)
Decrease in cash and cash equivalents	(68,266)	(3,974)	(34,654)	—	(106,894)
Cash and cash equivalents at beginning of year	84,476	6,329	83,431	—	174,236
Cash and cash equivalents at end of year	$ 16,210	$ 2,355	$ 48,777	$ —	$ 67,342

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 2, 2010, January 3, 2009 and December 29, 2007
(amounts in thousands, except per share data)

	Condensed Consolidating Statement of Cash Flows Year Ended December 29, 2007				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 1,021,014	$ 138,162	$ (323,563)	$ (476,573)	$ 359,040
Investing activities:					
Purchases of property, plant and equipment	(43,206)	(9,588)	(38,832)	—	(91,626)
Acquisitions of businesses, net of cash acquired	—	—	(20,243)	—	(20,243)
Acquisition of trademark	—	(5,000)	—	—	(5,000)
Proceeds from sales of assets	9,180	5,396	1,997	—	16,573
Other	(1,962)	566	(541)	1,148	(789)
Net cash provided by (used in) investing activities	(35,988)	(8,626)	(57,619)	1,148	(101,085)
Financing activities:					
Borrowings on notes payable	—	—	66,413	—	66,413
Repayments on notes payable	—	—	(88,970)	—	(88,970)
Payments to amend credit facilities	(3,135)	(131)	—	—	(3,266)
Repayment of debt under credit facilities	(428,125)	—	—	—	(428,125)
Borrowings on Accounts Receivable Securitization Facility	—	—	250,000	—	250,000
Proceeds from stock options exercised	6,189	—	—	—	6,189
Stock repurchases	(44,473)	—	—	—	(44,473)
Other	(287)	(26)	(834)	—	(1,147)
Net transactions with related entities	(491,679)	(121,799)	138,053	475,425	—
Net cash provided by (used in) financing activities	(961,510)	(121,956)	364,662	475,425	(243,379)
Effect of changes in foreign exchange rates on cash	—	—	3,687	—	3,687
Increase (decrease) in cash and cash equivalents	23,516	7,580	(12,833)	—	18,263
Cash and cash equivalents at beginning of year	60,960	(1,251)	96,264	—	155,973
Cash and cash equivalents at end of year	$ 84,476	$ 6,329	$ 83,431	$ —	$ 174,236

FORM OF
HANESBRANDS INC. OMNIBUS INCENTIVE PLAN OF 2006
PERFORMANCE CASH AWARD GRANT NOTICE AND AGREEMENT

To: [Name] (referred to herein as "Grantee" or "you")

Hanesbrands Inc. (the "Company") is pleased to confirm that you have been granted a Performance Cash Award (this "Award"), effective [date] (the "Grant Date"). This Award is subject to the terms of this Performance Cash Award Grant Notice and Agreement (this "Agreement") and is made under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (the "Plan") which is incorporated into this Agreement by reference. Any capitalized terms used herein that are otherwise undefined shall have the same meaning as provided in the Plan.

1. **Acceptance of Terms and Conditions**. To be eligible to receive this Award, you must sign this Agreement and return it to the Compensation Department within 30 days after the Grant Date. By signing this Agreement, you agree to be bound by the terms and conditions herein, the Plan and any and all conditions established by the Company in connection with Awards issued under the Plan, and you further acknowledge and agree that this Award does not confer any legal or equitable right (other than those rights constituting the Award itself) against the Company or any Subsidiary directly or indirectly, or give rise to any cause of action at law or in equity against the Company.

2. **Grant of Performance Cash Award**. Subject to the restrictions, limitations, terms and conditions specified in the Plan, the Participation Guide/Prospectus for Hanesbrands Inc. Omnibus Incentive Plan of 2006 (the "Plan Prospectus"), and this Agreement, the Company hereby grants you as of the Grant Date a Performance Cash Award to be earned over the three-year Performance Period beginning January 3, 2010 and ending December 29, 2012 (the "Performance Period").

- For the fiscal year ending January 1, 2011("FY2010"), this Performance Cash Award will have a mid-point amount of $[ ] ("Mid-Point Award").
- The Mid-Point Award value for the second and third years of the Performance Period will be established by the Compensation Committee of the Company's Board of Directors ("Committee") either immediately prior to the beginning of each year or shortly after the end of the preceding year.

3. **Measures and Targets**. The Threshold, Mid-Point and Maximum measures and targets as approved by the Committee for Section 16 Officers under the Annual Incentive Plan ("AIP") for FY2010, FY2011, and FY2012 shall be the Threshold, Mid-Point and Maximum measures and targets for this Award for FY2010, FY2011, and FY2012, respectively. The applicable achievement percentage shall be interpolated in relation to the foregoing; provided, however, that if any measure achieved is less than the Threshold amount, the achievement percentage for that measure shall be zero; and, provided, further, that in no event shall the achievement percentage exceed 200%.

Except to the extent provided in Paragraphs 5 through 7 below, the amount of the Award earned under this Agreement and under any other Performance Cash Awards granted to you under which amounts may be earned as a result of the Company's performance during the Performance Period shall be determined after the end of the Performance Period. The

achievement percentage of each measure shall be equal to the average of the actual achievement percentages for each year of the Performance Period for which such Awards have been issued multiplied by the sum of the Mid-Point Award values for the three-year Performance Period. The three-year average achievement percentage for each measure is weighted and summed to determine the amount of the award earned. For this purpose, the measures for this Award will be weighted in the same relative proportion as under the AIP.

4. **Payment of Award.** You shall receive payment of your Award, determined under Paragraphs 2 and 3 above, in a lump sum, less applicable withholding. Except as specifically provided below, such payment shall be made during the 2½-month period after the end of the Performance Period, provided you are employed by the Company or any of its Subsidiaries (collectively, the "HBI Companies") on the last day of the Performance Period. The Company will make payment of the Award associated with FY2010 in cash; the Company currently intends to make payment of the Award associated with FY2011 and FY2012 in cash but reserves the right to make payment associated with the latter two fiscal years in shares.

5. **Death or Total Disability**. If you cease active employment with the HBI Companies because of your death or total disability (as defined below) during the Performance Period that is at least fifty (50) percent complete prior to your death or total disability, then you (or your beneficiary in the event of your death) shall be entitled to receive payment of the Award amount described in this Paragraph. Your Award amount shall be determined in accordance with Paragraphs 2 and 3, based on achievement through the end of the year in which you die or become totally disabled, except that the achievement percentage for the year in which you die or become totally disabled shall be prorated based on your period of active employment with the HBI Companies during that year and prior to your death or total disability. Your Award amount will be paid during the 2½ month period following the end of the calendar year in which you die or become totally disabled.

For purposes of this Paragraph 5, you shall be deemed to have a total disability if you are determined to be totally disabled under the Company's disability plan, you have received disability benefits for at least three months under such plan, and your disability is expected to result in death or to last for a continuous period of at least 12 months.

6. **Retirement**. If you retire (as defined below) from the HBI Companies and the Performance Period is at least fifty (50) percent complete prior to your retirement, then you shall be entitled to receive payment of the Award amount described in this Paragraph. Your Award amount shall be determined in accordance with Paragraphs 2 and 3, based on achievement through the end of the year in which you retire, except that the achievement percentage for the year in which you retire shall be prorated based on your period of employment with the HBI Companies during that year and prior to your retirement date. Your Award amount will be paid as follows:

- If you retire in the second year of the Performance Period, payment of your Award amount shall be made during the 2½ month period following the end of the calendar year in which you retire; provided, however, that if you are a Top-50 Employee (as determined in accordance with Code Section 409A), the payment will not be made earlier than the date that is six months following your separation from service (as defined in Code Section 409A).
- If you retire during the last year of the Performance Period, payment of your Award amount shall be made at the date specified under Paragraph 4.

For purposes of this Paragraph 6, you shall be deemed to have retired if you cease active employment with the HBI Companies on or after attaining age 50 or older and after completing at least 10 years of service with the HBI Companies. For purposes of determining years of service under this Paragraph, if you were employed by Sara Lee Corporation on September 5, 2006 and remained employed by the HBI Companies thereafter, your service with the HBI Companies and Sara Lee Corporation will both be counted.

7. **Other Terminations of Employment and Change of Control.**

a. **Involuntary Termination With Severance.** If (i) your employment is involuntarily terminated by the HBI Companies (other than in connection with a Change of Control as defined in the Plan) and you are eligible to receive severance benefits under any written severance plan of the Company (a "Severance Event Termination") and (ii) the Performance Period is at least fifty (50) percent complete prior to the involuntary termination with severance, then you shall be entitled to receive payment of the Award amount described in this subparagraph. Your Award amount shall be determined in accordance with Paragraphs 2 and 3. The achievement percentage for the year of your Severance Event Termination shall be prorated based on your period of employment with the HBI Companies during that year and prior to your Severance Event Termination. Payment of your Award amount shall be made at the date specified under Paragraph 4.

b. **Involuntary Termination Without Severance.** If your employment is involuntarily terminated by the HBI Companies and you are not eligible to receive severance benefits under any written severance plan of the Company (*i.e.*, your employment is terminated for Cause), then vesting ends and this Award is forfeited on the date of termination.

c. **Voluntary Termination**. If you voluntarily terminate your employment with the Company, other than as described in Paragraph 6 above, then vesting ends and this Award is forfeited on the date of termination.

d. **Change of Control.** If (i) within three months preceding or 24 months following a Change of Control (as defined in the Plan) your employment is terminated by the Company other than for Cause, or if you are otherwise eligible for benefits following employment termination due to a Change of Control pursuant to an individual agreement with the HBI Companies, and (ii) the Performance Period is at least fifty (50) percent complete prior to your termination, then you shall be entitled to receive payment of the Award amount described in this subparagraph. Your Award amount shall be determined in accordance with Paragraphs 2 and 3. In addition, the measures for the year of your termination shall be deemed achieved at Mid-Point (notwithstanding the provisions of any individual agreement between you and the HBI Companies) and the achievement percentage for that year shall be prorated based on your period of employment with the HBI Companies during that year and prior to your employment termination. Payment of your Award amount shall be made as promptly as practicable after your termination of employment, but not later than the 15th day of the third month after your termination of employment due to the Change of Control.

e. **Other Sale, Closing or Spin-off.** If (i) your employment with the Company is terminated as a result of the sale, closing or spin-off of a specific business unit of the Company not considered a Change of Control as defined in the Plan, and (ii) the Performance Period is at least fifty (50) percent complete prior to your termination, then you shall be entitled to receive payment of the Award amount described in this subparagraph. Your Award amount shall be determined in accordance with Paragraphs 2 and 3, except that the achievement percentage for the year in which your employment

terminates shall be prorated based on your period of employment with the HBI Companies during that year and prior to your employment termination. Your Award amount will be paid as follows:

- If your employment terminates during the second year of the Performance Period, payment of your Award amount shall be made during the 2½ month period following the end of the calendar year in which your employment terminates; provided, however, that if you are a Top-50 Employee (as determined in accordance with Code Section 409A), the payment will not be made earlier than the date that is six months following your separation from service (as defined in Code Section 409A).
- If your employment terminates during the last year of the Performance Period, payment of your Award amount shall be made at the date specified under Paragraph 4.

8. **Forfeiture/Right of Offset**. Notwithstanding anything contained in this Agreement to the contrary, if you engage in any activity inimical, contrary or harmful to the interests of the Company or any Subsidiary, including but not limited to: (1) without the prior written consent of the Company, counseling or becoming employed by, or otherwise engaging or participating in, or performing consulting services for, any Competing Business (regardless of whether you receive any compensation of any kind), where "Competing Business" means any business that competes with any business that the HBI Companies conducted at any time during your employment with the HBI Companies, (2) violating the Company's Global Business Standards, (3) without the prior written consent of the Company, soliciting any present or future employees or customers of the Company to terminate such employment or business relationship(s) with the Company, (4) disclosing or misusing any confidential information regarding the Company, (5) participating in any activity not approved by the Board of Directors which could reasonably be foreseen as contributing to or resulting in a Change of Control of the Company (as defined in the Plan), or (6) disparaging or criticizing, orally or in writing, the business, products, policies, decisions, directors, officers or employees of Company or any of its subsidiaries or affiliates to any person (all such activities described in (1)-(6) above collectively referred to as "wrongful conduct"), then (i) this Award shall terminate automatically on the date on which you first engaged in such wrongful conduct and (ii) you shall pay to the Company in cash any financial gain you realized from the vesting of the Award within the 12-month period immediately preceding such wrongful conduct. By accepting this Award, you consent to and authorize the Company to deduct from any amounts payable by the Company to you, any amounts you owe to the Company under this Paragraph 8.

The Committee may make retroactive adjustments to, and you shall reimburse to the Company any Award paid to you where such compensation was predicated upon, achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that you otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from your misconduct. In each such instance, the Company will, to the extent practicable, seek to recover the amount by which your incentive compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results. The Company will, to the extent permitted by governing law, require forfeiture of any unvested Award and reimbursement to the Company for any financial gain realized from the vesting of any vested Award for any named executive officer (for purposes of this policy "named executive officers" has the meaning given that term in Item 402(a)(3) of Regulation S-K under the Securities Exchange Act of 1934) where: (i) the payment was predicated upon the achievement of certain financial results that were subsequently the

subject of a substantial restatement, and (ii) in the Committee's view the officer engaged in fraud or misconduct that caused or partially caused the need for the substantial restatement.

In each instance described above, the Company will, to the extent practicable, seek to recover the described incentive compensation for the relevant period, plus a reasonable rate of interest. By accepting this Agreement, you consent to and authorize the Company to deduct from any amounts payable by the Company to you, any amounts you owe to the Company under this Paragraph. This right of set-off is in addition to any other remedies the Company may have against you for your breach of this Agreement.

9. **Conformity with the Plan**. This Award is intended to conform in all respects with, and is subject to, all applicable provisions of the Plan. Inconsistencies between this Agreement, the Plan Prospectus or the Plan shall be resolved in accordance with the terms of the Plan. By your acceptance of this Agreement, you agree to be bound by all of the terms of this Agreement, the Plan, or the Plan Prospectus.

10. **Interpretations**. Any dispute, disagreement or question which arises under, or as a result of, or in any way relates to the interpretation, construction or application of the terms of this Agreement, the Plan, or the Plan Prospectus will be determined and resolved by the Committee or its authorized delegate. Such determination or resolution by the Committee or its authorized delegate will be final, binding and conclusive for all purposes.

11. **No Rights to Continued Employment**. By voluntarily acknowledging and accepting this Award, you acknowledge and understand that this Award shall not form part of any contract of employment between you and any of the HBI Companies. Nothing in the Agreement, the Plan Prospectus, or the Plan confers on any Grantee any right to continue in the employ of the HBI Companies or in any way affects the HBI Companies' right to terminate the Grantee's employment without prior notice at any time or for any reason. You further acknowledge that this Award is for future services to the HBI Companies and is not under any circumstances to be considered compensation for past services.

12. **Consent to Transfer Personal Data**. By accepting this Award, you voluntarily acknowledge and consent to the collection, use, processing and transfer of personal data as described in this Paragraph. You are not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect your ability to participate in the Plan. The Company holds certain personal information about you, that may include your name, home address and telephone number, fax number, email address, family size, marital status, sex, beneficiary information, emergency contacts, passport/visa information, age, language skills, drivers license information, date of birth, birth certificate, social security number or other employee identification number, nationality, C.V. (or resume), wage history, employment references, job title, employment or severance contract, current wage and benefit information, personal bank account number, tax related information, plan or benefit enrollment forms and elections, option or benefit statements, any shares of stock or directorships in the Company, details of all options or any other entitlements to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the Plan ("Data"). The Company and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. You authorize them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the

Plan. You may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing your consent may affect your ability to participate in the Plan.

13. **Miscellaneous**.

a. **Modification**. This Award is documented by the records of the Committee or its delegate which shall be the final determinant of the conditions of this Agreement. The Committee may amend or modify this Award in any manner to the extent that the Committee would have had the authority under the Plan initially to grant such Award, provided that no such amendment or modification shall impair your rights under this Agreement without your consent. Except as in accordance with the two immediately preceding sentences and Paragraph 15, this Agreement may be amended, modified or supplemented only by an instrument in writing signed by both parties hereto.

b. **Governing Law**. All matters regarding or affecting the relationship of the Company and its stockholders shall be governed by the General Corporation Law of the State of Maryland. All other matters arising under this Agreement including matters of validity, construction and interpretation, shall be governed by the internal laws of the State of North Carolina, without regard to any state's conflict of law principles. You and the Company agree that all claims in respect of any action or proceeding arising out of or relating to this Agreement shall be heard or determined in any state or federal court sitting in North Carolina, and you agree to submit to the jurisdiction of such courts, to bring all such actions or proceedings in such courts and to waive any defense of inconvenient forum to such actions or proceedings. A final judgment in any action or proceeding so brought shall be conclusive and may be enforced in any manner provided by law.

c. **Successors and Assigns**. Except as otherwise provided herein, this Agreement will bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto whether so expressed or not.

d. **Severability**. Whenever feasible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

e. **Impact Upon Termination of Employment**. By voluntarily acknowledging and accepting this Award, you agree that no benefits accruing under the Plan will be reflected in any severance or indemnity payments that the Company may make or be required to make to you in the future, regardless of the jurisdiction in which you may be located.

14. **Confidentiality**. You agree that you will not disclose the existence or terms of this Agreement to any other employees of the Company or third parties with the exception of your accountants, attorneys, spouse, or Same-Sex Domestic Partner (as that term is defined in the Hanesbrands Inc. Employee Health Benefit Plan), and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with legal process.

15. **Amendment**. By accepting this Award, you agree that the granting of the Award is at the discretion of the Committee and that acceptance of this Award is no guarantee that future Awards will be granted under the Plan. Notwithstanding anything in this Agreement, the Plan Prospectus, or the Plan to the contrary, this Award may be amended by the Company without the consent of the Grantee, including but not limited to modifications to any of the rights granted to the Grantee under this Agreement, at such time and in such manner as the Company may consider

necessary or desirable to reflect changes in law. The Grantee understands that the Company may amend, resubmit, alter, change, suspend, cancel, or discontinue the Plan at any time without limitation.

16. **Plan Documents**. The Plan Prospectus is available by contacting Celia Powers at 336/519-4210, and a copy of the Plan can be requested from the Committee, c/o Corporate Secretary, Hanesbrands Inc., 1000 E. Hanes Mill Road, Winston-Salem, NC 27105.

* * *

The undersigned hereby acknowledges, accepts, and agrees to all terms and provisions of the foregoing Agreement.

_____

Grantee

_____

Date

THE SIGNED AGREEMENT MUST BE RETURNED TO THE COMPENSATION DEPARTMENT, HANESBRANDS INC., 1000 E. HANES MILL ROAD, WINSTON-SALEM, NC 27105, WITHIN 30 DAYS AFTER THE GRANT DATE.

Exhibit 10.7

HANESBRANDS INC.

RETIREMENT SAVINGS PLAN

Conformed through Ninth Amendment

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HANESBRANDS INC.
RETIREMENT SAVINGS PLAN

(Effective as of July 24, 2006)

SECTION 1

1.01 Background; Purpose of Plan

The purpose of the Plan is to permit Eligible Employees of Hanesbrands Inc. (the "Company") and the other Employers to accumulate their retirement savings on a tax-favored basis. A portion of the Plan (that portion of the Plan invested in the Sara Lee Corporation Common Stock Fund prior to the Spin-Off date and that portion of the Plan invested in the Hanesbrands Inc. Common Stock Fund thereafter) is designed to invest primarily in qualifying employer securities and is intended to satisfy the requirements of an employee stock ownership plan (as defined in Section 4975(e)(7) of the Code) (the ESOP component); up to 100% of Plan assets may be invested in qualifying employer securities. The remaining portion of the Plan is a profit sharing plan intended to satisfy all requirements of Section 401(a) of the Code and includes a cash or deferred arrangement intended to satisfy the requirements of Section 401(k) of the Code (the 401(k) component). For each Plan Year, the 401(k) component shall include all of a Participant's Before-Tax Contributions, the Employers' Matching Contributions, the Annual Company Contribution and, for the 2006 Plan Year, the Transition Contribution allocable to the Participant with respect to that Plan Year, for all purposes of the Plan.

As of the Effective Date, the benefits of each Transferred Participant shall be transferred from the Sara Lee Plan, and continued in the form of, the Plan. As soon as administratively practicable on or after the Effective Date, (i) liabilities equal to the aggregate Account balances, as adjusted through the Effective Date, of each Transferred Participant shall be transferred from the Sara Lee Plan to the Plan and credited to the appropriate Plan accounts of each Transferred Participant and subject to the terms and conditions of the Plan, and (ii) the assets of the trust funding the Sara Lee Plan attributable to Transfer Participants' benefits shall be transferred (in kind) to the Trustee of the Trust. The transfer of the Transferred Participants' benefits from the Sara Lee Plan into the Plan and the transfer of assets to the Trust shall comply with Sections 401(a)(12), 411(d)(6), and 414(l) of the Code and the regulations thereunder.

After the Effective Date, if a Transferred Participant becomes entitled to an additional allocation under the Sara Lee Plan, then assets and liabilities equal to the additional amount so allocable shall be transferred from the Sara Lee Plan to the Plan as soon as administratively practicable after the allocable amount has been determined and shall be invested pursuant to the Transferred Participant's current investment elections. In addition, if a Transferred Participant transfers to employment with an Employer after the Effective Date but before the Spin-Off Date, then assets and liabilities equal to the Transferred Participant's account balance in the Sara Lee Plan shall be transferred to the Plan and invested in accordance with the Transferred Participant's current investment elections. The transfers described in this paragraph shall comply with Sections 401(a)(12), 411(d)(6) and 414(l) of the Code and the regulations thereunder.

1.02 Effective Date; Plan Year

Except as otherwise required to comply with applicable law or as specifically provided herein, the Plan is effective July 24, 2006 (the "Effective Date"). The first "Plan Year" is a short plan year beginning as of July 24, 2006 and ending December 31, 2006. Thereafter, the "Plan Year" shall be the twelve month period from each January 1 through December 31.

1.03 Plan Administration

As described in Subsection 17.01, the Committee shall be the administrator (as that term is defined in Section 3(16)(A) of ERISA) of the Plan and shall be responsible for the administration of the Plan; provided, however, that the Committee may delegate all or any part of its powers, rights, and duties under the Plan to such person or persons as it may deem advisable.

1.04 Plan Supplements

The provisions of the Plan may be modified by Supplements to the Plan. The terms and provisions of each Supplement are a part of the Plan and supersede the other provisions of the Plan to the extent necessary to eliminate inconsistencies between such other Plan provisions and such Supplement.

1.05 Trustee; Trust

Amounts contributed under the Plan are held and invested, until distributed, by the Trustee. The Trustee acts in accordance with the terms of the Trust, which implements and forms a part of the Plan. The provisions of and benefits under the Plan are subject to the terms and provisions of the Trust.

SECTION 2

Definitions

The following terms, when used herein, unless the context clearly indicates otherwise, shall have the following respective meanings:

2.01 Account

Except as may be stated elsewhere in the Plan, "Account" and "Accounts" mean all accounts and subaccounts maintained for a Participant (or for a Beneficiary after a Participant's death or for an Alternate Payee).

2.02 Accounting Date

"Accounting Date" means each day the value of an Investment Fund is adjusted for contributions, withdrawals, distributions, earnings, gains, losses or expenses, any date designated by the Committee as an Accounting Date, and an Accounting Date occurring under SECTION 8. It is anticipated that each Investment Fund will be valued as of each day on which the New York Stock Exchange is open for trading and the Trustee is open for business.

2.03 Actual Deferral Percentage

"Actual Deferral Percentage" for a group of Eligible Employees for a Plan Year means the average of the deferral ratios (determined separately for each Eligible Employee in such group) of: (a) the Eligible Employee's Before-Tax Contributions for the Plan Year; to (b) the Eligible Employee's compensation (determined in accordance with Code Section 414(s)) for such Plan Year.

2.04 Adjusted Net Worth

"Adjusted Net Worth" of an Investment Fund as of any Accounting Date means the then net worth of that Investment Fund as determined by the Trustee in accordance with the provisions of the Trust Agreement.

2.05 After-Tax Account

"After-Tax Account" means an Account maintained pursuant to Subparagraph 8.01(d).

2.06 Alternate Payee

"Alternate Payee" means a spouse, former spouse, child or other dependent of a Participant entitled to receive payment of a portion of the Participant's vested Plan benefits under a qualified domestic relations order, as defined in Section 414(p) of the Code.

2.07 Annual Addition

"Annual Addition" for any Limitation Year means the sum of annual additions to a Participant's Account for the Limitation Year. Notwithstanding any Plan provision to the contrary, a Participant's Annual Addition shall be determined in accordance with Code Section 415 and applicable Treasury regulations issued thereunder.

2.08 Annual Company Contribution

"Annual Company Contribution" means a contribution made by an Employer on behalf of each Annual Company Contribution Participant pursuant to Subsection 5.02.

2.09 Annual Company Contribution Account

"Annual Company Contribution Account" means an Account maintained pursuant to Subparagraph 8.01(c).

2.10 Appeal Committee

"Appeal Committee" means an ERISA Appeal Committee as described in Subsection 17.02 of the Plan.

2.11 Before-Tax Contribution

"Before-Tax Contribution" means the compensation deferrals under Code Section 401(k) a Participant elects to make pursuant to Subsection 4.01. Notwithstanding the foregoing, for purposes of implementing the required limitations of Code Sections 401(k), 402(g), and 415 contained in Subsections 6.01, 6.03 and 6.05, Before-Tax Contributions shall not include Catch-Up Contributions or deferrals made pursuant to Code Section 414(u) by reason of an Eligible Employee's qualified military service.

2.12 Before-Tax Contribution Account

"Before-Tax Contribution Account" means the Account maintained by the Committee pursuant to Subparagraph 8.01(a).

2.13 Beneficiary

"Beneficiary" means any person or persons (who may be designated contingently, concurrently or successively) to whom a Participant's Account balances are to be paid if the Participant dies before he or she receives his or her entire vested Account.

2.14 Catch-Up Contribution

"Catch-Up Contribution" means the deferrals of Compensation under Code Section 414(v) an eligible Participant elects to make pursuant to Subsection 4.02.

2.15 Code

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.16 Committee

"Committee" means the Committee appointed by the Company to administer the Plan as described in SECTION 17 of the Plan.

2.17 Company

"Company" means Hanesbrands Inc. or any successor organization or entity that assumes the Plan.

2.18 Compensation

"Compensation" for a Plan Year means the total wages (as defined in Section 3401(a) of the Code) paid to an individual by an Employer for the period in question for services rendered as an Employee of an Employer, which are subject to income tax withholding at the source, determined without regard to any exceptions to the withholding rules that limit the remuneration included in such wages and that are based on the nature or location of the employment or the services performed, determined in accordance with the following:

(a) Including (i) elective contributions made on behalf of the Employee pursuant to the Employee's salary reduction agreement under Sections 125, 401(k), and 132(f)(4) of the Code; and (ii) any differential wage payment (as defined in Section 3401(h)(2) of the Code).

(b) Excluding the following:

(i) Nonqualified stock option exercise income;

(ii) Stock awards;

(iii) Gains attributable to the sale of stock within the two (2) year period beginning on the date of grant under an employee stock purchase plan as described in Section 423 of the Code;

(iv) Reimbursements or other expense allowances;

(v) Fringe benefits (cash and non-cash);

(vi) Moving expenses;

(vii) Deferred compensation when earned or paid;

(viii) Welfare benefits; and

(ix) Severance pay and pay in lieu of notice under the Worker Adjustment and Retraining Notification Act.

For purposes of (A) determining and allocating contributions under Subsections 4.02, 5.02, 5.03 and 5.04, (B) applying the maximum percentage limitation specified in Subsection 4.01, and (C) applying the limitations of Subsections 6.01 and 6.02, the annual Compensation taken into account under the Plan for any Participant for a Plan Year shall not exceed $220,000 (as adjusted by the Secretary of the Treasury pursuant to Code Section 401(a)(17)(B)).

2.19 Contribution Percentage

"Contribution Percentage" of a group of Eligible Employees for a Plan Year means the average of the ratios (determined separately for each Eligible Employee in such group) of: (a) the Matching Contributions made on behalf of such Eligible Employee for such Plan Year; to (b) the Eligible Employee's compensation (determined in accordance with Code Section 414(s)) for such Plan Year.

2.20 Controlled Group Member

"Controlled Group Member" means the Company and any affiliated or related corporation that is a member of a controlled group of corporations (within the meaning of Section 1563(a) of the Code) that includes the Company or any trade or business (whether or not incorporated) which is under the common control of the Company (within the meaning of Section 414(b), (c) or (m) of the Code).

2.21 Covered Group

"Covered Group" means a group or class of Employees to which the Plan has been and continues to be extended by an Employer pursuant to Subsection 3.02. A listing of the Covered Groups under the Plan is included in Exhibit A to the Plan.

2.22 Direct Rollover

"Direct Rollover" means a payment by the Plan to an Eligible Retirement Plan specified by the Distributee.

2.23 Distributee

"Distributee" means a Participant (including a Participant described in Subsection 7.02 of the Plan) or Beneficiary. In addition, the Participant's surviving spouse and the Participant's spouse or former spouse who is an Alternate Payee are Distributees with regard to the interest of the spouse or former spouse.

2.24 Effective Date

"Effective Date" of the Plan means July 24, 2006 as defined in Subsection 1.02.

2.25 Elective Deferral

"Elective Deferral" means, with respect to any calendar year, each elective deferral as defined in Code Section 402(g).

2.26 Eligible Employee

"Eligible Employee" means an Employee who is a member of a Covered Group and is otherwise eligible to participate in the Plan pursuant to either Subsection 3.01 or Subsection 12.01.

2.27 Eligible Retirement Plan

"Eligible Retirement Plan" means the following:

(a) An individual retirement account described in Section 408(a) of the Code;

(b) An annuity contract described in Section 403(b) of the Code;

(c) An eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state or an agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred to such plan from this Plan;

(d) An individual retirement annuity described in Section 408(b) of the Code;

(e) An annuity plan described in Section 403(a) of the Code; or

(f) A qualified trust described in Section 401(a) of the Code that accepts the Distributee's Eligible Rollover Distribution.

2.28 Eligible Rollover Distribution

"Eligible Rollover Distribution" means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include the following:

(a) Any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten (10) years or more;

(b) Any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;

(c) Hardship withdrawals; and

(d) Any distribution excluded from the definition of "Eligible Rollover Distribution" under the Code or applicable Treasury Regulations.

A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion includes After-Tax Contributions that are not includible in gross income; provided, however, such portion may be transferred only to an individual retirement account or annuity described in Code Section 408(a) or (b), a qualified retirement plan (either a defined contribution plan or a defined benefit plan) described in Code Section 401(a) or 403(a), or an annuity contract described in Code Section 403(b) that agrees to separately account for amounts so transferred.

2.29 Employee

"Employee" means any person employed by one or more of the Employers who is on the regular payroll of an Employer and whose wages from the Employer are reported for Federal income tax purposes on Internal Revenue Service Form W-2 (or successor or equivalent form). Notwithstanding any provision of the Plan to the contrary, an individual who performs services for a Controlled Group Member but who is paid by an Employer under a common paymaster arrangement with such Controlled Group Member shall not be considered an Employee for purposes of the Plan. An Employer's classification as to whether an individual constitutes an Employee shall be determinative for purposes of an individual's eligibility under the Plan. An individual who is classified as an independent contractor (or other non-employee classification) shall not be considered an Employee and shall not be eligible for participation in the Plan, regardless of any subsequent reclassification of such individual as an Employee or employee of an Employer by an Employer, any government agency, court, or other third-party. Any such reclassification shall not have a retroactive effect for purposes of the Plan. Notwithstanding any other provision of the Plan to the contrary, nonresident alien individuals receiving no U.S.-source income from any Employer are not considered Employees under the Plan.

2.30 Employer

"Employer" means the Company and each Controlled Group Member that adopts the Plan in accordance with SECTION 18.

2.31 Employer Contributions

"Employer Contributions" means the following contributions made by an Employer on behalf of a Participant:

(a) Annual Company Contributions;

(b) Matching Contributions;

(c) Transition Contributions; and

(d) Any contributions that are made by an Employer in lieu of the contributions described in Subparagraphs (a), (b) or (c) above.

2.32 ERISA

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

2.33 Excess Contribution

"Excess Contribution" means the amount by which Before-Tax Contributions (determined without regard to the Participant's Catch-Up Contributions) for a Plan Year made by Highly Compensated Employees exceed the limitations of Subsection 6.01, as determined in accordance with Treasury Regulation Section 1.401(k)-2(b).

2.34 Excess Deferral

"Excess Deferral" means the amount by which a Participant's Before-Tax Contributions (determined without regard to the Participant's Catch-Up Contributions) exceed the limitations of Code Section 402(g)(4), as provided in Subsection 6.03.

2.35 Excess Matching Contribution

"Excess Matching Contribution" means the amount by which Matching Contributions for a Plan Year made by or on behalf of Highly Compensated Employees exceed the limitations of Subsection 6.02, as determined in accordance with Treasury Regulation Section 1.401(m)-2(b).

2.36 Fair Market Value

"Fair Market Value" means (a) with respect to Sara Lee Stock or Hanesbrands Stock held in the Plan, the closing price per share on the New York Stock Exchange as of any date or (b) in the case of any other stock for which there is no generally recognized market, the value determined as of a particular date in accordance with Treasury Regulation Section 54.4975-11(d)(5) and based upon an evaluation by an independent appraiser meeting the requirements of the regulations prescribed under Section 401(a)(28)(C) of the Code or, in the absence of such regulations, requirements similar to the requirements of the regulations prescribed under Section 170(a)(1) of the Code and having expertise in rendering such evaluations.

2.37 Forfeiture

"Forfeiture" means the amount by which a Participant's Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account and Predecessor Company Account (or other Employer Contribution Account under any applicable Supplement to the Plan) is reduced under Subsections 6.01, 6.02, 6.03, 10.01 or any applicable Supplement.

2.38 Hanesbrands Stock

"Hanesbrands Stock" means shares of common stock of Hanesbrands Inc.; provided, however, that, after the Spin-Off Date, such term shall include only such shares as constitute both "employer securities" as defined in Section 409(l) of the Code and "qualifying employer securities" as defined in Section 407(d)(5) of ERISA.

2.39 Highly Compensated Employee

"Highly Compensated Employee" means a highly compensated employee as defined in Code Section 414(q) and the regulations thereunder. Generally, a Highly Compensated Employee means any Employee who: (a) during the immediately preceding Plan Year received annual compensation from the Employers (determined in accordance with Subsection 6.05 of the Plan) of more than $95,000 (or such greater amount as may be determined by the Commissioner of Internal Revenue) and, at the Company's discretion for such preceding year, was in the top-paid twenty percent (20%) of the Employees for that year; or (b) was a five percent (5%) owner of an Employer during the current Plan Year or the immediately preceding Plan Year.

A former Participant shall be treated as a Highly Compensated Employee if such Participant was a Highly Compensated Employee when such Participant separated from service from a Controlled Group Member or such Participant was a Highly Compensated Employee at any time after attaining age fifty-five (55) years.

2.40 Hour of Service

"Hour of Service" means any hour for which an Employee is compensated by an Employer, directly or indirectly, or is entitled to compensation from an Employer for the performance of duties and for reasons other than the performance of duties, and each previously uncredited hour for which back pay has been awarded or agreed to by an Employer, irrespective of mitigation of damages. Hours of Service shall be credited to the period for which duties are performed (or for which payment is made if no duties were performed), except that Hours of Service for which back pay is awarded or agreed to by an Employer shall be credited to the period to which the back pay award or agreement pertains. The rules for crediting Hours of Service set forth in Section 2530.200b-2 of Department of Labor regulations are incorporated by reference. References in this Subsection to an Employer shall include any Controlled Group Member.

2.41 Investment Committee

"Investment Committee" means the committee appointed by the Company to manage the assets of the Plan and Trust.

2.42 Leased Employee

"Leased Employee" means any person who is not an Employee of an Employer, but who has provided services to an Employer under the primary direction or control of the Employer, on a substantially full-time basis for a period of at least one year, pursuant to an agreement between the Employer and a leasing organization.

2.43 Leave of Absence

"Leave of Absence" for Plan purposes means an absence from work which is not treated by the Participant's Employer as a termination of employment or which is required by law to be

treated as a Leave of Absence. A Totally Disabled Employee shall not be considered to be on a Leave of Absence for purposes of the Plan.

2.44 Limitation Year

"Limitation Year" means the Plan Year.

2.45 Matching Contributions

"Matching Contribution" means the amount of a Participant's Before-Tax Contributions for which a Matching Contribution is payable pursuant to Subsection 5.03. Notwithstanding the foregoing, for purposes of implementing the required limitations of Code Sections 401(m) and 415 contained in Subsections 6.02 and 6.05, Matching Contributions shall not include employer contributions made pursuant to Code Section 414(u) by reason of an Eligible Employee's qualified military service.

2.46 Matching Contribution Account

"Matching Contribution Account" means an Account maintained pursuant to Subparagraph 8.01(b).

2.47 Maternity or Paternity Absence

"Maternity or Paternity Absence" means an Employee's absence from work because of the pregnancy of the Employee or birth of a child of the Employee, the placement of a child with the Employee, or for purposes of caring for the child immediately following such birth or placement. The Committee may require the Employee to furnish such information as the Committee considers necessary to establish that the Employee's absence was for one of the reasons specified above.

2.48 Normal Retirement Age

"Normal Retirement Age" means the date upon which a Participant attains age sixty-five (65) years.

2.49 One-Year Break in Service

"One-Year Break in Service" means each twelve (12) consecutive month period commencing on an Employee's or Participant's Separation Date and on each anniversary of such date during which the Employee or Participant does not perform an Hour of Service. In the case of a Maternity or Paternity Absence, the twelve (12) consecutive month periods beginning on the first day of such absence and the first anniversary thereof shall not constitute a One-Year Break in Service.

2.50 Participant

"Participant" means each Eligible Employee who satisfies the requirements of Subsection 3.01 or 12.01, as applicable.

2.51 Period of Service

"Period of Service" means a period beginning on the date an Employee enters Service (or reenters Service) and ending on his or her Separation Date with respect to such period, subject to the following special rules:

(a) An Employee shall be deemed to enter Service on the date he or she first completes an Hour of Service.

(b) An Employee shall be deemed to reenter Service on the date following a Separation Date when he or she again completes an Hour of Service.

(c) An Employee shall be deemed to have continued in Service (and thus not to have incurred a Separation Date) for the following periods:

(i) Any period for which he or she is required to be given credit for Service under any laws of the United States; and

(ii) The period (referred to herein as "Medical Leave") prior to his or her Separation Date during which he or she is unable, by reason of physical or mental infirmity, or both, to perform satisfactorily the duties then assigned to him or her or which an Employer or Controlled Group Member is willing to assign to him or her, as determined by the Committee pursuant to a medical examination by a medical doctor selected or approved by the Committee. Such period shall end with the earlier of his or her Separation Date, or the date of cessation of such inability.

(d) Subject to the rehire rules of Subsection 12.02, all periods of Service of an Employee shall be aggregated in determining his or her Service.

(e) If an Employee is absent from work because he or she quits, is discharged or retires, and he or she reenters Service before the first anniversary of the date of such absence, such date shall not constitute a Separation Date and the period of such absence shall be included as Service.

2.52 Plan

"Plan" means the Hanesbrands Inc. Retirement Savings Plan, as amended from time to time.

2.53 Plan Year

The first "Plan Year" is a short plan year beginning as of July 24, 2006 and ending December 31, 2006. Thereafter, the "Plan Year" shall be the twelve (12) month period beginning each January 1 and ending on the next following December 31 as defined in Subsection 1.02.

2.54 Predecessor Company

"Predecessor Company" means any corporation or other entity (other than Sara Lee Corporation), the stock, assets or business of which was acquired by an Employer or another Controlled Group Member prior to the Effective Date, or is acquired by an Employer or another Controlled Group Member on or after the Effective Date, whether by merger, consolidation, purchase of assets or otherwise, and any predecessor thereto designated by the Plan or by the Committee.

2.55 Predecessor Company Account

"Predecessor Company Account" means an Account maintained pursuant to Subparagraph 8.01(f).

2.56 Predecessor Plan

"Predecessor Plan" means a plan formerly maintained by a Controlled Group Member or a Predecessor Company (other than the Sara Lee Plan) that has been merged into and continued in the form of this Plan.

2.57 Required Commencement Date

"Required Commencement Date" means the April 1 of the calendar year next following the later of the calendar year in which the Participant attains age seventy and one-half (70-1/2) or the calendar year in which his or her Separation Date occurs; provided, however, that the Required Commencement Date of a Participant who is a five percent (5%) owner (as defined in Code Section 416) of an Employer or a Controlled Group Member with respect to the Plan Year ending in the calendar year in which he or she attains age seventy and one-half (70-1/2) shall be April 1 of the next following calendar year.

2.58 Rollover Contribution

"Rollover Contribution" means a Participant's contribution pursuant to Subsection 4.04.

2.59 Rollover Contribution Account

"Rollover Contribution Account" means the Account maintained pursuant to Subparagraph 8.01(e).

2.60 Sara Lee Plan

"Sara Lee Plan" means the Sara Lee Corporation 401(k) Plan.

2.61 Sara Lee Stock

"Sara Lee Stock" means shares of common stock of Sara Lee Corporation.

2.62 Separation Date

"Separation Date" means the earlier of (a) the date on which an Employee or Participant is no longer employed by an Employer or a Controlled Group Member because he or she quits, retires, is discharged or dies; or (b) the first anniversary of the first day of any period during which an Employee or Participant remains absent from service with all Controlled Group Members for any reason other than quit, retirement, discharge or death.

2.63 Service

"Service" means the number of completed calendar years and months during a Participant's Periods of Service.

2.64 Spin-Off, Spin-Off Date

"Spin-Off" means Sara Lee Corporation's distribution of all of its interest in Hanesbrands Inc. The actual date of the Spin-Off shall be known as the "Spin-Off Date."

2.65 Totally Disabled or Total Disability

"Totally Disabled" or "Total Disability" when used in reference to a Participant means that condition of the Participant resulting from injury or illness which:

(a) Results in such Participant's entitlement to and receipt of monthly disability insurance benefits under the Federal Social Security Act; or

(b) Results in such Participant's entitlement to and receipt of (or would result in receipt of but for any applicable benefit waiting period) long-term disability benefits under a long-term disability income plan maintained or adopted by such Participant's Employer.

2.66 Transferred Participants

"Transferred Participant" means:

(a) any participant who has an account in the Sara Lee Plan and is employed by Hanesbrands Inc. or a Sara Lee Corporation division listed on Exhibit A on the Effective Date;

(b) any participant who (i) has an account in the Sara Lee Plan on the Effective Date, and (ii) after the Effective Date but before the Spin-Off Date is transferred from employment with Sara Lee Corporation (or a subsidiary) to employment as an Eligible Employee of Hanesbrands Inc. or of a Sara Lee Corporation division listed on Exhibit A; and

(c) any participant in the Sara Lee Plan who was not employed by any controlled group member of Sara Lee Corporation on the Effective Date but who was last employed by Hanesbrands Inc., the Sara Lee Branded Apparel division of Sara Lee Corporation, or a Sara Lee Corporation division listed in Exhibit A."

2.67 Trust Agreement

"Trust Agreement" means the Hanesbrands Inc. Retirement Savings Plan Trust, which implements and forms a part of the Plan.

2.68 Trust Fund

"Trust Fund" means all assets held or acquired by the Trustee in accordance with the Plan and the Trust.

2.69 Trustees

"Trustees" mean the person or persons appointed to act as Trustees under the Trust Agreement.

2.70 Year of Service

"Year of Service" means an Employee's continuous employment by one or more of the Employers or other Controlled Group Members for the twelve (12) month period beginning on the Employee's date of hire or on any anniversary of that date, subject to the provisions of Subsection 12.01 and the following:

(a) A period of concurrent Service with two (2) or more of the Employers and the other Controlled Group Members will be considered as employment with only one of them during that period.

(b) If an Employee is on a Leave of Absence authorized by his or her Employer, his or her period of continuous employment shall include such Leave of Absence, except for any portion thereof for which he or she is not granted rights as to reemployment by an Employer or a Controlled Group Member under any applicable statute.

(c) If and to the extent the Committee so provides, part or all of the last continuous period of employment of an Employee with an Employer or any Predecessor

Company prior to the date of coverage hereunder shall be included in determining Years of Service; except that:

(i) All service of a Transferred Participant that was recognized under the Sara Lee Plan as of the Effective Date shall be recognized and taken into account under the Plan to the same extent as if such service had been completed under the Plan, subject to any applicable break in service rules under the Sara Lee Plan and the Plan.

(ii) If an individual (A) was previously employed by the Sara Lee Corporation (referred to as the "prior employers" for purposes of this Subparagraph), and (B) subsequently becomes an Employee of an Employer or a Controlled Group Member; all of the individual's service with the prior employers shall be recognized and taken into account under the Plan to the same extent as if such service had been completed under the Plan, subject to any applicable break in service rules under the applicable prior employer's plans and the Plan.

(d) The foregoing provisions of this Subsection shall not be applied so as to allow an Employee to become a Participant in the Plan prior to the Employee's actual employment by an Employer and his or her becoming a member of a Covered Group of Employees.

SECTION 3

Participation

3.01 Eligibility to Participate

(a) Eligible Participants.

(i) Each Transferred Participant shall become a Participant on the Effective Date or, if later, on the date of a transfer of employment described in Subparagraph 2.66(b), subject to the terms and conditions of the Plan. Each other Eligible Employee hired prior to January 1, 2008 shall become a Participant on the first date of the first payroll period following the date he or she attains age twenty-one (21) or on January 1, 2008, if earlier; except that Eligible Employees hired prior to January 1, 2008 and described in Supplement B to the Plan shall become Participants on their dates of hire without regard to their then attained age. Notwithstanding the foregoing, each Eligible Employee hired prior to January 1, 2008 must have attained age twenty-one (21) before becoming eligible for Annual Company Contributions provided under Subsection 5.02. An Eligible Employee may become a Participant only if he or she is a member of a Covered Group.

(ii) Each Eligible Employee hired on or after January 1, 2008 shall become a Participant as follows:

(A) With respect to Before-Tax Contributions, Catch-Up Contributions, and Matching Contributions, immediately following the date the Eligible Employee has completed at least 30 days of Service; and

(B) With respect to Annual Company Contributions, upon his or her date of hire as an Eligible Employee or the date he or she attains age twenty-one (21), if later;

in each case, provided the Eligible Employee is then a member of a Covered Group."

(b) Special Participation Rules. Notwithstanding any provision of the Plan to the contrary, the following special participation rules shall apply:

(i) "Participants" only for purposes of Subsection 4.04. For purposes of transferred amounts or Rollover Contributions made pursuant to Subsection 4.04, the term "Participant" shall include an Employee of an Employer who is not yet a Participant in the Plan, but such "Participant"

may not make Before-Tax Contributions or receive any Employer Contributions before satisfying the requirements of this Section.

(ii) Transfer Between Covered Groups. In the event an Employee or Participant transfers employment from one Covered Group to a different Covered Group that is not eligible for the same contributions and benefits under the Plan, such individual shall be treated as terminating employment and simultaneously being reemployed under Subsection 12.01 solely for purposes of determining his or her eligibility for contributions and benefits under the Plan during his or her employment with the new Covered Group.

(iii) Inactive Transferred Participants. Transferred Participants who are not actively employed by an Employer in a Covered Group shall be treated as terminated or restricted participants under Subsection 7.02 of the Plan.

3.02 Covered Group

Designation of a Covered Group when made by the Company shall be effected by action of the Committee or by a person or persons authorized by said Committee. Designation of a Covered Group when made by any other Employer shall be effected by action of that Employer's Board of Directors or a person or persons so authorized by that Board. Notwithstanding the foregoing, Employees who are or who become members of a group or class of Employees included in a collective bargaining unit covered by a collective bargaining agreement between an Employer and the collective bargaining representative of such Employees and who, as a consequence of good faith bargaining between the Employer and such representative, are excluded from participation in the Plan shall not be considered as belonging to a Covered Group.

3.03 Leave of Absence

A Leave of Absence will not interrupt continuity of participation in the Plan. Leaves of Absence will be granted under an Employer's rules applied uniformly to all Participants similarly situated. Notwithstanding any provision of the Plan to the contrary, (i) contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code, and (ii) in the case of a Participant who dies while performing qualified military service (as defined in Section 414(u) of the Code) on or after January 1, 2007, the survivors of the Participant will be entitled to any benefits (other than benefit accruals relating to the period of qualified military service) provided under the plan had the Participant resumed and then terminated employment on account of death. In any case where a Participant is on a Leave of Absence or is a Totally Disabled Participant and his or her employment with an Employer and its Subsidiaries is terminated for any other reason, then his or her employment with the Employers for purposes of the Plan will be considered terminated on the same date and for the same reason.

3.04 Leased Employees

A Leased Employee shall not be eligible to participate in the Plan. The period during which a Leased Employee performs services for an Employer shall be taken into account for purposes of Subsection 10.01 of the Plan, unless (a) such Leased Employee is a participant in a money purchase pension plan maintained by the leasing organization which provides a non-integrated employer contribution rate of at least 10 percent (10%) of compensation, immediate

participation for all employees and full and immediate vesting, and (b) Leased Employees do not constitute more than 20 percent (20%) of the Employers' nonhighly compensated workforce.

SECTION 4

Before-Tax Contributions

4.01 Before-Tax Contributions

(a) Before-Tax Contribution Election. Each full-time and part-time, exempt and non-exempt salaried or hourly Participant may elect to defer a portion of his or her Compensation for any Plan Year by electing to have a percentage (in multiples of one percent (1%) not to exceed fifty percent (50%)) of his or her Compensation contributed to the Plan on his or her behalf by his or her Employer as Before-Tax Contributions. A Participant may elect to make such Before-Tax Contributions beginning as soon as administratively possible following the date he or she becomes a Participant, subject to Subparagraph (b) below. Notwithstanding any Plan provision to the contrary, a Participant may make a Before-Tax Contribution election only with respect to amounts that are compensation within the meaning of Code Section 415 and Treasury Regulations Section 1.415(c)-2.

(b) Automatic Deferral Election. Notwithstanding Subparagraph (a) above, each Participant as of January 1, 2008 who has not previously made an affirmative election under the Plan and each individual who becomes an Eligible Employee on or after January 1, 2008 will be deemed to have automatically elected to have four percent (4%) of his or her Compensation contributed to the Plan as Before-Tax Contributions beginning on January 1, 2008 or as soon as administratively possible after the Eligible Employee becomes a Participant under Subparagraph 3.01(a), if later. Each such Participant's deferral percentage shall increase automatically by one percent (1%) each Plan Year thereafter, up to six percent (6%) of Compensation; provided, however, that the automatic deferral percentage for an Eligible Employee who becomes a Participant during the last three months of a Plan Year shall not increase until the beginning of the second Plan Year following his or her participation date; and further provided that automatic increases under this Subparagraph shall not apply once a Participant has made an affirmative election to change his or her deferral percentage, including an affirmative election to cease all deferrals. Prior to the date an automatic deferral election is effective, the Committee shall provide the Eligible Employee with a notice that explains the automatic deferral feature, the Eligible Employee's right to elect not to have his or her Compensation automatically reduced and contributed to the Plan or to have another percentage contributed, and the procedure for making an alternate election. An automatic deferral election shall be treated for all purposes of the Plan as a voluntary deferral election.

(c) Reduction of Compensation. Before-Tax Contributions shall be made by a reduction of such items of the Participant's Compensation as each Employer shall determine (on a uniform basis) for each payroll period by the applicable percentage (not to exceed the maximum percentage determined by the Committee for any payroll period). The amount deferred by a Participant will be withheld

from the Participant's Compensation and contributed to the Plan on the Participant's behalf by the Participant's Employer in accordance with Subsection 5.01.

4.02 Catch-Up Contributions

A Participant who has attained age fifty (50) years (or will attain age fifty (50) years by the end of the Plan Year) may elect to defer an additional amount of Compensation as Before-Tax Contributions for such Plan Year in accordance with and subject to the limitations of Section 414(v) of the Code ("Catch-Up Contributions"). Before-Tax Contributions shall not include Catch-Up Contributions for purposes of implementing the required limitations of Code Sections 401(k), 402(g), and 415 contained in Subsections 6.01, 6.03, and 6.05, respectively.

4.03 Change in Election

Each Participant who has made an election for any Plan Year pursuant to Subsection 4.01 or 4.02 (if applicable) may subsequently make an election to discontinue the deferral of his or her Compensation (but not retroactively) as of the beginning of any payroll period. If a Participant discontinues his or her deferrals, he or she may subsequently elect under Subsection 4.01 or 4.02 (if applicable) to have a deferral resumed as of any subsequent payroll period. A Participant also may elect to change (but not retroactively) the rate of his or her Tax-Deferred Contributions and the amount of his or her Catch-Up Contributions (if applicable) as of the beginning of any payroll period, within the limits specified in Subsection 4.01 and 4.02 (if applicable). Elections under this Subsection shall be made in such manner and in accordance with such rules as the Committee determines. If the Committee in its discretion determines that elections under this Subsection shall be made in a manner other than in writing, any Participant who makes an election pursuant to such method may receive written confirmation of such election; further, any such election and confirmation will be the equivalent of a writing for all purposes.

4.04 Direct Transfers and Rollovers

The Committee in its discretion may direct the Trustee to accept:

(a) From a trustee or insurance company a direct transfer (or an Eligible Rollover Distribution) of a Participant's benefit (or portion thereof) under any other Eligible Retirement Plan;

(b) From a Participant as a Rollover Contribution an amount (or portion thereof) received by the Participant as an Eligible Rollover Distribution from another Eligible Retirement Plan; or

(c) From a Participant as a Rollover Contribution the entire amount received by the Participant as a distribution from an individual retirement account or an individual retirement annuity where such amount is attributable to a rollover contribution of a qualified total distribution pursuant to Section 408(d)(3)(A) of the Code;

provided, however, that any such Rollover Contribution made by a Participant shall be in cash only and comply with the provisions of the Code and the rules and regulations thereunder applicable to tax-free rollovers and shall be exclusive of after-tax employee contributions. If after a Rollover Contribution has been made the Committee learns that such contribution did not meet those provisions, the Committee may direct the Trustee to make a distribution to the Participant of the entire amount of the Rollover Contribution received. Any amount so transferred or contributed to the Trustee will be credited to the Account of the Participant as determined by the Committee. If any portion of a Participant's benefits under the Plan is attributable to amounts which were transferred to the Plan, directly or indirectly (but not in a direct rollover as defined in Section 401(a)(31) of the Code), from a Plan which is subject to the requirements of Section 401(a)(11) of the Code, then the provisions of said Section 401(a)(11) shall apply to the benefits of such Participant. The Committee in its discretion may direct the Trustee to transfer Account balances of a group or class of Participants, by means of a trust-to-trust transfer, to the trustee (or insurance company) of any other individual account, profit sharing or stock bonus plan intended to meet the requirements of Section 401(a) of the Code.

SECTION 5

Employer Contributions

5.01 Before-Tax Contributions

Subject to the limitations of this SECTION 5, the Employers will contribute to the Trustee on behalf of each Participant the amount of such Participant's Before-Tax Contributions under Subsection 4.01. Such Before-Tax Contributions shall be paid to the Trustee as soon as practicable after being withheld, but no later than the fifteenth (15th) business day of the next following month, and allocated to Participants' Current Year Before-Tax Contribution Subaccounts.

5.02 Annual Company Contribution

For that portion of the first Plan Year that follows the Spin-Off Date and for each Plan Year thereafter, the Employers shall contribute to the Plan as follows:

(a) For Participants who are exempt and non-exempt salaried employees, an amount determined by the Company each year in its discretion, which amount shall not be in excess of four percent (4%) of such Participants' Compensation for that portion of the Plan Year during which he or she was a salaried employee and a Participant in the Plan.

(b) For Participants who are hourly, non-union employees or are New York-based sample department union Employees, an amount determined by the Company each year in its discretion, which amount shall not be in excess of two percent (2%) of such Participants' Compensation for that portion of the Plan Year during which he or she was an hourly employee and a Participant in the Plan.

For 2006, the Employers shall make an additional contribution on behalf of each Participant who is an exempt or non-exempt salaried employee. Such contribution shall equal two percent (2%) of the Participant's Compensation for that portion of the period beginning on January 1, 2006 (or the date the Participant was transferred to employment with Hanesbrands Inc. or a Sara Lee Corporation division listed on Exhibit A, if later) and ending on the Spin-Off Date during which the Participant was a salaried employee; provided that no contribution shall be made with respect to any period during which the employee was not a participant in the Plan or the Sara Lee Plan. For purposes of determining the amount of a Participant's contributions under this Subsection 5.02 for 2006, the Code Section 401(a)(17)(B) limit shall be applied to the sum of the Participant's Compensation paid from the Company and the Sara Lee Corporation during that year.

Annual Company Contributions under this Subsection 5.02 to be made for Plan Years beginning on or after January 1, 2008 shall be funded in either cash or shares of Hanesbrands Stock (which may be shares purchased in the open market or authorized-but-unissued shares), as determined by the Committee. If shares of Hanesbrands Stock are contributed, they shall be valued for allocation purposes at their Fair Market Value as of the date of allocation. The Annual Company Contributions under this Subsection 5.02 shall be immediately invested in accordance with the Participant's current investment election. Notwithstanding the foregoing, Participants shall be eligible to receive a contribution under this Subsection only if they are employed with the Employer on the last day of the Plan Year (and for this purpose, any Participant who is employed on the last business day of the Plan Year shall be considered to be

employed on the last day of the Plan Year), or if their employment ended during the Plan Year as a result of retirement (Separation Date after age fifty-five (55) with ten (10) Years of Service, or after age sixty-five (65)), death or Total Disability.

5.03 Matching Contributions

(a) As of the end of each quarter (or on a more frequent basis as determined by the Employers), the Employers will make a Matching Contribution on behalf of each Participant equal to one hundred percent (100%) of the Participant's Before-Tax Contributions (including Catch-Up Contributions) made since the last Employer Matching Contribution that do not exceed four percent (4%) of the Participant's Compensation.

(b) As of the end of each calendar quarter (a "true up allocation date"), a "true up" Matching Contribution for each Participant who, as of the applicable true up allocation date, did not receive the full Matching Contribution provided under Subparagraph (a) and this Subparagraph (b), if applicable, based on the amount of his or her Before-Tax Contributions (including Catch-Up Contributions) for the Plan Year as of the applicable true up allocation date. Such true up Matching Contribution will be equal to the difference between the Matching Contribution actually made on behalf of such Participant for the Plan Year as of the true up allocation date, and the full Matching Contribution that the Participant would have been entitled to receive for the Plan Year as of the true up allocation date if such Matching Contributions were determined as of the true up allocation date instead of on a quarterly basis.

(c) Matching Contributions for Plan Years beginning in 2009 shall be made in either cash or shares of Hanesbrands Stock (which may be shares purchased in the open market or authorized-but-unissued shares), as determined by the Committee. If shares of Hanesbrands Stock are contributed, they shall be valued for allocation purposes at their Fair Market Value as of the date of allocation. The Matching Contributions under this Subsection 5.03 shall be immediately invested in accordance with the Participant's current investment election.

5.04 Transition Contribution

Subject to the conditions and limitations of the Plan, solely for the Plan Year ending on December 31, 2006, for any Participant who, on January 1, 2006:

(a) Was an exempt or non-exempt salaried employee of Sara Lee Corporation's Branded Apparel division; and

(b) Had attained age fifty (50) and completed ten (10) Years of Service; and

who is not eligible for a transition credit allocation under the Hanesbrands Inc. Supplemental Employee Retirement Plan (the "SERP") (other than the salaried employee transition credit set forth in Subsection 2.32 of the SERP); the Employers shall contribute, in cash, to the Annual Company Contribution Account of such Participant an amount equal to ten percent (10%) of such eligible Participant's Compensation for calendar year 2006 (including Compensation paid prior to the Effective Date); provided, however, that Participants shall be eligible to receive a contribution under this Subsection only if they are employed on the last business day of the Plan Year(and for this purpose, any Participant who is employed on the last business day of the Plan Year shall be considered to be employed on the last day of the Plan Year), or if their employment ended during the Plan Year as a result of retirement (Separation Date after age fifty-five (55) with ten (10) Years of Service, or after age sixty-five (65)), death or Total Disability.

5.05 Allocation of Annual Company Contribution

The amount of the contribution made by the Employers for each Plan Year pursuant to Subsection 5.02 for each eligible Participant in the amounts specified in Subparagraph 5.02(a) or 5.02(b) as the case may be, shall be allocated to each such Participant's Annual Company Contribution Account as of the last day of the Plan Year.

5.06 Payment of Matching Contributions

Matching Contributions under Subparagraph 5.03(a) of the Plan for any Plan Year shall be made each calendar quarter (or on a more frequent basis as determined by the Employers) based on the matchable Before-Tax Contributions that have been posted to the Participant's Accounts for such period. Matching Contributions under Subparagraph 5.03(b) of the Plan shall be made as soon as practicable after each true up allocation date.

5.07 Allocation of Matching Contributions

Subject to Subsections 6.02 and 6.05, the Matching Contribution under Subparagraph 5.03(a) shall be allocated and credited to the Current Year Matching Contribution Subaccounts of those Participants entitled to share in such Matching Contributions, pro rata, according to the matchable Before-Tax Contributions made by them, respectively, during that period and posted to the Participants' Current Year Before-Tax Contribution Subaccount as of such Accounting Date. Matching Contributions under Subparagraph 5.03(b) of the Plan shall be allocated and credited as soon as practicable after each true up allocation date.

5.08 [RESERVED]

5.09 Limitations on Employer Contributions

The Employers' total contribution for a Plan Year is conditioned on its deductibility under Section 404 of the Code in that year, and shall comply with the contribution limitations set forth in Subsection 6.05 and the allocation limitations contained in Subsections 6.01 and 5.04 of the Plan, and shall not exceed an amount equal to the maximum amount deductible on account thereof by the Employers for that year for purposes of federal taxes on income.

5.10 Verification of Employer Contributions

If for any reason the Employer decides to verify the correctness of any amount or calculation relating to its contribution for any Plan Year, the certificate of an independent

accountant selected by the Employer as to the correctness of any such amount or calculation shall be conclusive on all persons.

5.11 Corrective Contributions/Reallocations

If, with respect to any Plan Year, an administrative error results in a Participant's Account not being properly credited with his or her Before-Tax Contributions, Rollover Contributions, or Employer Contributions, or earnings on any such amounts, corrective Employer Contributions or account reallocations may be made in accordance with this Subsection. Solely for the purpose of placing any affected Participant's Account in the position that the Account would have been in had no error been made:

(a) an Employer may make additional contributions to such Participant's Accounts; or

(b) the Committee may reallocate existing contributions among the Accounts of affected Participants.

In addition, with respect to any Plan Year, if an administrative error results in an amount being credited to an Account for a Participant or any other individual who is not otherwise entitled to such amount, corrective action may be taken by the Committee, including, but not limited to, a direction to forfeit amounts erroneously credited (with such forfeitures to be used to reduce future Employer Contributions or other contributions to the Plan), reallocate such erroneously credited amounts to other Participants' Accounts, or take such other corrective action as necessary under the circumstances. Any Plan administration error may be corrected using any appropriate correction method permitted under the Employee Plans Compliance Resolution System (or any successor procedure), as determined by the Committee in its discretion.

SECTION 6

Contribution Limits

6.01 Actual Deferral Percentage Limitations

In no event shall the Actual Deferral Percentage of the Highly Compensated Employees for any Plan Year exceed the greater of the:

(a) Actual Deferral Percentage of all other Eligible Employees for the Plan Year multiplied by 1.25; or

(b) Actual Deferral Percentage of all other Eligible Employees for the Plan Year multiplied by 2.0; provided that the Actual Deferral Percentage of the Highly Compensated Employees does not exceed that of all other Eligible Employees by more than two (2) percentage points.

From time to time during the Plan Year, the Committee shall determine whether the limitation of this Subsection will be satisfied and, to the extent necessary to ensure compliance with such limitation, may limit the Before-Tax Contributions to be withheld on behalf of Highly Compensated Employees or may refund Before-Tax Contributions previously withheld. If, at the end of the Plan Year, the limitation of this Subsection is not satisfied, the Committee shall refund Before-Tax Contributions previously withheld on behalf of Highly Compensated Employees. If Before-Tax Contributions made on behalf of Highly Compensated Employees must be refunded to satisfy the limitation of this Subsection, the Committee shall determine the amount of Excess Contributions and shall refund such amount on the basis of the Highly Compensated Employees' contribution amounts, beginning with the highest such contribution amounts. Excess Contributions previously withheld (and any income allocable thereto determined in accordance with Subsection 6.04) may be distributed within two and one-half (2-$^1/_2$) months after the close of the Plan Year to which such Excess Contributions relate, but in any event no later than the end of the Plan Year following the Plan Year in which such Excess Contributions were made. Matching Contributions attributable to Excess Contributions shall be treated as Forfeitures under Subsection 10.06. For Plan Years beginning on and after January 1, 2008, the Plan shall satisfy the nondiscrimination requirements of Code Section 401(k) in accordance with the safe harbor method based on Matching Contributions, as described in Code Section 401(k)(13)(D), and the foregoing provisions of this Subsection shall be inapplicable.

6.02 Limitation on Matching Contributions

In no event shall the Contribution Percentage of the Highly Compensated Employees for any Plan Year exceed the greater of the:

(a) Contribution Percentage of all other Eligible Employees for the Plan Year multiplied by 1.25; or

(b) Contribution Percentage of all other Eligible Employees for the Plan Year multiplied by two (2.0); provided that the Contribution Percentage of such Highly Compensated Employees does not exceed that of all other Participants by more than two (2) percentage points.

From time to time during the Plan Year, the Committee shall determine whether the limitation of this Subsection will be satisfied and, to the extent necessary to ensure compliance with such limitation, shall refund a portion of the Matching Contributions previously credited to Highly Compensated Employees. If Matching Contributions made on behalf of Highly Compensated Employees must be refunded to satisfy the limitation of this Subsection, the Committee shall determine the amount of Excess Matching Contributions and shall refund such amount on the basis of the Highly Compensated Employees' contribution amounts, beginning with the highest such contribution amounts. At the Committee's discretion, if the Excess Matching Contributions are attributable to non-vested Matching Contributions, such Excess Matching Contributions may be forfeited in accordance with Subsection 10.06 and applied in the same manner as any other Forfeiture under the Plan. Excess Matching Contributions previously credited (and any income allocable thereto determined in accordance with Subsection 6.04) may be distributed or forfeited within twelve (12) months after the close of the Plan Year to which such Excess Matching Contributions relate, but in any event no later than the end of the Plan Year following the Plan Year in which such Excess Matching Contributions were made. For Plan Years beginning on and after January 1, 2008, the Plan shall satisfy the nondiscrimination requirements of Code Section 401(m) in accordance with the safe harbor method based on Matching Contributions, as described in Code Section 401(m)(12), and the foregoing provisions of this Subsection shall be inapplicable.

6.03 Dollar Limitation

Notwithstanding the provisions of Subsection 6.01, no Participant shall make a Before-Tax Contribution election which will result in his or her Elective Deferrals for any calendar year exceeding $15,000 (or such greater amount as may be prescribed by the Secretary of Treasury to take into account cost-of-living increases pursuant to Code Section 402(g)), except to the extent permitted with respect to Catch-Up Contributions, if applicable. If a Participant's total Elective Deferrals under this Plan and any other plan of another employer for any calendar year exceed the annual dollar limit prescribed above, the Participant may notify the Committee, in writing on or before March 1 of the next following calendar year, of his or her election to have all or a portion of such Excess Deferrals (and the income allocable thereto determined in accordance with Subsection 6.04) allocated under this Plan and distributed in accordance with this Subsection. In such event, or in the event that the Committee otherwise becomes aware of any Excess Deferrals, the Committee shall, without regard to any other provision of the Plan, direct the Trustee to distribute to the Participant by the following April 15 the Participant's Excess Deferrals (and any income attributable thereto determined in accordance with Subsection 6.04) so allocated under the Plan. Distributions to be made in accordance with the preceding sentence shall be made as soon as is practicable following receipt by the Committee of written notification of Excess Deferrals, and the Committee shall make every effort to meet the April 15 distribution deadline for all written notifications received by the preceding March 1.

The amount of such Excess Deferrals distributed to a Participant in accordance with this Subsection shall be treated as a contribution for purposes of the limitations referred to under Subsection 6.05, and shall continue to be treated as Before-Tax Contributions for purposes of the Actual Deferral Percentage test described in Subsection 6.01; however, Excess Deferrals by non-Highly Compensated Employees shall not be taken into account under Subsection 6.01 to the extent such Excess Deferrals are made under this Plan or any other plan maintained by an Employer or Controlled Group Member. In addition, any Matching Contributions attributable to amounts distributed under this Subsection (and any income allocable thereto determined in accordance with Subsection 6.04) shall be forfeited in accordance with Subsection 10.06.

6.04 Allocation of Earnings to Distributions of Excess Deferrals, Excess Contributions and Excess Matching Contributions

The earnings allocable to distributions of Excess Deferrals under Subsection 6.03, Excess Contributions under Subsection 6.01, and Excess Matching Contributions under Subsection 6.02 shall be determined by multiplying the earnings attributable to the applicable excess amounts (for the calendar and/or Plan Year, whichever is applicable) by a fraction, the numerator of which is the applicable excess amount, and the denominator of which is the balance attributable to such contributions in the Participant's Account or Accounts, as of the beginning of such year, plus the contributions allocated to the applicable account for such year. Notwithstanding the foregoing, no income shall be allocated to Excess Deferrals, Excess Contributions or Excess Matching Contributions for the period between the end of the Plan Year and prior to the distribution of such amounts.

6.05 Contribution Limitations

For each Limitation Year, the Annual Addition to a Participant's Accounts under the Plan and under any other defined contribution plan maintained by any Employer shall not exceed the lesser of $45,000 (as adjusted for cost-of-living increases under Code Section 415(d)) or 100% of the Participant's compensation for the Limitation Year. For purposes of this Subsection 6.05, "compensation" for a Limitation Year means a Participant's compensation within the meaning of Code Section 415(c)(3) and Treasury Regulations Section 1.415(c)-2(b) and (c) that is actually paid or made available during the Limitation Year, subject to the following:

(a) Compensation shall include elective amounts that are not includible in the gross income of the Participant by reason of Code Sections 125, 132(f) and 402(g)(3).

(b) Compensation for a Limitation Year shall include compensation paid by the later of 2-1/2 months after a Participant's severance from employment with the Employers or the end of the Limitation Year that includes the date of the Participant's severance from employment with the Employers, if:

(i) The payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and absent a severance from employment, the payments would have been paid to the Participant while the Participant continued in employment with the Employers; or

(ii) The payment is for unused accrued bona fide sick, vacation or other leave that the Participant would have been able to use if employment had continued.

Any payment not described above shall not be considered compensation if paid after severance from employment, even if paid by the later of 2-1/2 months after the date of severance from employment or the end of the Limitation Year that includes the date of severance from employment, except for payments to an individual who does not currently perform services for the Employers by reason of qualified military service (within the meaning of Code Section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employers rather than entering qualified military service.

(c) A Participant's compensation for a Limitation Year shall not include compensation in excess of the limitation under Code Section 401(a)(17) in effect for the Limitation Year.

The Committee shall take any actions it deems advisable to avoid an Annual Addition in excess of Code Section 415 of the Code; provided, however, if a Participant's Annual Addition for a Limitation Year actually exceeds the limitations of this Subsection, the Committee shall correct such excess in accordance with applicable guidance issued by the Internal Revenue Service. Annual Additions shall be subject to Code Section 415 and applicable Treasury regulations issued thereunder, the requirements of which are incorporated herein by reference to the extent not specifically provided in this Subsection 6.05.

SECTION 7

Period of Participation

7.01 Separation Date

If a Participant is transferred from employment with an Employer to employment with a Controlled Group Member (other than an Employer), then, for the purpose of determining when his or her Separation Date occurs under this Subsection, his or her employment with such Controlled Group Member (or any Controlled Group Member to which he or she is subsequently transferred) shall be considered as employment with the Employers. If a Participant who was an Eligible Employee of an Employer becomes a Leased Employee of an Employer, then his or her change in status shall not be considered a termination of employment for purposes of determining when his or her Separation Date occurs under this Subsection. A Participant's termination of employment with all of the Employers at any age while Totally Disabled shall be deemed a termination on account of Total Disability.

7.02 Restricted Participation

When payment of all of a Participant's Account balances is not made at his or her Separation Date, or if a Participant transfers to the employ of a Controlled Group Member which is not an Employer or continues in the employ of an Employer but ceases to be employed in a Covered Group, the Participant or his or her Beneficiary will continue to be considered as a Participant for all purposes of the Plan, except as follows:

(a) He or she will not make any Before-Tax Contributions, and his or her Employer will not make any Employer Contributions on his or her behalf, for any period beginning after his or her Separation Date occurs or for any subsequent Plan Year unless he or she is reemployed and again becomes a Participant in the Plan; provided, however, that his or her Employer shall contribute:

(i) His or her Before-Tax Contributions, as provided in Subsection 5.01, with respect to Compensation paid through his or her Separation Date; and

(ii) If applicable, an Annual Company Contribution and/or a Transition Contribution for the Plan Year in which his or her Separation Date occurs, based on his or her Compensation paid during that portion of the Plan Year in which he or she was a Participant eligible for such contributions.

(b) He or she will not make any Before-Tax Contributions, and his or her Employer will not make any Employer Contributions on his or her behalf, for any period in which he or she is in the employ of an Employer but is not an Eligible Employee.

(c) He or she will not make any Before-Tax Contributions, and his or her Employer will not make any Employer Contributions on his or her behalf, for any period in

which he or she is employed by a Controlled Group Member that is not an Employer under the Plan.

(d) The Participant may not apply for loans under Subsection 11.01.

(e) A Participant whose Separation Date occurs, or a Beneficiary or Alternate Payee of a Participant, may not apply for a withdrawal under Section 11.

SECTION 8

Accounting

8.01 Separate Accounts

The Committee will maintain the following Accounts in the name of each Participant:

(a) A "Before-Tax Contribution Account," which will reflect his or her Before-Tax Contributions, if any, made under the Plan, and the income, losses, appreciation and depreciation attributable thereto. This Account shall include a "Current Year Before-Tax Contribution Subaccount," which will reflect only the Before-Tax Contributions made by the Participant during the current Plan Year.

(b) A "Matching Contribution Account," which will reflect his or her share of Matching Contributions, if any, made under the Plan, and the income, losses, appreciation and depreciation attributable thereto. This Account shall include a "Current Year Matching Contribution Subaccount," which will reflect only the Matching Contributions allocated to the Participant during the current Plan Year.

(c) An "Annual Company Contribution Account," which will reflect his or her share of the Annual Company Contributions under the Plan, and the income, losses, appreciation and depreciation attributable thereto. This Account shall include a "Current Year Annual Company Contribution Subaccount," which will reflect only the Annual Company Contributions allocated to the Participant during the current Plan Year.

(d) An "After-Tax Account," which will reflect his or her after-tax contributions, and the income, losses, appreciation and depreciation attributable to all after-tax contributions made to the Plan or a Predecessor Plan.

(e) A "Rollover Contribution Account," which will reflect his or her Rollover Contributions to the Plan, and the income, losses, appreciation and depreciation attributable thereto.

(f) A "Predecessor Company Account," which will reflect the contributions made by a Participant, or on his or her behalf, under a Predecessor Plan, and the income, losses, appreciation and depreciation attributable thereto.

8.02 Adjustment of Participants' Accounts

As of each Accounting Date, the Accounts of Participants shall be adjusted to reflect the following:

(a) Transfers, if any, made between Investment Funds;

(b) Before-Tax Contributions, Employer Contributions and Rollover Contributions, if any, and payments of principal and interest on any loans made from a Participant's Account;

(c) Distributions and withdrawals that have been made but not previously charged to the Participant's Account; and

(d) Changes in the Adjusted Net Worth of the Investment Funds in which such Account is invested.

As of each Accounting Date, the Committee shall establish the value of each Participant's Account, which value shall reflect the transactions posted to the Participant's Account as they occurred during the preceding calendar month. As of the first day of each Plan Year, the balance in each Participant's Current Year Before-Tax Contribution Subaccount, Current Year Matching Contribution Subaccount, Current Year Annual Company Contribution Subaccount, Current Year Transition Contribution Subaccount, if any, shall be reflected in the Participant's Before-Tax Contribution Account, Matching Contribution Account, Annual Company Contribution Account, Transition Contribution Account, and After-Tax Account, respectively and the balances of such Current Year Before-Tax Contribution Subaccount, Current Year Matching Contribution Subaccount, Current Year Annual Company Contribution Subaccount and Current Year Transition Contribution Subaccount shall be reduced to zero. If a Special Accounting Date occurs, the accounting rules set forth above in this Subsection and elsewhere in this SECTION 8 shall be appropriately adjusted to reflect the resulting shorter accounting period ending on that Special Accounting Date.

Notwithstanding the foregoing, the Committee may establish separate rules to be applied on a uniform basis in adjusting any portion of Participants' Accounts that is invested in the Sara Lee Corporation Common Stock Fund or the Hanesbrands Inc. Common Stock Fund for such accounting period, including the treatment of any dividends or stock splits with respect to the securities held in such funds. Such rules may include provisions for (i) allocating earnings from short-term investments during an accounting period to the Subaccounts of Participants; (ii) allocating dividends or stock splits to Participants' Subaccounts invested in the applicable Fund (or to a separate Account or Subaccount, as applicable); (iii) allocating shares of Sara Lee Stock or Hanesbrands Stock to Participants' Subaccounts based on the average purchase price per share purchased by the Trustee during such accounting period; and (iv) allocating shares of stock (or other securities) to Participants' Subaccounts based on the applicable stock split or stock dividend factor or other similar basis.

8.03 Crediting of 401(k) Contributions

Subject to the provisions of SECTION 4, each Participant's Before-Tax Contributions will be credited to his or her Current Year Before-Tax Contribution Subaccount no later than the Accounting Date which ends the accounting period of the Plan during which such contributions were received by the Trustee.

8.04 Charging Distributions

All payments made to a Participant or his or her Beneficiary during the accounting period ending on each Accounting Date will be charged to the proper Accounts of the Participant in accordance with Subsection 8.02.

8.05 Statement of Account

At such times during each Plan Year as the Committee may determine, each Participant will be furnished with a statement reflecting the condition of his or her Account in the Trust Fund as of the most recent Accounting Date. No Participant shall have the right to inspect the records reflecting the Accounts of any other Participant.

SECTION 9

The Trust Fund and Investment of Trust Assets

9.01 The Trust Fund

The Trust Fund will consist of all money, stocks, bonds, securities and other property of any kind held and acquired by the Trustees in accordance with the Plan and the Trust Agreement.

9.02 The Investment Funds

The Investment Committee, in its discretion, may designate one or more funds, referred to collectively as "Investment Funds," for the investment of Participants' Accounts. The Investment Committee, in its discretion, may from time to time establish new Investment Funds or eliminate existing Investment Funds. The available Investment Funds shall include the "Hanesbrands Inc. Common Stock Fund," the assets of which are primarily invested in shares of Hanesbrands Stock. A portion of each Investment Fund may be invested from time to time in the short-term investment fund (STIF) of a custodian bank.

9.03 Investment of Contributions

In accordance with rules established by the Committee, a Participant may elect to have contributions to his or her Accounts invested in one or more of the Investment Funds in even multiples of one percent (1%). If a Participant does not make such an election within such period as may be determined by the Committee, he or she shall be deemed to have elected that all eligible contributions to his or her Accounts be invested in the default investment arrangement specified by the Investment Committee in accordance with ERISA Section 404(c)(5) and accompanying regulations.

Elections under this Subsection and Subsections 9.04 and 9.05 shall be made in such manner and in accordance with such rules as the Committee determines. If the Committee determines in its discretion that elections under this Subsection and Subsections 9.04 and 9.05 shall be made in a manner other than in writing, any Participant who makes an election pursuant to such method may receive written confirmation of such request; further, any such request and confirmation shall be the equivalent of a writing for all purposes.

9.04 Change in Investment of Contributions

Effective as of any payroll period, a Participant may elect to change his or her investment election under Subsection 9.03. Such change shall apply only with respect to contributions made by or on behalf of the Participant that are received by the Trustee after the effective date of the change.

9.05 Elections to Transfer Balances Between Accounts; Diversification

On any Accounting Date, a Participant may elect to transfer or reallocate the balances in his or her Accounts in an Investment Fund to one or more other Investment Funds, subject to the trading restrictions of the Investment Fund; any such election shall be made in accordance with rules established by the Committee, and may include an election to automatically reallocate the Participant's Accounts on such dates as the Participant may specify in the election. The Participant's Accounts in the Investment Fund from which a fund transfer or reallocation is made will be charged, and his or her Accounts in the Investment Fund to which such fund transfer or reallocation is made will be credited, with the amount so transferred or reallocated in accordance with rules established by the Committee. Such transfers or reallocations shall be made as soon as administratively feasible following the Participant's election or, in the event of an automatic reallocation, on the date elected by the Participant in accordance with procedures established by the Committee. The foregoing provisions of this Subsection are contingent upon the availability of fund transfers and reallocations between Investment Funds under the terms of the investments made by each Investment Fund. A Participant's Account may be charged a redemption fee for frequent transfers into and out of an Investment Fund within a restricted time period established by the Investment Fund. Additionally, Participants may be restricted from initiating fund transfers or reallocations into or out of an Investment Fund if the Committee or an Investment Fund determines that the Participant's transfer activity would be detrimental to that Investment Fund.

9.06 Voting of Stock; Tender Offers

With respect to Hanesbrands Stock (and Sara Lee Stock for as long as it is held in the Plan), the Committee shall notify Participants of each meeting of the shareholders of Sara Lee Corporation or Hanesbrands Inc. and shall furnish to them copies of the proxy statements and other communications distributed to shareholders in connection with any such meeting. The Committee also shall notify the Participants that they are entitled to give the Trustee voting instructions as to Sara Lee Stock or Hanesbrands Stock credited to their Accounts. If a Participant furnishes timely instructions to the Trustee, the Trustee (in person or by proxy) shall vote the Sara Lee Stock or Hanesbrands Stock (including fractional shares) credited to the Participant's Accounts in accordance with the directions of the Participant. The Trustee shall vote the Sara Lee Stock or Hanesbrands Stock for which it has not received timely direction, in the same proportion as directed shares are voted.

Similarly, the Committee shall notify Participants of any tender offer for, exchange of, or a request or invitation for tenders of Sara Lee Stock or Hanesbrands Stock and shall request from each Participant instructions for the Trustee as to the tendering of Sara Lee Stock or Hanesbrands Stock credited to his or her Accounts. The Trustee shall tender or exchange such Sara Lee Stock or Hanesbrands Stock as to which it receives (within the time specified in the notification) instructions to tender or exchange. Any Sara Lee Stock or Hanesbrands Stock credited to the Accounts of Participants as to which instructions not to tender or exchange are received and as to which no instructions are received shall not be tendered or exchanged.

9.07 Confidentiality of Participant Instructions

The instructions received by the Trustee from Participants or Beneficiaries with respect to purchase, sale, voting or tender of Sara Lee Stock or Hanesbrands Stock credited to such Participants' or Beneficiaries' Accounts shall be held in confidence and shall not be divulged or released to any person, including the Committee, officers or Employees of the Company or any Controlled Group Member.

SECTION 10

Payment of Account Balances

10.01 Payments to Participants

(a) Vesting.

(i) Before-Tax Contribution, After-Tax, and Rollover Contribution Accounts. A Participant shall at all times be fully vested in and have a nonforfeitable right to the balance in his or her Before-Tax Contribution Account and his or her After-Tax and Rollover Contribution Accounts, if any.

(ii) Annual Company Contribution and Transition Contribution Account. If a Participant's Separation Date occurs on or after his or her Normal Retirement Age, on the date he or she dies, or on or after the date he or she becomes Totally Disabled, then the Participant shall be fully vested in his or her Annual Company Contribution Account and Transition Contribution Account. If a Participant's Separation Date occurs under any other circumstances, the balances in his or her Annual Company Contribution Account and Transition Contribution Account shall be calculated in accordance with the vesting schedule outlined below:

If the Participant's Number of Years of Service is:	The Vested Percentage of His or Her Applicable Accounts will be:
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

The resulting balance in his or her Annual Company Contribution Account and Transition Contribution Account will be distributable to him or her, or, in the event of his or her death, to his or her Beneficiary, in accordance with this Subsection and Subsection 10.02.

(iii) Matching Contribution Account. If a Participant's Separation Date occurs on or after his or her Normal Retirement Age, on the date he or she dies, or on or after the date he or she becomes Totally Disabled, then the

Participant shall be fully vested in his or her Matching Contribution Account. If a Participant's Separation Date occurs under any other circumstances on or after January 1, 2008, the Participant shall be fully vested in his or her Matching Contribution Account balance provided he or she has completed at least two Years of Service. Notwithstanding the foregoing, if the Participant is an active employee and has a Matching Contribution Account balance on December 31, 2007, he or she shall be fully vested in his or her Matching Contribution Account (including future contributions thereto) on and after January 1, 2008. If a Participant's Separation Date occurs prior to January 1, 2008, he or she shall be vested in his or her Matching Contribution Account balance to the same extent that he or she was vested at his or her Separation Date, subject to the provisions of Subparagraph 12.02(a)(i). The balance in the Participant's Matching Contribution Account after application of the foregoing vesting rules will be distributable to him or her, or, in the event of his or her death, to his or her Beneficiary, in accordance with this Subsection and Subsection 10.02

(iv) Special Provisions to Certain Participants. In addition, a Participant who was subject to special vesting rules under the Sara Lee Plan shall be fully vested in his or her Accounts to the extent provided in the Sara Lee Plan.

(b) Time of Payment. Except as provided in Subsection 10.03 below, payment of a Participant's benefits will be made or commence within the time determined by the Committee after his or her Separation Date, but not later than sixty (60) days after (i) the end of the Plan Year in which his or her Separation Date occurs, or (ii) such later date on which the amount of the payment can be ascertained by the Committee. In the event a Participant receives a lump sum distribution of his or her entire vested Accounts and additional contributions are subsequently credited to his or her Accounts, his or her entire remaining vested Account balance shall be distributed in an immediate lump sum to the extent such vested Account balance does not exceed $1,000 as of the date of such distribution. Except as provided in the preceding sentence or in Subparagraph 10.01(f) below, distributions may not be made to the Participant before his or her Normal Retirement Age without his or her consent.

(c) Method of Distribution. A Participant's vested Accounts will be distributed to him or her (or, in the event of his or her death, to his or her Beneficiary) in a lump sum unless the Participant (or, in the event of his or her death, the Participant's Beneficiary) elects, in accordance with procedures established by the Committee, to receive such distribution by any one or more of the following methods, if applicable:

(i) Partial Distributions. A Participant (or, in the event of his or her death, his or her Beneficiary) may elect to receive a partial distribution of the vested

Account balance (but not less than the lesser of his or her total Account balance or $250.00) as of any Accounting Date after the Participant's Separation Date. All partial distributions under this Subparagraph shall be made in cash only. Notwithstanding any Plan provision to the contrary, a partial distribution under this Subparagraph shall not be available once a Participant or his or her surviving spouse has begun to receive installments under Subparagraph (ii) below.

(ii) Installments. If the vested portion of a Participant's Accounts exceeds $5,000, the Participant (or, in the event of his or her death, his or her surviving spouse) may elect to receive substantially equal installments over a period not to exceed five (5) Plan Years, commencing in any year designated but no later than the applicable Required Commencement Date, with final distribution of all vested Accounts by the fifth year. All installment distributions shall be made in cash. A Participant or his or her surviving spouse who is receiving installments may subsequently elect to receive a lump sum distribution of all remaining installment payments. No Beneficiary other than a Participant's surviving spouse may elect to receive installments.

(iii) Special Distribution Provisions for Certain Participants. Notwithstanding the foregoing, a Participant who had an account balance in a Predecessor Plan may elect distribution under any other method available to such Participant to the extent provided in the Sara Lee Plan.

(iv) Order of Accounts. Distributions under this Subparagraph shall be charged to the Participant's vested Accounts (if applicable) in such order as shall be determined by the Committee and applied uniformly.

(v) Special Provisions Applicable to Dividends. Notwithstanding Subparagraph (a)(ii), dividends attributable to Sara Lee Stock or Hanesbrands Stock in a Participant's Accounts shall be one hundred percent (100%) vested.

(d) Fees. The Committee may, on an annual or more frequent basis, charge the Accounts of any Alternate Payee, any Beneficiary, or any Participant whose Separation Date has occurred for a reason other than Retirement, for reasonable and necessary administrative fees incurred in the ongoing maintenance of such Accounts in the Plan, in accordance with uniform rules and procedures applicable to all Participants similarly situated. "Retirement" means Separation from Service on or after the earlier of: (i) the attainment of age fifty-five (55) and ten (10) Years of Service, or (ii) Normal Retirement Age.

(e) No Payments Due to Spin-Off. Notwithstanding any Plan provision to the contrary, no Separation Date shall have occurred and no distribution of Accounts shall be made to a Participant solely on account of the Spin-Off.

(f) Vested Accounts Not in Excess of $1,000. Notwithstanding any Plan provision to the contrary, if the Participant's vested Accounts equal $1,000 or less on or after the Participant's Separation Date, the method of distribution as to that Participant shall be as a lump sum cash distribution of the Participant's vested Accounts. Such distribution shall be made as soon as practicable following the Participant's Separation Date. If the Participant's vested benefit under the Plan is zero, the Participant shall be deemed to have received a distribution of such vested benefit.

(g) Special Distribution Rules for Certain Military Service Leaves. Notwithstanding the foregoing, in accordance with Section 414(u)(12) of the Code, a Participant receiving a differential wage payment (as defined in Section 3401(h)(2) of the Code) shall be treated as having been severed from employment with the employer for purposes of taking a distribution of his pre-tax compensation deferral contributions account during any period the Participant performs service in the uniformed services while on active duty for a period of more than 30 days. If a Participant elects to receive a distribution pursuant to the preceding sentence, such Participant shall not be permitted to make pre-tax compensation deferral contributions under Section 3 of the Plan during the six-month period beginning on the date of the distribution.

10.02 Distributions in Shares

Distributions of amounts invested in the Hanesbrands Inc. Common Stock Fund (or the Sara Lee Corporation Common Stock Fund while such fund is maintained under the Plan) may be made in cash or in shares, as elected by the Participant, provided such shares are distributed at their Fair Market Value, as determined by the Trustee. If a Participant elects a stock distribution of amounts invested in the Hanesbrands Inc. Common Stock Fund or the Sara Lee Corporation Common Stock Fund and the Participant subsequently has additional contributions allocated to either of said funds, the Participant shall receive such additional contributions, to the extent vested, in shares of stock in accordance with Subsection 10.01, unless such additional contributions do not exceed $1,000 as of the date of distribution. If an election is made by the Participant to direct the Trustee to distribute the balance of his or her Accounts invested in the Sara Lee Corporation Common Stock Fund or the Hanesbrands Inc. Common Stock Fund in cash, the Participant shall receive cash equal to the Fair Market Value of the balance of his or her Accounts. For purposes of this Subsection, the rights extended to a Participant hereunder shall also apply to any Beneficiary or Alternate Payee of such Participant. All other distributions shall be made in cash.

10.03 Beneficiary

(a) Designation of Beneficiary. Each Participant from time to time, in accordance with procedures established by the Committee, may name or designate a Beneficiary. A Beneficiary designation will be effective only when properly provided to the Committee in accordance with its procedures while the Participant is alive and, when effective, will cancel all earlier Beneficiary designations made by the Participant. Notwithstanding the foregoing, a deceased Participant's surviving spouse will be his or her sole, primary Beneficiary unless: (i) the spouse had consented in writing to the Participant's election to designate another person or persons as a primary Beneficiary or Beneficiaries, (ii) such election designates a Beneficiary which may not be changed without spousal consent (or the consent of the spouse expressly permits designations by the Participant without any further consent by the spouse) and (iii) the spouse's consent acknowledges the effect of such election and is witnessed by a notary public.

(b) No Beneficiary Designation at Death. If a deceased Participant failed to name or designate a Beneficiary, if the Participant's Beneficiary designation is ineffective for any reason, or if all of the Participant's Beneficiaries die before the

Participant, the Committee will direct the Trustee to pay the Participant's Account balance in accordance with the following:

(i) To the Participant's surviving spouse;

(ii) If the Participant does not have a surviving spouse, to the Participant's beneficiary or beneficiaries (if any) designated by the Participant under the Hanesbrands Inc. Life Insurance Plan;

(iii) If the Participant does not have a surviving spouse and failed to designate a beneficiary under the Hanesbrands Inc. Life Insurance Plan, to or for the benefit of the legal representative or representatives of the Participant's estate; and

(iv) If the appropriate payee is not identified pursuant to Subparagraphs (i) through (iii) above, then to or for the benefit of one or more of the Participant's relatives by blood, adoption or marriage in such proportions as the Committee (or its delegate) determines.

(c) Death of Beneficiary Prior to Participant's Death. In the event that the Participant has named multiple Beneficiaries, and one of the Beneficiaries dies before the Participant, the remaining Beneficiaries shall be entitled to the deceased Beneficiary's share, pro rata in accordance with their share of the Account balance as of the date of the Participant's death (or such other date as the Committee may determine is administratively practicable), subject to the Participant's right to change his or her beneficiary designation at any time in accordance with Subparagraph (a). The Committee reserves the right, on a uniform basis for similarly situated Beneficiaries, to make distribution of a Beneficiary's Account balance in whole or in part at any time notwithstanding any election to the contrary by the Beneficiary.

(d) Death of Beneficiary After Participant's Death. Each Beneficiary, in accordance with procedures established by the Committee, may name or designate an individual to receive the Beneficiary's share of the Account balance (a 'Recipient') any time after the Participant's death. In the event a Beneficiary dies before complete payment of his or her share of the Account balance, such Beneficiary's share shall be paid to the Recipient designated by the Beneficiary. If a deceased Beneficiary failed to name or designate a Recipient, if the Beneficiary's designation is ineffective for any reason, or if the Recipient dies before the Beneficiary or before complete payment of the Beneficiary's share of the Account balance, the Committee will direct the Trustee to pay the Beneficiary's share in accordance with the following:

(i) To the Beneficiary's surviving spouse;

(ii) If the Beneficiary does not have a surviving spouse, to or for the benefit of the legal representative or representatives of the Beneficiary's estate;

(iii) If the Beneficiary does not have a surviving spouse and an estate is not opened on behalf of the Beneficiary, to or for the benefit of one or more of the Beneficiary's relatives by blood, adoption or marriage in such proportions as the Committee (or its delegate) determines.

Notwithstanding anything contained herein to the contrary, all payments under this Subparagraph shall comply with the requirements of Code Section 401(a)(9).

10.04 Missing Participants and Beneficiaries

While a Participant is alive, he or she must file with the Committee from time to time his or her own and each of his or her named Beneficiaries' post office addresses and each change of post office address. After the Participant's death, the Participant's Beneficiary or Beneficiaries shall be responsible for filing such information with the Committee. A communication, statement or notice addressed to a Participant or Beneficiary at his or her last post office address filed with the Committee, or if no address is filed with the Committee, then at his or her last post office address as shown on the Employer's records, will be binding on the Participant and his or her Beneficiary for all purposes of the Plan. Neither the Trustee nor any of the Employers is required to search for or locate a Participant or Beneficiary. If the Committee notifies a Participant or Beneficiary that he or she is entitled to a payment and also notifies him or her of the effect of this Subsection, and the Participant or Beneficiary fails to claim his or her Account balances or make his or her whereabouts known to the Committee within three (3) years after the notification, the Account balances of the Participant or Beneficiary may be disposed of in an equitable manner permitted by law under rules adopted by the Committee, including the Forfeiture of such balances, if the value of the Account is equal to or less than the administrative fees, if any, applicable to the Participant's or Beneficiary's Account balance pursuant to Subsection 10.01.

10.05 Rollovers

(a) General Rule. Notwithstanding any Plan provision to the contrary, a Distributee under the Plan who receives an Eligible Rollover Distribution may elect, at the time and in the manner prescribed by the Committee, to have any portion of the distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

(b) Non-Spouse Beneficiary Rollovers. To the extent permitted under Code Section 402(c)(11) and related regulations and guidance, if a direct trustee-to-trustee transfer is made to an individual retirement plan described in Code Section 402(c)(8)(B)(i) or (ii), which individual retirement plan is established for the purposes of receiving a distribution on behalf of a non-spouse beneficiary (as defined by Code Section 401(a)(9)(E)), the transfer shall be treated as an Eligible Rollover Distribution for purposes of the Plan and Code Section 402(c).

(c) Qualified Rollover Contributions to Roth IRAs. Effective as of January 1, 2008, solely to the extent permitted in Code Sections 408A(c)(3)(B), (d)(3) and (e) and the regulations and other guidance issued thereunder, an eligible Distributee may elect to roll over any portion of an Eligible Rollover Distribution to a Roth IRA (as defined by Code Section 408A) in a qualified rollover contribution (as defined in Code Section 408A(e)), provided that the requirements of Code Section 402(c) are met. Notwithstanding any provisions of the Plan to the contrary, a Distributee under the Plan who receives an Eligible Rollover Distribution may elect, at the time and in the manner prescribed by the Committee, to have any portion of the distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

10.06 Forfeitures

A Forfeiture shall be treated as a separate Account (which is not subject to adjustment under Subsection 8.02) until the next following Accounting Date on which Forfeitures will be allocated. On that date, all Forfeitures arising during the period preceding the Accounting Date which have not been previously allocated shall be allocated among and credited to the Accounts of Participants reemployed to the extent required under Subsection 12.01, shall be used to reduce Employer Matching Contributions required by Subsection 5.03 or any applicable Supplement to the Plan for the current Plan Year or succeeding Plan Years, or shall be used to reduce administrative expenses of the Plan, as determined by the Committee.

The portion of a Participant's Annual Company Contribution, Transition Contribution and Matching Contribution Accounts that is not distributable by reason of the provisions of Subsection 10.01 shall be credited to a Forfeiture Account established and caused to be maintained by the Trustee in the Participant's name as of the Accounting Date coincident with or next following his Separation Date (before adjustments then required under the Plan have been made). If the Participant does not return to employment with an Employer or a related Company by the last day of the month following sixty (60) days from his Separation Date or upon the earlier distribution of his or vested Accounts, the balance in his Forfeiture Account (after all adjustments then required under the Plan have been made) will be a Forfeiture.

If a Participant returns to employment with an Employer or a Related Company before incurring five consecutive One Year Breaks in Service, the amount previously forfeited from his Forfeiture Account, if any, will be restored to his Forfeiture Account out of Forfeitures occurring in the year of restoration or out of a restoration contribution made by the Employer for restoration purposes only.

10.07 Recovery of Benefits

In the event a Participant or Beneficiary receives a benefit payment under the Plan which is in excess of the benefit payment which should have been made, the Committee shall have the right to recover the amount of such excess from such Participant or Beneficiary on behalf of the Plan, or from the person that received such benefit payments. The Committee may, however, at

its option, deduct the amount of such excess from any subsequent benefits payable to, or for, the Participant or Beneficiary.

10.08 Dividend Pass-Through Election

With respect to a Participant's interest in the ESOP component of the Plan (as defined in Subsection 1.01 from time to time) , each Participant has the right to elect either (a) to have dividends paid on such shares reinvested in shares of Sara Lee Stock or Hanesbrands Stock (as applicable), or (b) to receive a distribution in cash of such dividends in accordance with procedures established by the Committee. To the extent such dividends are reinvested, they shall be one hundred percent (100%) vested. Such distributions shall be made as soon as administratively practicable following each March 31, June 30, September 30 and December 31 Plan Year quarter, and shall not constitute Eligible Rollover Distributions. Notwithstanding the foregoing, on and after the Spin-Off Date, dividends attributable to Sara Lee Stock shall be fully vested and shall automatically be reinvested in the Sara Lee Common Stock Fund.

10.09 Minimum Distributions

Distribution of a Participant's benefits shall be made or commence by his or her Required Commencement Date. Notwithstanding the foregoing, the Committee may establish procedures to begin minimum distribution payments in the calendar year in which the Participant attains age seventy and one-half (70-1/2). Distributions to a Participant after his or her Required Commencement Date shall be made in installment payments equal to the minimum amount necessary to meet the requirements of Section 401(a)(9) of the Code. All distributions under the Plan shall comply with the requirements of Section 401(a)(9) of the Code and the regulations thereunder, and shall further comply with the rules described below:

(a) The Participant's Accounts will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Commencement Date. If the Participant dies before distributions begin, the Participant's Accounts will be distributed, or begin to be distributed, no later than as follows:

(i) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age seventy and one-half (70-1/2), if later;

(ii) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died;

(iii) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire

interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death; or

(iv) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse have begun, this Subparagraph (a), other than Subparagraph (a)(i), will apply as if the surviving spouse were the Participant.

For purposes of this Subparagraph (a) and Subparagraph (c), unless Subparagraph (a)(iv) applies, distributions will be considered to have begun on the Participant's Required Commencement Date. If Subparagraph (a)(iv) applies, distributions will be considered to have begun on the date distributions are required to begin to the surviving spouse under Subparagraph (a)(i). Unless the Participant's interest is distributed in a single sum on or before the Required Commencement Date, distributions will be made as of the first Distribution Calendar Year in accordance with Subparagraphs (b) and (c) below.

(b) Required Minimum Distributions During Participant's Lifetime. During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of: (i) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or (ii) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the Distribution Calendar Year. Required minimum distributions will be determined under this Subparagraph (b) beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

(c) Required Minimum Distributions After Participant's Death.

(i) Death on or After Date Distributions Begin. If the Participant dies on or after the date distributions have begun and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as follows:

(A) The Participant's remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year;

(B) The Participant's surviving spouse is the Participant's sole Designated Beneficiary, the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving spouse's death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year; and

(C) The Participant's surviving spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining Life Expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death Before Date Distributions Begin. If the Participant dies before the date distributions have begun and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as provided in Subparagraph (c)(i). If the Participant dies before the date distributions have begun and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant dies before the date distributions have begun, the Participant's surviving spouse is the Participant's sole Designated Beneficiary, and the surviving spouse dies before distributions are required to have begun to the surviving spouse under Subparagraph

(a)(i), this Subparagraph will apply as if the surviving spouse were the Participant.

(d) Definitions. For purposes of this Subsection, the following definitions shall apply:

(i) "Designated Beneficiary" means the Participant's Beneficiary who is the designated beneficiary for purposes of Code Section 401(a)(9).

(ii) "Distribution Calendar Year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year that contains the Participant's Required Commencement Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Subparagraph (a). The required minimum distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Commencement Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Commencement Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

(iii) "Life Expectancy" means life expectancy as computed by use of the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9.

(iv) "Participant's Account Balance" means the balance of the Participant's Accounts as of the Valuation Calendar Year, increased by the amount of any contributions made and allocated to the Participant's Accounts as of dates in the Valuation Calendar Year after the valuation date and decreased by distributions made in the Valuation Calendar Year after the valuation date. The balance of the Participant's Accounts for the Valuation Calendar Year includes any amounts rolled over or transferred to the Plan either in the Valuation Calendar Year or in the Distribution Calendar Year if distributed or transferred in the Valuation Calendar Year.

(v) "Valuation Calendar Year" means the last valuation date in the calendar year immediately preceding the Distribution Calendar Year.

(e) 2009 Required Minimum Distributions. Notwithstanding the foregoing provisions of this Subsection, a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 under this Subsection ("2009 RMDs") but for the enactment of Section 401(a)(9)(H) of the Code will not receive those distributions for 2009. However, a Participant or surviving spouse receiving periodic installments under Subsection 10.01(c)(ii) will receive scheduled installment payments even though all or part of those payments might otherwise be considered 2009 RMDs. Any 2009 RMDs paid pursuant to the preceding sentence may be considered Eligible Rollover Distributions, but shall not be eligible for Direct Rollover.

SECTION 11

11.01 Loans to Participants

While the primary purpose of the Plan is to allow Participants to accumulate funds for retirement, it is recognized that under some circumstances it is in the best interests of Participants to permit loans to be made to them while they continue in the active service of the Employers. Accordingly, the Committee, pursuant to such rules as it may from time to time establish, and upon application by a Participant supported by such evidence as the Committee requests, may direct the Trustee to make a loan from the Participant's Accounts under the Trust Fund (with the exception of the Participant's Matching Contribution Account, Annual Company Contribution Account and Transition Contributions Account) to a Participant who is actively at work in the employ of an Employer subject to the following:

(a) Amount of loans. The principal amount of any loan made to a Participant shall not be less than $500 and, when added to the outstanding balance of all other loans made to the Participant from all qualified plans maintained by the Employers, shall not exceed the lesser of:

(i) $50,000, reduced by the excess (if any) of the highest outstanding balance under the Plan and all other qualified employer plans during the one (1) year period ending on the day before the date of the loan, over the outstanding balance on the date of the loan; or

(ii) One-half (1/2) of the Participant's vested Account balances under the Plan.

(b) Terms and conditions of loans. Each loan must be evidenced by a written note in a form approved by the Committee, shall bear interest at a reasonable fixed rate, and shall require substantially level amortization (with payments at least quarterly) over the term of the loan. Interest rates shall be determined monthly and shall be based on the prevailing prime rate as published in The Wall Street Journal; provided, however, that the rate shall not exceed six percent (6%) during any period that the Participant is on military leave, in accordance with the Service Members Civil Relief Act ("SCRA") if the service member provides notification that he or she will be entering military service as required under SCRA.

(c) Repayment of loans. Each loan for a purpose other than to purchase a principal residence (a "General Purpose Loan") shall specify a repayment period of not less than six (6) months nor more than five (5) years, unless the proceeds of the loan are used to purchase the Participant's principal place of residence (a "Principal Residence Loan"), in which case such loan must be repaid within ten (10) years after the date the loan is made.

(d) Loans to Participants shall be made as soon as administratively feasible after the Committee has received the Participant's loan request and such information and

documents from the Participant as the Committee shall deem necessary. A Participant's Accounts may be charged a fee for processing each loan request. The Participant's loan request shall be made in such manner and in accordance with such rules as the Committee determines. If the Committee determines in its discretion that loan requests under this Subparagraph shall be made in a manner other than in writing, any Participant who makes a request pursuant to such method may receive written confirmation of such request; further, any such request and confirmation shall be the equivalent of a writing for all purposes.

(e) Each loan shall be secured by a pledge of the Participant's Accounts (with the exception of the Participant's Annual Company Contribution Account, Transition Contribution Account, and Matching Contribution Account). A Participant's Annual Company Contribution Account, Transition Contribution Account and Matching Contribution Account shall be taken into account for purposes of determining the amount of the loan available under Subparagraphs 11.01(a)(i) and 11.01(a)(ii), but shall not be available for liquidation and conversion to cash as described in Subparagraph 11.01(f) below.

(f) A loan granted under this Subsection to a Participant from any Account maintained in his or her name shall be made by liquidating and converting to cash his or her appropriate Accounts, with the exception of his or her Annual Company Contribution Account, Transition Contribution Account and Matching Contribution Account (and the appropriate subaccounts, pro rata, in the various Investment Funds), in such order as shall be determined by the Committee and applied uniformly.

(g) A Participant may have only two (2) loans outstanding at a time; provided that a Participant may not have two (2) loans of the same type (Principal Residence or General Purpose) outstanding at any given time. A Participant shall not be entitled to take a second loan if the Participant is in default on a prior loan of the same type and has not repaid the defaulted amount to the Plan.

(h) If, in connection with the granting of a loan to a Participant, a portion or all of any of his or her Accounts has been liquidated, the Committee shall establish temporary "Counterpart Loan Accounts" (not subject to adjustment under Subsection 8.02) corresponding to each such liquidated or partially liquidated Account to reflect the current investment of that Before-Tax Contribution Account or Rollover Contribution Account, for example, in such loan. In general, the initial credit balance in any such Counterpart Loan Account shall be the amount by which the corresponding Account was liquidated in order to make the loan. Interest accruing on such a loan shall be allocated among and credited to the Participant's Counterpart Loan Accounts established in connection with the loan, in proportion to the then net credit balances in such Counterpart Loan Accounts, as such interest accrues. Each repayment of principal and interest shall be allocated among and charged to such Counterpart Loan Accounts, and shall be

allocated among and credited to the corresponding Accounts, on the same proportionate basis; provided that all such repayments shall be credited in accordance with the investment elections in effect on the date each repayment is credited. The Committee may adopt rules and procedures for loan accounting and repayment which differ from the foregoing provisions of this Subparagraph (h), but which are consistent with the general principle that a loan to a Participant under this Subsection constitutes an investment of his or her Accounts rather than a general investment of the Trust Fund. Repayments shall be required to be invested during the month in which received or within such longer period as the Committee may reasonably determine, but in any event within the time required by Subsection 5.01. Any such repayment shall be made by payroll deduction unless otherwise permitted by the Committee.

(i) The Committee may establish uniform rules to apply where Participants fail to repay any portion of loans made to them pursuant to this Subsection and accrued interest thereon in accordance with the terms of the loans, or where any portion of any loan and accrued interest thereon remains unpaid on a Participant's Separation Date. To the extent consistent with Internal Revenue Service rules and regulations, such rules may include charging unpaid amounts against a Participant's Accounts (in such order as the Committee decides), and treating the amounts so charged as a payment to the Participant for purposes of SECTION 10. The Committee may charge a Participant's Account for reasonable and necessary administrative fees incurred in administering any loan under this Subsection in accordance with uniform rules and procedures applicable to all Participants similarly situated. Loan repayments will be suspended under the Plan as permitted under Section 414(u)(4) of the Code.

(j) Any loan which was being administered under a Predecessor Plan and which was transferred to this Plan shall be governed by the applicable terms of this Plan on and after the transfer date.

11.02 After-Tax Withdrawals

A Participant may withdraw all or a portion of his or her After-Tax Account, if any. The timing of such withdrawals shall be established by the Committee.

11.03 Hardship Withdrawals

In the event a Participant suffers a serious financial hardship, such Participant may withdraw a portion of the vested balance in his or her Accounts (excluding his or her Annual Company Contribution Account, his or her Transition Contribution Account, any portion of his or her Before-Tax Contribution Account attributable to qualified non-elective contributions (if applicable), any portion of his or her Matching Contribution Account attributable to Matching Contributions made on or after February 24, 2009, and any earnings credited to his or her Before-Tax Contribution Account on or after January 1, 1989), provided that the amount of the withdrawal is at least $250.00 and does not exceed the amount required to meet the immediate financial need created by the serious financial hardship.

(a) Immediate and Heavy Need. A hardship shall be deemed on account of immediate and heavy financial need only if the withdrawal is on account of:

(i) Tuition, related educational fees, and room and board expenses, for up to the next twelve (12) months of post-secondary education for the Participant or his or her spouse, children or dependents (determined under Code Section 152 without regard to Section 152(b)(1), (b)(2) and (d)(1)(B));

(ii) Costs directly related to the purchase of a primary residence for the Participant (not including mortgage payments);

(iii) Unreimbursed medical expenses that would be deductible by the Participant for federal income tax purposes pursuant to Code Section 213, and that are incurred by the Participant, the Participant's spouse or any dependent (as defined in Code Section 152 without regard to the change in the definition under the Working Families Tax Relief Act of 2004) including any non-custodial child who is subject to the special rule of Code Section 152(e); or amounts necessary to obtain medical care or medically necessary equipment or services for the Participant, the Participant's spouse or a dependent described in this Subparagraph (iii);

(iv) The need to prevent eviction of the Participant from his or her primary residence or foreclosure on the mortgage of the Participant's principal residence;

(v) Payment for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in Code Section 152 without regard to Section 152(d)(1)(B)); or

(vi) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

(b) Necessary amount. A determination of whether the requirement that the withdrawal not exceed the amount required to meet the immediate financial need created by the serious financial hardship is satisfied shall be made on the basis of all relevant facts and circumstances in a consistent and nondiscriminatory manner; provided, however, that the Participant must provide the Committee with a statement on which the Committee may reasonably rely, unless it has actual knowledge to the contrary, certifying that the Participant's financial need cannot be relieved by all of the following means:

(i) Through reimbursement or compensation by insurance or otherwise,

(ii) By reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need,

(iii) By cessation of elective contributions under this Plan, or other distributions from this Plan, and

(iv) By other distributions, such as the distribution of dividends which are currently available to the Participant, or nontaxable (at the time of the loan) loans from Plans maintained by the Employer or by any other employer, or by borrowing from commercial sources on reasonable commercial terms.

For purposes of this Subsection, the Participant's resources shall be deemed to include those assets of his or her spouse and minor children that are reasonably available to the Participant. Property owned by the Participant and the Participant's spouse, whether as community property, joint tenants, tenants by the entirety, or tenants in common, will be deemed a resource of the Participant. However, property held for the Participant's child under an irrevocable trust or under the Uniform Gifts to Minors Act will not be treated as a resource of the Participant.

(c) A Participant may not request more than two (2) withdrawals per calendar year under this Subsection.

(d) To obtain a hardship withdrawal, a Participant must submit his withdrawal request in accordance with procedures and within such time periods as may be determined by the Committee. Hardship withdrawals shall be made as soon as administratively feasible after the Committee has received the Participant's withdrawal request and such information and documents from the Participant as the Committee shall deem necessary.

11.04 Age 59-1/2 Withdrawals

Upon making an application to the Committee, a Participant who has attained the age of fifty-nine and one-half (59-1/2) may withdraw part or all of his or her vested Account balances (excluding his or her Annual Company Contribution Account and his or her Transition Contribution Account). The form and timing of such applications and withdrawals shall be established by the Committee.

11.05 Additional Rules for Withdrawals

Withdrawals made pursuant to Subsections 11.02, 11.03 and 11.04 shall be made in cash and shall be charged to the Participant's vested Accounts (if applicable) in such order as shall be determined by the Committee and applied uniformly. Requests for a withdrawal shall be made

in such manner and in accordance with such rules as the Committee determines. If the Committee determines in its discretion that a withdrawal under this Subsection shall be made in a manner other than in writing, any Participant who makes a request pursuant to such method may receive written confirmation of such request; further, any such request and confirmation shall be the equivalent of a writing for all purposes.

SECTION 12

Reemployment

12.01 Reemployed Participants

Except as provided below, if a Participant is reemployed by an Employer following a termination of employment, such Participant shall resume participation in the Plan for all purposes on the first day of the first payroll period following his rehire date that he is a member of a Covered Group. If a former Employee or Eligible Employee is reemployed by an Employer, Service he or she had accrued prior to his or her termination of employment will be reinstated for purposes of determining his or her eligibility to participate in the Plan, and he or she shall become eligible to participate in the Plan in accordance with the provisions of Subsection 3.01.

12.02 Calculation of Service Upon Reemployment

(a) Reemployment with Vested Interest in Plan Accounts. If at the time the Participant terminated employment, he or she had either (A) a vested interest in his or her Before-Tax Contribution Account, Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account or Predecessor Company Account, or (B) amounts credited to his or her Before-Tax Contribution Account, the following rules shall apply:

(i) If the Participant is reemployed by a Controlled Group Member before he or she incurs five (5) consecutive One-Year Breaks In Service, the Participant may repay to the Trustee, within five (5) years of his or her Reemployment Date, the total amount previously distributed to him or her from his or her Plan Accounts subject to vesting as a result of his or her earlier termination of employment. If a Participant makes such a repayment to the Trustee, both the amount of the repayment and the Forfeiture that resulted from the previous termination of employment shall be credited to his or her Accounts as of the Accounting Date coincident with or next following the date of repayment and he or she shall continue to vest in such amounts in accordance with the vesting schedule in effect at the Participant's reemployment.

(ii) If a Participant is reemployed by a Controlled Group Member on or after he or she incurs five (5) consecutive One-Year Breaks in Service, his or her pre-break Service shall count as Service for purposes of vesting in amounts credited to his or her Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account or Predecessor Company Account, as applicable, on or after such reemployment. However, pre-break Forfeitures will not be restored to such Participant's Accounts and such Participant's post-break Service shall be disregarded for purposes of vesting in his or her pre-break Annual

Company Contribution Account, Transition Contribution Account, Matching Contribution Account or Predecessor Company Account, as applicable.

(b) Reemployment with No Vested Interest in Plan Accounts. If at the time the Participant terminated employment, he or she did not have either (A) a vested interest in his or her Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account, or Predecessor Company Account, or (B) amounts credited to his or her Before-Tax Contribution Account, the following rules shall apply:

(i) If the Participant is reemployed by a Controlled Group Member before he or she incurs five (5) consecutive One-Year Breaks In Service, the amount of the Forfeiture that resulted from the previous termination of employment shall be credited to his or her Accounts as of the Accounting Date coincident with or next following the date of his or her reemployment or as soon as administrative feasible thereafter and he or she shall continue to vest in such amounts.

(ii) If the Participant is reemployed by a Controlled Group Member before he or she incurs five (5) consecutive One-Year Breaks In Service, pre-break Forfeitures shall not be restored to his or her Accounts. In addition, if the Participant's number of consecutive One-Year Breaks In Service exceeds the greater of five (5) of the aggregate number of such Participant's pre-break Service, such pre-break Service shall be disregarded for purposes of vesting in amounts credited to his or her Employer Contribution Accounts after such employment.

(c) Forfeitures. Forfeitures that are credited to a Participant's Accounts under this Subsection shall be allocated from amounts forfeited under Subsection 10.01 or the applicable Supplement or, in the absence of such amounts, shall reduce income and gains of the Fund to be credited under Subsection 8.02.

(d) Transferred Participants. Notwithstanding any Plan provision to the contrary, all service of a Transferred Participant that was recognized under the Sara Lee Plan as of the Effective Date (or as of a subsequent transfer of employment described in Subparagraph 2.66(b), if applicable) shall be recognized and taken into account under the Plan to the same extent as if such service had been completed under the Plan, subject to the provisions of this Section and any applicable break in service rules under this Plan and the Sara Lee Plan.

(e) Former NTX and Sara Lee Employees. If an individual (i) was previously employed by the Sara Lee Corporation (referred to as the "prior employers" for purposes of this Subparagraph), and (ii) subsequently becomes an Employee of an Employer or a Controlled Group Member; all of the individual's service with the prior employers shall be recognized and taken into account under the Plan to the

same extent as of such service had been completed under the Plan, subject to the provisions of this Section and any applicable break in service rules under the applicable prior employer's plans.

SECTION 13

Special Rules for Top-Heavy Plans

13.01 Purpose and Effect

The purpose of this SECTION 13 is to comply with the requirements of Code Section 416. The provisions of this SECTION 13 shall be effective for each Plan Year in which the Plan is a "Top-Heavy Plan" within the meaning of Code Section 416(g).

13.02 Top Heavy Plan

In general, the Plan will be a Top-Heavy Plan for any Plan Year if, as of the last day of the preceding Plan Year (the "Determination Date"), the aggregate Account balances of Participants in this Plan who are Key Employees (as defined in Section 416(i)(1) of the Code) exceed sixty percent (60%) of the aggregate Account balances of all Participants in the Plan. In making the foregoing determination, the following special rules shall apply:

(a) A Participant's Account balance shall be increased by the aggregate distributions, if any, made with respect to the Participant during the one (1) year period ending on the Determination Date (including distributions under a terminated plan which, had it not been terminated, would have been aggregated with this Plan under Section 416(g)(2)(A)(i) of the Code). In the case of a distribution made for a reason other than separation from service, death or Total Disability, the one (1) year period shall be replaced with a five (5) year period.

(b) The Account balance of, and distributions to, a Participant who was previously a Key Employee, but who is no longer a Key Employee, shall be disregarded.

(c) The Account of a Beneficiary of a Participant shall be considered the Account of a Participant.

(d) The Account balances of a Participant who did not perform any services for the Employers during the one (1) year period ending on the Determination Date shall be disregarded.

13.03 Key Employee

In general, a "Key Employee" is an Employee who, at any time during the Plan Year that includes the Determination Date was:

(a) An officer of an Employer receiving annual Compensation greater than $140,000 (as adjusted under Section 416(i)(l) of the Code);

(b) A five percent (5%) owner of an Employer; or

(c) A one percent (1%) owner of an Employer receiving annual Compensation from any of the Employers and the Controlled Group Members of more than $150,000.

13.04 Minimum Employer Contribution

For any Plan Year in which the Plan is a Top-Heavy Plan, an Employer's contribution, if any, credited to each Participant who is not a Key Employee shall not be less than three percent (3%) of such Participant's Compensation for that year. For purposes of the foregoing, contributions under Subsection 5.01 shall not be considered Employer contributions. In no event, however, shall an Employer contribution credited in any year to a Participant who is not a Key Employee (expressed as a percentage of such Participant's Compensation) exceed the maximum Employer contribution credited in that year to a Key Employee (expressed as a percentage of such Key Employee's Compensation).

13.05 Aggregation of Plans

Each other defined contribution plan and defined benefit plan maintained by the Employers that covers a "Key Employee" as a Participant or that is maintained by the Employers in order for a Plan covering a Key Employee to qualify under Section 401(a)(4) and 410 of the Code shall be aggregated with this Plan in determining whether this Plan is Top-Heavy. In addition, any other defined contribution or defined benefit plan of the Employers may be included if all such plans which are included when aggregated will continue to qualify under Section 401(a)(4) and 410 of the Code.

13.06 No Duplication of Benefits

If an Employer maintains more than one plan, the minimum Employer contribution otherwise required under Subsection 13.04 above may be reduced in accordance with regulations of the Secretary of the Treasury to prevent inappropriate duplications of minimum contributions or benefits.

13.07 Compensation

For purposes of this Section 13, "Compensation" shall mean compensation as defined in Subsection 6.05 of the Plan.

SECTION 14

General Provisions

14.01 Committee's Records

The records of the Committee as to an Employee's age, Separation Date, Leave of Absence, reemployment and Compensation will be conclusive on all persons unless determined to the Committee's satisfaction to be incorrect.

14.02 Information Furnished by Participants

Participants and their Beneficiaries must furnish to the Committee such evidence, data or information as the Committee considers desirable to carry out the Plan. The benefits of the Plan for each person are on the condition that he or she furnish promptly true and complete evidence, data and information requested by the Committee.

14.03 Interests Not Transferable

Except as otherwise provided in Subsection 14.04 and as may be required by application of the tax withholding provisions of the Code or of a state's income tax act, benefits under the Plan are not in any way subject to the debts or other obligations of the persons entitled to such benefits and may not be voluntarily or involuntarily sold, transferred, alienated, assigned, or encumbered.

14.04 Domestic Relations Orders

If the Committee receives a domestic relations order issued by a court pursuant to a state's domestic relations law, the Committee will direct the Trustee to make such payment of the Participant's vested benefits to an Alternate Payee or Payees as such order specifies, provided the Committee first determines that such order is a qualified domestic relations order ("QDRO") within the meaning of Section 414(p) of the Code. The Committee will establish reasonable procedures for determining whether or not a domestic relations order is a QDRO. Upon receiving a domestic relations order, the Committee shall promptly notify the Participant and any Alternate Payee named in the order that the Committee has received the order and any procedures for determining whether the order is a QDRO. If, within eighteen (18) months after receiving the order, the Committee makes a determination that the order is a QDRO, any direction to the Trustee to pay the benefits to an Alternate Payee as specified in the QDRO will include a direction to pay any amounts that were to be paid during the period prior to the date the Committee determines that the order is a QDRO. If during the eighteen (18) month period the Committee determines that the order is not a QDRO or no determination is made with respect to whether the order is a QDRO, the Committee will direct the Trustee to pay the amounts that would have been paid to the Alternate Payee pursuant to the terms of the order to the Participant if such amounts otherwise would have been payable to the Participant under the terms of the Plan. The Committee in its discretion may maintain an Account for an Alternate Payee to which any amount that is to be paid to such Alternate Payee from a Participant's Accounts will be

credited. The Alternate Payee for whom such Account is maintained may exercise the same elections with respect to the fund or funds in which the Account will be invested as would be permissible for a Participant in the Plan. Further, the Alternate Payee may name a Beneficiary, in the manner provided in Subsection 10.03 to whom the balance in the Account is to be paid in the event the Alternate Payee should die before complete payment of the Account has been made. Distribution of the Alternate Payee's Account shall be made in accordance with Subsections 10.01 and 10.02, and the Alternate Payee may exercise the same elections with respect to requesting a distribution or partial distribution of his or her Account as would be permissible for a Participant in the Plan; provided that the Alternate Payee's Required Commencement Date shall be the date on which the Participant attains (or, in the event of the Participant's death, would have attained) the Participant's Required Commencement Date. The Committee may direct the Trustee to distribute benefits to an Alternate Payee on the earliest date specified in a QDRO, without regard to whether such distribution is made or commences prior to the Participant's earliest retirement age (as defined in Section 414(p)(4)(B) of the Code) or the earliest date that the Participant could commence receiving benefits under the Plan.

14.05 Facility of Payment

When, in the Committee's opinion, a Participant or Beneficiary is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Committee may direct the Trustee to make payments to his or her legal representative, or to a relative or friend of the Participant or Beneficiary for his or her benefit, or the Committee may direct the Trustee to apply the payment for the benefit of the Participant or Beneficiary in any way the Committee considers advisable.

14.06 No Guaranty of Interests

Neither the Trustee nor the Employers in any way guarantee the Trust Fund from loss or depreciation. The Employers do not guarantee any payment to any person. The liability of the Trustee and the Employers to make any payment is limited to the available assets of the Trust Fund.

14.07 Rights Not Conferred by the Plan

The Plan is not a contract of employment, and participation in the Plan will not give any Employee the right to be retained in an Employer's employ, nor any right or claim to any benefit under the Plan, unless the right or claim has specifically accrued under the Plan.

14.08 Gender and Number

Where the context admits, words denoting men include women, the plural includes the singular and vice versa.

14.09 Committee's Decisions Final

An interpretation of the Plan and a decision on any matter within the Committee's discretion made by it in good faith is binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known, and the Committee shall make such adjustment as it considers equitable and practicable.

14.10 Litigation by Participants

If a legal action begun against the Trustee, the Committee or any of the Employers by or on behalf of any person results adversely to that person, or if a legal action arises because of conflicting claims to a Participant's or Beneficiary's benefits, the cost to the Trustee, the Committee or any of the Employers of defending the action will be charged to such extent as possible to the sums, if any, involved in the action or payable to the Participant or Beneficiary concerned.

14.11 Evidence

Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

14.12 Uniform Rules

In managing the Plan, the Committee will apply uniform rules to all Participants similarly situated.

14.13 Law That Applies

Except to the extent superseded by laws of the United States, the laws of North Carolina (without regard to any state's conflict of laws principles) shall be controlling in all matters relating to the Plan.

14.14 Waiver of Notice

Any notice required under the Plan may be waived by the person entitled to such notice.

14.15 Successor to Employer

The term "Employer" includes any entity that agrees to continue the Plan under Subparagraph 16.02(c).

14.16 Application for Benefits

Each Participant or Beneficiary eligible for benefits under the Plan shall apply for such benefits according to procedures and deadlines established by the Committee. In the event of denial of any application for benefits, the procedure set forth in Subsection 14.17 shall apply.

14.17 Claims Procedure

Claims for benefits under the Plan shall be made in such manner as the Committee shall prescribe. Claims for benefits and the appeal of denied claims under the Plan shall be administered in accordance with Section 503 of ERISA, the regulations thereunder (and any other law that amends, supplements or supersedes said Section of ERISA), and the claims and appeals procedures adopted by the Committee and/or the Appeal Committee, as appropriate, for that purpose. The Plan shall provide adequate notice to any claimant whose claim for benefits under the Plan has been denied, setting forth the reasons for such denial, and shall afford a reasonable opportunity to such claimant for a full and fair review by the Appeal Committee of the decision denying the claim. No action at law or in equity shall be brought to recover benefits under the Plan until the appeal rights described in this Subsection have been exercised and the Plan benefits requested in such appeal have been denied in whole or in part. Any legal action subsequent to a denial of a benefit appeal taken by a Participant against the Plan or its fiduciaries must be filed in a court of law no later than ninety (90) days after the Appeal Committee's final decision on review of an appealed claim. All decisions and communications relating to claims by Participants, denials of claims or claims appeals under this SECTION 14 shall be held strictly confidential by the Participant, the Committees and the Employers during and at all times after the Participant's claim has been submitted in accordance with this Section.

14.18 Action by Employers

Any action required or permitted under the Plan of an Employer shall be by resolution of its Board of Directors or by a duly authorized Committee of its Board of Directors, or by a person or persons authorized by resolution of its Board of Directors or such Committee.

SECTION 15

No Interest in Employers

The Employers shall have no right, title or interest in the Trust Fund, nor will any part of the Trust Fund at any time revert or be repaid to an Employer, unless:

(a) The Internal Revenue Service initially determines that the Plan does not meet the requirements of Section 401(a) of the Code, in which event the assets of the Trust Fund attributable to the contributions made to the Plan by the Employer or Employers with respect to whom such determination is made shall be returned to them; or

(b) Any portion of a contribution is made by an Employer by mistake of fact and such portion is returned to the Employer within one year after payment to the Trustee; or

(c) A contribution conditioned on the deductibility thereof is disallowed as an expense for federal income tax purposes and such contribution (to the extent disallowed) is returned to the Employer within one year after the disallowance of the deduction.

The amount of any contribution that may be returned to an Employer pursuant to Subparagraph (b) or (c) above must be reduced by any portion thereof previously distributed from the Trust Fund to Participants or their Beneficiaries and by any losses of the Trust Fund allocable thereto, and in no event may the return of such amount cause any Participant's Account balance to be less than the amount that such balance would have been had the contribution not been made under the Plan.

SECTION 16

Amendment or Termination

16.01 Amendment

While the Employers expect to continue the Plan, the Company reserves the right, subject to SECTION 15, to amend the Plan from time to time, by resolution of the Board of Directors in accordance with Subsection 14.18, or by resolution of a committee authorized to amend the Plan by resolution of the Board of Directors of the Company. Notwithstanding the foregoing, no amendment will reduce a Participant's Account balance to less than an amount he or she would be entitled to receive if he or she had terminated his or her association with the Employers on the day of the amendment.

16.02 Termination

The Plan will terminate as to all Employers on any date specified by the Company, by resolution of the Board of Directors in accordance with Subsection 14.18, if advance written notice of the termination is given to the Trustee and the other Employers. The Plan will terminate as to an individual Employer on the first to occur of the following:

(a) The date it is terminated by that Employer, by resolution of its Board of Directors in accordance with Subsection 14.18, if advance written notice of the termination is given to the Company and the Trustee;

(b) The date the Employer permanently discontinues its contributions under the Plan; and

(c) The dissolution, merger, consolidation or reorganization of that Employer, or the sale by that Employer of all or substantially all of its assets; provided, however, that upon the occurrence of any of the foregoing events, arrangements may be made whereby the Plan will be continued by a successor to such Employer, in which case the successor will be substituted for such Employer under the Plan.

16.03 Effect of Termination

On termination or partial termination of the Plan, the date of termination will be an Accounting Date, and, after all adjustments then required have been made, each Participant's Account balance will be vested in him or her and distributed to him or her by one or more of the methods described in Subsection 10.01 as the Committee decides. All appropriate accounting provisions of the Plan will continue to apply until the Account balances of all Participants have been distributed under the Plan.

16.04 Notice of Amendment or Termination

Participants will be notified of an amendment or termination within a reasonable time.

16.05 Plan Merger, Consolidation, Etc.

In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other Plan, each Participant's benefits if the Plan terminated immediately after such merger, consolidation or transfer shall be equal to or greater than the benefits he or she would have been entitled to receive if the Plan had terminated immediately before the merger, consolidation or transfer.

SECTION 17

Relating to the Plan Administrator and Committees

17.01 The Employee Benefits Administrative Committee

The Board of Directors of the Company has appointed the Committee, consisting of three (3) or more individuals, to consolidate the powers and duties of administration of the employee benefit plans and programs maintained by the Company. Each appointee to the Committee shall serve for as long as is mutually agreeable to the Company and to the appointee. A majority of the members of the Committee have the power to act on behalf of the Committee. The Committee may delegate any of its responsibilities hereunder, by designating in writing other persons to advise it with regard to any such responsibilities. Any person to whom the Committee has delegated any of its responsibilities also may delegate any of its responsibilities hereunder, subject to the approval of the Committee, by designating in writing other persons to carry out its responsibilities under the Plan, and may retain other persons to advise it with regard to any of such responsibilities. The Committee and any delegate of the Committee hereunder may serve in more than one fiduciary capacity. The Committee and its delegates may allocate fiduciary responsibilities among themselves in any reasonable and appropriate fashion, subject to the approval of the Committee. Except as otherwise specifically provided and in addition to the powers, rights and duties specifically given to the Committee elsewhere in the Plan and the Trust Agreement, the Committee shall have the following **discretionary** powers, rights and duties:

(a) To approve the appointment and removal of the members of the Appeal Committee, who shall have such powers, rights and duties as are specifically provided elsewhere in the Plan in addition to those delegated by the Committee.

(b) To act as "Plan Administrator" of the Plan, and to adopt such regulations and rules of procedure as in its opinion may be necessary for the proper and efficient administration of the Plan and as are consistent with the Plan and Trust Agreement. The Committee shall be the fiduciary responsible for ensuring that procedures safeguarding the confidentiality of all Participant decisions and directions relating to purchase, sale, tendering and voting (as described in Subsection 9.06) of shares of Sara Lee Stock and Hanesbrands credited to such Participants' Accounts are sufficient and are being followed.

(c) To determine all questions arising under the Plan other than those determinations that have been delegated to the Appeal Committee or the Investment Committee, including the power to determine the rights or eligibility of Employees or Participants and any other persons, and the amounts of their benefits under the Plan**,** and to remedy ambiguities, inconsistencies or omissions**,** and to make factual findings; such determinations shall be binding on all parties. Benefits under this Plan will be paid only if the Committee decides in its discretion that the applicant is entitled to them.

(d) To enforce the Plan in accordance with its terms and the terms of the Trust Agreement and in accordance with the rules and regulations adopted by the Committee.

(e) To construe and interpret the Plan and Trust Agreement, to reconcile and correct any errors or inconsistencies and to make adjustments for any mistakes or errors made in the administration of the Plan.

(f) To furnish the Employers with such information as may be required by them for tax or other purposes.

(g) To employ agents, attorneys, accountants, actuaries or other organizations or persons (who also may be employed by the Employers) and allocate or delegate to them any of the powers, rights and duties of the Committee as the Committee may consider necessary or advisable to properly administer the Plan. To the extent that the Committee delegates to any person or entity the discretionary authority to manage and control the administration of the Plan, such person or entity shall be a fiduciary as defined in ERISA. As appropriate, references to the Committee herein with respect to any delegated powers, rights and duties shall be considered references to the applicable delegate.

17.02 The ERISA Appeal Committee

The Committee has appointed the Appeal Committee primarily for the purpose of reviewing decisions denying benefits under the Plan. The Appeal Committee shall consist of five (5) or more individuals, and each such appointee shall serve for as long as is mutually agreeable to the Committee and to the appointee. A majority of the members of the Appeal Committee will have the power to act on behalf of the Appeal Committee. Except as otherwise specifically provided and in addition to the powers, rights and duties specifically given to the Appeal Committee elsewhere in the Plan and the Trust Agreement, the Appeal Committee shall have the following powers, rights and duties:

(a) To adopt such regulations and rules of procedure as in its opinion may be necessary for the proper and efficient administration of the Plan and as are consistent with the Plan and Trust Agreement.

(b) To have final review of appeals of decisions by the Committee or its delegates denying benefits under the Plan, including the power to determine the rights or eligibility of Employees or Participants and any other persons, and to remedy ambiguities, inconsistencies or omissions.

(c) To enforce the Plan in accordance with its terms and the terms of the Trust Agreement, and in accordance with the rules and regulations adopted by the Committee.

(d) To construe the Plan and Trust Agreement, to reconcile and correct any errors or inconsistencies and to make adjustments for any mistakes or errors made in the administration of the Plan.

The Committee and the Appeal Committee are sometimes referred to herein collectively as the "Committees."

17.03 Secretary of the Committee

Each of the Committees may appoint a secretary to act upon routine matters connected with the administration of the Plan, to whom the Committee or the Appeal Committee, as the case may be, may delegate such authorities and duties as it deems expedient.

17.04 Manner of Action

During any period in which two (2) or more members of any of the Committees are acting, the following provisions apply where the context admits:

(a) A member of the Committee or the Appeal Committee, as applicable, by writing may delegate any or all of such member's rights and duties to any other member, with the consent of the latter.

(b) The Committee or the Appeal Committee, as applicable may act by meeting or by writing signed without meeting, and may sign any document by signing one document or concurrent documents.

(c) An action or a decision of a majority of the members of the Committee or the Appeal Committee, as the case may be, as to a matter shall be effective as if taken or made by all members of the Committee or the Appeal Committee, as applicable.

(d) If, because of the number qualified to act, there is an even division of opinion among the members of the Committee or the Appeal Committee, as the case may be, as to a matter, a disinterested party selected by the Committee or the Appeal Committee, as applicable, may decide the matter and such party's decision shall control.

(e) The certificate of the secretary of the Committee or the Appeal Committee, as applicable, of a majority of the members that the Committee or the Appeal Committee, as the case may be, has taken or authorized any action shall be conclusive in favor of any person relying on the certificate.

17.05 Interested Party

If any member of the Committee or the Appeal Committee, as applicable also is a Participant in the Plan, such individual may not decide or determine any matter or question concerning payments to be made to such individual unless such decision or determination could be made by such individual under the Plan if such individual were not a member of the applicable committees.

17.06 Reliance on Data

The Committee or the Appeal Committee, as applicable may rely upon data furnished by authorized officers of any Employer as to the age, Service and Compensation of any Employee of such Employer and as to any other information pertinent to any calculations or determinations to be made under the provisions of the Plan, and the Committees shall have no duty to inquire into the correctness thereof.

17.07 Committee Decisions

Subject to applicable law, any interpretation of the provisions of the Plan and any decisions on any matter within the discretion of the Committee or the Appeal Committee, as applicable made by such party in good faith shall be binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known, and the Committee or the Appeal Committee, as applicable shall make such adjustments on account thereof as they consider equitable and practicable.

SECTION 18

Adoption of Plan by Controlled Group Members

With the consent of the Company, any Controlled Group Member of the Company may adopt the Plan and become an Employer hereunder. The adoption of the Plan by any such Controlled Group Member shall be effected by resolution of its Board of Directors, and the Company's consent thereto shall be effected by resolution of the Committee.

SECTION 19

Supplements to the Plan

From time to time, the Company or the Committee may adopt Supplements to the Plan for the purpose of modifying the provisions of the Plan as they apply to certain or all Participants in a Covered Group or for the purpose of preserving benefits derived from another plan maintained by an Employer or a Predecessor Company to an Employer. Such Supplements will form a part of the Plan as applied to the Participants affected or covered thereby.

* * *

IN WITNESS WHEREOF, the Company has caused this Plan to be executed by the undersigned officer this 26th day of July, 2006.

HANESBRANDS INC.

By: /s/ Kevin W. Oliver
Its: Senior Vice President, Human Resources

EXHIBIT A

Accounts Transferred from the Sara Lee Plan

The assets and liabilities of the Sara Lee Plan attributable to participants employed by the following businesses/divisions were transferred from the Sara Lee Plan to the Plan as of the Effective Date:

Business /Division	Division Code
Champion Athleticwear	7800
Champion Jogbra	9501
Champion Jogbra (Vermont)	9500
Eden Yarn	9225
Harwood	9260
Hanes Printables	9250
Henson Kicknerick	9300
J. E. Morgan	9265
OuterBanks	9266
Playtex Apparel-Hourly	9401
Playtex Apparel-Salary	9400
Sara Lee Activewear/Hourly	9221
Sara Lee Business Services	9273 (except process level 12702)
Sara Lee Casualwear	9220 (except process level 19901 (Courtalds))
Sara Lee Direct	9271
Sara Lee Hosiery	9210
Sara Lee Intimate Apparel	9200 (except process level 19901 (Courtalds))
Sara Lee Sock Company (previously known as Adams-Millis Corporation)	7995
Sara Lee Underwear	9240
Sara Lee Underwear Weston	9260
Scotch Maid	7975
Socks Galore	9272
Spring City Knitting	9230

Covered Groups

The following lists the Covered Groups under the Plan as of the Effective Date

1. Employees of Hanesbrands Inc. other than (a) employees employed in Puerto Rico, and (b) employees covered by a collective bargaining agreement which agreement does not provide for participation in the Plan; provided that participation in the Plan was the subject of good faith bargaining.

SUPPLEMENT A
TO
HANESBRANDS INC.
RETIREMENT SAVINGS PLAN
Provisions Relating to the Merger of the
National Textiles, L.L.C. 401(k) Plan
into the
Hanesbrands Inc. Retirement Savings Plan

A-1. Purpose. The provisions of this Supplement A apply to: (a) participants in the National Textiles, L.L.C. 401(k) Plan (the "NTX Plan") as of January 1, 2007 and (b) all other individuals who are active employees of National Textiles, L.L.C. ("NTX") on January 1, 2007; and shall supersede the provisions of the Plan (except such Plan provisions as impose conditions or limitations required by applicable law) to the extent necessary to eliminate any inconsistency between the Plan and this Supplement A. Effective as of the close of business on January 1, 2007 (the "Merger Date"), the NTX Plan shall be merged into, and continued in the form of, this Plan. The purpose of this Supplement A is to reflect the merger and resulting transfer of accounts of participants in the NTX Plan as of the Merger Date ("NTX Plan Participants") and to set forth special provisions which shall apply with respect to NTX Plan Participants. The merger and the transfer of assets and liabilities from the NTX Plan to this Plan shall be in accordance with the applicable provisions of ERISA and Sections 401(a)(12), 411(d)(6), and 414(l) of the Code. In addition to providing for the merger of the NTX Plan into this Plan, this Supplement A provides a special vesting rule with respect to individuals who are not NTX Plan Participants but are active employees of NTX on the Merger Date.

A-2. Participation. Subject to the conditions and limitations of the Plan, each NTX Plan Participant on the Merger Date who is employed by NTX or Hanesbrands Inc. on and after the Merger Date shall automatically become a Participant in this Plan on the Merger Date and shall be covered by this Supplement A. Except as provided in this Supplement A, NTX Plan Participants described in the preceding sentence:

Shall be eligible to make Before-Tax Contributions in accordance with Subparagraph 4.01(a) (and Catch-Up Contributions, if applicable, in accordance with Subsection 4.02);

Shall not be deemed to have made an automatic deferral election under Subparagraph 4.01(b) until such time as otherwise determined by the Committee; and

Shall be eligible to receive Annual Company Contributions in accordance with Subsection 5.02, and Matching Contributions in accordance with Subsection 5.03.

Each other NTX Plan Participant shall, on and after the Merger Date, be treated as a restricted Participant or Beneficiary (as applicable) of the Plan pursuant to Subsection 7.02 and the conditions and limitations of the Plan. Notwithstanding any provision of the Plan to the contrary, NTX Plan Participants who have not met the requirements of Section 3.01 of the Plan prior to the Merger Date shall be permitted to continue making and receiving Plan contributions

described in subparagraphs (a), (b) and (c) above on and after the Merger Date; provided, however, that any employee of NTX or Hanesbrands Inc. on and after the Merger Date who did not meet the requirements of Section 3.01 of the Plan as of the Merger Date and who was not an NTX Participant as of the Merger Date, must meet the requirements of Section 3.01 of the Plan on or after the Merger Date prior to becoming a Participant in the Plan.

A-3. Transfer of Assets. The assets of accounts held in the NTX Plan will be transferred into and become assets of this Plan and will be held, invested and administered by the Trustee with the other assets of the Trust Fund pursuant to the provisions of the Trust Agreement and Plan.

A-4. Transfer of Accounts. All accounts maintained for NTX Plan Participants under the NTX Plan on the Merger Date shall be adjusted as of that date in accordance with the provisions of the NTX Plan. As soon as administratively practicable following such adjustment, assets and liabilities of the NTX Plan equal to the net credit balances in such accounts, as adjusted, shall be transferred to the Plan and credited to corresponding accounts established for each NTX Plan Participant under the Plan as follows:

NTX Account	HBI Account
Tax-Deferred 401(k) Contribution Account	Before-Tax Contribution Account
After-Tax Account	After-Tax Account
Rollover Account	Rollover Contribution Account
Prior ESOP Account	Predecessor Company Account
Matching Contribution Account	Predecessor Company Account
Prior Company Account	Predecessor Company Account

Effective as of the Merger Date, NTX Plan Participants' accounts under the NTX Plan shall be paid from the Plan in accordance with the terms of the Plan.

A-5. Plan Benefits for Participants Who Terminated Employment Prior to the Merger Date. The benefits that would have been provided under the Plan with respect to any Participant who retired or whose employment otherwise terminated prior to the Merger Date will be provided from the Plan pursuant to the provisions thereof.

A-6. Vesting. As of the Merger Date, each NTX Plan Participant, employed by NTX or the Employer on the Merger Date, shall be 100% vested in and have a nonforfeitable interest in all contributions made to the Plan prior to the Merger Date and on and after the Merger Date. Each other NTX Plan Participant who was not employed by NTX, the Employer or a Controlled Group Member on the Merger Date shall be vested in his Account balance to the same extent that he was vested at his Separation Date, subject to Section 12 of the Plan. Each individual who is actively employed by NTX on the Merger Date but is not then an NTX Plan Participant shall be 100% vested in and have a nonforfeitable interest in all contributions made to the Plan on his behalf on and after the Merger Date.

A-7. Loans. Any loans from the NTX Plan to NTX Plan Participants that are outstanding as of the Merger Date shall be transferred to the Plan and will be held and

administered hereunder pursuant to the terms of such loans, regulations under the Code and ERISA, and rules established by the Committee.

A-8. Transfer of Records. On or as soon as practicable after the Merger Date, the administrator of the NTX Plan shall transfer to the Plan Administrator all administrative records maintained with respect to NTX Plan Participants.

A-9. Use of Terms. The provisions of this Supplement A shall supersede the provisions of the Plan (except such Plan provisions that impose conditions or limitations required by applicable law) to the extent necessary to eliminate any inconsistency between this Supplement A and the Plan. Terms used in this Supplement A shall, unless defined in this Supplement A or otherwise noted, have the meanings given to those terms elsewhere in the Plan.

SUPPLEMENT B
TO
HANESBRANDS INC.
RETIREMENT SAVINGS PLAN
Special Participation Provisions

The following individuals shall become Participants pursuant to Subsection 3.01(a)(i) of the Plan without regard to age (except for purposes of the Annual Company Contribution):

EMPLOYEE ID	BIRTHDATE	STATUS DATE
150720	2/26/1989	10/2/2007
150703	6/28/1987	9/30/2007
150710	11/12/1987	10/2/2007
150712	6/4/1988	10/2/2007
150575	9/10/1988	9/19/2007
150627	1/16/1987	9/23/2007
150574	10/21/1987	9/19/2007
150578	12/26/1988	9/19/2007
150637	10/24/1987	9/24/2007
150462	8/22/1987	9/11/2007
150401	9/17/1987	9/4/2007
150436	12/5/1987	9/11/2007
150468	5/26/1989	9/5/2007
150125	4/12/1989	8/28/2007
149971	6/17/1988	8/17/2007
149981	11/17/1987	8/19/2007
149953	11/10/1987	8/14/2007
150453	5/13/1989	9/10/2007
149540	5/18/1988	7/10/2007
149571	2/20/1988	7/9/2007
149337	3/15/1988	6/15/2007
149265	4/29/1988	6/11/2007
149263	8/12/1987	6/11/2007
149194	5/2/1987	5/31/2007
148964	4/29/1988	517/2007
148879	9/2/1987	4/30/2007
148830	10/14/1988	4/24/2007
148666	8/12/1988	12/27/2007
148669	3/12/1988	3/30/2007
148461	11/20/1988	2/27/2007
148508	5/29/1988	3/7/2007
148461	11/20/1988	2/27/2007

EMPLOYEE ID	BIRTHDATE	STATUS DATE
148391	12/1/1988	2/15/2007
148203	7/5/1988	1/24/2007
148332	12/1/1990	2/6/2007
135548	5/5/1989	9/20/2006
135163	4/28/1988	8/28/2006

Exhibit 10.8

HANESBRANDS INC.

SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

(Effective as of January 1, 2006)

(Conformed Through Fourth Amendment)

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HANESBRANDS INC.
SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

(Effective as of January 1, 2006)

SECTION 1

Introduction

1.1 Purpose

The Hanesbrands Inc. Supplemental Employee Retirement Plan (the "Plan") is maintained by the Corporation to provide retirement benefits that are otherwise limited under the Retirement Savings Plan. In addition, the accrued benefits of any Transferred Participant shall be transferred from the Sara Lee SERP to the Plan as of the Effective Date. On and after the Effective Date, all benefits previously accrued by Transferred Participants under the Sara Lee SERP shall be provided under the Plan, and Transferred Participants shall accrue no additional benefits under the Sara Lee SERP.

The Plan shall constitute a top hat plan within the meaning of Section 201(2) of ERISA. Notwithstanding any provision of the Plan to the contrary, the Plan is subject to the provisions of Section 409A of the Code and at all times shall be interpreted and administered so that it is consistent with such Code section; provided, however, that the vested benefits of each Transferred Participant who terminated employment with Sara Lee Corporation and all of its Controlled Group Members prior to January 1, 2005 shall be determined in accordance with Subsection 1.6 (and shall not be subject to Code Section 409A), except as otherwise provided in Subsection 3.3.

1.2 Effective Date and Plan Year

The Plan is effective as of January 1, 2006. The Plan is administered on the basis of a Plan Year.

1.3 Employers

The Corporation and each other Controlled Group Member that is a participating employer under the Retirement Savings Plan shall be deemed to have adopted the Plan and shall be treated as an Employer hereunder.

1.4 Plan Administration

As described in Subsection 5.1, the Committee shall be the administrator (as defined in Section 3(16)(A) of ERISA) of the Plan; provided, however, that the Committee may delegate all or any part of its powers, rights, and duties under the Plan to such person or persons as it may deem advisable.

1.5 Plan Supplements

The provisions of the Plan may be modified by supplements to the Plan. The terms and provisions of each supplement are a part of the Plan and supersede the other provisions of the Plan to the extent necessary to eliminate inconsistencies between such other Plan provisions and such supplement.

1.6 Plan Benefits for Participants who Terminated Employment

The benefits provided under the Plan with respect to any Participant whose employment with the Employers has terminated shall, except as otherwise specifically provided in the Plan, be governed in all respects by the terms of the Plan in effect as of the date of the Participant's termination of employment (or in the case of a Transferred Participant who Separated from Service prior to the Effective Date, pursuant to the Sara Lee SERP).

SECTION 2

Definitions

2.1 2008 Special Election

If the Committee, in its discretion, decides to offer a 2008 Special Election, then the "2008 Special Election" shall mean a Participant's valid election, made prior to December 31, 2008 in accordance with rules and procedures established by the Committee, to receive his or her RSSERP Benefit and/or Pension SERP Benefit at a time and in a form specified in Subparagraphs 4.4(a)(iii) and 4.4(b)(iv), respectively.

2.2 A&B Level Transition Credit

"A&B Level Transition Credit" means the annual credit, if any, made during the 2006-2010 Plan Years to Participants who had (a) attained age 45 and (b) completed five or more years of credited service as an A or B level executive as of January 1, 2006; provided, however, that S. Babu, K. McAleer, K. Oliver, and C. Yaroch shall be treated as eligible to receive the A&B Level Transition Credit.. A&B Level Transition Credits will be calculated as follows:

Age Plus Years of A&B Level Service (as of 1/1/06)	Credit (as a percentage of the Participant's Supplemental Compensation)
50 to 54	4%
55 to 59	8%
60 to 64	12%
65 to 69	14%
70 or more	15%

In order to receive the A&B Level Transition Credit for any Plan Year, any Participant who meets the requirements described herein must be an active Employee as of the last day of the Plan Year or have retired, died, or become a Totally Disabled Participant during the Plan Year.

2.3 Account

"Account" means the notional accounts and subaccounts maintained for a Participant under the Plan, as described in Subsection 4.1.

2.4 Annual Company Credit

"Annual Company Credit" means the annual company contribution made on behalf of a Participant as described in the Retirement Savings Plan.

2.5 Beneficiary

"Beneficiary" means the person or persons designated by a Participant to receive payment of his or her RSSERP Benefit ("RSSERP Beneficiary") or Pension SERP Benefit ("Pension SERP Beneficiary") upon his or her death in accordance with Subsection 4.5. A beneficiary designation shall be effective only when properly provided to the Committee in accordance with its rules and procedures while the Participant is alive and, when effective, will cancel all prior beneficiary designations. If the Participant does not have an effective RSSERP Beneficiary and/or Pension SERP Beneficiary designation on the date of his or her death (because the Participant failed to designate a beneficiary or the Participant's named beneficiary died before the Participant), the Committee will make the applicable payments described in Subsection 4.5 as follows:

(a) To the Participant's surviving spouse;

(b) If the Participant does not have a surviving spouse, to or for the benefit of the legal representative or representatives of the Participant's estate;

(c) If the Participant does not have a surviving spouse and an estate is not opened on behalf of the Participant, to or for the benefit of one or more of the Participant's relatives by blood, adoption or marriage in such proportions as the Committee (or its delegate) determines.

2.6 Code

"Code" means the Internal Revenue Code of 1986, as amended.

2.7 Committee

"Committee" means the Hanesbrands Inc. Employee Benefits Administrative Committee appointed by the Corporation to administer the Plan.

2.8 Controlled Group Member

"Controlled Group Member" means the Corporation and any affiliated or related corporation which is a member of a controlled group of corporations (within the meaning of Section 1563(a) of the Code) which includes the Corporation or any trade or business (whether or not incorporated), which is under common control with the Corporation (within the meaning of Section 414(c) of the Code).

2.9 Corporation

"Corporation" means Hanesbrands Inc., a Maryland corporation.

2.10 [RESERVED.]

2.11 Deferred Vested Participant

"Deferred Vested Participant" means a Participant who has Separated from Service, is not a Retired Participant, and is eligible for a monthly deferred vested pension under the Pension Plan.

2.12 [RESERVED.]

2.13 Effective Date

"Effective Date" means January 1, 2006, except as otherwise required to comply with applicable law or as specifically provided herein.

2.14 [RESERVED.]

2.15 Employee

"Employee" means a person, including an officer of an Employer, who is in the employ of an Employer. For all purposes of the Plan, an individual shall be an "Employee" of or be "employed" by an Employer for any Plan Year only if such individual is treated by the Employer for such Plan Year as its employee for purposes of employment taxes and wage withholding for Federal income taxes, regardless of any subsequent reclassification of such individual as an Employee by an Employer, any governmental agency, court, or other third party. Any such reclassification shall not have a retroactive effect for purposes of the Plan.

2.16 Employer

"Employer" means the Corporation and each other Controlled Group Member that is a participating employer under the Retirement Savings Plan.

2.17 ERISA

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

2.18 Matching Credit

"Matching Credit" means the employer matching contribution made on behalf of a Participant as described in the Retirement Savings Plan.

2.19 Normal Retirement Date

"Normal Retirement Date" means the first day of the month coincident with or next following the Participant's attainment of age 65.

2.20 Participant

"Participant" means an Employee who satisfies the requirements of Subsection 3.1.

2.21 Pension Plan

"Pension Plan" means the Hanesbrands Inc. Pension and Retirement Plan, as amended from time to time. No further benefits shall accrue under the Pension Plan on or after the Effective Date.

2.22 Pension SERP Benefit

"Pension SERP Benefit" means a Participant's benefit described in Subsection 4.2.

2.23 Pension SERP Interest Rate

"Pension SERP Interest Rate" means an interest rate equal to 120% of the annual rate on 30-year Treasury securities published for the month that is three months prior to (i) the first day of the month following the Participant's Separation from Service, or (ii) the payment commencement date, as applicable, rounded to the nearest 0.25%.

2.24 Plan

"Plan" means the Hanesbrands Inc. Supplemental Employee Retirement Plan, as amended from time to time.

2.25 Plan Year

"Plan Year" means the 12-month period beginning each January 1 and ending the next following December 31.

2.26 Plan Year RSSERP Credit

"Plan Year RSSERP Credit" means the credit described in Subparagraph 4.1(b).

2.27 Present Value

"Present Value" means the present value of a Participant's Pension SERP Benefit, calculated as if the Pension SERP Benefit were payable as an annuity under the Pension Plan using the Pension Plan's (a) early payment factors, as applicable, (b) the mortality table provided

under the Pension Plan as of December 31, 2007, and (c) the Pension SERP Interest Rate. For a Retired Participant's Present Value calculation, the assumed commencement date shall be the date of the Participant's retirement and the Present Value will be accumulated with interest at the Pension SERP Interest Rate to the actual payment commencement date. For a Deferred Vested Participant's Present Value calculation, the assumed commencement date shall be the Participant's Normal Retirement Date and the Present Value shall be determined as of the date payment is to be made under Subparagraph 4.4(b).

2.28 Residual Credit

"Residual Credit" means a credit to the Participant's RSSERP Benefit made after the Participant's Separation from Service based on the Annual Company Credit, A&B Level Transition Credit, and Salaried Employee Transition Credit.

2.29 Retired Participant

"Retired Participant" means a Participant who has Separated from Service after attaining age 55 and completing at least 10 years of vesting service (as defined in the Pension Plan) or after age 65.

2.30 Retirement Savings Plan

"Retirement Savings Plan" means the Hanesbrands Inc. Retirement Savings Plan, as amended from time to time; provided, however, that for the period from the Effective Date to the date the Retirement Savings Plan first becomes effective, the term "Retirement Savings Plan" shall mean the Sara Lee Corporation 401(k) Plan as applied to a Participant and Code limits referenced herein shall be applied as if the Hanesbrands Inc. Retirement Savings Plan, and the Sara Lee Corporation 401(k) Plan were a single plan for the first Plan Year.

2.31 RSSERP Benefit

"RSSERP Benefit" means the Participant's benefit described in Subsection 4.1.

2.32 Salaried Employee Transition Credit

In addition, a "Salaried Employee Transition Credit" will be made on behalf of any employee who (a) had attained age 50; (b) had completed at least 10 years of vesting service (as defined in the Pension Plan) with the Corporation as of January 1, 2006; and (c) notwithstanding any provision of the Retirement Savings Plan, did not receive a Transition Contribution in the Retirement Savings Plan equal to 10% of the employee's 2006 Supplemental Compensation. The Salaried Employee Transition Credit shall be reduced by the amount of any Transition Contribution the employee received in the Retirement Savings Plan for 2006.

2.33 Sara Lee SERP

"Sara Lee SERP" means the Sara Lee Corporation Supplemental Executive Retirement Plan.

2.34 Separation from Service

"Separation from Service" occurs when a Participant's terminates employment with the Corporation and its Controlled Group Members by reason of a resignation, discharge, retirement, or death. Separation from Service for purposes of the Plan shall be interpreted consistent with the requirements of Code Section 409A(a)(2)(A)(i) and any IRS guidance issued thereunder.

2.35 SERP Benefit

"SERP Benefit" means the Participant's RSSERP Benefit and/or Pension SERP Benefit, as applicable.

2.36 Specified Employee

"Specified Employee" means an employee described in the Corporation's "Procedures for Determining Top-50 Employees under Code Section 409A" as adopted, and as amended from time to time, by the Committee.

2.37 Supplemental Compensation

For purposes of the RSSERP Benefit, a Participant's "Supplemental Compensation" means his or her compensation as defined in the Retirement Savings Plan but including the following additional amounts:

(a) Any amounts that cannot be recognized as compensation in the Retirement Savings Plan due to the dollar limitation contained in Code Sections 401(a)(17) of the Code;

(b) Deferrals of base salary and bonus compensation for the Plan Year in which deferred; and

(c) Any compensation required to be included as Supplemental Compensation pursuant to an employment, severance or other written agreement with an Employer; provided, however, that severance payments to Specified Employees that are delayed six months in compliance with Code Section 409A shall be attributable to the year in which such amounts were earned rather than the year in which they are paid.

2.38 Transferred Participant

"Transferred Participant" means any participant in the Sara Lee SERP who was employed by the Corporation on December 31, 2005 or who was last employed by the Corporation's predecessor division of Sara Lee Corporation; provided, however, that L. Chaden, D. Volz, and expatriate employees of the Corporation on January 1, 2006 shall not be considered "Transferred Participants," so that such individuals' benefits under the Sara Lee SERP shall remain payable exclusively by Sara Lee Corporation under the Sara Lee SERP.

2.39 Total Disability

"Total Disability" means total disability, as defined in the Pension Plan. A "Totally Disabled Participant" means a Participant who is subject to a Total Disability.

2.40 Other Definitions

Other defined terms used in the Plan shall have the meanings given such terms elsewhere in the Plan, the Retirement Savings Plan and the Pension Plan.

SECTION 3

Participation

3.1 Eligibility

Transferred Participants shall be eligible to participate in the Plan on the Effective Date. In addition, each other Employee of an Employer who is a participant in the Retirement Savings Plan will become a Participant in the Plan upon the date that the contributions that he or she would otherwise receive under the Retirement Savings Plan are limited by one or more of the following:

(i) By operation of Code Section 415;

(ii) Because Supplemental Compensation is not taken into account under the Retirement Savings Plan; or

(iii) Because a period required to be included as service pursuant to an employment, severance or other written agreement with an Employer is not taken into account under the Retirement Savings Plan.

3.2 Period of Participation

Each Employee who becomes a Participant in the Plan shall continue as a Participant until the earlier of the date that all of his or her vested SERP Benefits (if any) have been distributed or his or her death.

3.3 Reemployed Participants

(a) In the event a Participant who terminated employment with the Corporation and all Controlled Group Members prior to January 1, 2005 is reemployed by the Controlled Group Members on or after the Effective Date, the following rules shall apply:

(i) The Participant's SERP Benefits that were earned and vested as of December 31, 2004 and that have been distributed or are in distribution status as of his or her reemployment date shall continue to be distributed in accordance with the terms of the Sara Lee SERP as in effect on his or her earlier Separation from Service and shall not be subject to the requirements of Code Section 409A; and

(ii) The Participant's SERP Benefits that either (i) were earned and vested as of December 31, 2004 and (A) have not been distributed, or (B) are not in distribution status, or (ii) were not earned and vested as of December 31, 2004, shall be subject to the applicable terms of this Plan document and the requirements of Code Section 409A.

(b) In the event a Participant who Separated from Service with the Corporation and all Controlled Group Members on or after January 1, 2005 is reemployed by the Controlled Group Members on or after the Effective Date, the SERP Benefits determined as of the Participant's initial Separation from Service shall be subject to the applicable terms of this Plan document and the requirements of Code Section 409A and distribution of those amounts shall not be impacted by the Participant's reemployment.

SECTION 4

SERP Benefits

4.1 RSSERP Benefit

Subject to Subsection 4.3, a Participant's RSSERP Benefit shall be equal to the balance in the Account maintained on behalf of the Participant under the Plan, which Account balance shall be equal to the sum of (a) plus (b) plus (c) below, and as adjusted pursuant to (d) below:

(a) Pre-Effective Date Benefit. A Participant's Account under the Plan shall be credited with the amount of the Participant's Sara Lee 401(k) SERP Benefit determined under the Sara Lee SERP, if any, determined as of the date immediately preceding the Effective Date.

(b) Plan Year RSSERP Credits. A Participant's Account under the Plan shall be credited with the Plan Year RSSERP Credit equal to (i) plus (ii) plus (iii) below, if any, as of the last day of each Plan Year:

(i) Annual Company Credit. The amount equal to (A) minus (B) below:

(A) The annual company contribution that would have been made on behalf of the Participant (if any) under the Retirement Savings Plan (or, in 2006, under the Sara Lee 401(k) Plan) for the applicable Plan Year based on the Participant's Supplemental Compensation and without regard to Code Section 415; minus

(B) The annual company contribution actually made on behalf of the Participant under the Retirement Savings Plan (or, in 2006, under the Sara Lee 401(k) Plan) for such Plan Year.

(ii) Matching Credit. The amount equal to the Matching Credit that would have been made on behalf of the Participant under the Retirement Savings

Plan for the Plan Year based on his or her Supplemental Compensation less any matching contributions received (or deemed received as described below) by the Participant under the Retirement Savings Plan for that Plan Year; provided, however, that for purposes of determining the Matching Credit under this Plan, the Participant will be deemed to (A) have made 401(k) contributions (excluding catch-up contributions) of 4% of the Participant's Supplemental Compensation, and (B) have received the appropriate matching contribution under the Retirement Savings Plan based upon such deemed 401(k) contribution (regardless of the Participant's actual contribution rate).

(iii) The A&B Level Transition Credit, if any.

(iv) The Salaried Employee Transition Credit, if any.

(c) Forfeited Retirement Savings Plan Benefit. To the extent that service under a separation agreement is included in SERP vesting service, a Participant's Account under the Plan shall be credited with any amount of the Participant's Retirement Savings Plan benefit that would be vested under the Retirement Savings Plan recognizing SERP vesting service but that is forfeited due to his or her Separation from Service with the Controlled Group Members prior to becoming fully vested under the Retirement Savings Plan.

(d) Adjustment of Account. The Account maintained on behalf of a Participant under the Plan shall be adjusted from time to time to reflect a hypothetical investment in the Hanesbrands Inc. Common Stock Fund under the Retirement Savings Plan; provided, however, that for as long as the Corporation is a Controlled Group Member of Sara Lee Corporation, the Account maintained on behalf of a Participant under the Plan shall be adjusted from time to time to reflect a hypothetical investment in the Sara Lee Corporation Common Stock Fund under the Sara Lee Corporation 401(k) Plan. The Committee may establish such rules and procedures relating to the maintenance, adjustment, and liquidation of

Participants' Accounts, the crediting of credits and the notional income, losses, expenses, appreciation, and depreciation attributable thereto, as are considered necessary or advisable. In addition to the Account described above, the Committee may maintain such other Accounts as the Committee considers necessary or desirable.

4.2 Pension SERP Benefit

Subject to Subsection 4.3, a Transferred Participant's Pension SERP Benefit shall be equal to the Transferred Participant's Sara Lee Pension SERP Benefit determined under the Sara Lee SERP, if any, determined as of the Effective Date.

In the case of a Participant in compensation band 3, 4 or 5 who is entitled to receive severance benefits under the Hanesbrands Inc. Severance Pay Plan (previously known as the Sara Lee Corporation Severance Pay Plan for Employees of Sara Lee Branded Apparel) , and who would satisfy the requirements for early retirement under the Pension Plan if his/her severance period (as defined in the separation agreement pursuant to which the severance benefits are paid) were a period of actual employment under the Pension Plan, then to the extent provided in the Participant's separation agreement, the Participant's SERP Benefit shall be increased to reflect the difference between (i) the Pension Plan benefit that would be payable if the years of severance period was recognized as years of vesting service as defined in the Pension Plan; and (ii) the actual Pension Plan benefit; provided, however, that such Participant's severance period shall not be considered as credited service for purposes of determining the amount of the Participant's accrued Pension SERP Benefit.

4.3 Vesting of Benefits

A Participant shall have a nonforfeitable right to his or her SERP Benefit as provided in Subparagraphs (a) and (b) below, as applicable.

(a) RSSERP Benefit. A Participant's Annual Company Credits and Matching Credits shall become nonforfeitable on the same basis and at the same time as his or her annual company contributions and matching contributions, respectively, become

nonforfeitable under the Retirement Savings Plan. A Participant's A&B Level Transition Credits or Salaried Employee Transition Credit, if any, shall be nonforfeitable at all times.

(b) Pension SERP Benefit. A Participant's Pension SERP Benefit shall become nonforfeitable on the same basis and at the same time as his or her benefit under the Pension Plan.

In determining whether a Participant is vested in his or her SERP Benefit, any period required to be included as service pursuant to an employment, severance or other written agreement with an Employer shall be considered service with an Employer under the Plan.

4.4 Payment of Benefits

A Participant's SERP Benefit shall, subject to the further provisions of this Plan, be payable to or on account of the Participant as follows:

(a) **RSSERP Benefit.**

(i) **Balances Under $50,000**. If the value of the Participant's vested RSSERP Benefit (determined without regard to any Residual Credit) is less than $50,000 as of the Participant's Separation from Service, then any election made by the Participant under Subparagraph (iii) or (iv) below shall be void, and the Participant's vested RSSERP Benefit shall be paid in a lump sum in the seventh month following the Participant's Separation from Service.

(ii) **Balances of $50,000 or More**. If the value of the Participant's vested RSSERP Benefit (determined without regard to any Residual Credit) is $50,000 or more on the Participant's Separation from Service, the Participant's vested RSSERP Benefit shall be paid in a lump sum in the seventh month following the Participant's Separation from Service, unless the Participant made a valid election under Subparagraph (iii) or (iv)

below, in which case the Participant's RSSERP Benefit shall be paid in accordance with the applicable election.

(iii) **Participant Elections**. An active Participant may elect during the 2008 Special Election period to receive his or her vested RSSERP Benefit as follows:

(A) In a lump sum to be paid at the later of the seventh month following the Participant's Separation from Service or on a specified date that is not later than the Participant's 70th birthday; or

(B) In annual installments over a period of five or ten years (I) commencing as of the first day of the seventh month following the Participant's Separation from Service, or (II) commencing at the later of the seventh month following the Participant's Separation from Service or a specified date that is not later than the Participant's 70th birthday.

Any election under this Subparagraph shall be irrevocable, subject to the provisions of Subparagraph (iv) below.

(iv) **Changes in Participant Elections**. After 2008, a Participant may make a one-time, irrevocable election to delay commencement of his or her RSSERP Benefit to a date not later than his or her 70th birthday, or to change the form of payment of his or her RSSERP Benefit to one of the forms specified in Subparagraph (iii) above, provided that no such election shall be effective unless (A) the Committee receives the election not later than 12 months prior to the previously scheduled distribution date, and (B) payment of the Participant's RSSERP Benefit is made not earlier than the fifth anniversary of the previously scheduled distribution date.

(v) **Payment of Residual Credits**. Notwithstanding any Plan provision to the contrary, any Residual Credit to the Participant's Account after his or her Separation from Service shall be paid as follows:

(A) If the Participant receives payment of his or her RSSERP Account in a lump sum, any Residual Credit to the Participant's Account shall be paid in a lump sum as soon as practicable but in no event later than the end of the calendar year in which such amount is credited; provided, however, that if the Participant has elected to receive his or her lump sum payment later than seven months following Separation from Service, any Residual Credit shall be paid on the date elected by the Participant for payment of his or her lump sum benefit.

(B) If the Participant elects to receive payment of his or her RSSERP Account in installments, any Residual Credit shall be added to the Participant's RSSERP Account and shall be paid in installments over the remaining installment period.

(vi) **2009/2010 Lump Sum Cashout**. Notwithstanding the foregoing, an active Participant may elect to receive distribution of his or her RSSERP Benefit determined as of December 31, 2008, with such amount paid to the Participant in a lump sum in 2009 or 2010, as elected by the Participant. For this purpose, a Participant's RSSERP Benefit as of December 31, 2008 shall include his or her RSSERP Credits for the 2008 Plan Year; the lump sum paid in 2009 shall include gains/losses credited to the Participant's RSSERP Account through February 28, 2009; and the lump sum paid in 2010 shall include gains/losses credited to the Participant's RSSERP Account through December 31, 2009. If a Participant makes an election under this Subparagraph and is not fully

vested as of the specified payment date, then the Participant shall receive payment of his or her vested December 31, 2008 RSSERP Benefit on the specified payment date, and his or her remaining December 31, 2008 RSSERP Benefit (as adjusted pursuant to Subparagraph 4.1(d)) shall be distributed as it becomes vested, with payment of each vested portion made by no later than 2-1/2 months after the end of the Plan Year in which it vests.

(vii) **Post-2008 RSSERP Credits**. Notwithstanding any Plan provision to the contrary, a Participant's RSSERP Credits for 2009 and each subsequent Plan Year shall be paid immediately to the Participant, to the extent vested, with payment made by the end of the applicable Plan Year in which such amount would otherwise be credited to the Participant's Account. If any portion of a Participant's RSSERP Credit for a Plan Year is not then vested, such portion (as adjusted pursuant to Subparagraph 4.1(d)) shall be distributable upon vesting, with payment made of each newly vested portion by no later than 2-1/2 months after the end of the Plan Year in which it vests.

(viii) **Small Benefit Cashout.** Notwithstanding the foregoing, to the extent a Participant's vested RSSERP Account does not exceed the applicable dollar amount under Code Section 402(g)(1)(B), then such Participant's vested RSSERP Account shall be paid in a lump sum in the Plan Year in which such Account becomes vested. However, this subparagraph (viii) shall not apply to any Participant who made an affirmative election during the 2008 special election period either to receive a lump sum cashout under subparagraph (vi) above or to receive payment following Separation from Service.

(b) **Pension SERP Benefit**.

(i) **General Payment Rule**. If (A) the Present Value of a Participant's vested Pension SERP Benefit is less than $50,000 as of the Participant's Separation from Service, or (B) the Present Value of the Participant's vested Pension SERP Benefit is $50,000 or more but the Participant is not a Retired Participant, then any 2008 Special Election or other election made by the Participant under Subparagraph (v) below shall be void, and the Present Value of the Participant's vested Pension SERP Benefit shall be paid in a lump sum in the seventh month following the Participant's Separation from Service.

(ii) **Retired Participants with Benefits of $50,000 or More**. If the Present Value of a Participant's vested Pension SERP Benefit is $50,000 or more at the Participant's Separation from Service and the Participant qualifies as a Retired Participant, then the Present Value shall be paid in a lump sum in the seventh month following the Participant's Separation from Service, unless the Participant made a 2008 Special Election or an election under Subparagraph (v) below, in which case the Present Value of the Participant's Pension SERP benefit shall be paid in accordance with the applicable election.

(iii) **Totally Disabled Participants**. Notwithstanding Subparagraph (i) above, if a Participant qualifies as a Totally Disabled Participant, then the Present Value of the Participant's vested Pension SERP Benefit (determined as if the Participant were a Retired Participant) shall be paid in a lump sum on the Totally Disabled Participant's 65th birthday. However, if the Present Value of the Participant's Pension SERP Benefit is $50,000 or more and the Participant made a 2008 Special Election or an election under Subparagraph (v) below, the Present Value of the Participant's Pension SERP Benefit shall be paid in accordance with the applicable election.

(iv) **2008 Special Elections**. During the 2008 Special Election period, an active Participant may elect to receive the Present Value of his or her Pension SERP Benefit as follows:

(A) In a lump sum to be paid at the later of the seventh month following the Participant's Separation from Service or on a specified date that is not later than the Participant's 70th birthday; or

(B) In monthly installments over a period of five or ten years (I) commencing as of the first day of the seventh month following the Participant's Separation from Service, or (II)

commencing at the later of the seventh month following the Participant's Separation from Service or a specified date that is not later than the Participant's 70th birthday.

(v) **Changes in Participant Elections**. After 2008, a Participant may make a one-time, irrevocable election to delay commencement of his or her Pension SERP Benefit to a date not later than his or her 70th birthday, or to change the form of payment of his or her Pension SERP Benefit to one of the forms specified in Subparagraph (iv) above, provided that no such election shall be effective unless (A) the Committee receives the election not later than 12 months prior to the previously scheduled distribution date, and (B) payment of the Participant's Pension SERP Benefit is made not earlier than the fifth anniversary of the previously scheduled distribution date.

(vi) **2009/2010 Lump Sum Cashout**. Notwithstanding the foregoing, an active Participant may elect to receive the Present Value of his or her vested Pension SERP Benefit in a lump sum in January 2009 or January 2010, as elected by the Participant. For purposes of this Subparagraph 4.4(b)(vi), Present Value shall be based on the Participant's age at January 1 of the selected distribution year, the Participant's Pension SERP Benefit payable at age 65, and an interest rate of 5.25%; provided that any lump sum cashout paid under this Subparagraph after a Participant's Separation from Service shall include any early retirement subsidy to which the Participant is entitled as of his or her Separation from Service. If a Participant receives a payment under this Subparagraph, then the Participant shall not be entitled to any Pension SERP Benefits upon his or her subsequent Separation from Service.

(c) **Pre-2009 Distribution Rules**. Notwithstanding the foregoing, a Participant who Separates from Service prior to 2009 shall receive payment of his or her RSSERP

and Pension SERP Benefits, if any, pursuant to payment elections made and filed with the Committee in accordance with applicable procedures established by the Committee, and in accordance with applicable provisions of Code Section 409A and guidance issued thereunder.

(d) All elections under this Subsection 4.4 shall be made in accordance with rules and procedures and within the time period specified by the Committee.

4.5 Payments Upon Death

Notwithstanding any provision of Subsection 4.4 to the contrary, the following rules shall apply upon a Participant's death:

(a) **RSSERP Benefit**. If the Participant dies before complete payment of his or her vested RSSERP Benefit under Subparagraph 4.4(a), payment of his or her remaining RSSERP Benefit shall be made to his or her RSSERP Beneficiary in a lump sum in the fourth month following the Participant's death.

(b) **Pension SERP Benefit.**

(i) **Death Before Commencement**.

(A) If a Participant Separates from Service before qualifying as a Retired Participant and dies before commencement of his or her Pension SERP Benefit, the Present Value of the Participant's vested Pension SERP Benefit shall be paid to the Participant's Pension SERP Beneficiary in a lump sum in the fourth month following the Participant's death, or if earlier, the date determined pursuant to Subparagraph 4.4(b)(i).

(B) If a Retired Participant dies before commencement of his or her Pension SERP Benefit, the Present Value of the

Participant's Pension SERP Benefit shall be paid to the Participant's Pension SERP Beneficiary in a lump sum in the fourth month following the Participant's death, or if earlier, the date determined pursuant to Subparagraphs 4.4(b)(i) or (ii).

(C) Death while Active. If a Participant dies while actively employed by the Corporation, the Present Value of the Participant's Pension SERP Benefit attributable to the active death benefit, as determined under the Pension Plan, shall be paid to the Participant's Pension SERP Beneficiary in a lump sum in the fourth month following the Participant's death. If such benefit is payable to the Participant's surviving spouse, the Present Value shall be determined based on the surviving spouse's age on the date of the Participant's death. If such benefit is payable to a Pension SERP Beneficiary other than the Participant's surviving spouse, the Present Value shall be determined as if such amount were payable to a spouse the same age as the Participant.

(ii) **Death After Commencement**. If the Participant dies after commencement of his or her Pension SERP Benefit payments, the Present Value of any unpaid portion of his or her Pension SERP Benefit shall be paid to his or her Pension SERP Beneficiary in a lump sum in the fourth month following the Participant's death.

4.6 Payment of FICA Tax on Pension SERP Benefit

Notwithstanding anything contained in the Plan to the contrary, an initial Pension SERP Benefit payment may, in the discretion of the Committee, be made on behalf of the Participant in the amount of the Federal Insurance Contributions Act ("FICA") tax due from the Participant on

his or her Pension SERP Benefit, determined as of the date such FICA tax is due. If such initial Pension SERP Benefit payment is made, then all later calculations and payments related to the Participant's Pension SERP Benefit shall be adjusted to reflect the initial payment.

4.7 Benefits Provided by Employers

Benefits payable under this Plan to a Participant or his or her surviving spouse, beneficiary or estate shall be paid directly by the Participant's Employer. No Employer shall be required to segregate any assets to be applied for the payment of benefits under this Plan.

4.8 Other Employment

A Participant or his or her surviving spouse or beneficiary who is receiving SERP Benefits hereunder will continue to be entitled thereto regardless of other employment or self-employment.

SECTION 5

General

5.1 Committee

This Plan will be administered by the Committee appointed by the Board of Directors of the Corporation or a committee thereof. The Committee may delegate any of its authority hereunder to a committee or to one or more individuals provided such delegation is in writing. Any such delegation is incorporated herein by this reference. The Committee, and to the extent applicable its delegates, shall have the discretionary authority to determine factual issues and eligibility for Plan coverage and benefits, to interpret the provisions and terms of Plan and to decide claims for benefits under the terms of the Plan. Subject to applicable law, any interpretation of the provisions of the Plan (including any Supplement) and any decision on any matter within the discretion of the Committee, or as applicable its delegates, made by it or them in good faith shall be final and binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known, and the Committee or as applicable its delegates shall make such adjustment on account thereof as it considers equitable and practicable. The Committee shall not be liable in any manner for any determination of fact made in good faith. Any claim for benefits under the Plan shall be handled by the Committee, or as applicable its delegates, pursuant to the claims procedures under the Retirement Savings Plan or the Pension Plan, as applicable, and such procedures are incorporated herein by this reference. No action at law or in equity may be brought to recover benefits under the Plan until the Participant has exercised all appeal rights and the Plan benefits requested in such appeal have been denied in whole or in part. Benefits under the Plan shall be paid only if the Committee, or as applicable its delegates, in its or their discretion, determines that a Participant (or other claimant) is entitled to them.

5.2 Interests Not Transferable

Except as provided under an agreement between the Participant and the Corporation or required for purposes of withholding of any tax under the laws of the United States or any State

or locality, the interest of any Participant, his or her spouse or minor children under the Plan is not subject to the claims of creditors and may not be voluntarily or involuntarily sold, transferred, assigned, alienated or encumbered.

5.3 Facility of Payment

When, in the Committee's opinion, a Participant or beneficiary is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the amounts payable to such person may be paid to such person's legal representative, or to a relative or friend of such person for his or her benefit, or such amounts may be applied for the benefit of such person in any way the Committee considers advisable.

5.4 Gender and Number

Where the context admits, words denoting men include women, the plural includes the singular and vice versa.

5.5 Controlling Law

To the extent not superseded by the laws of the United States, the laws of North Carolina (without regard to any state's conflict of law principles) shall be controlling in all matters relating to the Plan.

5.6 Successors

This Plan is binding on each Employer and will inure to the benefit of any successor of an Employer, whether by way of purchase, merger, consolidation or otherwise.

5.7 Rights Not Conferred by the Plan

The Plan is not a contract of employment, and participation in the Plan will not give any Employee the right to be retained in an Employer's employ, nor any right or claim to any benefit under the Plan, unless the right or claim has specifically accrued under the Plan.

5.8 Litigation by Participants

If a legal action begun against the Committee or any of the Employers by or on behalf of any person results adversely to that person, or if a legal action arises because of conflicting claims to a Participant's benefits, the cost to the Committee or any of the Employers of defending the action will be charged to such extent as possible to the sums, if any, involved in the action or payable to or on behalf of the Participant concerned.

5.9 Uniform Rules

In managing the Plan, the Committee will apply uniform rules to all Participants similarly situated.

5.10 Action by Employers

Any action required or permitted under the Plan of an Employer shall be by resolution of its Board of Directors or by a duly authorized Committee of its Board of Directors, or by a person or persons authorized by resolution of its Board of Directors or such Committee.

5.11 Tax Effects

The Corporation, the Committee, the Controlled Group Members, and their representatives and delegates do not in any way guarantee the tax treatment of benefits for any individual, and the Corporation, the Committee, the Controlled Group Members, and their representatives and delegates do not in any way guarantee or assume any responsibility or liability for the legal, tax, or other implications or effects of the Plan. In the event of any legal, tax, or other change that may affect the Plan, the Corporation, or the Controlled Group Members, the Corporation may, in its sole discretion, take any actions it deems necessary or desirable as a result of such change.

SECTION 6

Amendment and Termination

While the Employers expect to continue the Plan indefinitely, the Corporation reserves the right to amend or terminate the Plan by action of the Board of Directors of the Corporation or by action of a committee or an individual authorized to amend or terminate the Plan, provided that in no event shall any Participant's SERP Benefit accrued to the date of such amendment or termination be reduced or modified by such action.

Any amendment or termination of the Plan shall comply with the restrictions of Code Section 409A to the extent applicable. Specifically, no amendment or termination of the Plan may accelerate a scheduled payment unless permitted by Treasury regulations section 1.409A-3(j)(4), nor may any amendment permit a subsequent deferral unless such amendment complies with the requirements of Treasury regulations section 1.409A-2(b).

SUPPLEMENT A

TO

HANESBRANDS INC.

SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

Provisions Relating to Transferred Participants Previously Participating in the Earthgrains Company Supplemental Executive Retirement Plan

A-1. **History and Purpose**. The purpose of this Supplement A is to describe the benefits that would have been payable under the Earthgrains SERP to each Supplement A Participant (defined below) and to describe the benefits payable to each eligible Supplement A Participant under the Plan. This Supplement A is intended to supersede the terms of the Earthgrains SERP as applied to any Supplement A Participant. Accordingly, any benefit payable to or on behalf of a Supplement A Participant under this Supplement shall be considered to have been provided under the Earthgrains SERP for all purposes. A Supplement A Participant who receives the benefits described in this Supplement shall be deemed to have received his or her entire Earthgrains SERP benefit. Except as otherwise specifically provided herein, a Supplement A Participant is not intended to receive any rights under this Supplement A in addition to his or her rights under the Earthgrains SERP. "Supplement A Participant" means each Transferred Participant who was an active participant in the Earthgrains SERP as of December 31, 2002.

A-2. **Supplement A Pension SERP Benefit**. In lieu of a Pension SERP Benefit, a Supplement A Participant shall be entitled to the following:

(a) **Amount of Supplement A Pension SERP Benefit**. Subject to the requirements set forth below, each Supplement A Participant who retires or terminates employment with all Controlled Group Members shall be entitled to a benefit equal to the following:

(i) The benefit which would be payable to the Supplement A Participant under the Earthgrains supplement to the Pension Plan, determined (A) without regard to the limitation of Code Section 401(a)(17), and (B) using

the definition of Earthgrains Formula Compensation (as defined in the Sara Lee SERP); minus

(ii) The Supplement A Participant's actual accrued benefit under the Earthgrains supplement of the Pension Plan.

(b) **Form of Payment**.

(i) The benefit payable to a Supplement A Participant (the Participant's "Supplement A SERP Benefit") shall be paid as follows:

(A) Subject to Subparagraphs (B) through (D) below, if the Participant did not make a valid 2008 Supplement A Special Election (as defined below), the Participant's vested Supplement A SERP Benefit shall be paid in a lump sum in the seventh month following the Participant's Separation from Service.

(B) If the Supplement A Participant made a valid 2008 Supplement A Special Election, the Participant's vested Supplement A Benefit shall be paid in accordance with such election. A "2008 Supplement A Special Election" means a Supplement A Participant's valid election, made prior to December 31, 2008 in accordance with rules and procedures established by the Committee, to receive his or her Supplement A Benefit in actuarially equivalent quarterly installments, semi-annual installments or annual installments (as elected) for a period not to exceed five years, commencing in the seventh month after such Supplement A Participant's Separation from Service or commencing at the later of the seventh month following the Supplement A Participant's Separation from Service or a

specified date that is not later than the Supplement A Participant's 70th birthday.

(C) After 2008, a Participant may make an irrevocable election to receive his or her vested Supplement A Benefit in actuarially equivalent quarterly installments, semi-annual installments or annual installments (as elected) for a period not to exceed five years, commencing at least five years after the later of (I) the Participant's Separation from Service, or (II) the date the Participant otherwise would have commenced payment of his or her Supplement A Benefit under Subparagraphs (A) or (B) above, as applicable; provided, however that an election under this Subparagraph (C) must be made in accordance with rules and procedures established by the Committee and must be received by the Committee at least one year before the Participant's previously scheduled distribution date.

(D) Notwithstanding the foregoing, a Participant may elect to receive his or her vested Supplement A Benefit attributable to his or her post-2002 service in a lump sum in January 2009 or January 2010, as elected by the Participant. For purposes of this Subparagraph (D), the lump sum Present Value of the post-2002 Supplement A Benefit will be based on the Participant's age at January 1 of the selected distribution year, the Participant's Supplement A Benefit payable at age 65, and an interest rate of 5.25%; provided that this lump sum benefit shall include any applicable early retirement subsidy if the Participant has a Separation from Service before the lump sum benefit is paid. The Participant may also elect to receive that portion of his or

her Supplement A Benefit attributable to his or her pre-2003 service; if the Participant makes such an election, the pre-2003 benefit shall be paid in a lump sum on the date such benefit becomes vested, with a reduction in the benefit to reflect the Participant's then current age based on the early retirement factors specified in Paragraph A-2(c)(ii) below. All elections under this Subparagraph shall be made in accordance with rules and procedures and within the time period specified by the Committee.

(c) **Actuarial Factors**. The following actuarial factors shall apply for purposes of this Paragraph A-2:

(i) **Present Value**. Present value shall be determined using the factors set forth in the Pension Plan on December 31, 2007.

(ii) **Early Retirement Reduction**. The Supplement A SERP Benefit shall be reduced 4/12% per month for each of the first 60 months and 5/12% per month for each of the next 60 months that payment commences before Normal Retirement Date; provided, however, that no reduction shall apply if the Supplement A Participant retires after attaining age 62 with 20 Years of Service.

(iii) **Installment Payments**. The actuarial factors for determining installment payments shall be determined using the factors set forth in the Pension Plan on December 31, 2007.

A-3. **Plan Provisions**. All provisions of the Plan, to the extent that they are consistent with the provisions of this Supplement, shall apply to Supplement A Participants; provided, however, that a Supplement A Participant shall only be entitled to a benefit under the Plan to the extent such benefit is specifically provided under this Supplement A.

Exhibit 10.32

EXECUTION COPY

AMENDED AND RESTATED CREDIT AGREEMENT,

dated as of December 10, 2009,

among

HANESBRANDS INC.,
as the Borrower,

VARIOUS FINANCIAL INSTITUTIONS AND
OTHER PERSONS FROM TIME TO TIME
PARTY TO THIS AGREEMENT
as the Lenders,

BARCLAYS BANK PLC and GOLDMAN SACHS CREDIT PARTNERS L.P.
as the Co-Documentation Agents,

BANK OF AMERICA, N.A. and HSBC SECURITIES (USA) INC.
as the Co-Syndication Agents,

and

JPMORGAN CHASE BANK, N.A.,
as the Administrative Agent and the Collateral Agent

J.P. MORGAN SECURITIES INC.,

BANC OF AMERICA SECURITIES LLC,

HSBC SECURITIES (USA) INC.,

and

BARCLAYS CAPITAL,

as Joint Lead Arrangers and Joint Bookrunners

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AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated as of September 5, 2006, as amended and restated as of December 10, 2009, is among HANESBRANDS INC., a Maryland corporation (the "Borrower"), the various financial institutions and other Persons from time to time party to this Agreement (the "Lenders"), BARCLAYS BANK PLC and GOLDMAN SACHS CREDIT PARTNERS L.P., as the co-documentation agents (in such capacities, the "Co-Documentation Agents"), BANK OF AMERICA, N.A. and HSBC SECURITIES (USA) INC., as the co-syndication agents (in such capacities, the "Co-Syndication Agents"), JPMORGAN CHASE BANK, N.A., as the administrative agent and the collateral agent (in such capacities, the "Administrative Agent" and "Collateral Agent", respectively), and J.P. MORGAN SECURITIES INC., BANC OF AMERICA SECURITIES LLC, HSBC SECURITIES (USA) INC. and BARCLAYS CAPITAL, the investment banking division of BARCLAYS BANK PLC, as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers").

The parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"2014 Senior Note Documents" means the 2014 Senior Notes, the 2014 Senior Note Indenture and all other agreements, documents and instruments executed and delivered with respect to the 2014 Senior Notes or the 2014 Senior Note Indenture, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"2014 Senior Note Indenture" means the Indenture, between the Borrower and the Person acting as trustee thereunder (the "2014 Senior Notes Trustee"), pursuant to which the 2014 Senior Notes and any supplemental issuance of "senior notes" thereunder are issued, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"2014 Senior Notes" means the $500,000,000 floating rate senior unsecured notes due December 15, 2014 issued by the Borrower.

"2014 Senior Notes Trustee" is defined in the definition of "2014 Senior Note Indenture".

"2016 Senior Note Documents" means the 2016 Senior Notes, the 2016 Senior Note Indenture and all other agreements, documents and instruments executed and delivered with respect to the 2016 Senior Notes or the 2016 Senior Note Indenture, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"2016 Senior Note Indenture" means the Indenture, between the Borrower and the Person acting as trustee thereunder (the "2016 Senior Notes Trustee"), pursuant to which the 2016 Senior Notes and any supplemental issuance of "senior notes" thereunder are issued, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"2016 Senior Notes" means the $500,000,000 8.00% senior unsecured notes due December 15, 2016 issued by the Borrower.

"2016 Senior Notes Trustee" is defined in the definition of "2016 Senior Note Indenture".

"Acquired Permitted Capital Expenditure Amount" is defined in clause (a) of Section 7.2.7.

"Administrative Agent" is defined in the preamble and includes each other Person appointed as the successor Administrative Agent pursuant to Section 9.4.

"Affected Lender" is defined in Section 4.11.

"Affiliate" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. "Control" of a Person means the power, directly or indirectly, (i) to vote 10% or more of the Capital Securities (on a fully diluted basis) of such Person having ordinary voting power for the election of directors, managing members or general partners (as applicable), or (ii) to direct or cause the direction of the management and policies of such Person (whether by contract or otherwise).

"Agents" means, as the context may require, the Administrative Agent and the Collateral Agent and, for the purposes of Section 5.1 only, the Co-Syndication Agents and the Co-Documentation Agents, collectively, or either of them individually.

"Agreement" means, on any date, this Amended and Restated Credit Agreement as originally in effect on the Restatement Effective Date and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified from time to time and in effect on such date.

"Alternate Base Rate" means on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum equal to the highest of (i) the Base Rate in effect on such day, and (ii) the Federal Funds Rate in effect on such day plus ½ of 1.0% and (iii) for a LIBO Rate Loan, the LIBO Rate (Reserve Adjusted) with a one-month Interest Period commencing on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Alternate Base Rate. The Administrative Agent will give notice promptly to the Borrower and the Lenders of changes in the Alternate Base Rate; provided that, the failure to give such notice shall not affect the Alternate Base Rate in effect after such change.

"Applicable Commitment Fee Margin" means the applicable percentage set forth below corresponding to the relevant Leverage Ratio:

Leverage Ratio	Applicable Commitment Fee Margin
Greater than or equal to 3.75:1.00	0.750%
Less than 3.75:1.00	0.500%

Notwithstanding anything to the contrary set forth in this Agreement (including the then effective Leverage Ratio), the Applicable Commitment Fee Margin from the Restatement Effective Date through (and including) the date of delivery of the financial statements for the second full Fiscal Quarter ending after the Restatement Effective Date shall be 0.75%. The Leverage Ratio used to compute the Applicable Commitment Fee Margin shall be that set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent. Changes in the Applicable Commitment Fee Margin resulting from a change in the Leverage Ratio shall become effective upon delivery by the Borrower to the Administrative Agent of a new Compliance Certificate pursuant to clause (c) of Section 7.1.1. If the Borrower fails to deliver a Compliance Certificate on or before the date required pursuant to clause (c) of Section 7.1.1, the Applicable Commitment Fee Margin from and including the day after such required date of delivery to but not including the date the Borrower delivers to the Administrative Agent a Compliance Certificate shall equal the highest Applicable Commitment Fee Margin set forth above.

"Applicable Margin" means the applicable percentage set forth below corresponding to the relevant Leverage Ratio:

	Applicable Margin for New Term Loans	
Leverage Ratio	**LIBO Rate Loans**	**Base Rate Loans**
Greater than or equal to 2.50:1.00	3.25%	2.25%
Less than 2.50:1:00	3.00%	2.00%

	Applicable Margin for Revolving Loans (including Swing Line Loans)	
Leverage Ratio	**LIBO Rate Loans**	**Base Rate Loans**
Greater than or equal to 4.00:1.00	4.75%	3.75%
Less than 4.00:1.00 but greater than or equal to 3.25:1.00	4.50%	3.50%
Less than 3.25:1.00 but greater than or equal to 2.50:1.00	4.25%	3.25%
Less than 2.50:1.00	4.00%	3.00%

Notwithstanding anything to the contrary set forth in this Agreement (including the then effective Leverage Ratio), the Applicable Margin for (i) all New Term Loans from the Closing Date through (and including) the date of delivery of the financial statements for the second full Fiscal Quarter ending after Restatement Effective Date shall be (A) 3.25%, in the case of LIBO Rate Loans, and (B) 2.25%, in the case of Base Rate Loans and (ii) all Revolving Loans (including Swing Line Loans) from the Restatement Effective Date through (and including) the

date of delivery of the financial statements for the second full Fiscal Quarter ending after Restatement Effective Date shall be (A) 4.50%, in the case of LIBO Rate Loans, and (B) 3.50%, in the case of Base Rate Loans. The Leverage Ratio used to compute the Applicable Margin shall be the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent. Changes in the Applicable Margin resulting from a change in the Leverage Ratio shall become effective upon delivery by the Borrower to the Administrative Agent of a new Compliance Certificate pursuant to clause (c) of Section 7.1.1. If the Borrower fails to deliver a Compliance Certificate on or before the date required pursuant to clause (c) of Section 7.1.1, the Applicable Margin from and including the day after such required date of delivery to but not including the date the Borrower delivers to the Administrative Agent a Compliance Certificate shall equal the highest Applicable Margin set forth above.

"Applicable Percentage" means, at any time of determination, with respect to a mandatory prepayment in respect of Excess Cash Flow pursuant to clause (f) of Section 3.1.1, (A) 50.0%, if the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent was greater than or equal to 3.50:1.00, (B) 25.0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.50:1.00 but greater than or equal to 3.00:1.00, and (C) 0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.00:1.00.

"Approved Foreign Bank" is defined in the definition of "Cash Equivalent Investment".

"Approved Fund" means any Person (other than a natural Person) that (i) is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course, and (ii) is administered or managed by a Lender, an Affiliate of a Lender or a Person or an Affiliate of a Person that administers or manages a Lender.

"Authorized Officer" means, relative to any Obligor, the chief executive officer, president, chief financial officer, treasurer, assistant treasurer, secretary, assistant secretary and those of its other officers, general partners or managing members (as applicable), in each case whose signatures and incumbency shall have been certified to the Agents, the Lenders and the Issuers pursuant to Section 5.1.1.

"Available Retained Excess Cash Flow" means, on any date of determination thereof, an amount equal to Retained Excess Cash Flow, minus the sum of (i) the amount of such Retained Excess Cash Flow used to make any Investments pursuant to Section 7.2.5(l) and (p), (ii) the amount of such Retained Excess Cash Flow used to make Restricted Payments pursuant to Section 7.2.6(e), (iii) the amount of such Retained Excess Cash Flow used to make Capital Expenditures pursuant to Section 7.2.7 and (iv) the amount of such Retained Excess Cash Flow used to make Permitted Acquisitions pursuant to the first proviso in Section 7.2.10(b).

"Base Rate" means, at any time, the rate of interest publicly announced by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City.

"Base Rate Loan" means a Loan denominated in Dollars bearing interest at a fluctuating rate determined by reference to the Alternate Base Rate.

"Borrower" is defined in the preamble.

"Borrowing" means the Loans of the same type and, in the case of LIBO Rate Loans, having the same Interest Period made by all Lenders required to make such Loans on the same Business Day and pursuant to the same Borrowing Request in accordance with Section 2.3.

"Borrowing Request" means a Loan request and certificate duly executed by an Authorized Officer of the Borrower substantially in the form of Exhibit B-1 hereto.

"Business Day" means (i) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York, (ii) relative to the making, continuing, prepaying or repaying of any LIBO Rate Loans, any day which is a Business Day described in clause (i) above and on which dealings in Dollars are carried on in the London interbank eurodollar market and (iii) for purposes of Section 2.1.2 any day which is neither a Saturday or Sunday nor a legal holiday where the relevant Issuer is located (and, if such Issuer is located in Hong Kong, excluding any day upon which a Typhoon Number 8 signal or black rainstorm warning is hoisted before 12:00 noon (Hong Kong time)).

"CapEx Pull Forward Amount" is defined in clause (b) of Section 7.2.7.

"Capital Expenditures" means, for any period, the aggregate amount of (i) all expenditures of the Borrower and its Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures and (ii) Capitalized Lease Liabilities incurred by the Borrower and its Subsidiaries during such period; provided that Capital Expenditures shall not include any such expenditures which constitute any of the following, without duplication: (a) a Permitted Acquisition, (b) to the extent permitted by this Agreement, capital expenditures consisting of Net Disposition Proceeds or Net Casualty Proceeds not otherwise required to be used to repay the Loans and (c) imputed interest capitalized during such period incurred in connection with Capitalized Lease Liabilities not paid or payable in cash. For the avoidance of doubt (x) to the extent that any item is classified under clause (i) of this definition and later classified under clause (ii) of this definition or could be classified under either clause, it will only be required to be counted once for purposes hereunder and (y) in the event the Borrower or any Subsidiary owns an asset that was not used and is now being reused, no portion of the unused asset shall be considered Capital Expenditures hereunder; provided that any expenditure necessary in order to permit such asset to be reused shall be included as a Capital Expenditure during the period that such expenditure actually is made.

"Capital Securities" means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the Restatement Effective Date; provided however, any shares, interests, participations or other equivalents required to be issued in connection with convertible debt shall not be considered "Capital Securities" until issued.

"Capitalized Lease Liabilities" means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, should be classified as capitalized leases, and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof,

determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty; provided, however, any changes to the treatment or reclassification of operating leases under GAAP or the interpretation of GAAP that would cause operating leases to be considered capitalized leases under GAAP shall be ignored as if such treatment or reclassification had never occurred and, for the avoidance of doubt, operating leases shall not be considered Capitalized Lease Liabilities hereunder.

"Cash Collateralize" means, with respect to (i) a Letter of Credit, the deposit of immediately available funds into a cash collateral account maintained with (or on behalf of) the Administrative Agent on terms reasonably satisfactory to the Administrative Agent in an amount equal to the Stated Amount of such Letter of Credit and (ii) OA Payment Obligations, the deposit of immediately available funds into a cash collateral account maintained with (or on behalf of) the applicable Open Account Discount Purchaser in an amount equal to the aggregate Dollar amount of such OA Payment Obligations.

"Cash Equivalent Investment" means, at any time:

(a) any direct obligation of (or unconditionally guaranteed by) the United States or a State thereof (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States or a State thereof) maturing not more than one year after such time;

(b) commercial paper maturing not more than 270 days from the date of issue, which is issued by (i) a corporation (other than an Affiliate of any Obligor) organized under the laws of any State of the United States or of the District of Columbia and rated A-1 or higher by S&P or P-1 or higher by Moody's, or (ii) any Lender (or its holding company);

(c) any certificate of deposit, time deposit or bankers acceptance, maturing not more than one year after its date of issuance, which is issued by either (i) any bank organized under the laws of the United States (or any State thereof) and which has (A) a credit rating of A2 or higher from Moody's or A or higher from S&P and (B) a combined capital and surplus greater than $500,000,000, or (ii) any Lender;

(d) any repurchase agreement having a term of 30 days or less entered into with any Lender or any commercial banking institution satisfying the criteria set forth in clause (c)(i) which (i) is secured by a fully perfected security interest in any obligation of the type described in clause (a), and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such commercial banking institution thereunder;

(e) with respect to any Foreign Subsidiary, non-Dollar denominated (i) certificates of deposit of, bankers acceptances of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Person maintains its chief executive office or principal place of business or is

organized provided such country is a member of the Organization for Economic Cooperation and Development, and which has a short-term commercial paper rating from S&P of at least "A-1" or the equivalent thereof or from Moody's of at least "P-1" or the equivalent thereof (any such bank being an "Approved Foreign Bank") and maturing within one year of the date of acquisition and (ii) equivalents of demand deposit accounts which are maintained with an Approved Foreign Bank; and

(f) readily marketable obligations issued or directly and fully guaranteed or insured by the government or any agency or instrumentality of any member nation of the European Union whose legal tender is the Euro and which are denominated in Euros or any other foreign currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Foreign Subsidiary organized in such jurisdiction, having (i) one of the three highest ratings from either Moody's or S&P and (ii) maturities of not more than one year from the date of acquisition thereof; provided that the full faith and credit of any such member nation of the European Union is pledged in support thereof.

"Cash Management Obligations" means, with respect to the Borrower or any of its Subsidiaries, any direct or indirect liability, contingent or otherwise, of such Person in respect of cash management services (including treasury, depository, overdraft (daylight and temporary), credit or debit card, electronic funds transfer and other cash management arrangements) provided after the Restatement Effective Date by a Person who is (or was at the time such Cash Management Obligations were incurred) the Administrative Agent, any Lender or any Affiliate thereof, including obligations for the payment of fees, interest, charges, expenses, attorneys' fees and disbursements in connection therewith to the extent provided for in the documents evidencing such cash management services.

"Cash Restructuring Charges" is defined in the definition of "EBITDA."

"Casualty Event" means the damage, destruction or condemnation, as the case may be, of property of any Person or any of its Subsidiaries.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation Liability Information System List.

"Change in Control" means

(a) any person or group (within the meaning of Sections 13(d) and 14(d) under the Exchange Act) shall become the ultimate "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of Capital Securities representing more than 35% of the Capital Securities of the Borrower on a fully diluted basis;

(b) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board of Directors of the Borrower (together with any new directors whose election to such Board or whose nomination for election by the stockholders of the Borrower was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Borrower then in office; or

(c) the occurrence of any "Change of Control" (or similar term) under (and as defined in) any 2014 Senior Note Document or 2016 Senior Note Document.

"Citi" means, as the context may require, Citicorp USA, Inc. and Citibank, N.A., collectively, or either of them, individually.

"Closing Date Certificate" means the closing date certificate executed and delivered by an Authorized Officer of the Borrower substantially in the form of Exhibit H hereto.

"Code" means the Internal Revenue Code of 1986, and the regulations thereunder, in each case as amended, reformed or otherwise modified from time to time.

"Co-Documentation Agents" is defined in the preamble.

"Collateral Agent" is defined in the preamble and includes each other Person appointed as successor Collateral Agent pursuant to Section 9.4.

"Commercial Letter of Credit" means any Letter of Credit issued for the purpose of providing the primary payment mechanism in connection with the purchase of any materials, goods or services by the Borrower or any Subsidiary in the ordinary course of business of the Borrower or such Subsidiary.

"Commitment" means, as the context may require, the New Term Loan Commitment, the Revolving Loan Commitment, the Letter of Credit Commitment or the Swing Line Loan Commitment.

"Commitment Amount" means, as the context may require, the New Term Loan Commitment Amount, the Revolving Loan Commitment Amount, the Letter of Credit Commitment Amount or the Swing Line Loan Commitment Amount.

"Commitment Termination Date" means, as the context may require, the New Term Loan Commitment Termination Date or the Revolving Loan Commitment Termination Date.

"Commitment Termination Event" means

(a) the occurrence of any Event of Default with respect to the Borrower described in clauses (a) through (d) of Section 8.1.9; or

(b) the occurrence and continuance of any other Event of Default and either (i) the declaration of all or any portion of the Loans to be due and payable pursuant to

Section 8.3, or (ii) the giving of notice by the Administrative Agent, acting at the direction of the Required Lenders, to the Borrower that the Commitments have been terminated.

"Communications" is defined in clause (a) of Section 9.11.

"Compliance Certificate" means a certificate duly completed and executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit E hereto.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation with respect thereto) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"Continuation/Conversion Notice" means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit C hereto.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"Copyright Security Agreement" means any Copyright Security Agreement executed and delivered by any Obligor in substantially the form of Exhibit C to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Co-Syndication Agents" is defined in the preamble.

"Credit Extension" means, as the context may require,

(a) the making of a Loan by a Lender; or

(b) the issuance of any Letter of Credit, any amendment to or modification of any Letter of Credit that increases the face amount thereof, or the extension of any Stated Expiry Date of any existing Letter of Credit, by an Issuer.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time relating to any cure period or both, would constitute an Event of Default.

"Defaulting Lender" means any Lender that has (a) failed to fund any portion of its Loans or participations in Letters of Credit or Swing Line Loans within three Business Days of the date required to be funded by it hereunder, (b) notified the Borrower, the Administrative

Agent, the Issuers, the Swing Line Lender or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit, (c) failed, within three Business Days after written request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit and Swing Line Loans, (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount (other than any other amount that is *de minimis*) required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute, or (e) (i) become or is insolvent or has a parent company that has become or is insolvent or (ii) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition by a Governmental Authority or an instrumentality thereof of any equity interest in such Lender or a parent company thereof.

"Disbursement" is defined in Section 2.6.2.

"Disbursement Date" is defined in Section 2.6.2.

"Disclosure Schedule" means the Disclosure Schedule attached hereto as Schedule I, as it may be amended, supplemented, amended and restated or otherwise modified from time to time by the Borrower with the written consent of, in the case of non-material modification, the Administrative Agent and, in the case of material modifications the Required Lenders.

"Disposition" (or similar words such as "Dispose") means any sale, transfer, lease (as lessor), contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of the Borrower's or its Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any other Person in a single transaction or series of transactions other than (i) to another Obligor, (ii) by a Foreign Subsidiary to any other Foreign Subsidiary, (iii) by a Receivables Subsidiary to any other Person or (iv) customary derivatives issued in connection with the issuance of convertible debt.

"Dollar" and the sign "$" mean lawful money of the United States.

"EBITDA" means, for any applicable period, the sum of

(a) Net Income, plus

(b) to the extent deducted in determining Net Income, the sum of (i) amounts attributable to amortization (including amortization of goodwill and other intangible assets), (ii) Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Tax expense, (iii) Interest Expense, (iv) depreciation of assets, (v) all non-cash charges, including all non-cash charges associated with

announced restructurings, whether announced previously or in the future (such non-cash restructuring charges being "Non-Cash Restructuring Charges"), (vi) net cash charges associated with or related to any contemplated restructurings (such cost restructuring charges being "Cash Restructuring Charges") in an aggregate amount not to exceed $120,000,000 since September 5, 2006, (vii) all amounts in respect of extraordinary losses, (viii) non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements), (ix) any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early retirement of Indebtedness, and related out-of-pocket expenses incurred by the Borrower or any of its Subsidiaries as a result of the Transaction, including fees and expenses in connection with the issuance, redemption or exchange of the 2016 Senior Notes, all determined in accordance with GAAP, (x) non-cash or unrealized losses on agreements with respect to Hedging Obligations and (xi) to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of the Borrower and its Subsidiaries incurred as a result of Permitted Acquisitions, Investments, Restricted Payments, Dispositions permitted hereunder and the issuance of Capital Securities or Indebtedness permitted hereunder, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Permitted Acquisition or Dispositions, (xii) losses on agreements with respect to Hedging Obligations and any related tax losses and any costs, fees, and expenses related to the termination thereof, in each case incurred in connection with or as a result of the Transaction, (xiii) to the extent the related loss is not added back pursuant to clause (c), all proceeds of business interruption insurance policies, (xiv) expenses incurred by the Borrower or any Subsidiary to the extent reimbursed in cash by a third party, and (xv) extraordinary, unusual or non-recurring cash charges not to exceed $10,000,000 in any Fiscal Year, minus

(c) to the extent included in determining such Net Income, the sum of (i) all amounts in respect of extraordinary gains, (ii) non-cash gains on agreements with respect to Hedging Obligations, (iii) reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period, (iv) gains on agreements with respect to Hedging Obligations and any related tax gains, in each case incurred in connection with or as a result of the Transaction and (v) non-cash items increasing such Net Income for such period, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period.

"Eligible Assignee" means (i) in the case of an assignment of a New Term Loan, (A) a Lender, (B) an Affiliate of a Lender, (C) an Approved Fund or (D) any other Person (other than an Ineligible Assignee), and (ii) in the case of any assignment of the Revolving Loan Commitment or Revolving Loans, (A) a Lender, (B) an Affiliate of a Lender or (C) any other

Person (other than an Ineligible Assignee) approved by the Borrower (such approval of the Borrower not to be unreasonably withheld or delayed) unless an Event of Default has occurred and is continuing.

"EMU" means Economic and Monetary Union as contemplated in the Treaty on European Union.

"EMU Legislation" means legislative measures of the European Council (including European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the Euro or otherwise), being in part the implementation of the third stage of EMU.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and legally binding guidelines (including consent decrees and administrative orders) relating to protection of public health and safety from environmental hazards and protection of the environment.

"Equity Equivalents" means with respect to any Person any rights, warrants, options, convertible securities, exchangeable securities, indebtedness or other rights, in each case exercisable for or convertible or exchangeable into, directly or indirectly, Capital Securities of such Person or securities exercisable for or convertible or exchangeable into Capital Securities of such Person, whether at the time of issuance or upon the passage of time or the occurrence of some future event.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA also refer to any successor Sections thereto.

"Euros" means the single currency of Participating Member States of the European Union.

"Event of Default" is defined in Section 8.1.

"Excess Cash Flow" means, for any Fiscal Year, the excess (if any), of

(a) EBITDA for such Fiscal Year

minus

(b) the sum (for such Fiscal Year) of (i) Interest Expense actually paid in cash by the Borrower and its Subsidiaries, (ii) scheduled principal repayments with respect to the permanent reduction of Indebtedness, to the extent actually made, (iii) all Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Taxes actually paid in cash or payable (only to the extent related to Taxes associated with such Fiscal Year) by the Borrower and its Subsidiaries, (iv) Capital Expenditures to the extent (x) actually made by the Borrower and its Subsidiaries in such Fiscal Year or (y) committed to be made by the Borrower and its Subsidiaries and that are

permitted to be carried forward to the next succeeding Fiscal Year pursuant to Section 7.2.7; provided that the amounts deducted from Excess Cash Flow pursuant to preceding clause (y) shall not thereafter be deducted in the determination of Excess Cash Flow for the Fiscal Year during which such payments were actually made, (v) the portion of the purchase price paid in cash with respect to Permitted Acquisitions to the extent such Permitted Acquisition was made in connection with the Borrower's offshore migration of its supply chain, (vi) to the extent permitted to be included in the calculation of EBITDA for such Fiscal Year, the amount of Cash Restructuring Charges actually so included in such calculation and (vii) without duplication to any amounts deducted in preceding clauses (i) through (vi), all items added back to EBITDA pursuant to clause (b) of the definition thereof that represent amounts actually paid in cash.

"Excluded Properties" means the "Commerce" property, "Canterbury" property and "Northridge" property (each as identified under the "Facility Name" column of the table set forth in Item 6.9(b) of the Disclosure Schedule).

"Exemption Certificate" is defined in clause (e) of Section 4.6.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Existing Letters of Credit" means each of the Letters of Credit issued by an Issuer and outstanding on the Restatement Effective Date, as listed on Schedule III hereto.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to (i) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or (ii) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Filing Agent" is defined in Section 5.1.11.

"Filing Statements" is defined in Section 5.1.11.

"Fiscal Quarter" means a quarter ending on the Saturday nearest to the last day of March, June, September or December.

"Fiscal Year" means any period of fifty-two or fifty-three consecutive calendar weeks ending on the Saturday nearest to December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "2009 Fiscal Year") refer to the Fiscal Year ending on the Saturday nearest to December 31 of such calendar year.

"Foreign Pledge Agreement" means any supplemental pledge agreement governed by the laws of a jurisdiction other than the United States or a State thereof executed and delivered by the Borrower or any of its Subsidiaries pursuant to the terms of this Agreement, in form and substance reasonably satisfactory to the Lead Arrangers, as necessary under the laws of

organization or incorporation of a Foreign Subsidiary to further protect or perfect the Lien on and security interest in any Capital Securities issued by such Foreign Subsidiary constituting Collateral (as defined in the Security Agreement), including any Foreign Pledge Agreement as amended in accordance with Section 7.1.11.

"Foreign Subsidiary" means any Subsidiary that is not a U.S. Subsidiary or a Receivables Subsidiary.

"Foreign Working Capital Lender" means each Person that is (or at the time such Indebtedness was incurred, was) a Lender or an Affiliate of a Lender to whom a Foreign Subsidiary owes Indebtedness that was permitted to be incurred pursuant to clause (n) of Section 7.2.2.

"F.R.S. Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP" is defined in Section 1.4.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" means the amended and restated guaranty executed and delivered by an Authorized Officer of the Borrower and each U.S. Subsidiary pursuant to the terms of this Agreement, substantially in the form of Exhibit F hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Hazardous Material" means (i) any "hazardous substance", as defined by CERCLA, (ii) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended, or (iii) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance (including any petroleum product) within the meaning of any other Environmental Laws.

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under foreign exchange contracts, commodity hedging agreements, currency exchange agreements, interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency exchange rates or commodity prices.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in any Loan Document refer to such Loan Document as a whole and not to any particular Section, paragraph or provision of such Loan Document.

"HSBC" means HSBC Bank USA, National Association, in its individual capacity, and any successor thereto by merger, consolidation or otherwise.

"Impermissible Qualification" means any qualification or exception to the opinion or certification of any independent public accountant as to any financial statement of the Borrower (i) which is of a "going concern" or similar nature, (ii) which relates to the limited scope in any material respect of examination of matters relevant to such financial statement, or (iii) which relates to the treatment or classification of any item in such financial statement (excluding treatment or classification changes which are the result of changes in GAAP or the interpretation of GAAP) and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Borrower to be in Default.

"including" and "include" means including without limiting the generality of any description preceding such term, and, for purposes of each Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Increased Amount Date" is defined in Section 2.9.

"Incremental Loan Commitment" is defined in Section 2.9.

"Incremental Revolving Commitments" is defined in Section 2.9.

"Incremental Revolving Lender" is defined in Section 2.9.

"Incremental Revolving Loan" is defined in Section 2.9.

"Incremental Term Loan Lender" is defined in Section 2.9.

"Incremental Term Loan" is defined in Section 2.9.

"Incremental Term Loan Commitment" is defined in Section 2.9.

"Indebtedness" of any Person means, (i) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (ii) all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, (iii) all Capitalized Lease Liabilities of such Person, (iv) for purposes of Section 8.1.5 only, net Hedging Obligations of such Person, (v) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable and accrued expenses in the ordinary course of business which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), (vi) indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse (provided that in the event such indebtedness is limited in recourse solely to the property subject to such Lien, for the purposes of this Agreement the amount of such indebtedness shall not exceed the greater of

the book value or the fair market value (as determined in good faith by the Borrower's board of directors) of the property subject to such Lien), (vii) monetary obligations arising under Synthetic Leases, (viii) the full outstanding balance of trade receivables, notes or other instruments sold with full recourse (and the portion thereof subject to potential recourse, if sold with limited recourse), other than in any such case any thereof sold solely for purposes of collection of delinquent accounts and other than in connection with any Permitted Securitization or any Permitted Factoring Facility, (ix) all obligations (other than intercompany obligations) of such Person pursuant to any Permitted Securitization (other than Standard Securitization Undertakings) or any Permitted Factoring Facility, and (x) all Contingent Liabilities of such Person in respect of any of the foregoing. The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefore as a result of such Person's ownership interest in or other relationship with such Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefore.

"Indemnified Liabilities" is defined in Section 10.4.

"Indemnified Parties" is defined in Section 10.4.

"Ineligible Assignee" means a natural Person, the Borrower, any Affiliate of the Borrower or any other Person taking direction from, or working in concert with, the Borrower or any of the Borrower's Affiliates.

"Information" is defined in Section 10.19.

"Interest Coverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters of:

(a) EBITDA (for all such Fiscal Quarters)

to

(b) the sum (for all such Fiscal Quarters) of Interest Expense.

"Interest Expense" means, for any applicable period, the aggregate interest expense (both, without duplication, when accrued or paid and net of interest income paid during such period to the Borrower and its Subsidiaries) of the Borrower and its Subsidiaries for such applicable period, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense; provided that the term "Interest Expense" shall not include any interest expense attributable to a Permitted Factoring Facility.

"Interest Period" means, relative to any LIBO Rate Loan, the period beginning on (and including) the date on which such LIBO Rate Loan is made or continued as, or converted into, a LIBO Rate Loan pursuant to Sections 2.3 or 2.4 and shall end on (but exclude) the day which numerically corresponds to such date one, two, three or six months and, if agreed by all affected Lenders, one or two weeks or 9 or 12 months thereafter (or, if any such month has no

numerically corresponding day, on the last Business Day of such month), as the Borrower may select in its relevant notice pursuant to Sections 2.3 or 2.4; provided that,

(a) the Borrower shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than twelve different dates; and

(b) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day).

"Investment" means, relative to any Person, (i) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such Person of any bonds, notes, debentures or other debt securities of any other Person, and (ii) any Capital Securities held by such Person in any other Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

"ISP Rules" is defined in Section 10.9.

"Issuance Request" means a Letter of Credit request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit B-2 hereto, or in such electronic format as an Issuer and the Administrative Agent in their discretion accept. Each Issuance Request delivered in an electronic format shall constitute for all purposes of this Agreement a certification by an Authorized Officer as to the matters set forth in Exhibit B-2.

"Issuer" means HSBC or another Lender selected by the Borrower and reasonably acceptable to the Administrative Agent, in each case, in its capacity as an Issuer of the Letters of Credit. At the request of HSBC and with the Borrower's consent (not to be unreasonably withheld or delayed), another Lender or an Affiliate of HSBC may issue one or more Letters of Credit hereunder, in which case the term "Issuer" shall include any such Affiliate or other Lender with respect to Letters of Credit issued by such Affiliate or such Lender.

"Joinder Agreement" is defined in Section 2.9.

"Judgment Currency" is defined in Section 10.16.

"JPMorgan" means JPMorgan Chase Bank, N.A.

"Lead Arrangers" is defined in the preamble.

"Lender Assignment Agreement" means an assignment agreement substantially in the form of Exhibit D hereto.

"Lenders" is defined in the preamble.

"Lender's Environmental Liability" means any and all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind or nature whatsoever (including reasonable attorneys' fees at trial and appellate levels and experts' fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against the Administrative Agent, any Lender or any Issuer or any of such Person's Affiliates, shareholders, directors, officers, employees, and agents in connection with or arising from:

(a) any Hazardous Material on, in, under or affecting all or any portion of any property of the Borrower or any of its Subsidiaries, the groundwater thereunder, or any surrounding areas thereof to the extent caused by Releases from the Borrower's or any of its Subsidiaries' or any of their respective predecessors' properties;

(b) any misrepresentation, inaccuracy or breach of any warranty, contained or referred to in Section 6.12;

(c) any violation or claim of violation by the Borrower or any of its Subsidiaries of any Environmental Laws; or

(d) the imposition of any lien for damages caused by or the recovery of any costs for the cleanup, release or threatened release of Hazardous Material by the Borrower or any of its Subsidiaries, or in connection with any property owned or formerly owned by the Borrower or any of its Subsidiaries.

"Letter of Credit" means a letter of credit that is a Standby Letter of Credit or Commercial Letter of Credit. For greater certainty Letters of Credit shall include all Existing Letters of Credit.

"Letter of Credit Commitment" means an Issuer's obligation to issue Letters of Credit pursuant to Section 2.1.2.

"Letter of Credit Commitment Amount" means, on any date, a maximum amount equal to $150,000,000, as such amount may be permanently reduced from time to time pursuant to Section 2.2.

"Letter of Credit Outstandings" means, on any date, an amount equal to the sum of (i) the then aggregate amount which is undrawn and available under all issued and outstanding Letters of Credit, and (ii) the then aggregate amount of all unpaid and outstanding Reimbursement Obligations.

"Leverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio of

(a) Total Debt outstanding on the last day of such Fiscal Quarter

to

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters.

"LIBO Rate" means, relative to any Interest Period pertaining to a LIBO Rate Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on the Reuters Screen LIBOR01 Page as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on such page (or otherwise on such screen), the "LIBO Rate" shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 A.M., New York City time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein. Notwithstanding the foregoing, with respect to any New Term Loan, the LIBO Rate shall not be less than 2.00% per annum.

"LIBO Rate Loan" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a rate of interest determined by reference to the LIBO Rate (Reserve Adjusted).

"LIBO Rate (Reserve Adjusted)" means, relative to any Loan to be made, continued or maintained as, or converted into, a LIBO Rate Loan for any Interest Period, a rate per annum determined pursuant to the following formula:

$$\text{LIBO Rate (Reserve Adjusted)} = \frac{\text{LIBO Rate}}{1.00 - \text{LIBOR Reserve Percentage}}$$

The LIBO Rate (Reserve Adjusted) for any Interest Period for LIBO Rate Loans will be determined by the Administrative Agent on the basis of the LIBOR Reserve Percentage in effect, and the applicable rates furnished to and received by the Administrative Agent, two Business Days before the first day of such Interest Period.

"LIBOR Reserve Percentage" means, relative to any Interest Period for LIBO Rate Loans, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of or including "Eurocurrency Liabilities", as currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Interest Period.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or other priority or preferential arrangement of any kind or nature whatsoever.

"Loan Documents" means, collectively, this Agreement, the Notes, the Letters of Credit, the Open Account Paying Agreements, each Rate Protection Agreement, the Security Agreement, each Mortgage, each Foreign Pledge Agreement, each other agreement pursuant to which the Collateral Agent is granted by the Borrower or its Subsidiaries a Lien to secure the Obligations, and the Guaranty; provided, however, that for purposes of the definition of "Material Adverse Effect" below, references therein to any "Loan Document(s)" shall not include any Foreign Pledge Agreement.

"Loans" means, as the context may require, a Revolving Loan, a New Term Loan or a Swing Line Loan of any type.

"Material Adverse Effect" means any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on (i) the business, financial condition, operations, performance, or assets of the Borrower and its Subsidiaries (other than any Receivables Subsidiary) taken as a whole, (ii) the validity or enforceability of any of the Loan Documents or the rights and remedies of any Secured Party under any Loan Document or (iii) the ability of any Obligor to perform when due its Obligations under any Loan Document.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Mortgage" means each mortgage, deed of trust or agreement executed and delivered by any Obligor in favor of the Administrative Agent for the benefit of the Secured Parties pursuant to the requirements of this Agreement in form and substance reasonably satisfactory to the Lead Arrangers, under which a Lien is granted on such real property and fixtures described therein, in each case as amended in accordance with Section 7.1.11 and as further amended, supplemented, amended and restated or otherwise modified from time to time.

"Mortgaged Property" means each parcel of real property set forth on Item 6.9(a) of the Disclosure Schedule.

"Net Casualty Proceeds" means, with respect to any Casualty Event, the amount of any insurance proceeds or condemnation awards received by the Borrower or any of its U.S. Subsidiaries in connection with such Casualty Event (net of all collection or similar expenses related thereto), but excluding any proceeds or awards required to be paid to a creditor (other than the Lenders) which holds a first priority Lien permitted by clause (d) of Section 7.2.3 on the property which is the subject of such Casualty Event.

"Net Debt Proceeds" means, with respect to the sale or issuance by the Borrower or any of its U.S. Subsidiaries (other than a Receivables Subsidiary or a Subsidiary party to a Permitted Factoring Facility) of any Indebtedness to any other Person after the Restatement Effective Date pursuant to clause (b)(iii) of Section 7.2.2 or which is not expressly permitted by Section 7.2.2, the excess of (i) the gross cash proceeds actually received by such Person from such sale or issuance, over (ii) all arranging or underwriting discounts, fees, costs, expenses and commissions, and all legal, investment banking, brokerage and accounting and other professional

fees, sales commissions and disbursements and other closing costs and expenses actually incurred in connection with such sale or issuance other than any such fees, discounts, commissions or disbursements paid to Affiliates of the Borrower or any such Subsidiary in connection therewith.

"Net Disposition Proceeds" means the gross cash proceeds received by the Borrower or its U.S. Subsidiaries from any Disposition pursuant to clauses (j) (l), (m) or (n) of Section 7.2.11 or Section 7.2.15 and any cash payment received in respect of promissory notes or other non-cash consideration delivered to the Borrower or its U.S. Subsidiaries in respect thereof, minus the sum of (i) all legal, investment banking, brokerage, accounting and other professional fees, costs, sales commissions and expenses and other closing costs, fees and expenses incurred in connection with such Disposition, (ii) all taxes actually paid or estimated by the Borrower to be payable in cash in connection with such Disposition, (iii) payments made by the Borrower or its U.S. Subsidiaries to retire Indebtedness (other than the Credit Extensions) where payment of such Indebtedness is required in connection with such Disposition and (iv) any liability reserves established by the Borrower or such Subsidiary in respect of such Disposition in accordance with GAAP; provided that, if the amount of any estimated taxes pursuant to clause (ii) exceeds the amount of taxes required to be paid in cash in respect of such Disposition, the aggregate amount of such excess shall constitute Net Disposition Proceeds and to the extent any such reserves described in clause (iv) are not fully used at the end of any applicable period for which such reserves were established, such unused portion of such reserves shall constitute Net Disposition Proceeds.

"Net Income" means, for any period, the aggregate of all amounts which would be included as net income on the consolidated financial statements of the Borrower and its Subsidiaries for such period.

"New Term Loan Commitment" means, relative to any Lender, such Lender's obligation (if any) to make New Term Loans pursuant to Section 2.1.3.

"New Term Loan Commitment Amount" means, on any date, $750,000,000.

"New Term Loan Commitment Termination Date" means the earliest of

(a) December 31, 2009 (if the New Term Loans have not been made on or prior to such date);

(b) the Restatement Effective Date (immediately after the making of the New Term Loans on such date); and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described above, the New Term Loan Commitments shall terminate automatically and without any further action.

"New Term Loans" is defined in Section 2.1.3.

"New Term Note" means a promissory note of the Borrower payable to any Lender, in the form of Exhibit A-2 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding New Term Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"New Term Percentage" means, relative to any Lender, the applicable percentage relating to New Term Loans set forth opposite its name on Schedule II hereto under the New Term Loan Commitment column or set forth in a Lender Assignment Agreement under the New Term Loan Commitment column, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its assignee Lender and delivered pursuant to Section 10.11. A Lender shall not have any New Term Loan Commitment if its percentage under the New Term Loan Commitment column is zero.

"Non-Cash Restructuring Charges" is defined in the definition of "EBITDA".

"Non-Consenting Lender" is defined in Section 4.11.

"Non-Defaulting Lender" means a Lender other than a Defaulting Lender.

"Non-Excluded Taxes" means any Taxes other than (i) net income and franchise Taxes imposed on (or measured by) net income or net profits with respect to any Secured Party by any Governmental Authority under the laws of which such Secured Party is organized or in which it maintains its applicable lending office, (ii) any branch profit taxes or any similar taxes imposed by the United States of America or any other Governmental Authority described in clause (i), (iii) Other Taxes, and (iv) any United States federal withholding taxes imposed on amounts payable to any Secured Party at the time such recipient becomes a party to this Agreement (or designates a new lending office) except to the extent that such Secured Party (or its assignor, if any) was entitled, at the time of the designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding taxes pursuant to Section 4.6(a)(1) or 4.6(d).

"Non-U.S. Lender" means any Lender that is not a "United States person", as defined under Section 7701(a)(30) of the Code.

"Note" means, as the context may require, a New Term Note, a Revolving Note or a Swing Line Note.

"OA Payment Obligations" is defined in the definition of "Open Account Paying Agreement".

"OA Payment Outstandings" means, on any date, the aggregate amount of OA Payment Obligations owed by the Obligors under all Open Account Paying Agreements.

"Obligations" means all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of the Borrower and each other Obligor arising under or in connection with a Loan Document, including Reimbursement Obligations and OA Payment Obligations and the principal of and premium, if any, and interest (including interest accruing

during the pendency of any proceeding of the type described in Section 8.1.9, whether or not allowed in such proceeding) on the Loans.

"Obligor" means, as the context may require, the Borrower, each Subsidiary Guarantor and each other Person (other than a Secured Party) obligated (other than Persons solely consenting to or acknowledging such document) under any Loan Document.

"OFAC" is defined in Section 6.15.

"OID" is defined in Section 2.9.

"Open Account Discount Agreement" is defined in the definition of "Open Account Paying Agreement".

"Open Account Discount Purchase" means a purchase, made at a discount pursuant to an Open Account Discount Agreement, by an Open Account Discount Purchaser from an Open Account Supplier of account receivables in respect of obligations owed by an Obligor.

"Open Account Discount Purchaser" is defined in the definition of "Open Account Paying Agreement".

"Open Account Paying Agreement" means an open account paying agency agreement between or among a Lender or any of its Affiliates and an Obligor, as identified as an "Open Account Paying Agreement" through notice given from each party thereto to the Administrative Agent, and/or any other agreement or acknowledgment pursuant to which an Obligor has committed to pay such Lender or its Affiliates the full face amount of any account receivable in respect of obligations owed by an Obligor (the "OA Payment Obligations") purchased by such Lender or its Affiliates (each, an "Open Account Discount Purchaser") from certain vendors or other obligees of an Obligor prior to the Revolving Loan Commitment Termination Date (each, an "Open Account Supplier") (each agreement pursuant to which such account receivables are purchased from an Open Account Supplier, an "Open Account Discount Agreement").

"Open Account Supplier" is defined in the definition of "Open Account Paying Agreement".

"Organic Document" means, relative to any Obligor, as applicable, its articles or certificate of incorporation, by-laws, certificate of partnership, partnership agreement, certificate of formation, limited liability agreement, operating agreement and all shareholder agreements, voting trusts and similar arrangements applicable to any of such Obligor's Capital Securities.

"Original Closing Date" means September 5, 2006.

"Original Credit Agreement" means the Credit Agreement dated as of September 5, 2006, as amended prior to the Restatement Effective Date, among the Borrower, the lenders party thereto, Citi, as administrative agent and collateral agent, and the co-documentation agents, syndication agents and lead arrangers party thereto.

"Original Currency" is defined in Section 10.16.

"Other Taxes" means any and all stamp, documentary or similar Taxes, or any other excise or property Taxes or similar levies that arise on account of any payment made or required to be made under any Loan Document or from the execution, delivery, registration, recording or enforcement of any Loan Document.

"Participant" is defined in clause (e) of Section 10.11.

"Participating Member State" means each country so described in any EMU Legislation.

"Patent Security Agreement" means any Patent Security Agreement executed and delivered by any Obligor in substantially the form of Exhibit A to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Patriot Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended and supplemented from time to time.

"Patriot Act Disclosures" means all documentation and other information available to the Borrower or its Subsidiaries which a Lender, if subject to the Patriot Act, is required to provide pursuant to the applicable section of the Patriot Act and which required documentation and information the Administrative Agent or any Lender reasonably requests in order to comply with their ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

"PBGC" means the Pension Benefit Guaranty Corporation and any Person succeeding to any or all of its functions under ERISA.

"Pension Plan" means a "pension plan", as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA), and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"Percentage" means, as the context may require, any Lender's Revolving Loan Percentage or New Term Percentage.

"Permitted Acquisition" means an acquisition (whether pursuant to an acquisition of a majority of the Capital Securities of a target or all or substantially all of a target's assets or any division or line of business of a target or merger) by the Borrower or any Subsidiary from any Person of a business in which the following conditions are satisfied:

(a) the Borrower shall have delivered a certificate certifying that before and after giving effect to such acquisition, the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of

such earlier date) and no Default has occurred and is continuing or would result therefrom; and

(b) the Borrower shall have delivered to the Administrative Agent a Compliance Certificate for the period of four full Fiscal Quarters immediately preceding such acquisition (prepared in good faith and in a manner and using such methodology which is consistent with the most recent financial statements delivered pursuant to Section 7.1.1) giving pro forma effect to the consummation of such acquisition and evidencing compliance with the covenants set forth in Section 7.2.4.

"Permitted Factoring Facility" means any and all agreements or facilities entered into by the Borrower or any of its Subsidiaries for the purpose of factoring its receivables for cash consideration.

"Permitted Liens" is defined in Section 7.2.3.

"Permitted Securitization" means any Disposition by the Borrower or any of its Subsidiaries consisting of Receivables and related collateral, credit support and similar rights and any other assets that are customarily transferred in a securitization of receivables, pursuant to one or more securitization programs, to a Receivables Subsidiary or a Person who is not an Affiliate of the Borrower; provided that (i) the consideration to be received by the Borrower and its Subsidiaries other than a Receivables Subsidiary for any such Disposition consists of cash, a promissory note or a customary contingent right to receive cash in the nature of a "hold-back" or similar contingent right, (ii) no Default shall have occurred and be continuing or would result therefrom and (iii) the aggregate outstanding balance of the Indebtedness in respect of all such programs at any point in time is not in excess of $400,000,000.

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

"Platform" is defined in clause (b) of Section 9.11.

"Purchase Money Note" means a promissory note evidencing a line of credit, or evidencing other Indebtedness owed to the Borrower or any Subsidiary in connection with a Permitted Securitization or Permitted Factoring Facility, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated accounts receivable.

"Quarterly Payment Date" means the last day of March, June, September and December, or, if any such day is not a Business Day, the next succeeding Business Day.

"Rate Protection Agreement" means, collectively, any agreement with respect to Hedging Obligations entered into by the Borrower or any of its Subsidiaries under which the counterparty of such agreement is (or at the time such agreement was entered into, was) a Lender or an Affiliate of a Lender.

"Receivable" shall mean a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account," "chattel paper," "payment intangible" or "instrument" under the UCC and any supporting obligations.

"Receivables Subsidiary" shall mean any wholly owned Subsidiary of the Borrower (or another Person in which the Borrower or any Subsidiary makes an Investment and to which the Borrower or one or more of its Subsidiaries transfer Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the applicable Subsidiary (as provided below) as a Receivables Subsidiary and which meets the following conditions:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Subsidiary:

(i) is guaranteed by the Borrower or any Subsidiary (that is not a Receivables Subsidiary);

(ii) is recourse to or obligates the Borrower or any Subsidiary (that is not a Receivables Subsidiary); or

(iii) subjects any property or assets of the Borrower or any Subsidiary (that is not a Receivables Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(b) with which neither the Borrower nor any Subsidiary (that is not a Receivables Subsidiary) has any material contract, agreement, arrangement or understanding (other than Standard Securitization Undertakings); and

(c) to which neither the Borrower nor any Subsidiary (that is not a Receivables Subsidiary) has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the applicable Subsidiary shall be evidenced by a certified copy of the resolution of the Board of Directors of such Subsidiary giving effect to such designation and an officer's certificate certifying, to the best of such officer's knowledge and belief, that such designation complies with the foregoing conditions

"Refunded Swing Line Loans" is defined in clause (b) of Section 2.3.2.

"Regulation S-X" is defined in Section 5.1.6.

"Register" is defined in clause (a) of Section 2.7.

"Reimbursement Obligation" is defined in Section 2.6.3.

"Release" means a "release", as such term is defined in CERCLA.

"Replacement Lender" is defined in Section 4.11.

"Replacement Notice" is defined in Section 4.11.

"Required Lenders" means, at any time, Non-Defaulting Lenders holding more than 50% of the Total Exposure Amount of all Non-Defaulting Lenders.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as amended.

"Restatement Effective Date" means December 10, 2009.

"Restricted Payment" means (i) the declaration or payment of any dividend (other than dividends payable solely in Capital Securities of the Borrower or any Subsidiary (excluding a Receivables Subsidiary)) on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Securities of the Borrower or any warrants, options or other right or obligation to purchase or acquire any such Capital Securities, whether now or hereafter outstanding, or (ii) the making of any other distribution in respect of such Capital Securities, in each case either directly or indirectly, whether in cash, property or obligations of the Borrower or any Subsidiary or otherwise; provided, however, that any conversion feature of convertible debt shall not be considered a "Restricted Payment".

"Retained Excess Cash Flow" means, on any date of determination, the aggregate amount of Excess Cash Flow for all prior Fiscal Years ending on or after December 31, 2009 that is not required to be applied to repay New Term Loans pursuant to Section 3.1.1(f).

"Revolving Exposure" means, relative to any Revolving Loan Lender, at any time, (i) the aggregate outstanding principal amount of all Revolving Loans of such Lender at such time, plus (ii) such Lender's Revolving Loan Percentage of the Letter of Credit Outstandings, plus (iii) such Lender's Swing Line Exposure, plus (iv) such Lender's Revolving Loan Percentage of the OA Payment Outstandings.

"Revolving Loan Commitment" means, relative to any Lender, such Lender's obligation (if any) to make Revolving Loans pursuant to clause (a) of Section 2.1.1.

"Revolving Loan Commitment Amount" means, on any date, $400,000,000, as such amount may be reduced from time to time pursuant to Section 2.2.

"Revolving Loan Commitment Termination Date" means the earliest of

(a) December 31, 2009 (if the initial Credit Extension has not occurred on or prior to such date);

(b) the fourth anniversary of the Restatement Effective Date;

(c) the date on which the Revolving Loan Commitment Amount is terminated in full or reduced to zero pursuant to the terms of this Agreement; and

(d) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described in the preceding clauses (c) or (d), the Revolving Loan Commitments shall terminate automatically and without any further action.

"Revolving Loan Lender" is defined in clause (a) of Section 2.1.1.

"Revolving Loan Percentage" means, relative to any Lender, the applicable percentage relating to Revolving Loans set forth opposite its name on Schedule II hereto under the Revolving Loan Commitment column or set forth in a Lender Assignment Agreement under the Revolving Loan Commitment column, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its assignee Lender and delivered pursuant to Section 10.11. A Lender shall not have any Revolving Loan Commitment if its percentage under the Revolving Loan Commitment column is zero.

"Revolving Loans" is defined in clause (a) of Section 2.1.1.

"Revolving Note" means a promissory note of the Borrower payable to any Revolving Loan Lender, in the form of Exhibit A-1 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Revolving Loan Lender resulting from outstanding Revolving Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors.

"SEC" means the Securities and Exchange Commission.

"Secured Parties" means, collectively, the Lenders, the Issuers, any Open Account Discount Purchasers, the Administrative Agent, the Collateral Agent, the Lead Arrangers, each Foreign Working Capital Lender (if applicable), each counterparty to a Rate Protection Agreement that is (or at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate thereof and (in each case), each Person to whom the Borrower or any of its Subsidiaries owes Cash Management Obligations, and each of their respective successors, transferees and assigns.

"Security Agreement" means the Amended and Restated Pledge and Security Agreement executed and delivered by each Obligor, substantially in the form of Exhibit G hereto, together with any supplemental Foreign Pledge Agreements delivered pursuant to the terms of this Agreement, in each case as amended, supplemented, amended and restated or otherwise modified from time to time.

"Senior Secured Leverage Ratio" means, on any date, the ratio of

(e) Total Senior Secured Debt outstanding on such day

to

(f) Total Tangible Assets as of such day.

"Solvency Certificate" means a certificate executed by the chief financial or accounting Authorized Officer of the Borrower substantially in the form of Exhibit I.

"Solvent" means, with respect to any Person and its Subsidiaries on a particular date, that on such date (i) the fair value of the property (on a going-concern basis) of such Person and its Subsidiaries on a consolidated basis is greater than the total amount of liabilities, including contingent liabilities, of such Person and its Subsidiaries on a consolidated basis, (ii) the present fair salable value of the assets (on a going-concern basis) of such Person and its Subsidiaries on a consolidated basis is not less than the amount that will be required to pay the probable liability of such Person and its Subsidiaries on a consolidated basis on its debts as they become absolute and matured in the ordinary course of business, (iii) such Person does not intend to, and does not believe that it or its Subsidiaries will, incur debts or liabilities beyond the ability of such Person and its Subsidiaries to pay as such debts and liabilities mature in the ordinary course of business (including through refinancings, asset sales and other capital market transactions), and (iv) such Person and its Subsidiaries on a consolidated basis is not engaged in business or a transaction, and such Person and its Subsidiaries on a consolidated basis is not about to engage in a business or a transaction, for which the property of such Person and its Subsidiaries on a consolidated basis would constitute an unreasonably small capital. The amount of Contingent Liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

"Specified Default" means (i) any Default under Section 8.1.1 or Section 8.1.9 or (ii) any other Event of Default.

"Standby Letter of Credit" means any Letter of Credit other than a Commercial Letter of Credit.

"Standard Securitization Undertakings" shall mean representations, warranties, covenants and indemnities entered into by the Borrower or any Subsidiary which are reasonably customary in a securitization of Receivables.

"Stated Amount" means, on any date and with respect to a particular Letter of Credit, the total amount then available to be drawn under such Letter of Credit.

"Stated Expiry Date" is defined in Section 2.6.

"Stated Maturity Date" means (i) with respect to the New Term Loans, the sixth anniversary of the Restatement Effective Date and (ii) with respect to all Revolving Loans and Swing Line Loans, the fourth anniversary of the Restatement Effective Date.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the

time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term "Subsidiary" shall be a reference to a Subsidiary of the Borrower (other than a Receivables Subsidiary).

"Subsidiary Guarantor" means each U.S. Subsidiary that has executed and delivered to the Administrative Agent the Guaranty (including by means of a delivery of a supplement thereto).

"Swing Line Exposure" means, at any time, the aggregate principal amount of all outstanding Swing Line Loans at such time. The Swing Line Exposure of any Revolving Loan Lender at any time shall be its Revolving Loan Percentage of the total Swing Line Exposure at such time.

"Swing Line Lender" means, subject to the terms of this Agreement, JPMorgan Chase Bank, N.A.

"Swing Line Loan Commitment" is defined in clause (b) of Section 2.1.1.

"Swing Line Loan Commitment Amount" means, on any date, $50,000,000, as such amount may be reduced from time to time pursuant to Section 2.2.

"Swing Line Loans" is defined in clause (b) of Section 2.1.1.

"Swing Line Note" means a promissory note of the Borrower payable to the Swing Line Lender, in the form of Exhibit A-3 hereto (as such promissory note may be amended, restated, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to the Swing Line Lender resulting from outstanding Swing Line Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Synthetic Lease" means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with GAAP and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which that Person is the lessor.

"Taxes" means all income, stamp or other taxes, duties, levies, imposts, charges, assessments, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all interest, penalties or similar liabilities with respect thereto.

"Termination Date" means the date on which all Obligations have been paid in full in cash (other than contingent indemnification obligations for which no claim has been asserted), all Letters of Credit have been terminated or expired (or been Cash Collateralized), all Rate Protection Agreements have been terminated and all Commitments shall have terminated.

"Total Debt" means, on any date, the outstanding principal amount of all Indebtedness of the Borrower and its Subsidiaries of the type referred to in clause (i) of the definition of "Indebtedness", clause (ii) of the definition of "Indebtedness", clause (iii) of the definition of "Indebtedness", clause (vii) of the definition of "Indebtedness" and clause (ix) of the definition of "Indebtedness", in each case exclusive of (a) intercompany Indebtedness between the Borrower and its Subsidiaries, (b) any Contingent Liability in respect of any of the foregoing, (c) any Permitted Factoring Facility, (d) any Commercial Letter of Credit, (e) any Letter of Credit or other credit support relating to the termination of agreements with respect to Hedging Obligations, in each case under this clause (e), incurred in connection with or as a result of the Transaction and (f) any Open Account Paying Agreements.

"Total Exposure Amount" means, on any date of determination (and without duplication), the outstanding principal amount of all Loans, the aggregate amount of all Letter of Credit Outstandings and the unfunded amount of the Commitments.

"Total Senior Secured Debt" means, on any date, all Total Debt which is secured by a Lien.

"Total Tangible Assets" means, on any date, the aggregate amount of assets of the Borrower and its Subsidiaries shown on a consolidated balance sheet of such Persons at such date less goodwill and other intangible assets.

"Trademark Security Agreement" means any Trademark Security Agreement executed and delivered by any Obligor substantially in the form of Exhibit B to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Transaction" means, collectively, (i) the amendment and restatement of the Original Credit Agreement in order to refinance the Borrower's existing term loans and replace its existing revolving facility thereunder and (ii) the issuance by the Borrower of the 2016 Senior Notes and the concurrent repayment of all outstanding loans under the Borrower's existing second lien credit agreement.

"Transaction Documents" means, collectively, the 2016 Senior Notes and any other material document executed or delivered in connection with the Transaction, including any transition services agreements and tax sharing agreements, in each case as amended, supplemented, amended and restated or otherwise modified from time to time in accordance with Section 7.2.12.

"Treaty on European Union" means the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht, the Kingdom of Netherlands, on February 1, 1992 and came into force on November 1, 1993), as amended from time to time.

"type" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that if, with respect to any Filing Statement or by reason of any

provisions of law, the perfection or the effect of perfection or non-perfection of the security interests granted to the Collateral Agent pursuant to the applicable Loan Document is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than New York, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of each Loan Document and any Filing Statement relating to such perfection or effect of perfection or non-perfection.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

"U.S. Subsidiary" means any Subsidiary (other than a Receivables Subsidiary) that is incorporated or organized under the laws of the United States.

"Voting Securities" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Welfare Plan" means a "welfare plan", as such term is defined in Section 3(1) of ERISA.

"wholly owned Subsidiary" means any Subsidiary all of the outstanding Capital Securities of which (other than any director's qualifying shares or investments by foreign nationals mandated by applicable laws) is owned directly or indirectly by the Borrower.

SECTION 1.2 Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each other Loan Document and the Disclosure Schedule.

SECTION 1.3 Cross-References. Unless otherwise specified, references in a Loan Document to any Article or Section are references to such Article or Section of such Loan Document, and references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 Accounting and Financial Determinations. (a) Unless otherwise specified, all accounting terms used in each Loan Document shall be interpreted, and all accounting determinations and computations thereunder (including under Section 7.2.4 and the definitions used in such calculations) shall be made, in accordance with those generally accepted accounting principles ("GAAP") applied in the preparation of the financial statements referred to in clause (a) of Section 5.1.6. In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrower and the Administrative Agent agree to enter into good faith negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Change with the desired result that the criteria for evaluating the Borrower and its Subsidiaries consolidated financial condition shall be the same after such Accounting Change as if such Accounting Change had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Change had

not occurred. "Accounting Change" refers to any change in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC. Unless otherwise expressly provided, all financial covenants and defined financial terms shall be computed on a consolidated basis for the Borrower and its Subsidiaries, in each case without duplication. Notwithstanding any other provision contained herein, all computations of amounts and ratios referred to in this Agreement shall be made without giving effect to any election under Statement of Financial Accounting Standards 159 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower at "fair value" as defined therein.

(b) As of any date of determination, for purposes of determining the Interest Coverage Ratio or Leverage Ratio (and any financial calculations required to be made or included within such ratios, or required for purposes of preparing any Compliance Certificate to be delivered pursuant to the definition of "Permitted Acquisition"), the calculation of such ratios and other financial calculations shall include or exclude, as the case may be, the effect of any assets or businesses that have been acquired or Disposed of by the Borrower or any of its Subsidiaries pursuant to the terms hereof (including through mergers or consolidations) as of such date of determination, as determined by the Borrower on a pro forma basis in accordance with GAAP, which determination may include one-time adjustments or reductions in costs, if any, directly attributable to any such permitted Disposition or Permitted Acquisition, as the case may be, in each case (i) calculated in accordance with Regulation S-X and any successor statute, for the period of four Fiscal Quarters ended on or immediately prior to the date of determination of any such ratios (after giving effect to any cost-savings or adjustments relating to synergies resulting from a Permitted Acquisition which have been realized or for which the steps necessary for realization have been taken and certified in good faith by an officer of the Borrower or otherwise as the Administrative Agent shall otherwise agree) and (ii) giving effect to any such Permitted Acquisition or permitted Disposition as if it had occurred on the first day of such four Fiscal Quarter period.

ARTICLE II
COMMITMENTS, BORROWING AND ISSUANCE PROCEDURES, NOTES AND LETTERS OF CREDIT

SECTION 2.1 Commitments. On the terms and subject to the conditions of this Agreement, the Lenders and the Issuers severally agree to make Credit Extensions as set forth below.

SECTION 2.1.1 Revolving Loan Commitment and Swing Line Loan Commitment. From time to time on any Business Day occurring after the Restatement Effective Date but prior to the Revolving Loan Commitment Termination Date,

(a) each Lender that has a Revolving Loan Commitment (referred to as a "Revolving Loan Lender"), agrees that it will make loans (relative to such Lender, its "Revolving Loans") to the Borrower denominated in Dollars equal to such Lender's Revolving Loan Percentage of the aggregate amount of each Borrowing of the Revolving Loans requested by the Borrower to be made on such day; and

(b) the Swing Line Lender agrees that it will make loans (its "Swing Line Loans") denominated in Dollars to the Borrower equal to the principal amount of the Swing Line Loan requested by the Borrower to be made on such day. The commitment of the Swing Line Lender described in this clause is herein referred to as its "Swing Line Loan Commitment".

On the terms and subject to the conditions hereof, the Borrower may from time to time borrow, prepay and reborrow Revolving Loans and Swing Line Loans. No Revolving Loan Lender shall be permitted or required to make any Revolving Loan if, after giving effect thereto, (i) such Lender's Revolving Exposure would exceed such Lender's Revolving Loan Percentage of the then existing Revolving Loan Commitment Amount or (ii) the aggregate amount of Revolving Loans and Swing Line Loans outstanding together with the Letter of Credit Outstandings and the OA Payment Outstandings would exceed the Revolving Loan Commitment Amount. Furthermore, the Swing Line Lender shall not be permitted or required to make Swing Line Loans if, after giving effect thereto, (A) the aggregate outstanding principal amount of all Swing Line Loans would exceed the then existing Swing Line Loan Commitment Amount or (B) the sum of the aggregate amount of all Swing Line Loans and all Revolving Loans outstanding plus the aggregate amount of Letter of Credit Outstandings and OA Payment Outstandings would exceed the Revolving Loan Commitment Amount.

SECTION 2.1.2 Letter of Credit Commitment; Open Account Agreements. (a) From time to time on any Business Day occurring after the Restatement Effective Date but at least five Business Days prior to the Revolving Loan Commitment Termination Date, the relevant Issuer agrees that it will (subject to the terms hereof) (i) issue one or more Letters of Credit in Dollars for the account of the Borrower, any Subsidiary Guarantor or any Foreign Subsidiary in the Stated Amount requested by the Borrower on such day, or (ii) extend the Stated Expiry Date of a Letter of Credit previously issued hereunder. No Issuer shall be permitted or required to issue any Letter of Credit if, after giving effect thereto, (x) the sum of the aggregate amount of (A) all Letter of Credit Outstandings plus (B) all OA Payment Outstandings would exceed the then existing Letter of Credit Commitment Amount or (y) the sum of the aggregate amount of all (A) Letter of Credit Outstandings plus (B) OA Payment Outstandings plus (C) the aggregate principal amount of all Revolving Loans and Swing Line Loans then outstanding would exceed the then existing Revolving Loan Commitment Amount.

(b) From time to time on any day occurring after the Restatement Effective Date but prior to the Revolving Loan Commitment Termination Date, an Obligor may enter into one or more Open Account Paying Agreements with such Lenders or their respective Affiliates as it and they shall so agree; provided that (i) no Lender will be required to enter into an Open Account Paying Agreement and (ii) an Obligor shall not be permitted to enter into, or incur obligations under, an Open Account Paying Agreement if, after giving effect thereto, (x) the sum of the aggregate amount of (A) all OA Payment Outstandings plus (B) all Letter of Credit Outstandings would exceed the then existing Letter of Credit Commitment Amount or (y) the sum of the aggregate amount of all (A) Letter of Credit Outstandings plus (B) OA Payment Outstandings plus (C) the aggregate principal amount of all Revolving Loans and Swing Line Loans then outstanding would exceed the then existing Revolving Loan Commitment Amount.

SECTION 2.1.3 Term Loan Commitments. In a single Borrowing made on the Restatement Effective Date, occurring on or prior to the applicable Commitment Termination Date, each Lender that has a New Term Loan Commitment agrees that it will make Loans (relative to such Lender, its "New Term Loans") to the Borrower denominated in Dollars equal to such Lender's New Term Percentage of the aggregate amount of the Borrowing, which shall be for the full New Term Loan Commitment Amount. No amounts paid or prepaid with respect to New Term Loans may be reborrowed.

SECTION 2.2 Reduction of the Commitment Amounts. The Commitment Amounts are subject to reduction from time to time as set forth below.

SECTION 2.2.1 Optional. The Borrower may, from time to time on any Business Day occurring after the Restatement Effective Date, voluntarily reduce any Commitment Amount on the Business Day so specified by the Borrower; provided that, all such reductions shall require at least one Business Day's prior notice to the Administrative Agent and be permanent, and any partial reduction of any Commitment Amount shall be in a minimum amount of $1,000,000 and in an integral multiple of $500,000. Any optional or mandatory reduction of the Revolving Loan Commitment Amount pursuant to the terms of this Agreement which reduces the Revolving Loan Commitment Amount below the sum of (i) the Swing Line Loan Commitment Amount and (ii) the Letter of Credit Commitment Amount shall result in an automatic and corresponding reduction of the Swing Line Loan Commitment Amount and/or Letter of Credit Commitment Amount (as directed by the Borrower in a notice to the Administrative Agent delivered together with the notice of such voluntary reduction in the Revolving Loan Commitment Amount) to an aggregate amount not in excess of the Revolving Loan Commitment Amount, as so reduced, without any further action on the part of the Swing Line Lender, any Revolving Loan Lender or any Issuer.

SECTION 2.2.2 [Reserved].

SECTION 2.3 Borrowing Procedures. Loans (other than Swing Line Loans and New Term Loans) shall be made by the Lenders in accordance with Section 2.3.1, and Swing Line Loans shall be made by the Swing Line Lender in accordance with Section 2.3.2.

SECTION 2.3.1 Borrowing Procedure. In the case of Loans (other than Swing Line Loans), by delivering a Borrowing Request to the Administrative Agent on or before 10:00 a.m. on a Business Day, the Borrower may from time to time irrevocably request, on such Business Day in the case of Base Rate Loans or on not less than three Business Days' notice and not more than five Business Days' notice, in the case of LIBO Rate Loans denominated in Dollars, that a Borrowing be made, in the case of LIBO Rate Loans, in a minimum amount of $5,000,000 and an integral multiple of $1,000,000, in the case of Base Rate Loans, in a minimum amount of $1,000,000 and an integral multiple of $500,000 or, in either case, in the unused amount of the applicable Commitment. On the terms and subject to the conditions of this Agreement, each Borrowing shall be comprised of the type of Loans, and shall be made on the Business Day specified in such Borrowing Request. In the case of other than Swing Line Loans, on or before 12:00 noon on such Business Day each Lender that has a Commitment to make the Loans being requested shall deposit with the Administrative Agent same day funds in an amount equal to such Lender's Percentage of the requested Borrowing. Such deposit will be made to an account

which the Administrative Agent shall specify from time to time by notice to the Lenders. To the extent funds are received from the Lenders, the Administrative Agent shall make such funds available to the Borrower by wire transfer to the accounts the Borrower shall have specified in its Borrowing Request. No Lender's obligation to make any Loan shall be affected by any other Lender's failure to make any Loan.

SECTION 2.3.2 Swing Line Loans; Participations, etc. (a) By telephonic notice to the Swing Line Lender on or before 2:00 p.m. on a Business Day (followed (within one Business Day) by the delivery of a confirming Borrowing Request), the Borrower may from time to time irrevocably request that Swing Line Loans be made by the Swing Line Lender in an aggregate minimum principal amount of $500,000 and an integral multiple of $100,000. All Swing Line Loans shall be made as Base Rate Loans and shall not be entitled to be converted into LIBO Rate Loans. The proceeds of each Swing Line Loan shall be made available by the Swing Line Lender to the Borrower by wire transfer to the account the Borrower shall have specified in its notice therefor by the close of business on the Business Day telephonic notice is received by the Swing Line Lender. Upon the making of each Swing Line Loan, and without further action on the part of the Swing Line Lender or any other Person, each Revolving Loan Lender (other than the Swing Line Lender) shall be deemed to have irrevocably purchased, to the extent of its Revolving Loan Percentage, a participation interest in such Swing Line Loan, and such Revolving Loan Lender shall, to the extent of its Revolving Loan Percentage, be responsible for reimbursing within one Business Day the Swing Line Lender for Swing Line Loans which have not been reimbursed by the Borrower in accordance with the terms of this Agreement.

(b) If (i) any Swing Line Loan shall be outstanding for more than four Business Days, (ii) any Swing Line Loan is or will be outstanding on a date when the Borrower requests that a Revolving Loan be made, or (iii) any Default shall occur and be continuing, then each Revolving Loan Lender (other than the Swing Line Lender) irrevocably agrees that it will, at the request of the Swing Line Lender, make a Revolving Loan (which shall initially be funded as a Base Rate Loan) in an amount equal to such Lender's Revolving Loan Percentage of the aggregate principal amount of all such Swing Line Loans then outstanding (such outstanding Swing Line Loans hereinafter referred to as the "Refunded Swing Line Loans"). On or before 11:00 a.m. on the first Business Day following receipt by each Revolving Loan Lender of a request to make Revolving Loans as provided in the preceding sentence, each Revolving Loan Lender shall deposit in an account specified by the Swing Line Lender the amount so requested in same day funds and such funds shall be applied by the Swing Line Lender to repay the Refunded Swing Line Loans. At the time the Revolving Loan Lenders make the above referenced Revolving Loans the Swing Line Lender shall be deemed to have made, in consideration of the making of the Refunded Swing Line Loans, Revolving Loans in an amount equal to the Swing Line Lender's Revolving Loan Percentage of the aggregate principal amount of the Refunded Swing Line Loans. Upon the making (or deemed making, in the case of the Swing Line Lender) of any Revolving Loans pursuant to this clause, the amount so funded shall become an outstanding Revolving Loan and shall no longer be owed as a Swing Line Loan. All interest payable with respect to any Revolving Loans made (or deemed made, in the case of the Swing Line Lender) pursuant to this clause shall be appropriately adjusted to reflect the period of time during which the Swing Line Lender had outstanding Swing Line Loans in respect of which such Revolving Loans were made. Each Revolving Loan Lender's obligation to make the Revolving Loans referred to in this clause shall be absolute and unconditional and shall not be affected by any

circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, any Obligor or any Person for any reason whatsoever; (ii) the occurrence or continuance of any Default; (iii) any adverse change in the condition (financial or otherwise) of any Obligor; (iv) the acceleration or maturity of any Obligations or the termination of any Commitment after the making of any Swing Line Loan; (v) any breach of any Loan Document by any Person; or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

SECTION 2.4 Continuation and Conversion Elections. By delivering a Continuation/Conversion Notice to the Administrative Agent on or before 10:00 a.m. on a Business Day, the Borrower may from time to time irrevocably elect on not less than three nor more than five Business Days' notice (a) to convert any Base Rate Loan into one or more LIBO Rate Loans or (b) before the last day of the then current Interest Period with respect thereto, to continue any LIBO Rate Loan as a LIBO Rate Loan; provided that (i) any portion of any Loan which is continued or converted hereunder shall be in a minimum amount of $1,000,000 and in an integral multiple amount of $1,000,000 and (ii) in the absence of prior notice as required above (which notice may be delivered telephonically followed by written confirmation within 24 hours thereafter by delivery of a Continuation/Conversion Notice), with respect to any LIBO Rate Loan at least three Business Days before the last day of the then current Interest Period with respect thereto, such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan; provided further that (A) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of all Lenders that have made such Loans, and (B) no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, LIBO Rate Loans when any Event of Default has occurred and is continuing.

SECTION 2.5 Funding. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan; provided that, such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility. Subject to Section 4.10, each Lender may, at its option, make any Loan available to the Borrower by causing any foreign or domestic branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay Loans in accordance with the terms of this Agreement.

SECTION 2.6 Issuance Procedures. By delivering to the Administrative Agent and the relevant Issuer an Issuance Request on or before 10:00 a.m. on a Business Day, the Borrower may from time to time irrevocably request on not less than three nor more than ten Business Days' notice, in the case of an initial issuance of a Letter of Credit and not less than three Business Days' prior notice, in the case of a request for the extension of the Stated Expiry Date of a Standby Letter of Credit (in each case, unless a shorter notice period is agreed to by the relevant Issuer, in its sole discretion), that an Issuer issue a Letter of Credit, or extend the Stated Expiry Date of a Standby Letter of Credit, in such form as may be requested by the Borrower and approved by such Issuer, solely for the purposes described in Section 7.1.7. In connection with any Issuance Request the Borrower and/or applicable Subsidiary shall have executed and

delivered such applications, agreements and other instruments relating to such Letter of Credit as such Issuer shall have reasonably requested consistent with its then current practices and procedures with respect to letters of credit of the same type, provided that in the event of any conflict between any such application, agreement or other instrument and the provisions of this Agreement, the provisions of this Agreement shall control. Each Standby Letter of Credit shall by its terms be stated to expire on a date (its "Stated Expiry Date") no later than the earlier to occur of (i) five Business Days prior to the Revolving Loan Commitment Termination Date or (ii) unless otherwise agreed to by an Issuer, in its sole discretion, one year from the date of its issuance (provided that each Standby Letter of Credit may, with the consent of the Issuer thereof in its sole discretion, provide for automatic renewals for one year periods (which in no event shall extend beyond the Revolving Loan Commitment Termination Date)). Each Commercial Letter of Credit shall by its terms be stated to expire on a date no later than the earlier to occur of (i) five Business Days prior to the Revolving Loan Commitment Termination Date or (ii) unless otherwise agreed to by an Issuer, in its sole discretion, 180 days from the date of its issuance. Each Issuer will make available to the beneficiary thereof the original of the Letter of Credit which it issues. Each Issuer shall provide periodic reporting of Letters of Credit issued by such Issuer in a manner, and in time periods, mutually acceptable to the Administrative Agent and such Issuer. Unless notified by the Administrative Agent in writing prior to the issuance of a Letter of Credit, the applicable Issuer shall be entitled to assume that the conditions precedent to such issuance have been met.

SECTION 2.6.1 Other Lenders Participation.

(a) Upon the issuance of each Letter of Credit, and without further action, each Revolving Loan Lender (other than the applicable Issuer) shall be deemed to have irrevocably purchased, to the extent of its Revolving Loan Percentage, a participation interest in such Letter of Credit (including the Contingent Liability and any Reimbursement Obligation with respect thereto), and such Revolving Loan Lender shall, to the extent of its Revolving Loan Percentage, be responsible for reimbursing the applicable Issuer for Reimbursement Obligations which have not been reimbursed by the Borrower in accordance with Section 2.6.3 in the applicable currency and at the times set forth in such Section (with the terms of this Section surviving the termination of this Agreement). In addition, such Revolving Loan Lender shall, to the extent of its Revolving Loan Percentage, be entitled to receive a ratable portion of the Letter of Credit fees payable pursuant to Section 3.3.3 with respect to each Letter of Credit (other than the issuance fees payable to the Issuer of such Letter of Credit pursuant to the last sentence of Section 3.3.3) and of interest payable pursuant to Section 3.2 with respect to any Reimbursement Obligation accruing on and after the date (and to the extent) such Lender funds its participation interest in such Letter of Credit. To the extent that any Revolving Loan Lender has reimbursed any Issuer for a Disbursement, such Lender shall be entitled to receive its ratable portion of any amounts subsequently received (from the Borrower or otherwise) in respect of such Disbursement. Upon any change in the Revolving Loan Commitments pursuant to an assignment under Section 10.10 of this Agreement, it is hereby agreed that with respect to all Letter of Credit Outstandings, there shall be an automatic adjustment to the participations hereby created to reflect the new Revolving Loan Percentage of the assigning and assignee Revolving Loan Lenders.

(b) Upon the entry into each Open Account Discount Agreement, and without further action, each Revolving Loan Lender (other than the applicable Open Account Discount Purchaser) shall be deemed to have irrevocably purchased, to the extent of its Revolving Loan Percentage, a participation interest in such Open Account Discount Agreement, and such Revolving Loan Lender shall, to the extent of its Revolving Loan Percentage, be responsible for reimbursing the applicable Open Account Discount Purchaser for OA Payment Obligations under the applicable Open Account Paying Agreement which have not been reimbursed by the relevant Obligor in accordance with the terms thereof (with the terms of this Section surviving the termination of this Agreement). In addition, such Revolving Loan Lender shall, to the extent of its Revolving Loan Percentage, be entitled to receive a ratable portion of the Open Account Agreement payments pursuant to Section 3.3.4 and of interest payable pursuant to Section 3.2 with respect to any OA Payment Obligations accruing on and after the date (and to the extent) such Lender funds its participation interest in such OA Payment Obligations. To the extent that any Revolving Loan Lender has reimbursed any Open Account Discount Purchaser for an Open Account Discount Purchase, such Lender shall be entitled to receive its ratable portion of any amounts subsequently received (from the Borrower or otherwise) in respect of such Open Account Discount Purchase. Upon any change in the Revolving Loan Commitments pursuant to an assignment under Section 10.10 of this Agreement, it is hereby agreed that with respect to all OA Payment Outstandings, there shall be an automatic adjustment to the participations hereby created to reflect the new Revolving Loan Percentage of the assigning and assignee Revolving Loan Lenders. The Borrower shall be required to reimburse each Open Account Discount Purchaser in accordance with the terms set forth in the applicable Open Account Paying Agreement.

SECTION 2.6.2 Disbursements. An Issuer will notify the Borrower and the Administrative Agent promptly of the presentment for payment of any Letter of Credit issued by such Issuer, together with notice of the date (the "Disbursement Date") such payment shall be made (each such payment, a "Disbursement"). Subject to the terms and provisions of such Letter of Credit and this Agreement, the applicable Issuer shall make such payment to the beneficiary (or its designee) of such Letter of Credit. Not later than 1:00 p.m. on (i) a Disbursement Date, if the Borrower shall have received notice of such Disbursement prior to 10:00 a.m. on such Disbursement Date, or (ii) the Business Day immediately following a Disbursement Date, if such notice is received after 10:00 a.m. on such Disbursement Date, the Borrower will reimburse such Issuer directly in full for such Disbursement. Each such reimbursement shall be made in immediately available funds together (in the case of a reimbursement made on such immediately following Business Day, with interest thereon at a rate per annum equal to the rate per annum then in effect for Base Rate Loans (with the then Applicable Margin for Revolving Loans accruing on such amount) pursuant to Section 3.2 for the period from the Disbursement Date through the date of such reimbursement, provided that if such reimbursement is not made when due pursuant to this Section 2.6.2, then the interest rates set forth in Section 3.2.2 shall apply. Without limiting in any way the foregoing and notwithstanding anything to the contrary contained herein or in any separate application for any Letter of Credit, the Borrower hereby acknowledges and agrees that it shall be obligated to reimburse the applicable Issuer upon each Disbursement of a Letter of Credit, and it shall be deemed to be the obligor for purposes of each such Letter of Credit issued hereunder (whether the account party on such Letter of Credit is the

Borrower or a Subsidiary). In the event that an Issuer makes any Disbursement and the Borrower shall not have reimbursed such amount in full to such Issuer pursuant to this Section 2.6.2, such Issuer shall promptly notify the Administrative Agent which shall promptly notify each Revolving Loan Lender of such failure, and each Revolving Loan Lender (other than such Issuer) shall promptly and unconditionally pay in same day funds to the Administrative Agent for the account of such Issuer the amount of such Revolving Loan Lender's Revolving Loan Percentage of such unreimbursed Disbursement. If an Issuer so notifies the Administrative Agent, and the Administrative Agent so notifies the Revolving Loan Lenders prior to 2:00 p.m., on any Business Day, each such Revolving Loan Lender shall make available to such Issuer such Revolving Loan Lender's Revolving Loan Percentage of the amount of such payment on such Business Day in same day funds (or if such notice is received by such Revolving Loan Lenders after 2:00 p.m. on the day of receipt, payment shall be made on the immediately following Business Day). If and to the extent such Revolving Loan Lender shall not have so made its Revolving Loan Percentage of the amount of such payment available to the applicable Issuer, such Revolving Loan Lender agrees to pay to such Issuer forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Administrative Agent for the account of such Issuer, at the Federal Funds Rate.

SECTION 2.6.3 Reimbursement. The obligation (a "Reimbursement Obligation") of the Borrower under Section 2.6.2 to reimburse an Issuer with respect to each Disbursement (including interest thereon) and, upon the failure of the Borrower to reimburse an Issuer, each Revolving Loan Lender's obligation under Section 2.6.1 to reimburse an Issuer, shall be absolute and unconditional under any and all circumstances and irrespective of (i) any setoff, counterclaim or defense to payment which the Borrower or such Revolving Loan Lender, as the case may be, may have or have had against such Issuer, any Lender or any other Person (including any Subsidiary) for any reason whatsoever, including any defense based upon the failure of any Disbursement to conform to the terms of the applicable Letter of Credit (if, in such Issuer's good faith opinion (absent such Issuer's gross negligence or willful misconduct), such Disbursement is determined to be appropriate) or any non-application or misapplication by the beneficiary of the proceeds of such Letter of Credit; (ii) the occurrence or continuance of any Default; (iii) any adverse change in the condition (financial or otherwise) of any Obligor; (iv) the acceleration or maturity of any Obligations or the termination of any Commitment after the issuance of a Letter of Credit; (v) any breach of any Loan Document by any Person; or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing (including any of the events set forth in Section 2.6.5); provided that, after paying in full its Reimbursement Obligation hereunder, nothing herein shall adversely affect the right of the Borrower or such Lender, as the case may be, to commence any proceeding against an Issuer for any wrongful Disbursement made by such Issuer under a Letter of Credit as a result of acts or omissions constituting gross negligence, bad faith or willful misconduct on the part of such Issuer.

SECTION 2.6.4 Deemed Disbursements. Upon the occurrence and during the continuation of any Event of Default under Section 8.1.9 or upon notification by the Administrative Agent (acting at the direction of the Required Lenders) to the Borrower of its obligations under this Section, following the occurrence and during the continuation of any other Event of Default,

(a) the aggregate Stated Amount of all Letters of Credit shall, without demand upon or notice to the Borrower or any other Person, be deemed to have been paid or disbursed by the Issuers of such Letters of Credit (notwithstanding that such amount may not in fact have been paid or disbursed); and

(b) the Borrower shall be immediately obligated to reimburse the Issuers for the amount deemed to have been so paid or disbursed by such Issuers.

Amounts payable by the Borrower pursuant to this Section shall be deposited in immediately available funds with the Collateral Agent and held as cash collateral security for the Reimbursement Obligations. When all Defaults giving rise to the deemed disbursements under this Section have been cured or waived the Collateral Agent shall return to the Borrower all amounts then on deposit with the Collateral Agent pursuant to this Section which have not been applied to the satisfaction of the Reimbursement Obligations.

SECTION 2.6.5 Nature of Reimbursement Obligations. The Borrower, each other Obligor and, to the extent set forth in Section 2.6.1, each Revolving Loan Lender shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. No Issuer (except to the extent of its own gross negligence, bad faith or willful misconduct) shall be responsible for:

(a) the form, validity, sufficiency, accuracy, genuineness or legal effect of any Letter of Credit or any document submitted by any party in connection with the application for and issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;

(b) the form, validity, sufficiency, accuracy, genuineness or legal effect of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or the proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason;

(c) failure of the beneficiary to comply fully with conditions required in order to demand payment under a Letter of Credit;

(d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise or errors in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuer; or

(e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a Disbursement under a Letter of Credit.

In furtherance of the foregoing and without limiting the generality thereof, the parties agree that with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, an Issuer may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit. None of the foregoing shall affect, impair or prevent the vesting

of any of the rights or powers granted to any Issuer or any Revolving Loan Lender hereunder. In furtherance and not in limitation or derogation of any of the foregoing, any action taken or omitted to be taken by an Issuer in good faith (and not constituting gross negligence or willful misconduct) shall be binding upon each Obligor and each such Secured Party, and shall not put such Issuer under any resulting liability to any Obligor or any Secured Party, as the case may be.

SECTION 2.6.6 Existing Letters of Credit. On the Effective Date, all Existing Letters of Credit shall be deemed to have been issued hereunder and shall for all purposes be deemed to be "Letters of Credit" hereunder.

SECTION 2.7 Register; Notes. The Register shall be maintained on the following terms.

(a) The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for the purpose of this clause, to maintain a register (the "Register") on which the Administrative Agent will record each Lender's Commitment, the Loans made by each Lender and each repayment in respect of the principal amount of the Loans, annexed to which the Administrative Agent shall retain a copy of each Lender Assignment Agreement delivered to the Administrative Agent pursuant to Section 10.11. Failure to make any recordation, or any error in such recordation, shall not affect any Obligor's Obligations. The entries in the Register shall constitute prima facie evidence and shall be binding, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person in whose name a Loan is registered (or, if applicable, to which a Note has been issued) as the owner thereof for the purposes of all Loan Documents, notwithstanding notice or any provision herein to the contrary. Any assignment or transfer of a Commitment or the Loans made pursuant hereto shall be registered in the Register only upon delivery to the Administrative Agent of a Lender Assignment Agreement that has been executed by the requisite parties pursuant to Section 10.11. No assignment or transfer of a Lender's Commitment or Loans shall be effective unless such assignment or transfer shall have been recorded in the Register by the Administrative Agent as provided in this Section.

(b) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender a Note evidencing the Loans made by, and payable to the order of, such Lender in a maximum principal amount equal to such Lender's Percentage of the original applicable Commitment Amount. The Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Note (or on any continuation of such grid), which notations, if made, shall evidence, inter alia, the date of, the outstanding principal amount of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall, to the extent not inconsistent with notations made by the Administrative Agent in the Register, constitute prima facie evidence and shall be binding on each Obligor absent manifest error; provided that, the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of any Obligor.

SECTION 2.8 [Reserved].

SECTION 2.9 Incremental Facilities. (a) After the Restatement Effective Date and before the Stated Maturity Date, the Borrower, by written notice to Administrative Agent, may request (i) the establishment of one or more additional tranches of term loans (the commitments thereto, the "Incremental Term Loan Commitments") and/or (ii) increases in the Revolving Loan Commitments (the "Incremental Revolving Commitments" and, together with the Incremental Term Loan Commitments, the "Incremental Loan Commitments"), by an aggregate amount not in excess of $300,000,000 in the aggregate and not less than $50,000,000 individually (or such lesser amount as shall constitute the difference between $300,000,000 and the aggregate amount of all such Incremental Loan Commitments obtained on or prior to such date). Each such notice shall specify the date (each, an "Increased Amount Date") on which the Borrower proposes that the Incremental Loan Commitments shall be effective, which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent. The Borrower may approach any Lender or any Person (other than an Ineligible Assignee) to provide all or a portion of the Incremental Loan Commitments; provided that (i) no Lender will be required to provide such Incremental Loan Commitment and (ii) any entity providing all or a portion of the Incremental Loan Commitments that is not a Lender, an Affiliate of a Lender or an Approved Fund shall not be an Ineligible Assignee and shall be reasonably acceptable to the Administrative Agent (with such acceptance by the Administrative Agent to not be unreasonably withheld or delayed).

(b) In each case, such Incremental Loan Commitments shall become effective as of the applicable Increased Amount Date, provided that (i) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to such Incremental Loan Commitments, (ii) the Borrower shall be in compliance with Section 7.2.4 both before and after giving effect to such Incremental Loan Commitments, (iii) the weighted average life to maturity of any Incremental Term Loan shall be greater than or equal to the then-remaining weighted average life to maturity of the New Term Loans, (iv) the interest rate margin in respect of any Incremental Term Loans or Incremental Revolving Loans (including original issue discount ("OID") or upfront fees in connection therewith) shall not exceed the Applicable Margin for the New Term Loans or Revolving Loans, as applicable, or if it does so exceed such Applicable Margin, such Applicable Margin for the New Term Loans or Revolving Loans, as applicable, shall be increased so that the interest rate margin in respect of such Incremental Term Loan or Incremental Revolving Loan (giving effect to any OID issued or upfront fees in connection therewith) is no greater than the Applicable Margin for the New Term Loans or Revolving Loan, as applicable and (v) the Incremental Loan Commitments shall be effected pursuant to one or more joinder agreements in a form reasonably acceptable to the Administrative Agent (each, a "Joinder Agreement") executed and delivered by the Borrower, the applicable Incremental Term Loan Lender and the Administrative Agent pursuant to which such Incremental Term Loan Lender agrees to be bound to the terms of this Agreement as a Lender. Any Incremental Term Loans made on an Increased Amount Date shall be designated a separate tranche of Incremental Term Loans for all purposes of this Agreement.

(c) On any Increased Amount Date on which Incremental Revolving Commitments are effected, subject to the satisfaction of the foregoing terms and conditions, (a) each of the Lenders with Revolving Loan Commitments shall assign to each Person with an Incremental Revolving Commitment (each, a "Incremental Revolving Lender") and each of the Incremental Revolving Lenders shall purchase from each of the Lenders with Revolving Loan Commitments,

at the principal amount thereof, such interests in the Revolving Loans outstanding on such Increased Amount Date as shall be necessary in order that, after giving effect to all such assignments and purchases, the Revolving Loans will be held by existing Revolving Lenders and Incremental Revolving Lenders ratably in accordance with their Revolving Loan Commitments after giving effect to the addition of such Incremental Revolving Commitments to the Revolving Loan Commitments, (b) each Incremental Revolving Commitment shall be deemed for all purposes a Revolving Commitment and each Loan made thereunder (an "Incremental Revolving Loan") shall be deemed, for all purposes, a Revolving Loan and (c) each Incremental Revolving Lender shall become a Lender with respect to the Incremental Revolving Commitment and all matters relating thereto. The terms and provisions of the Incremental Revolving Loans and Incremental Revolving Commitments shall be identical to the Revolving Loans and the Revolving Loan Commitments.

(d) On any Increased Amount Date on which any Incremental Term Loan Commitments are effected, subject to the satisfaction of the foregoing terms and conditions, (i) each Person with an Incremental Term Loan Commitment (each, an "Incremental Term Loan Lender") shall make a Loan to the Borrower (an "Incremental Term Loan") in an amount equal to its Incremental Term Loan Commitment, and (ii) each Incremental Term Loan Lender shall become a Lender hereunder with respect to the Incremental Term Loan Commitment and the Incremental Term Loans made pursuant thereto.

(e) Each Joinder Agreement may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.9.

ARTICLE III
REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 Repayments and Prepayments; Application. The Borrower agrees that the Loans shall be repaid and prepaid pursuant to the following terms.

SECTION 3.1.1 Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of each Loan upon the applicable Stated Maturity Date therefor. Prior thereto, payments and prepayments of the Loans shall or may be made as set forth below.

(a) From time to time on any Business Day, the Borrower may make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any

(i) Loans (other than Swing Line Loans); provided that, (A) any such voluntary prepayment of the New Term Loans shall be made of the same type and, if applicable, having the same Interest Period of all Lenders that have made such New Term Loans (applied to the remaining amortization payments for the New Term Loans in such amounts as the Borrower shall determine) and any such prepayment of Revolving Loans shall be made pro rata among the Revolving Loans of the same type, having the same Interest Period of all Lenders that have made such Revolving Loans; (B) all such voluntary prepayments shall require at least (1) in the case of Base Rate Loans, one but

no more than five Business Days' prior notice to the Administrative Agent and (2) in the case of LIBO Rate Loans, three but no more than five Business Days' prior notice to the Administrative Agent; and (C) all such voluntary partial prepayments shall be in an aggregate minimum amount of $1,000,000 and an integral multiple of $500,000; and

(ii) Swing Line Loans; provided that, (A) all such voluntary prepayments shall require prior telephonic notice to the Swing Line Lender on or before 1:00 p.m. on the day of such prepayment (such notice to be confirmed in writing within 24 hours thereafter); and (B) all such voluntary partial prepayments shall be in an aggregate minimum amount of $200,000 and an integral multiple of $100,000.

(b) On each date when the aggregate Revolving Exposure of all Revolving Loan Lenders exceeds the Revolving Loan Commitment Amount (as it may be reduced from time to time pursuant to this Agreement), the Borrower shall make a mandatory prepayment of Revolving Loans or Swing Line Loans (or both) and, if necessary, Cash Collateralize all Letter of Credit Outstandings, in an aggregate amount equal to such excess.

(c) On each Quarterly Payment Date (beginning with the Quarterly Payment Date on March 31, 2010), the Borrower shall make a scheduled repayment of the aggregate outstanding principal amount, if any, of all New Term Loans in an amount equal to 0.25% of the original principal amount of all New Term Loans, with the remaining amount of New Term Loans due and payable in full on the Stated Maturity Date for New Term Loans.

(d) [Reserved].

(e) The Borrower shall (subject to the next proviso) within 10 days after receipt of any Net Disposition Proceeds or Net Casualty Proceeds in excess of $2,000,000 by the Borrower or any of its U.S. Subsidiaries, deliver to the Administrative Agent a calculation of the amount of such proceeds, and, to the extent the aggregate amount of such (i) Net Disposition Proceeds received by the Borrower and its U.S. Subsidiaries in any period of twelve consecutive calendar months since the Original Closing Date exceeds $10,000,000 and (ii) Net Casualty Proceeds received by the Borrower and its U.S. Subsidiaries in any period of twelve consecutive calendar months since the Original Closing Date exceeds $50,000,000, the Borrower shall make a mandatory prepayment of the New Term Loans in an amount equal to 100% of such excess Net Disposition Proceeds or Net Casualty Proceeds, as applicable; provided that, so long as (i) no Event of Default has occurred and is continuing, such proceeds may be retained by the Borrower and its U.S. Subsidiaries (and be excluded from the prepayment requirements of this clause) to be invested or reinvested within one year or, subject to immediately succeeding clause (ii), 18 months or 36 months, as applicable, to the acquisition or construction of other assets or properties consistent with the businesses permitted to be conducted pursuant to Section 7.2.1 (including by way of merger or Investment), and (ii) within one year following the receipt of such Net Disposition Proceeds or Net Casualty Proceeds, such proceeds are (A) applied or (B) committed to be, and actually are, applied within (I) 18 months following the receipt of such Net Disposition Proceeds or (II) 36 months following the receipt of such Net Casualty Proceeds, in each case to such acquisition or construction plan. The amount of such Net Disposition Proceeds or Net Casualty Proceeds unused or uncommitted after such one year, 18 months or 36 months, as applicable, period shall be applied to prepay the New Term Loans as set forth in Section 3.1.2.

At any time after receipt of any such Net Casualty Proceeds in excess of $25,000,000 but prior to the application thereof to such mandatory prepayment or the acquisition of other assets or properties as described above, upon the request by the Administrative Agent (acting at the direction of the Required Lenders) to the Borrower, the Borrower shall deposit an amount equal to such excess Net Casualty Proceeds into a cash collateral account maintained with (and subject to documentation reasonably satisfactory to) the Collateral Agent for the benefit of the Secured Parties (and over which the Collateral Agent shall have a first priority perfected Lien) pending application as a prepayment or to be released as requested by the Borrower in respect of such acquisition. Amounts deposited in such cash collateral account shall be invested in Cash Equivalent Investments, as directed by the Borrower.

(f) Within 100 days after the close of each Fiscal Year (beginning with the Fiscal Year ending 2009) the Borrower shall make a mandatory prepayment of the New Term Loans in an amount equal to (i) the product of (A) the Excess Cash Flow (if any) for such Fiscal Year multiplied by (B) the Applicable Percentage minus (ii) the aggregate amount of all voluntary prepayments of Loans (but including Revolving Loans and Swing Line Loans only to the extent of a corresponding reduction of the Revolving Loan Commitment Amount pursuant to Section 2.2.1) made during such Fiscal Year, to be applied as set forth in Section 3.1.2;

(g) Concurrently with the receipt by the Borrower or any of its U.S. Subsidiaries of any Net Debt Proceeds, the Borrower shall make a mandatory prepayment of the New Term Loans in an amount equal to 100% of such Net Debt Proceeds, to be applied as set forth in Section 3.1.2.

(h) Immediately upon any acceleration of the Stated Maturity Date of any Loans pursuant to Section 8.2 or Section 8.3, the Borrower shall repay all the Loans, unless, pursuant to Section 8.3, only a portion of all the Loans is so accelerated (in which case the portion so accelerated shall be so repaid).

Each prepayment of any Loans made pursuant to this Section shall be without premium or penalty, except as may be required by Section 4.4.

SECTION 3.1.2 Application. Amounts prepaid pursuant to Section 3.1.1 shall be applied as set forth in this Section.

(a) Subject to clause (b), each prepayment or repayment of the principal of the Loans shall be applied, to the extent of such prepayment or repayment, first, to the principal amount thereof being maintained as Base Rate Loans, and second, subject to the terms of Section 4.4, to the principal amount thereof being maintained as LIBO Rate Loans.

(b) Each prepayment of the New Term Loans made pursuant to clauses (e), (f), and (g) of Section 3.1.1 shall be applied first, pro rata to a mandatory prepayment of the outstanding principal amount of all New Term Loans (with the amount of such prepayment of the New Term Loans being applied (A) first to the remaining New Term Loans to reduce in direct order of maturity the amortization payments that are due and payable within 24 calendar months from the date of such prepayment, and (B) second, to the extent in excess of the amounts to be applied

pursuant to the preceding clause (A), to reduce the then remaining New Term Loan amortization payments on a pro rata basis).

(c) So long as the Administrative Agent has received prior written notice from the Borrower of a mandatory prepayment pursuant to clauses (e), (f) and (g) of Section 3.1.1, the Administrative Agent shall provide notice of such mandatory prepayment to the Lenders with New Term Loans. It is understood and agreed by the Borrower that, notwithstanding receipt by the Administrative Agent of any such mandatory prepayment, the New Term Loans shall not be deemed repaid, unless otherwise consented to by the Administrative Agent, until five Business Days have elapsed from the delivery to the Administrative Agent of the notice described above in this clause (c).

SECTION 3.2 Interest Provisions. Interest on the outstanding principal amount of the Loans shall accrue and be payable in accordance with the terms set forth below.

SECTION 3.2.1 Rates. Subject to Section 2.3.2, pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, the Borrower may elect that the Loans comprising a Borrowing accrue interest at a rate per annum:

(a) on that portion maintained from time to time as a Base Rate Loan, equal to the sum of the Alternate Base Rate from time to time in effect plus the Applicable Margin; provided that, Swing Line Loans shall always accrue interest at the Alternate Base Rate plus the then effective Applicable Margin for Revolving Loans maintained as Base Rate Loans; and

(b) on that portion maintained as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of the LIBO Rate (Reserve Adjusted) plus the Applicable Margin.

All LIBO Rate Loans shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such LIBO Rate Loan.

SECTION 3.2.2 Post-Default Rates. If all or any portion of the Obligations shall not be paid when due (whether at the Stated Maturity, by acceleration or otherwise), the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on all such unpaid Obligations at a rate per annum equal to (a) in the case of principal on any Loan, the rate of interest that otherwise would be applicable to such Loan plus 2% per annum; and (b) in the case of overdue interest, fees, and other monetary Obligations, the Alternate Base Rate from time to time in effect, plus the Applicable Margin for the New Term Loans accruing interest at the Alternate Base Rate, plus 2% per annum.

SECTION 3.2.3 Payment Dates. Interest accrued on each Loan shall be payable, without duplication:

(a) on the Stated Maturity Date therefor;

(b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the principal amount so paid or prepaid;

(c) with respect to Base Rate Loans, on each Quarterly Payment Date occurring after the Restatement Effective Date;

(d) with respect to LIBO Rate Loans, on the last day of each applicable Interest Period (and, if such Interest Period shall exceed three months, on the date occurring on each three-month interval occurring after the first day of such Interest Period);

(e) with respect to any Base Rate Loans converted into LIBO Rate Loans on a day when interest would not otherwise have been payable pursuant to clause (c), on the date of such conversion; and

(f) on that portion of any Loans the Stated Maturity Date of which is accelerated pursuant to Section 8.2 or Section 8.3, immediately upon such acceleration.

Interest accrued on Loans or other monetary Obligations after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3 Fees. The Borrower agrees to pay the fees set forth below. All such fees shall be non-refundable when earned and paid.

SECTION 3.3.1 Commitment Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Non-Defaulting Lender, for the period (including any portion thereof when its Revolving Loan Commitments are suspended by reason of the Borrower's inability to satisfy any condition of Article V) commencing on the Restatement Effective Date and continuing through the Revolving Loan Commitment Termination Date, a commitment fee in an amount equal to the Applicable Commitment Fee Margin, in each case on such Revolving Loan Lender's Revolving Loan Percentage of the sum of the average daily unused portion of the Revolving Loan Commitment Amount (net of Letter of Credit Outstandings). All commitment fees payable pursuant to this Section shall be calculated on a year comprised of 360 days and payable by the Borrower in arrears on each Quarterly Payment Date, commencing with the first Quarterly Payment Date following the Restatement Effective Date, and on the Revolving Loan Commitment Termination Date. The making of Swing Line Loans shall not constitute usage of the Revolving Loan Commitment with respect to the calculation of commitment fees to be paid by the Borrower to the Revolving Loan Lenders.

SECTION 3.3.2 Agents' Fees. The Borrower agrees to pay to each of the Agents the fees in the amounts and on the dates set forth in any fee agreements with any of the Agents and to perform any other obligations contained therein.

SECTION 3.3.3 Letter of Credit Fee. The Borrower agrees to pay to the Administrative Agent, for the pro rata account of the applicable Issuer and each Revolving Loan Lender, a Letter of Credit fee in a per annum amount equal to the then effective Applicable Margin for Revolving Loans maintained as LIBO Rate Loans, multiplied by the average daily

Stated Amount of each such Letter of Credit, such fees being payable quarterly in arrears on each Quarterly Payment Date following the date of issuance of each Letter of Credit and on the Revolving Loan Commitment Termination Date. The Borrower further agrees to pay to the applicable Issuer, quarterly in arrears on each Quarterly Payment Date, a fronting fee of 0.25% per annum on the average daily Stated Amount of each such Letter of Credit and such other reasonable fees and charges in connection with the issuance, negotiation, settlement, amendment and processing of each Letter of Credit as agreed to by the Borrower and such Issuer.

SECTION 3.3.4 Open Account Agreement Payments. Each Open Account Discount Purchaser agrees to pay (and in the case of any Open Account Discount Purchaser that is an affiliate of a Lender, such Lender agrees to cause such Open Account Discount Purchaser to pay) to the Administrative Agent, for the pro rata account of each Revolving Loan Lender, an amount with respect to any Open Account Paying Agreement to which it is a party equal to, on a per annum basis, the then effective Applicable Margin for Revolving Loans maintained as LIBO Rate Loans multiplied by the aggregate amount of OA Payment Obligations actually paid to such Open Account Discount Purchaser by the relevant Obligor under the relevant Open Account Paying Agreement, such amounts being payable quarterly in arrears on each Quarterly Payment Date following the date of the entry into such Open Account Discount Agreement and on the Revolving Loan Commitment Termination Date.

ARTICLE IV
CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1 LIBO Rate Lending Unlawful. If any Lender shall determine (which determination shall, upon notice thereof to the Borrower and the Administrative Agent, constitute prima facie evidence thereof and shall be binding on the Borrower absent manifest error) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any Governmental Authority asserts that it is unlawful, for such Lender to make or continue any Loan as, or to convert any Loan into, a LIBO Rate Loan, the obligations of such Lender to make, continue or convert any such LIBO Rate Loan shall, upon such determination, forthwith be suspended until such Lender shall notify the Administrative Agent that the circumstances causing such suspension no longer exist, and all outstanding LIBO Rate Loans payable to such Lender shall automatically convert into Base Rate Loans at the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion.

SECTION 4.2 Deposits Unavailable. If the Administrative Agent shall have determined that

(a) Dollar deposits in the relevant amount and for the relevant Interest Period are not available to it in its relevant market; or

(b) by reason of circumstances affecting it's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate Loans;

then, upon notice from the Administrative Agent to the Borrower and the Lenders, the obligations of all Lenders under Section 2.3 and Section 2.4 to make or continue any Loans as, or to convert any Loans into, LIBO Rate Loans shall forthwith be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3 Increased LIBO Rate Loan Costs, etc. The Borrower agrees to reimburse each Lender and each Issuer for any increase in the cost to such Lender or Issuer of, or any reduction in the amount of any sum receivable by such Secured Party in respect of, such Secured Party's Commitments and the making of Credit Extensions hereunder (including the making, continuing or maintaining (or of its obligation to make or continue) any Loans as, or of converting (or of its obligation to convert) any Loans into, LIBO Rate Loans) that arise in connection with any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in after the Restatement Effective Date of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any Governmental Authority, except for such changes with respect to increased capital costs and Taxes which are governed by Sections 4.5 and 4.6, respectively. Each affected Secured Party shall promptly notify the Administrative Agent and the Borrower in writing of the occurrence of any such event, stating the reasons therefor and the additional amount required fully to compensate such Secured Party for such increased cost or reduced amount. Such additional amounts shall be payable by the Borrower directly to such Secured Party within five Business Days of its receipt of such notice, and such notice shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower.

SECTION 4.4 Funding Losses. In the event any Lender shall incur any actual loss or expense (including any actual loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender (if any) to make or continue any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a LIBO Rate Loan) as a result of

(a) any conversion or repayment or prepayment of the principal amount of any LIBO Rate Loan on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to Article III or otherwise;

(b) any Loans not being made continued or converted as LIBO Rate Loans in accordance with the Borrowing Request or other notice therefor;

(c) any Loans not being continued as, or converted into, LIBO Rate Loans in accordance with the Continuation/Conversion Notice therefor; or

(d) the assignment of any LIBO Rate Loan other than on the last day of an Interest Period therefor as a result of a request by the Borrower pursuant to Section 4.11;

then, upon the written notice of such Lender to the Borrower (with a copy to the Administrative Agent), the Borrower shall, within five days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for

such actual loss or expense. Such written notice shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower.

SECTION 4.5 Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any Governmental Authority after the Restatement Effective Date affects or would affect the amount of capital required or expected to be maintained by any Secured Party or any Person controlling such Secured Party, and such Secured Party determines (in good faith but in its sole and absolute discretion) that as a result thereof the rate of return on its or such controlling Person's capital as a consequence of the Commitments or the Credit Extensions made, or the Letters of Credit participated in, by such Secured Party is reduced to a level below that which such Secured Party or such controlling Person could have achieved but for the occurrence of any such circumstance, then upon notice (together with reasonably detailed supporting documentation) from time to time by such Secured Party to the Borrower, the Borrower shall within five Business Days following receipt of such notice pay directly to such Secured Party additional amounts sufficient to compensate such Secured Party or such controlling Person for such reduction in rate of return. A statement in reasonable detail of such Secured Party as to any such additional amount or amounts shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower. In determining such amount, such Secured Party may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

SECTION 4.6 Taxes. The Borrower covenants and agrees as follows with respect to Taxes.

(a) Any and all payments by the Borrower under each Loan Document shall be made without setoff, counterclaim or other defense, and free and clear of, and without deduction or withholding for or on account of, any Taxes. In the event that any Taxes are imposed and required to be deducted or withheld from any payment required to be made by any Obligor to or on behalf of any Secured Party under any Loan Document, then:

(i) subject to clause (f), if such Taxes are Non-Excluded Taxes, the amount of such payment shall be increased as may be necessary so that such payment is made, after withholding or deduction for or on account of such Taxes, in an amount that is not less than the amount provided for in such Loan Document; and

(ii) the Borrower shall withhold the full amount of such Taxes from such payment (as increased pursuant to clause (a)(i)) and shall pay such amount to the Governmental Authority imposing such Taxes in accordance with applicable law.

(b) In addition, the Borrower shall pay all Other Taxes imposed to the relevant Governmental Authority imposing such Other Taxes in accordance with applicable law.

(c) Upon the written request of the Administrative Agent, as promptly as practicable after the payment of any Taxes or Other Taxes, and in any event within 45 days of any such written request, the Borrower shall furnish to the Administrative Agent a copy of an official

receipt (or a certified copy thereof) evidencing the payment of such Taxes or Other Taxes. The Administrative Agent shall make copies thereof available to any Lender upon request therefor.

(d) Subject to clause (f), the Borrower shall indemnify each Secured Party for any Non-Excluded Taxes and Other Taxes levied, imposed or assessed on (and whether or not paid directly by) such Secured Party whether or not such Non-Excluded Taxes or Other Taxes are correctly or legally asserted by the relevant Governmental Authority; provided that if the Borrower reasonably believes that such Taxes were not correctly or legally asserted, such Secured Party will use reasonable efforts to cooperate with the Borrower to obtain a refund of such Taxes so long as such efforts would not, in the sole determination of such Secured Party, result in any additional costs, expenses or risks or be otherwise disadvantageous to it. Promptly upon having knowledge that any such Non-Excluded Taxes or Other Taxes have been levied, imposed or assessed, and promptly upon notice thereof by any Secured Party, the Borrower shall pay such Non-Excluded Taxes or Other Taxes directly to the relevant Governmental Authority (provided that, no Secured Party shall be under any obligation to provide any such notice to the Borrower). In addition, the Borrower shall indemnify each Secured Party for any incremental Taxes that may become payable by such Secured Party as a result of any failure of the Borrower to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Administrative Agent, pursuant to clause (c), documentation evidencing the payment of Taxes or Other Taxes (other than incidental taxes resulting directly as a result of the willful misconduct or gross negligence of the Administrative Agent or a respective Secured Party); provided that if the Secured Party or Administrative Agent, as applicable, fails to give notice to the Borrower of the imposition of any Non-Excluded Taxes or Other Taxes within 120 days following its receipt of actual written notice of the imposition of such Non-Excluded Taxes or Other Taxes, there will be no obligation for the Borrower to pay interest or penalties attributable to the period beginning after such 120th day and ending seven days after the Borrower receives notice from the Secured Party or the Administrative Agent as applicable. With respect to indemnification for Non-Excluded Taxes and Other Taxes actually paid by any Secured Party or the indemnification provided in the immediately preceding sentence, such indemnification shall be made within 30 days after the date such Secured Party makes written demand therefor (together with supporting documentation in reasonable detail). The Borrower acknowledges that any payment made to any Secured Party or to any Governmental Authority in respect of the indemnification obligations of the Borrower provided in this clause shall constitute a payment in respect of which the provisions of clause (a) and this clause shall apply.

(e) Each Non-U.S. Lender, on or prior to the date on which such Non-U.S. Lender becomes a Lender hereunder (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only for so long as such non-U.S. Lender is legally entitled to do so), shall deliver to the Borrower and the Administrative Agent either (i) two duly completed copies of either (x) Internal Revenue Service Form W-8BEN claiming eligibility of the Non-U.S. Lender for benefits of an income tax treaty to which the United States is a party or (y) Internal Revenue Service Form W-8ECI, or in either case an applicable successor form; or (ii) in the case of a Non-U.S. Lender that is not legally entitled to deliver either form listed in clause (e)(i), (x) a certificate to the effect that such Non-U.S. Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (referred

to as an "Exemption Certificate") and (y) two duly completed copies of Internal Revenue Service Form W-8BEN or applicable successor form.

(f) Any Lender that is a United States Person, as defined in Section 7701(a)(30) of the Code, shall (unless such Lender may be treated as an exempt recipient based on the indicators described in Treasury Regulation Section 1.6049-4(c)(1)(ii)(A)) deliver to the Borrower and the Administrative Agent, at the times specified in clause (e), two duly completed copies of Internal Revenue Service Form W-9, or any successor form that such Person is entitled to provide at such time, in order to qualify for an exemption from United States back-up withholding requirements.

(g) The Borrower shall not be obligated to pay any additional amounts to any Lender pursuant to clause (a)(i), or to indemnify any Lender pursuant to clause (d), in respect of United States federal withholding taxes to the extent imposed as a result of (i) the failure of such Lender to deliver to the Borrower the form or forms and/or an Exemption Certificate, as applicable to such Lender, pursuant to clause (e) or clause (f), (ii) such form or forms and/or Exemption Certificate not establishing a complete exemption from U.S. federal withholding tax or the information or certifications made therein by the Lender being untrue or inaccurate on the date delivered in any material respect, or (iii) the Lender designating a successor lending office at which it maintains its Loans which has the effect of causing such Lender to become obligated for tax payments in excess of those in effect immediately prior to such designation; provided that the Borrower shall be obligated to pay additional amounts to any such Lender pursuant to clause (a)(i) and to indemnify any such Lender pursuant to clause (d), in respect of United States federal withholding taxes if (i) any such failure to deliver a form or forms or an Exemption Certificate or the failure of such form or forms or Exemption Certificate to establish a complete exemption from U.S. federal withholding tax or inaccuracy or untruth contained therein resulted from a change in any applicable statute, treaty, regulation or other applicable law or any interpretation of any of the foregoing occurring after the Restatement Effective Date, which change rendered such Lender no longer legally entitled to deliver such form or forms or Exemption Certificate or otherwise ineligible for a complete exemption from U.S. federal withholding tax, or rendered the information or certifications made in such form or forms or Exemption Certificate untrue or inaccurate in a material respect, (ii) the redesignation of the Lender's lending office was made at the request of the Borrower or (iii) the obligation to pay any additional amounts to any such Lender pursuant to clause (a)(i) or to indemnify any such Lender pursuant to clause (d) is with respect to an Eligible Assignee that becomes an assignee Lender as a result of an assignment made at the request of the Borrower.

(h) If the Administrative Agent or a Lender determines in its sole, good faith discretion that amounts recovered or refunded are a recovery or refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to clause (d), or to which the Borrower has paid additional amounts pursuant to clause (a)(i), it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 4.6 with respect to the Non-Excluded Taxes or Other Taxes that give rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that in no event will any Lender be required to pay an amount to the Borrower that would place such Lender in a less

favorable net after-tax position than such Lender would have been in if the additional amounts giving rise to such refund of any Non-Excluded Taxes or Other Taxes had never been paid, and provided further that the Borrower, upon the written request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest, or other charges imposed by the relevant Governmental Authority unless the Governmental Authority assessed such penalties, interest, or other charges due to the gross negligence or willful misconduct of the Administrative Agent or such Lender) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to the Governmental Authority. Nothing in this Section 4.6(h) shall require any Lender to make available its tax returns or any other information related to its taxes that it deems confidential.

SECTION 4.7 Payments, Computations; Proceeds of Collateral, etc. (a) Unless otherwise expressly provided in a Loan Document, all reductions of the Revolving Loan Commitments and all payments by the Borrower pursuant to each Loan Document shall be made by the Borrower to the Administrative Agent for the pro rata account of the Secured Parties entitled to receive such reduction or payment. All payments shall be made without setoff, deduction or counterclaim not later than 11:00 a.m. on the date due in same day or immediately available funds to such account as the Administrative Agent (or in the case of a reimbursement obligation, the applicable Issuer) shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Administrative Agent on the next succeeding Business Day. The Administrative Agent shall promptly remit in same day funds to each Secured Party its share, if any, of such payments received by the Administrative Agent for the account of such Secured Party. All interest (including interest on LIBO Rate Loans) and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days (or, in the case of interest on a Base Rate Loan (calculated at other than the Federal Funds Rate), 365 days or, if appropriate, 366 days). Payments due on other than a Business Day shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees in connection with that payment.

(b) All amounts received as a result of the exercise of remedies under the Loan Documents (including from the proceeds of collateral securing the Obligations) or under applicable law shall be applied upon receipt to the Obligations as follows: (i) first, to the payment of all Obligations owing to the Agents, in their capacity as Agents (including the fees and expenses of counsel to the Agents), (ii) second, after payment in full in cash of the amounts specified in clause (b)(i), to the ratable payment of all interest (including interest accruing after the commencement of a proceeding in bankruptcy, insolvency or similar law, whether or not permitted as a claim under such law) and fees owing under the Loan Documents (including all amounts owing under Section 3.3.4), and all costs and expenses owing to the Secured Parties pursuant to the terms of the Loan Documents, until paid in full in cash, (iii) third, after payment in full in cash of the amounts specified in clauses (b)(i) and (b)(ii), to the ratable payment of the principal amount of the Loans then outstanding, the aggregate Reimbursement Obligations then owing, the aggregate amount of OA Payment Obligations then owing, the Cash Collateralization for contingent liabilities under Letter of Credit Outstandings, amounts owing to Secured Parties under Rate Protection Agreements and the aggregate amount of Cash Management Obligations then owing, (iv) fourth, after payment in full in cash of the amounts specified in clauses (b)(i)

through (b)(iii), to the ratable payment of all other Obligations owing to the Secured Parties, and (v) fifth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iv), and following the Termination Date, to each applicable Obligor or any other Person lawfully entitled to receive such surplus. For purposes of clause (b)(iii), the "amounts owing" at any time to any Secured Party with respect to a Rate Protection Agreement to which such Secured Party is a party shall be determined at such time by the terms of such Rate Protection Agreement or, if not set forth therein, in accordance with the customary methods of calculating credit exposure under similar arrangements by the counterparty to such arrangements, taking into account potential interest rate (or, if applicable, currency or commodities) movements and the respective termination provisions and notional principal amount and term of such Rate Protection Agreement.

SECTION 4.8 Sharing of Payments. If any Secured Party shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Credit Extension or Reimbursement Obligation (other than pursuant to the terms of Sections 4.3, 4.4, 4.5 or 4.6) in excess of its pro rata share of payments obtained by all Secured Parties, such Secured Party shall purchase (in Dollars) from the other Secured Parties such participations in Credit Extensions made by them as shall be necessary to cause such purchasing Secured Party to share the excess payment or other recovery ratably (to the extent such other Secured Parties were entitled to receive a portion of such payment or recovery) with each of them; provided that, if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Secured Party, the purchase shall be rescinded and each Secured Party which has sold a participation to the purchasing Secured Party shall repay to the purchasing Secured Party the purchase price to the ratable extent of such recovery together with an amount equal to such selling Secured Party's ratable share (according to the proportion of (a) the amount of such selling Secured Party's required repayment to the purchasing Secured Party to (b) total amount so recovered from the purchasing Secured Party) of any interest or other amount paid or payable by the purchasing Secured Party in respect of the total amount so recovered. The Borrower agrees that any Secured Party purchasing a participation from another Secured Party pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.9) with respect to such participation as fully as if such Secured Party were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law any Secured Party receives a secured claim in lieu of a setoff to which this Section applies, such Secured Party shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Secured Parties entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.9 Setoff. Each Secured Party shall, upon the occurrence and during the continuance of any Event of Default described in clauses (a) through (d) of Section 8.1.9 or, with the consent of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (if then due and payable), and (as security for such Obligations) the Borrower hereby grants to each Secured Party a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Secured Party (other than payroll, trust or tax accounts); provided that, any such appropriation and application shall be subject to the provisions of Section 4.8. Each

Secured Party agrees promptly to notify the Borrower and the Administrative Agent after any such appropriation and application made by such Secured Party; provided that, the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Secured Party may have.

SECTION 4.10 Mitigation. Each Lender agrees that if it makes any demand for payment under Sections 4.3 or 4.6, it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under Section 4.3 or 4.6.

SECTION 4.11 Removal of Lenders. If any Lender (an "Affected Lender") (i) fails to consent to an election, consent, amendment, waiver or other modification to this Agreement or other Loan Document (a "Non-Consenting Lender") that requires the consent of a greater percentage of the Lenders than the Required Lenders and such election, consent, amendment, waiver or other modification is otherwise consented to by Non-Defaulting Lenders holding more than 50% of the Total Exposure Amount of all Non-Defaulting Lenders, (ii) makes a demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to Section 4.3, 4.5 or 4.6, or gives notice pursuant to Section 4.1 requiring a conversion of such Affected Lender's LIBO Rate Loans to Base Rate Loans or any change in the basis upon which interest is to accrue in respect of such Affected Lender's LIBO Rate Loans or suspending such Lender's obligation to make Loans as, or to convert Loans into, LIBO Rate Loans or (iii) becomes a Defaulting Lender the Borrower may, at its sole cost and expense, within 90 days of receipt by the Borrower of such demand or notice (or the occurrence of such other event causing Borrower to be required to pay such compensation) or within 90 days of such Lender becoming a Non-Consenting Lender or a Defaulting Lender, as the case may be, give notice (a "Replacement Notice") in writing to the Administrative Agent and such Affected Lender of its intention to cause such Affected Lender to sell all or any portion of its Loans, Commitments and/or Notes to another financial institution or other Person (a "Replacement Lender") designated in such Replacement Notice; provided that no Replacement Notice may be given by the Borrower if (A) such replacement conflicts with any applicable law or regulation or (B) prior to any such replacement, such Lender shall have taken any necessary action under Section 4.5 or 4.6 (if applicable) so as to eliminate the continued need for payment of amounts owing pursuant to Section 4.5 or 4.6 and withdrew its request for compensation under Section 4.3, 4.5 or 4.6. If the Administrative Agent shall, in the exercise of its reasonable discretion and within 30 days of its receipt of such Replacement Notice, notify the Borrower and such Affected Lender in writing that the Replacement Lender is reasonably satisfactory to the Administrative Agent (such consent not being required where the Replacement Lender is already a Lender), then such Affected Lender shall, subject to the payment of any amounts due pursuant to Section 4.4, assign, in accordance with Section 10.11, the portion of its Commitments, Loans, Notes (if any) and other rights and obligations under this Agreement and all other Loan Documents (including Reimbursement Obligations, if applicable) designated in the Replacement Notice to such Replacement Lender; provided that (A) such assignment shall be without recourse, representation or warranty and shall be on terms and conditions reasonably satisfactory to such Affected Lender and such Replacement Lender, and (B) the purchase price paid by such

Replacement Lender shall be in the amount of such Affected Lender's Loans designated in the Replacement Notice and/or its Percentage of outstanding Reimbursement Obligations, as applicable, together with all accrued and unpaid interest and fees in respect thereof, plus all other amounts (including the amounts demanded and unreimbursed under Sections 4.3, 4.5 and 4.6), owing to such Affected Lender hereunder. Upon the effective date of an assignment described above, the Replacement Lender shall become a "Lender" for all purposes under the Loan Documents. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any assignment agreement necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section.

SECTION 4.12 Limitation on Additional Amounts, etc. Notwithstanding anything to the contrary contained in Sections 4.3 or 4.5 of this Agreement, unless a Lender gives notice to the Borrower that it is obligated to pay an amount under any such Section within 90 days after the later of (i) the date the Lender incurs the respective increased costs, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital or (ii) the date such Lender has actual knowledge of its incurrence of their respective increased costs, loss, expense or liability, reductions in amounts received or receivable or reduction in return on capital, then such Lender shall only be entitled to be compensated for such amount by the Borrower pursuant to Sections 4.3 or 4.5, as the case may be, to the extent the costs, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital are incurred or suffered on or after the date which occurs 90 days prior to such Lender giving notice to the Borrower that it is obligated to pay the respective amounts pursuant to Sections 4.3 or 4.5, as the case may be. This Section shall have no applicability to any Section of this Agreement other than Sections 4.3 and 4.5.

SECTION 4.13 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) if any Swing Line Exposure, Letter of Credit Outstandings or any OA Payment Outstandings exists at the time a Lender becomes a Defaulting Lender then:

(i) all or any part of such Swing Line Exposure, Letter of Credit Outstandings and OA Payment Outstandings shall be reallocated among the Non Defaulting Lenders in accordance with their respective Revolving Loan Percentages but only to the extent (x) the sum of all Non Defaulting Lenders' Revolving Exposures plus such Defaulting Lender's Revolving Loan Percentage of (A) Swing Line Exposure, (B) Letter of Credit Outstandings and (C) OA Payment Outstandings does not exceed the total of all Non Defaulting Lenders' Commitments and (y) the conditions set forth in Section 5.2 are satisfied at such time; and

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one Business Day following notice by the Administrative Agent (x) first, prepay such Swing Line Exposure and (y) second, Cash Collateralize such Defaulting Lender's Revolving Loan

Percentage of the Letter of Credit Outstandings and OA Payment Outstandings (after giving effect to any partial reallocation pursuant to clause (i) above) for so long as such Letter of Credit Outstandings is outstanding.

(iii) if the Borrower Cash Collateralizes any portion of such Defaulting Lender's Revolving Loan Percentage of the Letter of Credit Outstandings or OA Payment Outstandings pursuant to this paragraph (a), the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 3.3.3 or Section 3.3.4 with respect to such Defaulting Lender's Revolving Loan Percentage of the Letter of Credit Outstandings and OA Payment Outstandings during the period such Defaulting Lender's Revolving Loan Percentage of the Letter of Credit Outstandings or OA Payment Outstandings is cash collateralized;

(iv) if the Revolving Loan Percentages of the Letter of Credit Outstandings and OA Payment Outstandings of the Non Defaulting Lenders is reallocated pursuant to this paragraph (a), then the fees payable to the Lenders pursuant to Section 3.3.3 and Section 3.3.4 shall be adjusted in accordance with such Non Defaulting Lenders' Revolving Loan Percentages; or

(v) if any Defaulting Lender's Letter of Credit Outstandings and OA Payment Outstandings is neither cash collateralized nor reallocated pursuant to this paragraph (a), then, without prejudice to any rights or remedies of the Issuers or any Lender hereunder, all Letter of Credit fees and Open Account Agreement payments payable under Section 3.3.3 and Section 3.3.4 with respect to such Defaulting Lender's Revolving Loan Percentage of the Letter of Credit Outstandings and OA Payment Outstandings shall be payable to the Issuer or applicable Open Account Discount Purchaser, as the case may be, until such Letter of Credit Outstandings and OA Payment Outstandings are cash collateralized and/or reallocated.

(b) so long as any Lender is a Defaulting Lender, the Swing Line Lender shall not be required to fund any Swing Line Loans and the Issuer shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Commitments of the Non Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with paragraph (a) of this Section, and participating interests in any such newly issued or increased Letter of Credit or newly made Swing Line Loan shall be allocated among Non Defaulting Lenders in a manner consistent with clause (i) of paragraph (a) of this Section (and Defaulting Lenders shall not participate therein); and

(c) any amount otherwise payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 4.8 but excluding Section 4.11) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such

Defaulting Lender to the Administrative Agent hereunder, (ii) second, pro rata, to the payment of any amounts owing by such Defaulting Lender to the Issuer or Swing Line Lender or any Open Account Discount Purchaser hereunder, (iii) third, if so determined by the Administrative Agent or requested by the Issuer or Swing Line Lender or any Open Account Discount Purchaser, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any existing or future participating interest in any Swing Line Loan or Letter of Credit or Open Account Discount Agreement, (iv) fourth, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (v) fifth, if so determined by the Administrative Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any Loans under this Agreement, (vi) sixth, to the payment of any amounts owing to the Lenders or an Issuing Bank or Swing Line Lender or Open Account Discount Purchaser as a result of any judgment of a court of competent jurisdiction obtained by any Lender or such Issuer or Swing Line Lender or Open Account Discount Purchaser against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, (vii) seventh, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and (viii) eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided, with respect to this clause (viii), that if such payment is (x) a prepayment of the principal amount of any Loans or Reimbursement Obligations in which a Defaulting Lender has funded its participation obligations and (y) made at a time when the conditions set forth in Section 5.02 are satisfied, such payment shall be applied solely to prepay the Loans of, and Reimbursement Obligations owed to, all Non Defaulting Lenders pro rata prior to being applied to the prepayment of any Loans, or Reimbursement Obligations owed to, any Defaulting Lender.

(d) In the event that the Administrative Agent, the Borrower, the Issuer, the Swing Line Lender and any Open Account Discount Purchaser each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Revolving Loan Percentages of the Non Defaulting Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Revolving Loan Percentage.

ARTICLE V
CONDITIONS TO CREDIT EXTENSIONS

SECTION 5.1 Initial Credit Extension. Subject to Section 7.1.11, the obligations of the Lenders to make the initial Credit Extension shall be subject to the prior or concurrent satisfaction (or waiver) in all material respects of each of the conditions precedent set forth in this Article.

SECTION 5.1.1 Resolutions, etc. The Agents shall have received from each Obligor, as applicable, (i) a copy of a good standing certificate, dated a date reasonably close to the Restatement Effective Date, for each such Obligor from its jurisdiction of organization and (ii) a certificate, dated as of the Restatement Effective Date, duly executed and delivered by such Obligor's Secretary or Assistant Secretary, managing member or general partner, as applicable, as to

(a) resolutions of each such Obligor's Board of Directors (or other managing body, in the case of other than a corporation) then in full force and effect authorizing, to the extent relevant, all aspects of the Transaction applicable to such Obligor and the execution, delivery and performance of each Loan Document to be executed by such Obligor and the transactions contemplated hereby and thereby;

(b) the incumbency and signatures of those of its officers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Obligor; and

(c) the full force and validity of each Organic Document of such Obligor and copies thereof;

upon which certificates each Secured Party may conclusively rely until it shall have received a further certificate of the Secretary, Assistant Secretary, managing member or general partner, as applicable, of any such Obligor canceling or amending the prior certificate of such Obligor.

SECTION 5.1.2 Closing Date Certificate. The Agents shall have received the Closing Date Certificate, dated as of the Restatement Effective Date and duly executed and delivered by an Authorized Officer of the Borrower, in which certificate the Borrower shall agree and acknowledge and certify that the statements made therein are, true and correct representations and warranties of the Borrower as of such date, and, at the time each such certificate is delivered, such statements shall in fact be true and correct. All documents and agreements (including Transaction Documents) required to be appended to the Closing Date Certificate shall be in form and substance reasonably satisfactory to the Lead Arrangers, shall have been executed and delivered by the requisite parties, and shall be in full force and effect.

SECTION 5.1.3 Consummation of Transaction. The Agents shall have received evidence reasonably satisfactory to it that all actions necessary to consummate the Transaction shall have been taken in accordance in all material respects with all applicable law and in accordance with the terms of each applicable Transaction Document, without amendment or waiver of any material provision thereof, unless approved by the Lead Arrangers in their reasonable discretion.

SECTION 5.1.4 PATRIOT Act Disclosures. Within five Business Days' prior to the Restatement Effective Date, the Lenders or the Agents shall have received copies of all PATRIOT Act Disclosures as reasonably requested by the Lenders or the Lead Arrangers.

SECTION 5.1.5 Delivery of Notes. The Administrative Agent shall have received, for the account of each Lender that has requested a Note, such Lender's Notes duly executed and delivered by an Authorized Officer of the Borrower.

SECTION 5.1.6 Financial Information, etc. The Agents shall have received,

(a) audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of the Borrower and its Subsidiaries for the stub period of 2006 (from July 2, 2006 to December 30, 2006) and Fiscal Years 2007 and 2008;

(b) unaudited consolidated balance sheets and related statements of income, stockholders' equity and cash flows for each of the first three Fiscal Quarters of 2008 and of 2009;

(c) all other financial statements for completed or pending acquisitions that may be required under Regulation S-X of the Securities Act of 1933, as amended ("Regulation S-X"); and

(d) detailed projected financial statements of the Borrower and its Subsidiaries for the five Fiscal Years ended after the Restatement Effective Date, which projections shall include quarterly projections for the first Fiscal Year after the Restatement Effective Date.

SECTION 5.1.7 Solvency Certificate. The Agents shall have received a Solvency Certificate dated the date of the initial Credit Extension, duly executed (and with all schedules thereto duly completed) and delivered by the chief financial or accounting Authorized Officer of the Borrower.

SECTION 5.1.8 Guaranty. The Agents shall have received counterparts of the Guaranty, dated as of the Restatement Effective Date, duly executed and delivered by an Authorized Officer of each U.S. Subsidiary.

SECTION 5.1.9 Security Agreement. The Administrative Agent shall have received executed counterparts of the Security Agreement, dated as of the Restatement Effective Date, duly executed, authorized or delivered by each Obligor, as applicable, together with

(a) certificates (in the case of Capital Securities that are securities (as defined in the UCC)) evidencing all of the issued and outstanding Capital Securities owned by each Obligor in its U.S. Subsidiaries and, subject to Section 7.1.11, 65% of the issued and outstanding Voting Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of each Foreign Subsidiary (together with all the issued and outstanding non-voting Capital Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of such Foreign Subsidiary) directly owned by each Obligor, which certificates in each case shall be accompanied by undated instruments of transfer duly executed in blank, or, if any Capital Securities (in the case of Capital Securities that are uncertificated securities (as defined in the UCC)), confirmation and evidence reasonably satisfactory to the Lead Arrangers that the security interest therein has been transferred to and perfected by the Collateral Agent for the benefit of the Secured Parties in accordance with Articles 8 and 9 of the UCC and all U.S. laws otherwise applicable to the perfection of the pledge of such Capital Securities;

(b) Filing Statements suitable in form and naming each Obligor as a debtor and the Collateral Agent as the secured party, or other similar instruments or documents to be filed under the UCC of all jurisdictions as may be necessary or, in the opinion of the Lead Arrangers, desirable to perfect the security interests of the Collateral Agent pursuant to the Security Agreement;

(c) UCC Form UCC-3 termination statements, if any, necessary to release all Liens and other rights of any Person in any collateral described in any security agreement previously granted by any Person, together with such other UCC Form UCC-3 termination statements as the Lead Arrangers may reasonably request from such Obligors; and

(d) certified copies of UCC Requests for Information or Copies (Form UCC-11), or a similar search report certified by a party reasonably acceptable to the Lead Arrangers, dated a date reasonably near to the Closing Date, listing all effective financing statements which name any Obligor (under its present legal name) as the debtor, together with copies of such financing statements (none of which shall evidence a Lien on any collateral described in any Loan Document, other than a Permitted Lien).

SECTION 5.1.10 Intellectual Property Security Agreements. The Administrative Agent shall have received a Patent Security Agreement, a Copyright Security Agreement and a Trademark Security Agreement, as applicable, each dated as of the Closing Date, duly executed and delivered by each Obligor that, pursuant to the Security Agreement, is required to provide such intellectual property security agreements to the Collateral Agent.

SECTION 5.1.11 Filing Agent, etc. All Uniform Commercial Code financing statements or other similar financing statements and Uniform Commercial Code (Form UCC-3) termination statements (collectively, the "Filing Statements") required pursuant to the Loan Documents shall have been delivered by counsel to the Lead Arrangers to CT Corporation System or another similar filing service company acceptable to the Lead Arrangers (the "Filing Agent"). The Filing Agent shall have acknowledged in a writing satisfactory to the Lead Arrangers and their counsel (i) the Filing Agent's receipt of all Filing Statements, (ii) that the Filing Statements required pursuant to the Loan Documents have either been submitted for filing in the appropriate filing offices or will be submitted for filing in the appropriate offices within ten days following the Restatement Effective Date and (iii) that the Filing Agent will notify the Agents and their counsel of the results of such submissions and will provide recorded copies of the same within 30 days following the Restatement Effective Date.

SECTION 5.1.12 Insurance. The Collateral Agent shall have received, certificates of insurance in form and substance reasonably satisfactory to the Collateral Agent, evidencing coverage required to be maintained pursuant to each Loan Document and naming the Collateral Agent as loss payee or additional insured, as applicable.

SECTION 5.1.13 Opinions of Counsel. The Agents shall have received opinions, dated the Restatement Effective Date and addressed to the Lead Arrangers, the Agents and all Lenders, from

(a) Kirkland & Ellis LLP, counsel to the Obligors, in form and substance reasonably satisfactory to the Lead Arrangers; and

(b) Maryland counsel to the Borrower, in form and substance, and from counsel, reasonably satisfactory to the Lead Arrangers.

SECTION 5.1.14 Closing Fees, Expenses, etc. Each Lead Arranger and each Agent shall have received for its own account, or for the account of each Lender, as the case may be, all fees, costs and expenses due and payable pursuant to Sections 3.3 and, if then invoiced, 10.3.

SECTION 5.1.15 [Reserved].

SECTION 5.1.16 Litigation. There shall exist no action, suit, investigation or other proceeding pending or threatened in writing in any court or before any arbitrator or governmental or regulatory agency or authority that could reasonably be expected to have a Material Adverse Effect.

SECTION 5.1.17 Approval. All material and necessary governmental and third party consents and approvals shall have been obtained (without the imposition of any material and adverse conditions that are not reasonably acceptable to the Lenders) and shall remain in effect and all applicable waiting periods shall have expired without any material and adverse action being taken by any competent authority. The Agents shall be reasonably satisfied that the 2016 Senior Notes shall be issued and will be in accordance with applicable laws and governmental regulations.

SECTION 5.1.18 Debt Rating. The Borrower shall have obtained a senior secured debt rating (of any level) in respect of the Loans from each of S&P and Moody's, which ratings (of any level) shall remain in effect on the Restatement Effective Date.

SECTION 5.1.19 Satisfactory Legal Form. All documents executed or submitted pursuant hereto by or on behalf of any Obligor on or before the Restatement Effective Date shall be reasonably satisfactory in form and substance to the Agents, and the Agents shall have received all information, approvals, opinions, documents or instruments as the Lead Arrangers or their counsel may reasonably request.

SECTION 5.2 All Credit Extensions. The obligation of each Lender and each Issuer to make any Credit Extension shall be subject to the satisfaction of each of the conditions precedent set forth below.

SECTION 5.2.1 Compliance with Warranties, No Default, etc. Both before and after giving effect to any Credit Extension (but, if any Default of the nature referred to in Section 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds thereof) the following statements shall be true and correct:

(a) the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations

and warranties shall be true and correct in all material respects as of such earlier date); and

(b) no Default shall have then occurred and be continuing.

SECTION 5.2.2 Credit Extension Request, etc. Subject to Section 2.3.2, the Administrative Agent shall have received a Borrowing Request if Loans are being requested, or an Issuance Request if a Letter of Credit is being requested or extended. Each of the delivery of a Borrowing Request or Issuance Request and the acceptance by the Borrower of the proceeds of such Credit Extension shall constitute a representation and warranty by the Borrower that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the statements made in Section 5.2.1 are true and correct.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into this Agreement and to make Credit Extensions hereunder, the Borrower represents and warrants to each Secured Party as set forth in this Article.

SECTION 6.1 Organization, etc. Each Obligor (i) is validly organized and existing and in good standing under the laws of the state or jurisdiction of its incorporation or organization, (ii) is duly qualified to do business and is in good standing as a foreign entity in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified or in good standing could not reasonably be expected to have a Material Adverse Effect and (iii) has full organizational power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under each Loan Document to which it is a party, and except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect, to (a) own and hold under lease its property and (b) to conduct its business substantially as currently conducted by it.

SECTION 6.2 Due Authorization, Non-Contravention, etc. The execution, delivery and performance by each Obligor of each Loan Document executed or to be executed by it, each Obligor's participation in the consummation of all aspects of the Transaction, and the execution, delivery and performance by the Borrower or (if applicable) any Obligor of the agreements executed and delivered by it in connection with the Transaction are in each case within such Person's powers, have been duly authorized by all necessary action, and do not

(a) contravene any (i) Obligor's Organic Documents, (ii) court decree or order binding on or affecting any Obligor or (iii) law or governmental regulation binding on or affecting any Obligor; or

(b) result in (i) or require the creation or imposition of, any Lien on any Obligor's properties (except as permitted by this Agreement) or (ii) a default under any material contractual restriction binding on or affecting any Obligor.

SECTION 6.3 Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person (other than those that have been, or on the Restatement Effective Date will be, duly obtained or made and which are, or on the Restatement Effective Date will be, in full force and effect) is required for the consummation of the Transaction or the due execution, delivery or performance by any Obligor of any Loan Document to which it is a party, or for the due execution, delivery and/or performance of Transaction Documents, in each case by the parties thereto or the consummation of the Transaction. Neither the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 6.4 Validity, etc. Each Obligor has duly executed and delivered each of the Loan Documents and each of the Transaction Documents to which it is a party, and each Loan Document and each Transaction Document to which any Obligor is a party constitutes the legal, valid and binding obligations of such Obligor, enforceable against such Obligor in accordance with their respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity).

SECTION 6.5 Financial Information. The financial statements of the Borrower and its Subsidiaries furnished to the Administrative Agent and each Lender pursuant to Section 5.1.6 (other than forecasts, projections, budgets and forward-looking information) have been prepared in accordance with GAAP consistently applied (except where specifically so noted on such financial statements), and present fairly in all material respects the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. All balance sheets, all statements of income and of cash flow and all other financial information of each of the Borrower and its Subsidiaries furnished pursuant to Section 7.1.1 have been and will for periods following the Restatement Effective Date be prepared in accordance with GAAP consistently applied with the financial statements delivered pursuant to Section 5.1.6, and do or will present fairly in all material respects the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. Notwithstanding anything contained herein to the contrary, it is hereby acknowledged and agreed by the Administrative Agent, each Lead Arranger and each Lender that (i) any financial or business projections furnished to the Administrative Agent, any Lead Arranger or any Lender by the Borrower or any of its Subsidiaries under any Loan Document are subject to significant uncertainties and contingencies, which may be beyond the Borrower's and/or its Subsidiaries' control, (ii) no assurance is given by any of the Borrower or its Subsidiaries that the results forecast in any such projections will be realized and (iii) the actual results may differ from the forecast results set forth in such projections and such differences may be material.

SECTION 6.6 No Material Adverse Change. There has been no material adverse change in the business, financial condition, operations, performance or assets of the Borrower and its Subsidiaries, taken as a whole, since January 3, 2009.

SECTION 6.7 Litigation, Labor Controversies, etc. There is no pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened (in writing) litigation, action, proceeding, labor controversy or investigation:

(a) affecting the Borrower any of its Subsidiaries or any other Obligor, or any of their respective properties, businesses, assets or revenues, which could reasonably be expected to have a Material Adverse Effect; or

(b) which purports to affect the legality, validity or enforceability of any Loan Document, the Transaction Documents or the Transaction.

SECTION 6.8 Subsidiaries. The Borrower has no Subsidiaries, except those Subsidiaries which are (a) identified in Item 6.8 of the Disclosure Schedule or (b) permitted to have been organized or acquired in accordance with Sections 7.2.5 or 7.2.10.

SECTION 6.9 Ownership of Properties. The Borrower and each of its Subsidiaries (other than a Receivables Subsidiary) owns (a) in the case of owned real property, good and legal title to, (b) in the case of owned personal property, good and valid title to, and (c) in the case of leased real or personal property, valid and enforceable (subject to bankruptcy, insolvency, reorganization or similar laws) leasehold interests (as the case may be) in, all of its properties and assets, tangible and intangible, of any nature whatsoever, free and clear in each case of all Liens or claims, except for Permitted Liens. Set forth in Item 6.9(a) of the Disclosure Schedule is a true and complete list of each Mortgaged Property. Set forth in Item 6.9(b) of the Disclosure Schedule is a true and complete list of each parcel of real property owned by any Obligor in the United States on the Restatement Effective Date with a fair market value (as determined by the Borrower in good faith) in excess of $2,000,000 on the Restatement Effective Date.

SECTION 6.10 Taxes. The Borrower and each of its Subsidiaries has filed all material tax returns and reports required by law to have been filed by it and has paid all Taxes thereby shown to be due and owing, except any such Taxes which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or except to the extent such failure could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.11 Pension and Welfare Plans. During the twelve-consecutive-month period prior to the Restatement Effective Date and prior to the date of any Credit Extension hereunder, no steps have been taken to terminate any Pension Plan which has caused or could reasonably be expected to cause Borrower or any Subsidiary to incur any liability, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA with respect to any assets of Borrower or any Subsidiary. No condition exists or event or transaction has occurred with respect to any Pension Plan which might result in the incurrence by the Borrower of any material liability, fine or penalty.

SECTION 6.12 Environmental Warranties.

(a) All facilities and property (including underlying groundwater) owned or leased by the Borrower or any of its Subsidiaries have been, and continue to be, owned or leased by the Borrower and its Subsidiaries in compliance with all Environmental Laws, except for any such noncompliance which could not reasonably be expected to have a Material Adverse Effect;

(b) there have been no past, and there are no pending or, to the Borrower's knowledge (after due inquiry), threatened (in writing) (i) claims, complaints, notices or requests for information received by the Borrower or any of its Subsidiaries with respect to any alleged violation of any Environmental Law, or (ii) complaints, notices or inquiries to the Borrower or any of its Subsidiaries regarding potential liability under any Environmental Law except for claims, complaints, notices, requests for information or inquiries with respect to violations of or potential liability under any Environmental Laws that could not reasonably be expected to have a Material Adverse Effect;

(c) there have been no Releases of Hazardous Materials at, on or under any property now or previously owned, operated or leased by the Borrower or any of its Subsidiaries that have had, or could reasonably be expected to have, a Material Adverse Effect;

(d) the Borrower and its Subsidiaries have been issued and are in compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters, except for any such non-issuance or any such noncompliance which could not reasonably be expected to have a Material Adverse Effect;

(e) no property now or, to the Borrower's knowledge (after due inquiry), previously owned, operated or leased by the Borrower or any of its Subsidiaries is listed or proposed for listing (with respect to owned, operated property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up, which listing could reasonably be expected to have a Material Adverse Effect;

(f) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned, operated or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect;

(g) neither the Borrower nor any Subsidiary has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which could reasonably be expected to lead to material claims against the Borrower or such Subsidiary for any remedial work, damage to natural resources or personal injury, including claims under CERCLA which, if adversely resolved could, in any of the foregoing cases, reasonably be expected to have a Material Adverse Effect;

(h) there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned, operated or leased by the Borrower or any Subsidiary that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect; and

(i) no conditions exist at, on or under any property now or, to the knowledge of the Borrower (after due inquiry), previously owned, operated or leased by the Borrower which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law, except for such liability that could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.13 Accuracy of Information. None of the factual information (other than projections, forecasts, budgets and forward-looking information) heretofore or contemporaneously furnished in writing to any Secured Party by or on behalf of any Obligor in connection with any Loan Document or any transaction contemplated hereby (including the Transaction) (taken as a whole) contains any untrue statement of a material fact, or omits to state any material fact necessary to make any such information not materially misleading as of the date such information was furnished; provided, however (i) any financial or business projections furnished to the Administrative Agent, any Lead Arranger or any Lender by the Borrower or any of its Subsidiaries under any Loan Document are subject to significant uncertainties and contingencies, which may be beyond the Borrower's and/or its Subsidiaries' control, (ii) no assurance is given by any of the Borrower or its Subsidiaries that the results forecast in any such projections will be realized and (iii) the actual results may differ from the forecast results set forth in such projections and such differences may be material.

SECTION 6.14 Regulations U and X. No Obligor is engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no proceeds of any Credit Extensions will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U or Regulation X. Terms for which meanings are provided in F.R.S. Board Regulation U or Regulation X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.15 Compliance with Contracts, Laws, etc. The Borrower and each of its Subsidiaries have performed their obligations under agreements to which the Borrower or a Subsidiary is a party and have complied with all applicable laws, rules, regulations and orders except were the failure to do so could not reasonably be expected to have a Material Adverse Effect. The Borrower and each of its Subsidiaries (a) are not listed on the "Specially Designated Nationals and Blocked Person List" maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury, or included in any executive orders relating thereto and (b) have used the proceeds of the Credit Extensions without violating in any material respect any of the foreign asset control regulations of OFAC or any enabling statute or executive order relating thereto having the force of law.

SECTION 6.16 Solvency. The Borrower and its Subsidiaries (taken as a whole), both before and after giving effect to any Credit Extensions, are Solvent.

ARTICLE VII
COVENANTS

SECTION 7.1 Affirmative Covenants. The Borrower agrees with each Lender, each Issuer and each Agent that until the Termination Date has occurred, the Borrower will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.1.1 Financial Information, Reports, Notices, etc. The Borrower will furnish each Lender and the Administrative Agent copies of the following financial statements, reports, notices and information:

(a) within the earlier of (i) 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year and (ii) so long as the Borrower is a public reporting company at such time, such earlier date as the SEC requires the filing of such information (or if the Borrower is required to file such information on a Form 10-Q with the SEC, promptly following such filing), an unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of income and cash flow of the Borrower and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, and including (in each case), in comparative form, the figures for the corresponding Fiscal Quarter in, and year to date portion of, the immediately preceding Fiscal Year, certified as complete and correct in all material respects (subject to audit, normal year-end adjustments and the absence of footnote disclosure) by the chief financial officer, chief executive officer, president, treasurer or assistant treasurer of the Borrower;

(b) within the earlier of (i) 90 days after the end of each Fiscal Year and (ii) so long as the Borrower is a public reporting company at such time, such earlier date as the SEC requires the filing of such information (or if the Borrower is required to file such information on a Form 10-K with the SEC, promptly following such filing), (i) a copy of the consolidated balance sheet of the Borrower and its Subsidiaries, and the related consolidated statements of income and cash flow of the Borrower and its Subsidiaries for such Fiscal Year, setting forth in comparative form the figures for the immediately preceding Fiscal Year, audited (without any Impermissible Qualification) by Pricewaterhouse Coopers LLP or such other independent public accountants selected by the Borrower and reasonably acceptable to the Administrative Agent, which shall include a calculation of the financial covenants set forth in Section 7.2.4 and stating that, in performing the examination necessary to deliver the audited financial statements of the Borrower, no knowledge was obtained of any Event of Default with respect to financial matters and (ii) a consolidated budget (within level of detail comparable to the quarterly financial statements delivered pursuant to clause (a)) for the following Fiscal Year including a projected consolidated balance sheet and related statements of projected operations and cash flows as of the end of and for such following Fiscal Year;

(c) promptly following the delivery of the financial information pursuant to clauses (a) and (b) of this Section 7.1.1, a Compliance Certificate, executed by the chief

financial officer, chief executive officer, president, treasurer or assistant treasurer of the Borrower, (i) showing compliance with the financial covenants set forth in Section 7.2.4 and stating that no Default has occurred and is continuing (or, if a Default has occurred, specifying the details of such Default and the action that the Borrower or an Obligor has taken or proposes to take with respect thereto), (ii) stating that no Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate (or, if a Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate, a statement that such Subsidiary has complied with Section 7.1.8 if applicable) and (iii) in the case of a Compliance Certificate delivered concurrently with the financial information pursuant to clause (b), a calculation of Excess Cash Flow; provided that such Compliance Certificate shall be furnished no later than seven days following, and within the time periods required for, delivery of the financial information pursuant to clauses (a) and (b) of this Section 7.1.1.

(d) as soon as possible and in any event within three Business Days after the Borrower or any other Obligor obtains knowledge of the occurrence of a Default, a statement of an Authorized Officer on behalf of the Borrower setting forth details of such Default and the action which the Borrower or such Obligor has taken and proposes to take with respect thereto;

(e) as soon as possible and in any event within three Business Days after the Borrower or any other Obligor obtains knowledge of (i) the commencement of any litigation, action, proceeding or labor controversy of the type and materiality described in Section 6.7 or (ii) any other event, change or circumstance that has had, or could reasonably be expected to have, a Material Adverse Effect, notice thereof and, to the extent the Administrative Agent requests, copies of all documentation relating thereto, if any;

(f) promptly upon becoming aware of (i) the institution of any steps by any Person to terminate any Pension Plan, (ii) the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA, (iii) the taking of any action with respect to a Pension Plan which could result in the requirement that any Obligor furnish a bond or other security to the PBGC or such Pension Plan, or (iv) the occurrence of any event with respect to any Pension Plan which could reasonably be expected to result in the incurrence by any Obligor of any material liability, fine or penalty, notice thereof and copies of all documentation relating thereto;

(g) promptly upon receipt thereof, copies of all final "management letters" submitted to the Borrower or any other Obligor by the independent public accountants referred to in clause (b) in connection with each audit made by such accountants;

(h) promptly following the mailing or receipt of any notice or report (other than identical reports or notices delivered hereunder) delivered under the terms of the 2016 Senior Note Documents or the 2014 Senior Note Documents, copies of such notice or report;

(i) all PATRIOT Act Disclosures, to the extent reasonably requested by the Administrative Agent or any Lender; and

(j) such other financial and other information as any Lender or Issuer through the Administrative Agent may from time to time reasonably request (including information and reports in such detail as the Administrative Agent may request with respect to the terms of and information provided pursuant to the Compliance Certificate).

Information required to be delivered pursuant to this Section 7.1.1 shall be deemed to have been delivered to the Administrative Agent on the date on which such information is available on the Internet via the EDGAR system of the SEC. Information required to be delivered pursuant to this Section 7.1.1 may also be delivered by electronic communication pursuant to procedures approved by the Administrative Agent pursuant to Section 9.11.

SECTION 7.1.2 Maintenance of Existence; Material Obligations; Compliance with Contracts, Laws, etc. The Borrower will, and will cause each of its Subsidiaries to, preserve and maintain its legal existence, rights (charter and statutory), franchises, permits, licenses and approvals (in each case, except as otherwise permitted by Section 7.2.10), perform in all respects their obligations, including obligations under agreements to which the Borrower or a Subsidiary is a party, and comply in all respects with all applicable laws, rules, regulations and orders, including the payment (before the same become delinquent), of all obligations, including all Taxes imposed upon the Borrower or its Subsidiaries or upon their property except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on the books of the Borrower or its Subsidiaries, as applicable except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.3 Maintenance of Properties. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect the Borrower will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep its and their respective properties in good repair, working order and condition (ordinary wear and tear, casualty and condemnation excepted), and make necessary repairs, renewals and replacements so that the business carried on by the Borrower and its Subsidiaries may be properly conducted at all times, unless the Borrower or such Subsidiary determines in good faith that the continued maintenance of such property is no longer economically desirable, necessary or useful to the business of the Borrower or any of its Subsidiaries or the Disposition of such property is otherwise permitted by Section 7.2.10 or Section 7.2.11.

SECTION 7.1.4 Insurance. The Borrower will, and will cause each of its Subsidiaries to maintain:

(a) insurance on its property with financially sound and reputable insurance companies against loss and damage in at least the amounts (and with only those deductibles) customarily maintained, and against such risks as are typically insured against in the same general area, by Persons of comparable size engaged in the same or similar business as the Borrower and its Subsidiaries; and

(b) all worker's compensation, employer's liability insurance or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business.

Without limiting the foregoing, all insurance policies required pursuant to this Section shall (i) name the Collateral Agent on behalf of the Secured Parties as mortgagee (in the case of property insurance) or additional insured (in the case of liability insurance), as applicable, and provide that no cancellation or modification of the policies will be made without thirty days' prior written notice to the Collateral Agent and (ii) without duplication, be in addition to any requirements to maintain specific types of insurance contained in the other Loan Documents.

SECTION 7.1.5 Books and Records. The Borrower will, and will cause each of its Subsidiaries to, keep books and records in accordance with GAAP which accurately reflect in all material respects all of its business affairs and transactions and permit each Secured Party or any of their respective representatives, at reasonable times during normal business hours and intervals upon reasonable notice to the Borrower and except after the occurrence and during the continuance of an Event of Default not more frequently than once per Fiscal Year, to visit each Obligor's offices, to discuss such Obligor's financial matters with its officers and employees, and its independent public accountants (provided that management of the Borrower shall be notified and allowed to be present at all such meetings and the Borrower hereby authorizes such independent public accountant to discuss each Obligor's financial matters with each Secured Party or their representatives) and to examine (and photocopy extracts from) any of its books and records. The Borrower shall pay any reasonable fees of such independent public accountant incurred in connection with any Secured Party's exercise of its rights pursuant to this Section.

SECTION 7.1.6 Environmental Law Covenant. The Borrower will, and will cause each of its Subsidiaries to:

(a) use and operate all of its and their facilities and properties in compliance with all Environmental Laws, keep all permits, approvals, certificates, licenses and other authorizations required under Environmental Laws in effect and remain in compliance therewith, and handle all Hazardous Materials in compliance with all applicable Environmental Laws, in each case except where failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(b) promptly notify the Administrative Agent and provide copies upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties in respect of, or as to compliance with, Environmental Laws, the subject matter of which could reasonably be expected to have a Material Adverse Effect, and shall promptly resolve any non-compliance with Environmental Laws (except as could not reasonably be expected to have a Material Adverse Effect) and keep its property free of any Lien imposed by any Environmental Law, unless such Lien is a Permitted Lien.

SECTION 7.1.7 Use of Proceeds. The Borrower will apply the proceeds of the Credit Extensions as follows:

(a) to finance, in part, the Transaction and to pay the fees, costs and expenses related to the Transaction;

(b) for working capital and general corporate purposes of the Borrower and its Subsidiaries; and

(c) for issuing Letters of Credit for the account of the Borrower and its Subsidiaries for purposes referred to in clause (b) above.

SECTION 7.1.8 Future Guarantors, Security, etc. Subject to Section 7.1.11, the Borrower will, and will cause each U.S. Subsidiary (other than HBI Playtex Bath LLC, a Delaware limited liability company "Playtex Bath") to, execute any documents, authorize the filing of Filing Statements, execute agreements and instruments, and take all commercially reasonable further action (including filing Mortgages to the extent required hereby) that may be required under applicable law, or that the Administrative Agent may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and perfect the validity and first priority (subject to Permitted Liens) of the Liens created or intended to be created by the Loan Documents. The Borrower will cause any subsequently acquired or organized U.S. Subsidiary (other than Playtex Bath) to execute a supplement (in form and substance reasonably satisfactory to the Administrative Agent) to the Guaranty and each other applicable Loan Document in favor of the Secured Parties. In addition, from time to time, the Borrower will, at its own cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected Liens with respect to such of its assets and properties as the Administrative Agent or the Required Lenders shall designate, it being agreed that it is the intent of the parties that the Obligations shall be secured by, among other things, substantially all the assets of the Borrower and its U.S. Subsidiaries (other than Playtex Bath) and personal property acquired subsequent to the Restatement Effective Date; provided that (a) neither the Borrower nor its U.S. Subsidiaries shall be required to pledge more than 65% of the Voting Securities of any Foreign Subsidiary that is directly owned by any Obligor, (b) neither the Borrower nor any U.S. Subsidiary shall be required to create or perfect any security interest in any leased real property or any owned real property with a fair market value (as determined by the Borrower in good faith) less than $2,000,000, (c) to the extent the Organic Documents of a Foreign Subsidiary prohibit the creation or perfection of a security interest in the Capital Securities of such Foreign Subsidiary, no Obligor will be required to create or perfect a security interest in such Capital Securities and (d) the Borrower will not be required to execute and deliver any Foreign Pledge Agreement with respect to any Foreign Subsidiary (i) whose assets are valued (as reasonably determined by the Borrower) at less than $25,000,000 or (ii) if the Borrower and the Administrative Agent reasonably determine that it is commercially impractical to deliver a Foreign Pledge Agreement in such jurisdiction. Such Liens will be created under the Loan Documents in form and substance reasonably satisfactory to the Agents, and the Borrower shall deliver or cause to be delivered to the Agents all such instruments and documents (including legal opinions, title insurance policies and lien searches) as the Administrative Agent shall reasonably request to evidence compliance with this Section.

SECTION 7.1.9 Rate Protection Agreements. Within 60 days following the Restatement Effective Date, the Borrower will enter into interest rate swap, cap, collar or similar

arrangements with a Lender or any other Person reasonably acceptable to the Lenders designed to protect the Borrower against fluctuations in interest rates for a period of at least three years from the Restatement Effective Date, in an amount reasonably satisfactory to the Agents and in any event that would cause an amount equal to not less than 50% of the Indebtedness outstanding under the Loan Documents, the 2016 Senior Note Documents and the 2014 Senior Note Documents to bear interest at a fixed rate.

SECTION 7.1.10 Maintenance of Ratings. The Borrower will use its commercially reasonable efforts to cause (a) a senior secured credit rating with respect to the Loans from each of S&P and Moody's and (b) a corporate credit rating and corporate family rating from S&P and Moody's respectively, to be available at all times until the Stated Maturity Date for the New Term Loans.

SECTION 7.1.11 Post-Closing Obligations.

(a) Foreign Pledge Agreement Amendments. Within 90 days after the Restatement Effective Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Agents shall have received amendments to each Foreign Pledge Agreement (giving effect to the appointment of JPMorgan Chase Bank, N.A., as successor Collateral Agent and the entering into of this Agreement) and each Foreign Pledge Agreement shall remain in full force and effect, and all Liens granted to the Collateral Agent thereunder shall be duly perfected to provide the Collateral Agent with a security interest in and Lien on all collateral granted thereunder free and clear of other Liens, except to the extent reasonably consented to by the Administrative Agent; provided that the Administrative Agent may waive the requirement to perfect a pledge on the Capital Securities of any Foreign Subsidiary otherwise required to be pledged hereunder if they determine, in their reasonable discretion, that the value of the assets owned by such Foreign Subsidiary or the EBITDA generated by such Foreign Subsidiary, is immaterial when taken as a whole.

(b) Mortgage Amendments. Subject to the limitation in clause (d) of Section 7.1.8, within 90 days after the Restatement Effective Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Agents shall have received amendments to each Mortgage (giving effect to the appointment of JPMorgan Chase Bank, N.A., as successor Collateral Agent and the entering into of this Agreement) with respect to a Mortgaged Property, duly executed and delivered by the applicable Obligor, together with:

(i) evidence of the completion (or reasonably satisfactory arrangements for the completion) of all recordings and filings of each Mortgage amendment as necessary to continue a valid, perfected first priority (subject to Permitted Liens) Lien against the properties purported to be covered thereby;

(ii) down-dated mortgagee's title insurance policies in favor of the Collateral Agent for the benefit of the Secured Parties in amounts not exceeding the fair market value of the insured property and in form and substance and issued by insurers, reasonably satisfactory to the Lead Arrangers, with respect to the

property purported to be covered by each Mortgage, insuring that title to such property is marketable and that the interests created by each Mortgage continue to constitute valid first Liens thereon (subject to Permitted Liens), and shall be accompanied by evidence of the payment in full of all premiums thereon; and

(iii) mortgage releases releasing any mortgage in favor of any other Person on any Mortgaged Property (except to the extent the same constitute a Permitted Lien pursuant to Section 7.2.3);

(c) Mortgages on Excluded Properties. To the extent the Excluded Properties have not been sold by the Obligors within 120 days after the Restatement Effective Date, the Agents shall receive Mortgages with respect to the Excluded Properties within 150 days of the Restatement Effective Date, duly executed and delivered by the applicable Obligor, together with such other customary documents and evidence as the Agents may reasonably request (including local opinions, maps or plats of an as-built survey of the sites of such Excluded Properties, a mortgagee's title insurance policy (or policies) or marked up unconditional binder for such insurance and flood insurance policies).

(d) Foreign Stock Certificates. Within 30 Business Days following the Restatement Effective Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Borrower agrees to deliver to the Collateral Agent certificates (in each case accompanied by undated instruments of transfer duly executed in blank) evidencing 65% of the issued and outstanding Voting Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of each Foreign Subsidiary (together with all the issued and outstanding non-voting Capital Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of such Foreign Subsidiary) directly owned by each Obligor to the extent not previously delivered, together with a revised Schedule I to the Security Agreement accurately reflecting the newly delivered certificates.

SECTION 7.2 Negative Covenants. The Borrower covenants and agrees with each Lender, each Issuer and each Agent that until the Termination Date has occurred, the Borrower will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.2.1 Business Activities; Fiscal Year. The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business activity except those business activities engaged in on the date of this Agreement and activities reasonably related, supportive, complementary, ancillary or incidental thereto or reasonable extensions thereof (each, a "Permitted Business"). The Borrower will not change the ending dates with respect to its Fiscal Year.

SECTION 7.2.2 Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, other than:

(a) Indebtedness in respect of the Obligations;

(b) unsecured Indebtedness of the Obligors (i) under the 2016 Senior Note Documents in an aggregate principal amount not to exceed $500,000,000, as such amount is reduced on or after the Restatement Effective Date in accordance with the terms hereof, (ii) under the 2014 Senior Note Documents in a net aggregate principal amount not to exceed $493,680,000 and (iii) under senior notes whether issued pursuant to a supplement to the 2014 Senior Note Indenture, the 2016 Senior Note Indenture or any other senior note indenture, the terms of which are reasonably satisfactory to the Administrative Agent, so long as (x) the aggregate principal amount allowed thereunder does not exceed $1,000,000,000 and (y) the proceeds therefore are applied to repay Loans in accordance with clause (g) of Section 3.1.1;

(c) Indebtedness existing as of the Restatement Effective Date which is identified in Item 7.2.2(c) of the Disclosure Schedule, and refinancings, refundings, reallocations, renewals or extensions of such Indebtedness in a principal amount not in excess of that which is outstanding on the Restatement Effective Date (as such amount has been reduced following the Restatement Effective Date);

(d) unsecured Indebtedness (i) incurred in the ordinary course of business of the Borrower and its Subsidiaries (including open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of the Borrower or such Subsidiary) and (ii) in respect of performance, surety or appeal bonds provided in the ordinary course of business, but excluding (in each case), Indebtedness incurred through the borrowing of money or Contingent Liabilities of borrowed money;

(e) Indebtedness (i) in respect of industrial revenue bonds or other similar governmental or municipal bonds, (ii) evidencing the deferred purchase price of newly acquired property or incurred to finance the acquisition of equipment of the Borrower and its Subsidiaries (pursuant to purchase money mortgages or otherwise, whether owed to the seller or a third party) used in the ordinary course of business of the Borrower and its Subsidiaries (provided that, such Indebtedness is incurred within 270 days of the acquisition of such property) and (iii) in respect of Capitalized Lease Liabilities; provided that, the aggregate amount of all Indebtedness outstanding pursuant to this clause shall not at any time exceed $150,000,000;

(f) Indebtedness of an Obligor owing to any other Obligor;

(g) unsecured Indebtedness of an Obligor owing to a Subsidiary that is not a Subsidiary Guarantor; provided that, in each case, all such Indebtedness of any Obligor owed to a Subsidiary that is not a Subsidiary Guarantor shall be subordinated to the Obligations of such Obligor on customary terms.

(h) Indebtedness of a Foreign Subsidiary to the Borrower or any other Obligor in an aggregate amount (when aggregated with the amount of Investments made by the

Borrower and the Subsidiary Guarantors in Foreign Subsidiaries under clause (l) of Section 7.2.5) not to exceed $300,000,000 plus Available Retained Excess Cash Flow;

(i) Indebtedness of a Person existing at the time such Person became a Subsidiary of the Borrower, but only if such Indebtedness was not created or incurred in contemplation of such Person becoming a Subsidiary and the aggregate amount of all Indebtedness incurred pursuant to this clause does not exceed $250,000,000 over the term of this Agreement;

(j) Indebtedness incurred pursuant to a Permitted Securitization and Standard Securitization Undertakings and Permitted Factoring Facilities;

(k) unsecured Indebtedness of the Borrower and its Subsidiaries incurred to (i) finance Permitted Acquisitions (including obligations of the Borrower and its Subsidiaries under indemnification, adjustment of purchase price, earn-out, incentive, non-compete, consulting, deferred compensation or other similar arrangements incurred by such Person in connection therewith) or (ii) refinance any other Indebtedness permitted to be incurred under clauses (a), (b), (e), (i), (j) and (n) of this Section 7.2.2;

(l) Indebtedness in respect of Hedging Obligations entered into in the ordinary course of business and not for speculative purposes;

(m) Indebtedness of any Foreign Subsidiary owing to any other Foreign Subsidiary;

(n) Indebtedness (whether unsecured or secured by Liens) of Foreign Subsidiaries in an aggregate outstanding principal amount not to exceed $300,000,000 at any one time outstanding and Contingent Liabilities of any Obligor in respect thereof; provided that Foreign Subsidiaries shall be permitted to incur an additional $75,000,000 of Indebtedness over the term of this Agreement to the extent such Indebtedness is incurred in connection with a Permitted Acquisition.

(o) Indebtedness incurred in the ordinary course of business in connection with cash pooling arrangements, cash management and other Indebtedness incurred in the ordinary course of business in respect of netting services, overdraft protections and similar arrangements in each case in connection with cash management and deposit accounts;

(p) Indebtedness consisting of the financing of insurance premiums in the ordinary course of business;

(q) unsecured Indebtedness of Borrower and its Subsidiaries representing the obligation of such Person to make payments with respect to the cancellation or repurchase of Capital Securities of officers, employees or directors (or their estates) of the Borrower or such Subsidiaries; and

(r) other Indebtedness of the Borrower and its Subsidiaries (other than Indebtedness of Foreign Subsidiaries owing to the Borrower or Subsidiary Guarantors or

of a Receivables Subsidiary) in an aggregate amount at any time outstanding not to exceed $150,000,000;

provided that, no Indebtedness otherwise permitted by clauses (c), (e), (i), (k)(i) or (r) shall be assumed, created or otherwise incurred if an Event of Default has occurred and is then continuing.

SECTION 7.2.3 Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Lien upon any of its property (including Capital Securities of any Person), revenues or assets, whether now owned or hereafter acquired, except the following (collectively "Permitted Liens"):

(a) Liens securing payment of the Obligations;

(b) Liens in connection with a Permitted Securitization or a Permitted Factoring Facility;

(c) Liens existing as of the Restatement Effective Date and disclosed in Item 7.2.3(c) of the Disclosure Schedule securing Indebtedness described in clause (c) of Section 7.2.2, and refinancings, refundings, reallocations, renewals or extensions of such Indebtedness; provided that, no such Lien shall encumber any additional property (except for accessions to such property and the products and proceeds thereof) and the amount of Indebtedness secured by such Lien is not increased from that existing on the Restatement Effective Date;

(d) Liens securing Indebtedness of the type permitted under clause (e) of Section 7.2.2; provided that, (i) such Lien is granted within 270 days after such Indebtedness is incurred, (ii) the Indebtedness secured thereby does not exceed the lesser of the cost or the fair market value of the applicable property, improvements or equipment at the time of such acquisition (or construction) and (iii) such Lien secures only the assets that are the subject of the Indebtedness referred to in such clause;

(e) Liens securing Indebtedness permitted by clause (i) of Section 7.2.2; provided that, such Liens existed prior to such Person becoming a Subsidiary, were not created in anticipation thereof and attach only to specific tangible assets of such Person;

(f) Liens in favor of carriers, warehousemen, mechanics, repairmen, materialmen, customs and revenue authorities and landlords and other similar statutory Liens and Liens in favor of suppliers (including sellers of goods pursuant to customary reservations or retention of title, in each case) granted in the ordinary course of business for amounts not overdue for a period of more than 60 days or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect;

(g) (i) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of

governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases, trade contracts or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety and appeal bonds or performance bonds, performance and completion guarantees and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business and (ii) obligations in respect of letters of credit or bank guarantees that have been posted to support payment of the items set forth in the immediately preceding clause (i);

(h) judgment Liens that are being appealed in good faith or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies and which do not otherwise result in an Event of Default under Section 8.1.6;

(i) easements, rights-of-way, covenants, conditions, building codes, restrictions, reservations, minor defects or irregularities in title and other similar encumbrances and matters that would be disavowed by a full survey of real property not interfering in any material respect with the value or use of the affected or encumbered real property to which such Lien is attached;

(j) Liens securing Indebtedness permitted by clauses (n) or (o) of Section 7.2.2 or clause (l) of Section 7.2.5;

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution and Liens attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business;

(l) (i) licenses, sublicenses, leases or subleases granted to third Persons in the ordinary course of business not interfering in any material respect with the business of the Borrower or any of its Subsidiaries, (ii) other agreements with respect to the use and occupancy of real property entered into in the ordinary course of business or in connection with a Disposition permitted under the Loan Documents or (iii) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by Borrower or any of its Subsidiaries or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(m) Liens on the property of the Borrower or any of its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, licenses and statutory obligations, (ii) Contingent Obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business;

(n) Liens on Receivables transferred to a Receivables Subsidiary under a Permitted Securitization or to a Subsidiary who is party to a Permitted Factoring Facility under a Permitted Factoring Facility;

(o) Liens upon specific items or inventory or other goods and proceeds of the Borrower or any of its Subsidiaries securing such Person's obligations in respect of bankers' acceptances or documentary letters of credit issued or created for the account of such Person to facilitate the shipment or storage of such inventory or other goods;

(p) Liens (i) (A) on advances of cash or Cash Equivalent Investments in favor of the seller of any property to be acquired in an Investment permitted pursuant to Section 7.2.5 to be applied against the purchase price for such Investment and (B) consisting of an agreement to Dispose of any property in a Disposition permitted under Section 7.2.11, in each case under this clause (i), solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien and (ii) on earnest money deposits of cash or Cash Equivalent Investments made by the Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(q) Liens arising from precautionary Uniform Commercial Code financing statement filings (or similar filings under other applicable Law) regarding leases entered into by the Borrower or any of its Subsidiaries in the ordinary course of business;

(r) Liens (i) arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods (including under Article 2 of the UCC) and Liens that are contractual rights of set-off relating to purchase orders and other similar agreements entered into by the Borrower or any of its Subsidiaries and (ii) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness and (iii) relating to pooled deposit or sweep accounts of the Borrower or any Subsidiary to permit satisfaction of overdraft or similar obligations in each case in the ordinary course of business and not prohibited by this Agreement;

(s) other Liens securing Indebtedness or other obligations permitted under this Agreement and outstanding in an aggregate principal amount not to exceed $75,000,000;

(t) ground leases in respect of real property on which facilities owned or leased by the Borrower or any of its Subsidiaries are located or any Liens senior to any lease, sub-lease or other agreement under which the Borrower or any of its Subsidiaries uses or occupies any real property;

(u) Liens constituting security given to a public or private utility or any Governmental Authority as required in the ordinary course of business;

(v) pledges or deposits of cash and Cash Equivalent Investments securing deductibles, self-insurance, co-payment, co-insurance, retentions and similar obligations to providers of insurance in the ordinary course of business;

(w) Liens on (A) incurred premiums, dividends and rebates which may become payable under insurance policies and loss payments which reduce the incurred premiums on such insurance policies and (B) rights which may arise under State insurance guarantee funds relating to any such insurance policy, in each case securing Indebtedness permitted to be incurred pursuant to clause (p) of Section 7.2.2;

(x) Liens for Taxes not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect;

(y) Liens in respect of Hedging Obligations; and

(z) non-exclusive licenses of intellectual property rights in the ordinary course of business.

SECTION 7.2.4 Financial Condition and Operations. The Borrower will not permit any of the events set forth below to occur.

(a) The Borrower will not permit the Leverage Ratio as of the last day of any Fiscal Quarter occurring during any period set forth below to be greater than the ratio set forth opposite such period:

Period	Leverage Ratio
Each Fiscal Quarter ending between October 16, 2009 and July 15, 2010	4.50:1.00
Each Fiscal Quarter ending between July 16, 2010 and October 15, 2010	4.25:1.00
Each Fiscal Quarter ending between October 16, 2010 and April 15, 2011	4:00:1.00
Each Fiscal Quarter ending April 16, 2011 and thereafter	3.75:1.00

(b) The Borrower will not permit the Interest Coverage Ratio as of the last day of any Fiscal Quarter occurring during any period set forth below to be less than the ratio set forth opposite such period:

Period	Interest Coverage Ratio
Each Fiscal Quarter ending between October 16, 2009 and July 15, 2010	2.50:1.00

Each Fiscal Quarter ending between July 16, 2010 and October 15, 2010	2.75:1.00
Each Fiscal Quarter ending between October 16, 2010 and July 15, 2011	3.00:1.00
Each Fiscal Quarter ending July 16, 2011 and thereafter	3.25:1.00

SECTION 7.2.5 Investments. The Borrower will not, and will not permit any of its Subsidiaries to, purchase, make, incur, assume or permit to exist any Investment in any other Person, except:

(a) Investments existing on the Restatement Effective Date and identified in Item 7.2.5(a) of the Disclosure Schedule, and any amendment, modification, restatement, extension, renewal, refunding, replacement or refinancing, in whole or in part thereof, provided that the principal amount of any Investment following any such amendment, modification, restatement, extension, renewal, refunding, replacement or refinancing pursuant to this Section 7.2.5(a) shall not exceed the principal amount of such Investment on the date hereof;

(b) Cash Equivalent Investments;

(c) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(d) Investments consisting of any deferred portion (including promissory notes and non-cash consideration) of the sales price received by the Borrower or any Subsidiary in connection with any Disposition permitted under Section 7.2.11;

(e) Investments by way of contributions to capital or purchases of Capital Securities by an Obligor in any other Obligor;

(f) Investments constituting (i) accounts receivable arising or acquired, (ii) trade debt granted, or (iii) deposits made in connection with the purchase price of goods or services, in each case in the ordinary course of business;

(g) Investments by way of the acquisition of Capital Securities or the purchase or other acquisition of all or substantially all of the assets or business of any Person, or of assets constituting a business unit, or line of business or division of, such Person, in each case constituting Permitted Acquisitions; provided that if such Person is not incorporated or organized under the laws of the United States, the amount expended in such transaction, when aggregated with the amount expended under clause (b) of Section 7.2.10, shall not exceed the amount set forth in clause (b) of Section 7.2.10 during the term of this Agreement;

(h) Investments constituting Capital Expenditures permitted pursuant to Section 7.2.7;

(i) Investments in a Receivables Subsidiary or a Subsidiary who is party to a Permitted Factoring Facility or any Investment by a Receivables Subsidiary or a Subsidiary who is party to a Permitted Factoring Facility in any other Person under a Permitted Securitization or a Permitted Factoring Facility; provided that any Investment in a Receivables Subsidiary is in the form of a Purchase Money Note, contribution of additional receivables and related assets or any equity interests;

(j) Investments constituting loans or advances to officers, directors or employees made in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount not to exceed $10,000,000;

(k) Investments by any Subsidiary that is not a Subsidiary Guarantor in the Borrower or any other Subsidiary; provided that any intercompany loan made by a any Subsidiary that is not a Subsidiary Guarantor to an Obligor shall meet the requirements of clause (g) of Section 7.2.2;

(l) Investments in Foreign Subsidiaries in an aggregate amount not to exceed $300,000,000 over the term of this Agreement plus Available Retained Excess Cash Flow;

(m) Investments in the ordinary course of business consisting of (i) endorsements for collection or deposit, (ii) customary arrangements with customers or (iii) Hedging Obligations not for speculative purposes;

(n) advances of payroll payments to employees in the ordinary course of business;

(o) Investments in any Person engaged in one or more Permitted Businesses and supporting ongoing business operations of the Borrower or its Subsidiaries (including without limitation Persons that are not Subsidiaries of the Borrower) in an aggregate amount not to exceed $75,000,000 over the term of this Agreement;

(p) other Investments in an amount not to exceed $125,000,000 over the term of this Agreement plus Available Retained Excess Cash Flow, determined as of the date of such Investment; and

(q) Investments incurred in the ordinary course of business in connection with cash pooling arrangements, cash management and other Investments incurred in the ordinary course of business in respect of netting services, overdraft protections and similar arrangement in each case in connection with cash management.

provided that (I) any Investment which when made complies with the requirements of the definition of the term “Cash Equivalent Investment” may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; and (II) no

Investment otherwise permitted by clauses (e) (to the extent such Investment relates to an Investment in a Foreign Subsidiary), (g) or (n) shall be permitted to be made if any Event of Default has occurred and is continuing.

SECTION 7.2.6 Restricted Payments, etc. The Borrower will not, and will not permit any of its Subsidiaries (other than a Receivables Subsidiary) to, declare or make a Restricted Payment, or make any deposit for any Restricted Payment, other than (a) Restricted Payments made by Subsidiaries to the Borrower or wholly owned Subsidiaries, (b) cashless exercises of stock options, (c) cash payments by Borrower in lieu of the issuance of fractional shares upon exercise or conversion of Equity Equivalents, (d) Restricted Payments in connection with the share repurchases required by the employee stock ownership programs or required under employee agreements and (e) so long as (i) no Specified Default has occurred and is continuing or would result therefrom, and (ii) both before and after giving effect to such Restricted Payment, the Borrower is in pro forma compliance with Section 7.2.4, Restricted Payments not otherwise permitted by this Section 7.2.6 in an aggregate amount not to exceed $75,000,000 in any Fiscal Year plus Available Retained Excess Cash Flow.

SECTION 7.2.7 Capital Expenditures.

(a) Subject (in the case of Capitalized Lease Liabilities), to clause (e) of Section 7.2.2, the Borrower will not, and will not permit any of its Subsidiaries to, make or commit to make Capital Expenditures except Capital Expenditures in an aggregate amount not to exceed $130,000,000 in any Fiscal Year plus Available Retained Excess Cash Flow; provided that, to the extent that the amount of Capital Expenditures made by the Borrower and its Subsidiaries during any Fiscal Year is less than the aggregate amount permitted (including after giving effect to this proviso) for such Fiscal Year, then such unutilized amount may be carried forward and utilized by the Borrower and its Subsidiaries to make Capital Expenditures in any succeeding Fiscal Year, provided further that it is understood and agreed that the Borrower shall be permitted to carry forward all unused amounts for the 2009 Fiscal Year accumulated pursuant to Section 7.2.7 of the Original Credit Agreement for usage in any succeeding Fiscal Year. Notwithstanding anything to the contrary with respect to any Fiscal Year of the Borrower during which a Permitted Acquisition is consummated and for each Fiscal Year subsequent thereto, the amount of Capital Expenditures permitted under the preceding sentence applicable to each such Fiscal Year shall be increased by an amount equal to 5% of the purchase price of each Permitted Acquisition (the "Acquired Permitted Capital Expenditure Amount"); provided, however, with respect to the Fiscal Year during which any such Permitted Acquisition occurs, the amount of additional Capital Expenditures permitted as a result of this sentence shall be an amount equal to the product of (x) the Acquired Permitted Capital Expenditure Amount and (y) a fraction, the numerator of which is the number of days remaining in such Fiscal Year after the date such Permitted Acquisition is consummated and the denominator of which is the actual number of days in such Fiscal Year.

(b) Notwithstanding anything to the contrary contained in clause (a) above, for any Fiscal Year, the amount of Capital Expenditures that would otherwise be permitted in such Fiscal Year pursuant to this Section 7.2.7 (including as a result of the

carry-forward described in the proviso to the first sentence of clause (a) above) may be increased by an amount not to exceed $10,000,000 (the "CapEx Pull-Forward Amount"). The actual CapEx Pull-Forward Amount in respect of any such Fiscal Year shall reduce, on a dollar-for-dollar basis, the amount of Capital Expenditures that would have been permitted to be made in the immediately succeeding Fiscal Year (provided that the Borrower and its Subsidiaries may apply the CapEx Pull-Forward Amount in such immediately succeeding Fiscal Year).

SECTION 7.2.8 Payments With Respect to Certain Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to,

(a) make any payment or prepayment of principal of, or premium or interest on, any Indebtedness incurred under the 2014 Senior Note Documents or the 2016 Senior Note Documents (including any redemption or retirement thereof) (i) other than on (or after) the stated, scheduled date for payment of interest set forth in the applicable 2014 Senior Note Documents or the 2016 Senior Note Documents, respectively, or (ii) which would violate the terms of this Agreement, the applicable 2014 Senior Note Documents or the 2016 Senior Note Documents; provided, however, that the Borrower may prepay Indebtedness incurred under the 2014 Senior Note Documents or the 2016 Senior Note Documents in an amount up to $50,000,000 in the aggregate during the term of this Agreement plus any Available Retained Excess Cash Flow;

(b) except as otherwise permitted by clause (a) above, prior to the Termination Date, redeem, retire, purchase, defease or otherwise acquire any Indebtedness under the 2014 Senior Note Documents or the 2016 Senior Note Documents (other than with proceeds from the issuance of the Borrower's Capital Securities permitted to be used to redeem 2014 Senior Notes or 2016 Senior Notes in accordance with the terms of the 2014 Senior Note Documents or 2016 Senior Note Documents, respectively);

(c) make any deposit (including the payment of amounts into a sinking fund or other similar fund) for any of the foregoing purposes; or

(d) make any payment or prepayment of principal of, or premium or interest on, any Indebtedness (other than intercompany Indebtedness) that is by its express written terms subordinated to the payment of the Obligations at any time when an Event of Default has occurred and is continuing.

SECTION 7.2.9 Issuance of Capital Securities. The Borrower will not permit any of its Subsidiaries (other than a Receivables Subsidiary and any Foreign Subsidiary) to issue any Capital Securities (whether for value or otherwise) to any Person other than to the Borrower or another wholly owned Subsidiary (other than any director's qualifying shares or investments by foreign nationals mandated by applicable laws).

SECTION 7.2.10 Consolidation, Merger; Permitted Acquisitions, etc. The Borrower will not, and will not permit any of its Subsidiaries to, liquidate or dissolve, consolidate with, or

merge into or with, any other Person, or purchase or otherwise acquire all or substantially all of the assets of any Person (or any division or line of business thereof), except

(a) any Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any other Subsidiary (provided that a Subsidiary Guarantor may only (i) liquidate or dissolve into, or merge with and into, the Borrower or another Subsidiary Guarantor or (ii) liquidate or dissolve into, or merge with and into a Subsidiary that is not a Subsidiary Guarantor to the extent such disposition of assets is otherwise permitted by Section 7.2.11), and the assets or Capital Securities of any Subsidiary may be purchased or otherwise acquired by the Borrower or any other Subsidiary (provided that the assets or Capital Securities of any Subsidiary Guarantor may only (i) be purchased or otherwise acquired by the Borrower or another Subsidiary Guarantor or (ii) be purchased or otherwise acquired by a Subsidiary that is not a Subsidiary Guarantor to the extent such disposition is otherwise permitted by Section 7.2.11); provided, further, that in no event shall any Subsidiary consolidate with or merge with and into any other Subsidiary (other than a merger that is otherwise permitted by Section 7.2.11) unless after giving effect thereto, the Collateral Agent shall have a perfected pledge of, and security interest in and to, at least the same percentage of the issued and outstanding interests of Capital Securities (on a fully diluted basis) and other assets of the surviving Person as the Collateral Agent had immediately prior to such merger or consolidation in form and substance reasonably satisfactory to the Agents, pursuant to such documentation and opinions as shall be necessary in the opinion of the Agents to create, perfect or maintain the collateral position of the Secured Parties therein; and

(b) so long as no Event of Default has occurred and is continuing or would occur after giving effect thereto, the Borrower or any of its Subsidiaries may purchase the Capital Securities of any Person, all or substantially all of the assets of any Person (or any division or line of business thereof), or acquire such Person by merger, in each case, if such purchase or acquisition constitutes a Permitted Acquisition; provided that, if such Person is not incorporated or organized under the laws of the United States, the cash amount expended in connection with such transaction, when aggregated with the cash amount expended under clause (g) of Section 7.2.5, shall not exceed $100,000,000 in the aggregate during the term of this Agreement plus Available Retained Excess Cash Flow; provided further that any Capital Securities of the Borrower issued to the seller in connection with any Permitted Acquisition shall not result in a deduction of amounts available to consummate Permitted Acquisitions hereunder.

SECTION 7.2.11 Permitted Dispositions. The Borrower will not, and will not permit any of its Subsidiaries to, Dispose of any of the Borrower's or such Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any Person in one transaction or series of transactions unless such Disposition is:

(a) inventory or obsolete, no longer used or useful, damaged, worn out or surplus property Disposed of in the ordinary course of its business (including, the abandonment of intellectual property which is obsolete, no longer used or useful or that

in the Borrower's good faith judgment is no longer material in the conduct of the Borrower and is Subsidiaries' business taken as a whole):

(b) permitted by Section 7.2.10;

(c) accounts receivable or any related asset Disposed of pursuant to a Permitted Securitization or a Permitted Factoring Facility;

(d) of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(e) of property by the Borrower or any Subsidiary; provided that if the transferor of such property is an Obligor (i) the transferee must be an Obligor or (ii) to the extent such transaction constitutes an Investment such transaction is permitted under Section 7.2.5;

(f) of cash or Cash Equivalent Investments;

(g) of accounts receivable in connection with compromise, write down or collection thereof in the ordinary course of business;

(h) constituting leases, subleases, licenses or sublicenses of property (including intellectual property) in the ordinary course of business and which do not materially interfere with the business of the Borrower and its Subsidiaries;

(i) constituting a transfer of property subject to a Casualty Event (i) upon receipt of Net Casualty Proceeds of such Casualty Event or (ii) to a Governmental Authority as a result of condemnation;

(j) sales of a non-core assets acquired in connection with a Permitted Acquisition which are not used or useful or are duplicative in the business of the Borrower or its Subsidiaries;

(k) a grant of options to purchase, lease or acquire real or personal property in the ordinary course of business, so long as the Disposition resulting from the exercise of such option would otherwise be permitted under this Section 7.2.11;

(l) Dispositions of Investments in Foreign Subsidiaries, to the extent required by, or made pursuant to buy/sell arrangements between, Foreign Subsidiaries;

(m) Dispositions of the property described on Item 7.2.11(m) of the Disclosure Schedule; or

(n) Dispositions of assets not otherwise permitted pursuant to preceding clauses (a) — (m) of this Section 7.2.11 so long as (i) each such Disposition is for fair market value and the consideration received consists of no less than 75% in cash and Cash Equivalent Investments, (ii) the Senior Secured Leverage Ratio would not exceed

0.50:1.00 after giving pro forma effect thereto and (iii) the Net Disposition Proceeds from such Disposition are applied pursuant to Sections 3.1.1 and 3.1.2.

SECTION 7.2.12 Modification of Certain Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, consent to any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to the terms or provisions contained in,

(a) the Transaction Documents other than any amendment, supplement, waiver or modification which would not be materially adverse to the Secured Parties; or

(b) the Organic Documents of the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary) other than any amendment, supplement, waiver or modification which would not be materially adverse to the Secured Parties.

SECTION 7.2.13 Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, enter into or cause or permit to exist any arrangement, transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any of its other Affiliates, unless such arrangement, transaction or contract is on fair and reasonable terms not materially less favorable to the Borrower or such Subsidiary than it could obtain in an arm's-length transaction with a Person that is not an Affiliate other than arrangements, transactions or contracts (a) between or among the Borrower and any Subsidiaries, (b) in connection with the cash management of the Borrower and its Subsidiaries in the ordinary course of business, (c) in connection with a Permitted Securitization including Standard Securitization Undertakings or a Permitted Factoring Facility or (d) that is a Transaction Document or an Original Transaction Document.

SECTION 7.2.14 Restrictive Agreements, etc. The Borrower will not, and will not permit any of its Subsidiaries (other than a Receivables Subsidiary or a Subsidiary who is party to a Permitted Factoring Facility) to, enter into any agreement prohibiting

(a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired;

(b) the ability of any Obligor to amend or otherwise modify any Loan Document; or

(c) the ability of any Subsidiary (other than a Receivables Subsidiary) to make any payments, directly or indirectly, to the Borrower, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments (it being understood that (i) the priority of any preferred stock in receiving dividends or liquidating distributions prior to the dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Securities and (ii) the subordination of advances or loans made to the Borrower or any Subsidiary to other Indebtedness incurred by the Borrower or any Subsidiary shall not be deemed a restriction on the ability to make advances or repay loans).

The foregoing prohibitions shall not apply to restrictions contained (i) in any Loan Document (iii) in the cases of clause (a) and (c), in any 2014 Senior Note Document or 2016 Senior Note Document, (iv) in the case of clause (a), any agreement governing any Indebtedness permitted by clause (n) of Section 7.2.2 as to the assets financed with the proceeds of such Indebtedness, (v) in the case of clauses (a) and (c), any agreement of a Foreign Subsidiary governing the Indebtedness permitted to be incurred or permitted to exist hereunder, (vi) with respect to any Receivables Subsidiary or other Subsidiary who is party to a Permitted Factoring Facility, in the case of clauses (a) and (c), the documentation governing any Securitization or Permitted Factoring Facility permitted hereunder, (vii) solely with respect to clause (a), any arrangement or agreement arising in connection with a Disposition permitted under this Agreement (but then only with respect to the assets being so Disposed), (viii) solely with respect to clause (a) and (c), are already binding on a Subsidiary when it is acquired and (ix) solely with respect to clause (a), customary restrictions in leases, subleases, licenses and sublicenses.

SECTION 7.2.15 Sale and Leaseback. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly enter into any agreement or arrangement providing for the sale or transfer by it of any property (now owned or hereafter acquired) to a Person and the subsequent lease or rental of such property or other similar property from such Person, except for agreements and arrangements with respect to property (a) the fair market value (as determined in good faith by the chief financial officer of the Borrower) of which does not exceed $150,000,000 in the aggregate following the Restatement Effective Date or (b) the term of which is less than one year; provided that, in each case, the Net Disposition Proceeds of such agreements and arrangements are applied pursuant to Sections 3.1.1 and 3.1.2.

ARTICLE VIII
EVENTS OF DEFAULT

SECTION 8.1 Listing of Events of Default. Each of the following events or occurrences described in this Article shall constitute an "Event of Default".

SECTION 8.1.1 Non-Payment of Obligations. The Borrower shall default in the payment or prepayment when due of

(a) any principal of any Loan, or any Reimbursement Obligation or any deposit of cash for collateral purposes pursuant to Section 2.6.4;

(b) any interest on any Loan or any fee described in Article III, and such default shall continue unremedied for a period of three days after such interest or fee was due; or

(c) any other monetary Obligation, and such default shall continue unremedied for a period of 10 Business Days after such amount was due.

SECTION 8.1.2 Breach of Warranty. Any representation or warranty of any Obligor made or deemed to be made in any Loan Document (including any certificates delivered pursuant to Article V) is or shall be incorrect in any material respect when made or deemed to have been made.

SECTION 8.1.3 Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance or observance of any of its obligations under Section 7.1.1, Section 7.1.7, Section 7.1.11 or Section 7.2.

SECTION 8.1.4 Non-Performance of Other Covenants and Obligations. Any Obligor shall default in the due performance and observance of any other agreement contained in any Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after the earlier to occur of (a) notice thereof given to the Borrower by any Agent or any Lender or (b) the date on which any Obligor has knowledge of such default.

SECTION 8.1.5 Default on Other Indebtedness. A default shall occur in the payment of any amount when due (subject to any applicable grace period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Indebtedness (other than Indebtedness described in Section 8.1.1) of the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary or a Subsidiary who is party to a Permitted Factoring Facility) or any other Obligor having a principal or stated amount, individually or in the aggregate, in excess of $50,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause or declare such Indebtedness to become due and payable or to require such Indebtedness to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity.

SECTION 8.1.6 Judgments. Any (a) judgment or order for the payment of money individually or in the aggregate in excess of $50,000,000 (exclusive of any amounts fully covered by insurance (less any applicable deductible) or an indemnity by any other third party Person and as to which the insurer or such Person has acknowledged its responsibility to cover such judgment or order not denied in writing) shall be rendered against the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary) and such judgment shall not have been vacated or discharged or stayed or bonded pending appeal within 45 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (b) non-monetary judgment or order that has had, or could reasonably be expected to have, a Material Adverse Effect.

SECTION 8.1.7 Pension Plans. Any of the following events shall occur with respect to any Pension Plan

(a) the institution of any steps by the Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrower or any such member could be required to make a contribution to such Pension Plan, or could reasonably expect to incur a liability or obligation to such Pension Plan, in excess of $50,000,000; or

(b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien in excess of $50,000,000 under Section 302(f) of ERISA.

SECTION 8.1.8 Change in Control. Any Change in Control shall occur.

SECTION 8.1.9 Bankruptcy, Insolvency, etc. The Borrower, any of its Subsidiaries (other than a Receivables Subsidiary) or any other Obligor shall

(a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(b) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, sequestrator or other custodian for any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors;

(c) in the absence of such application, consent or acquiescence in or permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged, stayed, vacated or bonded pending appeal within 60 days; provided that, the Borrower, each Subsidiary and each other Obligor hereby expressly authorizes each Secured Party to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

(d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Borrower, any Subsidiary or any Obligor, such case or proceeding shall be consented to or acquiesced in by the Borrower, such Subsidiary or such Obligor, as the case may be, or shall result in the entry of an order for relief or shall remain for 60 days undismissed, undischarged, unstayed or unbonded pending appeal; provided that, the Borrower, each Subsidiary and each Obligor hereby expressly authorizes each Secured Party to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or

(e) take any action authorizing, or in furtherance of, any of the foregoing.

SECTION 8.1.10 Impairment of Security, etc. Any Loan Document or any Lien granted thereunder (effecting a material portion of the Collateral, taken as a whole) shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto (other than pursuant to a failure of the Administrative Agent, any collateral agent appointed by the Administrative Agent or the Lenders to take any action within the sole control of such Person); any Obligor or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or, except as permitted under any Loan Document, any Lien securing any Obligation shall, in whole or in part, cease to be a perfected first priority Lien or any Obligor shall so assert (other than, in each case, pursuant to a failure of the Administrative Agent, any collateral agent appointed by the Administrative Agent or the Lenders to take any action within the sole control of such Person).

SECTION 8.2 Action if Bankruptcy. If any Event of Default described in clauses (a) through (d) of Section 8.1.9 with respect to the Borrower shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other Obligations (including Reimbursement Obligations) shall automatically be and become immediately due and payable, without notice or demand to any Person and each Obligor shall automatically and immediately be obligated to Cash Collateralize all Letter of Credit Outstandings.

SECTION 8.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (a) through (d) of Section 8.1.9 with respect to the Borrower) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Administrative Agent, upon the direction of the Required Lenders, shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations (including Reimbursement Obligations) to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, and/or, as the case may be, the Commitments shall terminate and the Borrower shall automatically and immediately be obligated to Cash Collateralize all Letter of Credit Outstandings.

ARTICLE IX
THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT; THE LEAD ARRANGERS, THE SYNDICATION AGENT AND THE DOCUMENTATION AGENT

SECTION 9.1 Actions. Each Lender hereby appoints JPMorgan as its Administrative Agent and as its Collateral Agent, under and for purposes of each Loan Document. Each Lender authorizes each Agent to act on behalf of such Lender under each Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by such Agent (with respect to which each Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel in order to avoid contravention of applicable law), to exercise such powers hereunder and thereunder as are specifically delegated to or required of such Agent by the terms hereof and thereof, together with such powers as may be incidental thereto (including the release of Liens on assets Disposed of in accordance with the terms of the Loan Documents). Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) each Agent, pro rata according to such Lender's proportionate Total Exposure Amount, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, such Agent in any way relating to or arising out of any Loan Document (including reasonable attorneys' fees and expenses), and as to which such Agent is not reimbursed by the Borrower (and without limiting its obligation to do so); provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted from such Agent's gross negligence or willful misconduct. No Agent shall be required to take any action under any Loan Document, or to prosecute or defend any suit in respect of any Loan Document, unless it is indemnified hereunder to its reasonable satisfaction. If any indemnity in favor of any Agent shall be or become, in such Agent's determination, inadequate, such Agent may call for additional

indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 9.2 Funding Reliance, etc. Unless the Administrative Agent shall have been notified in writing by any Lender by 3:00 p.m. on the Business Day prior to a Borrowing that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Administrative Agent, such Lender and the Borrower severally agree to repay the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Administrative Agent made such amount available to the Borrower to the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to Loans comprising such Borrowing (in the case of the Borrower) and (in the case of a Lender), at the Federal Funds Rate (for the first two Business Days after which such amount has not been repaid), and thereafter at the interest rate applicable to Loans comprising such Borrowing.

SECTION 9.3 Exculpation. Neither any Lead Arranger, any Agent nor any of its directors, officers, employees, agents or Affiliates shall be liable to any Secured Party for any action taken or omitted to be taken by it under any Loan Document, or in connection therewith, except for its own willful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of any Loan Document, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by any Obligor of its Obligations. Any such inquiry which may be made by a Lead Arranger or an Agent shall not obligate it to make any further inquiry or to take any action. Each Lead Arranger and each Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which such Lead Arranger or such Agent believes to be genuine and to have been presented by a proper Person.

SECTION 9.4 Successor. Any Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If any Agent at any time shall resign, the Required Lenders may appoint (subject to, so long as no Event of Default has occurred and is continuing, the reasonable consent of the Borrower not to be unreasonably withheld or delayed) another Lender as such Person's successor Agent which shall thereupon become the applicable Agent hereunder. If no successor Agent shall have been so appointed by the Required Lenders (and consented to by the Borrower) and shall have accepted such appointment within 30 days after the retiring such Agent's giving notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the United States (or any State thereof) or a United States branch or agency of a commercial banking institution, and having a combined capital and surplus of at least $250,000,000; provided that, if, such retiring Agent is unable to find a commercial banking institution which is willing to accept such appointment and which meets the qualifications set forth in above, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of such Agent hereunder until such time, if any, as the Required Lenders

appoint a successor as provided for above. Upon the acceptance of any appointment as an Agent hereunder by any successor Agent, such successor Agent shall be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Agent's resignation hereunder as an Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under the Loan Documents, and Section 10.3 and Section 10.4 shall continue to inure to its benefit.

SECTION 9.5 Loans by JPMorgan Chase Bank. JPMorgan Chase Bank shall have the same rights and powers with respect to (a) the Credit Extensions made by it or any of its Affiliates, and (b) the Notes held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not an Agent. JPMorgan Chase Bank and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if JPMorgan Chase Bank were not an Agent hereunder.

SECTION 9.6 Credit Decisions. Each Lender acknowledges that it has, independently of the Administrative Agent and each other Lender, and based on such Lender's review of the financial information of the Borrower, the Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitments. Each Lender also acknowledges that it will, independently of the Administrative Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under the Loan Documents.

SECTION 9.7 Copies, etc. Each Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to such Agent by the Borrower pursuant to the terms of the Loan Documents (unless concurrently delivered to the Lenders by the Borrower). Each Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by such Agent from the Borrower for distribution to the Lenders by such Agent in accordance with the terms of the Loan Documents. No Agent shall, except as expressly set forth in the Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by any Agent or any of its Affiliates in any capacity.

SECTION 9.8 Reliance by Agents. The Agents shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telecopy, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person, and upon advice and statements of legal counsel, independent accountants and other experts selected by such Agent. As to any matters not expressly provided for by the Loan Documents, the Agents shall in all cases be fully protected in acting, or in refraining from acting, thereunder in accordance with instructions given by the

Required Lenders or all of the Lenders as is required in such circumstance, and such instructions of such Lenders and any action taken or failure to act pursuant thereto shall be binding on all Secured Parties. For purposes of applying amounts in accordance with this Section, the Agents shall be entitled to rely upon any Secured Party that has entered into a Rate Protection Agreement with any Obligor for a determination (which such Secured Party agrees to provide or cause to be provided upon request of any Agent) of the outstanding Obligations owed to such Secured Party under any Rate Protection Agreement. Unless it has actual knowledge evidenced by way of written notice from any such Secured Party and the Borrower to the contrary, the Agents, in acting in such capacity under the Loan Documents, shall be entitled to assume that no Rate Protection Agreements or Obligations in respect thereof are in existence or outstanding between any Secured Party and any Obligor.

SECTION 9.9 Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default (other than a Default under Section 8.1.1) unless the Administrative Agent has received a written notice from a Lender or the Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall (subject to Section 10.1) take such action with respect to such Default as shall be directed by the Required Lenders; provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Secured Parties except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Required Lenders or all Lenders.

SECTION 9.10 Lead Arrangers, Syndication Agents and Documentation Agents. Notwithstanding anything else to the contrary contained in this Agreement or any other Loan Document, the Lead Arrangers, the Syndication Agents and the Documentation Agents, in their respective capacities as such, each in such capacity, shall have no duties or responsibilities under this Agreement or any other Loan Document nor any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against such Person in such capacity. Each Lead Arranger shall at all times have the right to receive current copies of the Register and any other information relating to the Lenders and the Loans that they may request from the Administrative Agent. Each Lead Arranger shall at all times have the right to receive a current copy of the Register and any other information relating to the Lenders and the Loans that they may request from the Administrative Agent.

SECTION 9.11 Posting of Approved Electronic Communications.

(a) The Borrower hereby agrees, unless directed otherwise by the Administrative Agent or unless the electronic mail address referred to below has not been provided by the Administrative Agent to the Borrower, that it will, or will cause its Subsidiaries to, provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents or to the Lenders under Section 7.1.1, including all notices, requests,

financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) is or relates to a Borrowing Request, a Continuation/Conversion Notice or an Issuance Request, (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor and (iii) provides notice of any Default (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium that is properly identified in a format reasonably acceptable to the Administrative Agent to an electronic mail address as directed by the Administrative Agent; provided for the avoidance of doubt the items described in clauses (i) and (iii) above may be delivered via facsimile transmissions. In addition, the Borrower agrees, and agrees to cause its Subsidiaries, to continue to provide the Communications to the Administrative Agent or the Lenders, as the case may be, in the manner specified in the Loan Documents but only to the extent requested by the Administrative Agent.

(b) The Borrower further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar secure electronic transmission system (the "Platform").

(c) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE INDEMNIFIED PARTIES DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS IS MADE BY THE INDEMNIFIED PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL ANY PARTY HERETO HAVE ANY LIABILITY TO ANY OBLIGOR, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES OF ANY KIND, WHETHER OR NOT BASED ON STRICT LIABILITY AND INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY OBLIGOR'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF SUCH PERSON IS FOUND IN A FINAL RULING BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH INDEMNIFIED PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at the e-mail address set forth on Schedule II shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that receipt of notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the

Loan Documents. Each Lender agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and that the foregoing notice may be sent to such e-mail address.

(e) Nothing herein shall prejudice the right of any Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

ARTICLE X
MISCELLANEOUS PROVISIONS

SECTION 10.1 Waivers, Amendments, etc. The provisions of each Loan Document (other than Rate Protection Agreements or Letters of Credit, which shall be modified only in accordance with their respective terms) may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; provided that, no such amendment, modification or waiver shall:

(a) modify Section 4.7, Section 4.8 (as it relates to sharing of payments) or this Section, in each case, without the consent of each affected Lender;

(b) increase the aggregate amount of any Loans required to be made by a Lender pursuant to its Commitments, extend the final Commitment Termination Date of Loans made (or participated in) by a Lender or extend the final Stated Maturity Date for any Lender's Loan, in each case without the consent of such Lender (it being agreed, however, that any vote to rescind any acceleration made pursuant to Section 8.2 and Section 8.3 of amounts owing with respect to the Loans and other Obligations shall only require the vote of the Required Lenders);

(c) reduce (by way of forgiveness), the principal amount of or reduce the rate of interest on any Lender's Loan, reduce any fees described in Article III payable to any Lender or extend the date on which interest, principal or fees are payable in respect of such Lender's Loans, in each case without the consent of such Lender (provided that, the vote of Required Lenders shall be sufficient to waive the payment, or reduce the increased portion, of interest accruing under Section 3.2.2 and such waiver shall not constitute a reduction of the rate of interest hereunder);

(d) reduce the percentage set forth in the definition of "Required Lenders" or modify any requirement hereunder that any particular action be taken by all Lenders without the consent of all Lenders;

(e) increase the Stated Amount of any Letter of Credit unless consented to by the Issuer of such Letter of Credit;

(f) except as otherwise expressly provided in a Loan Document, release (i) the Borrower from its Obligations under the Loan Documents or any Subsidiary

Guarantor from its obligations under the Guaranty or (ii) all or substantially all of the collateral under the Loan Documents, in each case without the consent of all Lenders; or

(g) affect adversely the interests, rights or obligations of the Administrative Agent (in its capacity as the Administrative Agent), the Collateral Agent (in its capacity as the Collateral Agent) any Issuer (in its capacity as Issuer), or the Swing Line Lender (in its capacity as Swing Line Lender) unless consented to by such Agent, such Issuer,or such Swing Line Lender, as the case may be.

No failure or delay on the part of any Secured Party in exercising any power or right under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on any Obligor in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by any Secured Party under any Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Obligations and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

Further, notwithstanding anything to the contrary contained in Section 10.1, if within sixty days following the Restatement Effective Date, the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders within five Business Days following receipt of notice thereof.

SECTION 10.2 Notices; Time. All notices and other communications provided under each Loan Document shall be in writing or by facsimile (except to the extent provided below in this Section 10.2 with respect to Issuance Requests and financial information) and addressed, delivered or transmitted, if to the Borrower, an Agent, a Lender or an Issuer, to the applicable Person at its address or facsimile number set forth on the signature pages hereto, Schedule II hereto or set forth in the Lender Assignment Agreement, or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter. Except as set forth in Section 9.11 and below, electronic mail and Internet and intranet websites may be used only to distribute routine communications by the Administrative

Agent to the Lender, such as financial statements and other information as provided in Section 7.1.1, for the distribution and execution of Loan Documents for execution by the parties thereto and (to the extent provided herein, for the delivery of each Issuance Request) and may not be used for any other purpose. Notwithstanding the foregoing, the parties hereto agree that delivery of an executed counterpart of a signature page to this Agreement and each other Loan Document by facsimile (or other electronic) transmission shall be effective as delivery of an original executed counterpart of this Agreement or such other Loan Document. Unless otherwise indicated, all references to the time of a day in a Loan Document shall refer to New York time.

SECTION 10.3 Payment of Costs and Expenses. The Borrower agrees to pay within 20 days of demand (to the extent invoiced together with reasonably detailed supporting documentation) all reasonable out-of-pocket expenses of each Lead Arranger and each Agent (including the reasonable fees and reasonable out-of-pocket expenses of counsel to the Lead Arrangers and Agents and of local counsel, if any, who may be retained by or on behalf of the Lead Arrangers and Agents) and each Issuer in connection with

(a) the negotiation, preparation, execution and delivery of each Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to any Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated; and

(b) the filing or recording of any Loan Document (including any Filing Statements) and all amendments, supplements, amendment and restatements and other modifications to any thereof, searches made following the Restatement Effective Date in jurisdictions where Filing Statements (or other documents evidencing Liens in favor of the Secured Parties) have been recorded and any and all other documents or instruments of further assurance required to be filed or recorded by the terms of any Loan Document; and

(c) the preparation and review of the form of any document or instrument relevant to any Loan Document.

The Borrower further agrees to pay, and to save each Secured Party harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of each Loan Document, the Credit Extensions or the issuance of the Notes. The Borrower also agrees to reimburse the Agents and the Secured Parties upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and legal out of pocket expenses of counsel to the Agents and the Secured Parties) incurred by the Agents and the Secured Parties in connection with (A) the negotiation of any restructuring or "work-out" with the Borrower, whether or not consummated, of any Obligations and (B) the enforcement of any Obligations; provided that the Borrower shall not be required to reimburse the legal fees and expenses of more than one outside counsel (in addition to any local counsel) for all Persons indemnified under this Section 10.3 unless, as reasonably determined by such Person seeking indemnification hereunder or its counsel, representation of all such indemnified persons by the same counsel would be inappropriate due to actual or potential differing interests between them.

SECTION 10.4 Indemnification. In consideration of the execution and delivery of this Agreement by each Secured Party, the Borrower hereby indemnifies, exonerates and holds each Secured Party, each Co-Syndication Agent, each Co-Documentation Agent and each of their respective officers, directors, employees, agents, trustees, fund advisors and Affiliates (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements, whether incurred in connection with actions between or among the parties hereto or the parties hereto and third parties (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Credit Extension, including all Indemnified Liabilities arising in connection with the Transaction;

(b) the entering into and performance of any Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of the Borrower as the result of any determination by the Required Lenders pursuant to Article V not to fund any Credit Extension, provided that, any such action is resolved in favor of such Indemnified Party);

(c) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by any Obligor or any Subsidiary thereof of all or any portion of the Capital Securities or assets of any Person, whether or not an Indemnified Party is party thereto;

(d) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by any Obligor or any Subsidiary thereof of any Hazardous Material;

(e) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by any Obligor or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, such Obligor or Subsidiary; or

(f) each Lender's Environmental Liability (the indemnification herein shall survive repayment of the Obligations and any transfer of the property of any Obligor or its Subsidiaries by foreclosure or by a deed in lieu of foreclosure for any Lender's Environmental Liability, regardless of whether caused by, or within the control of, such Obligor or such Subsidiary);

except for Indemnified Liabilities arising for the account of any Indemnified Party by reason of any Indemnified Party's gross negligence, bad faith or willful misconduct as finally determined by a court of competent jurisdiction. The Borrower shall not be required to reimburse the legal

fees and expenses of more than one outside counsel for all Indemnified Parties with respect to any matter for which indemnification is sought unless, as reasonably determined by any such Indemnified Party or its counsel, representation of all such Indemnified Parties would create an actual conflict of interest. Each Obligor and its successors and assigns hereby waive, release and agree not to make any claim or bring any cost recovery action against, any Indemnified Party under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted. It is expressly understood and agreed that to the extent that any Indemnified Party is strictly liable under any Environmental Laws, each Obligor's obligation to such Indemnified Party under this indemnity shall likewise be without regard to fault on the part of any Obligor with respect to the violation or condition which results in liability of an Indemnified Party. If and to the extent that the foregoing undertaking may be unenforceable for any reason, each Obligor agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. To the extent that the Borrower fails to pay an amount required to be paid by it to an Issuer under Section 10.3 or 10.4, each Revolving Loan Lender severally agrees to pay to such Issuer such Revolving Loan Lender's Revolving Loan Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that such unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Issuer in its capacity as such.

SECTION 10.5 Survival. The obligations of the Borrower under Sections 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4, and the obligations of the Lenders under Section 9.1, shall in each case survive any assignment from one Lender to another (in the case of Sections 10.3 and 10.4) and the occurrence of the Termination Date. The representations and warranties made by each Obligor in each Loan Document shall survive the execution and delivery of such Loan Document.

SECTION 10.6 Severability. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 Headings. The various headings of each Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of such Loan Document or any provisions thereof.

SECTION 10.8 Execution in Counterparts, Effectiveness, etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower, each Agent and each Lender (or notice thereof satisfactory to the Administrative Agent), shall have been received by the Administrative Agent.

SECTION 10.9 Governing Law; Entire Agreement. EACH LOAN DOCUMENT (OTHER THAN THE LETTERS OF CREDIT, TO THE EXTENT SPECIFIED BELOW AND EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN A LOAN

DOCUMENT) WILL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). EACH LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OR RULES DESIGNATED IN SUCH LETTER OF CREDIT, OR IF NO LAWS OR RULES ARE DESIGNATED, THE INTERNATIONAL STANDBY PRACTICES (ISP98—INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NUMBER 590 (THE "ISP RULES")) AND, AS TO MATTERS NOT GOVERNED BY THE ISP RULES, THE INTERNAL LAWS OF THE STATE OF NEW YORK. The Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.10 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that, the Borrower may not assign or transfer its rights or obligations hereunder without the consent of all Lenders. Each Affiliate of HSBC or any other Lender that has issued a Letter of Credit hereunder shall be an express third party beneficiary of this Agreement and entitled to enforce its rights hereunder (and under any other applicable Loan Documents) to the same extent as if an Issuer party hereto.

SECTION 10.11 Sale and Transfer of Credit Extensions; Participations in Credit Extensions; Notes. Each Lender may assign, or sell participations in, its Loans, Letters of Credit and Commitments to one or more other Persons in accordance with the terms set forth below.

(a) Subject to clause (b), any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under the Loan Documents (including all or a portion of its Commitments and the Loans at the time owing to it); provided that:

(i) except in the case of (A) an assignment of the entire remaining amount of the assigning Lender's Commitments and the Loans at the time owing to it or (B) an assignment to a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitments (which for this purpose includes Loans outstanding thereunder) or principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Lender Assignment Agreement with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000, unless the Administrative Agent and the Borrower, otherwise consent (which consent shall not be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans and the Commitments assigned except that this clause (a)(ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate tranches of Revolving Loans and New Term Loans on a non-pro rata basis; and

(iii) the parties to each assignment shall execute and deliver to the Administrative Agent a Lender Assignment Agreement, together with, if the Eligible Assignee is not already Lender, administrative details information with respect to such Eligible Assignee and applicable tax forms.

(b) Any assignment proposed pursuant to clause (a) to any Person shall be subject to the prior written approval, not to be unreasonably withheld or delayed, of (i) the Administrative Agent, unless the assignee is a Lender or an Affiliate of a Lender or an Approved Fund, and (ii) in the case of any assignment of any Revolving Loan Commitment, the Borrower (unless (A) there is an Event of Default that is continuing or (B) the assignee is a Lender or an Affiliate of a Lender or an Approved Fund), the Swing Line Lender and each Issuer. If the consent of the Borrower to an assignment or to an Eligible Assignee is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified in this Section), the Borrower shall be deemed to have given its consent seven Business Days after the date notice thereof has been delivered by the assigning Lender (through the Administrative Agent) to the Borrower, unless such consent is expressly refused by the Borrower prior to such seventh Business Day.

(c) Subject to acceptance and recording thereof by the Administrative Agent pursuant to clause (d), from and after the effective date specified in each Lender Assignment Agreement, (i) the Eligible Assignee thereunder shall (if not already a Lender) be a party hereto and, to the extent of the interest assigned by such Lender Assignment Agreement, have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender thereunder shall (subject to Section 10.5) be released from its obligations under the Loan Documents, to the extent of the interest assigned by such Lender Assignment Agreement (and, in the case of a Lender Assignment Agreement covering all of the assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party hereto, but shall (as to matters arising prior to the effectiveness of the Lender Assignment Agreement) continue to be entitled to the benefits of any provisions of the Loan Documents which by their terms survive the termination of this Agreement). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with the terms of this Section shall be treated for purposes of the Loan Documents as a sale by such Lender of a participation in such rights and obligations in accordance with clause (e).

(d) The Administrative Agent shall record each assignment made in accordance with this Section in the Register pursuant to clause (a) of Section 2.7. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time upon reasonable prior notice to the Administrative Agent.

(e) Any Lender may, without the consent of, or notice to, any Person, sell participations to one or more Persons (other than individuals) (a "Participant") in all or a portion of such Lender's rights or obligations under the Loan Documents (including all or a portion of its Commitments or the Loans owing to it); provided that, (i) such Lender's obligations under the Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. Any

agreement or instrument pursuant to which a Lender sells a participation shall provide that such Lender shall retain the sole right to enforce the rights and remedies of a Lender under the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that, such agreement or instrument may provide that such Lender will not, without the consent of the Participant, take any action of the type described in clauses (a) through (d) or clause (f) of Section 10.1 with respect to Obligations participated in by that Participant. Subject to clause (f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.3, 4.4, 4.5, 4.6, 7.1.1, 10.3 and 10.4 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (c). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4.9 as though it were a Lender, but only if such Participant agrees to be subject to Section 4.8 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 4.3, 4.4, 4.5, 4.6, 10.3 or 10.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 4.6 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with the requirements set forth in Section 4.6 as though it were a Lender. Any Lender that sells a participating interest in any Loan, Commitment or other interest to a Participant under this Section shall indemnify and hold harmless the Borrower and the Administrative Agent from and against any taxes, penalties, interest or other costs or losses (including reasonable attorneys' fees and expenses) incurred or payable by the Borrower or the Administrative Agent as a result of the failure of the Borrower or the Administrative Agent to comply with its obligations to deduct or withhold any Taxes from any payments made pursuant to this Agreement to such Lender or the Administrative Agent, as the case may be, which Taxes would not have been incurred or payable if such Participant had been a Non-U.S. Lender that was entitled to deliver to the Borrower, the Administrative Agent or such Lender, and did in fact so deliver, a duly completed and valid Form W-8BEN or W-8ECI (or applicable successor form) entitling such Participant to receive payments under this Agreement without deduction or withholding of any United States federal taxes.

(g) Any Lender may, without the consent of any other Person, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or any central bank; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.12 Other Transactions. Nothing contained herein shall preclude any Agent, any Issuer or any other Lender from engaging in any transaction, in addition to those contemplated by the Loan Documents, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.13 Forum Selection and Consent to Jurisdiction; Waivers. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE AGENTS, THE LENDERS, ANY ISSUER OR THE BORROWER IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT, ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 10.2. EACH PERSON PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY PERSON PARTY HERETO HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH PERSON HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS. EACH AGENT, EACH LENDER, EACH ISSUER AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO CLAIM OR RECOVER IN ANY LEGAL ACTION OR PROCEEDING REFERRED TO IN THIS SECTION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

SECTION 10.14 Waiver of Jury Trial. EACH AGENT, EACH LENDER, EACH ISSUER AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF SUCH AGENT, SUCH LENDER, SUCH ISSUER OR THE BORROWER IN CONNECTION THEREWITH. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH AGENT, EACH LENDER AND EACH ISSUER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 10.15 Patriot Act. Each Lender that is subject to Section 326 of the Patriot Act and/or the Agents and/or the Lead Arrangers (each of the foregoing acting for themselves and not acting on behalf of any of the Lenders) hereby notify the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender, the Agents or the Lead Arrangers, as the case may be, to identify the Borrower in accordance with the Patriot Act.

SECTION 10.16 Judgment Currency. The Obligations of each Obligor in respect of any sum due to any Secured Party under or in respect of any Loan Document shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum was originally denominated (the "Original Currency"), be discharged only to the extent that on the Business Day following receipt by such Secured Party or any sum adjudged to be so due in the Judgment Currency, such Secured Party, in accordance with normal banking procedures, purchases the Original Currency with the Judgment Currency. If the amount of Original Currency so purchased is less than the sum originally due to such Secured Party, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender, such Secured Party, as the case may be, against such loss, and if the amount of Original Currency so purchased exceeds the sum originally due to such Secured Party, as the case may be, such Secured Party, as the case may be, agrees to remit such excess to the Borrower.

SECTION 10.17 No Fiduciary Duty. Each Agent, each Co-Syndication Agent, each Co-Documentation Agent, each Lead Arranger, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "Lenders"), may have economic interests that conflict with those of the Borrower, its stockholders and/or its Affiliates. The Borrower agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Borrower, its stockholders or its Affiliates, on the other. The Obligors acknowledge and agree that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Borrower, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of the Borrower, its stockholders or its Affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Borrower, its stockholders or its Affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of the Borrower, its management, stockholders, creditors or any other Person. The Borrower acknowledges and agrees that the Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transaction or the process leading thereto.

SECTION 10.18 Counsel Representation. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT IT HAS BEEN REPRESENTED BY COMPETENT COUNSEL IN THE NEGOTIATION OF THIS AGREEMENT, AND THAT ANY RULE OR CONSTRUCTION OF LAW ENABLING SUCH PERSON TO ASSERT THAT ANY AMBIGUITIES OR INCONSISTENCIES IN THE DRAFTING OR PREPARATION OF THE TERMS OF THIS AGREEMENT SHOULD DIMINISH ANY RIGHTS OR REMEDIES OF ANY OTHER PERSON ARE HEREBY WAIVED.

SECTION 10.19 Confidentiality. Each Secured Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (provided that except to the extent prohibited by such subpoena or similar legal process, such Secured Party shall notify the Borrower of such request or disclosure), (d) to any other party hereto, (e) to the extent reasonably necessary, in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder or in connection with the administration of any Loan Document, (f) to market data collectors or other information services in relation to league table reporting, (g) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (h) with the written consent of the Borrower or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section (or any other confidentiality obligation owed to the Borrower or any Subsidiary or their Affiliates) or (ii) becomes available to any Secured Party or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower or any Subsidiary and not in violation of any confidentiality obligation owed to the Borrower or any Subsidiary by any Secured Party or any Affiliate thereof. For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to any Secured Party on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information and in accordance with applicable law.

SECTION 10.20 Resignation of Citi; Appointment of JPMorgan as Successor Swing Line Lender. (a) Effective as of the Restatement Effective Date, Citi hereby resigns as Administrative Agent, Collateral Agent and Swing Line Lender under the Original Credit Agreement and the other Loan Documents (as defined in the Original Credit Agreement). The Required Lenders and the Borrower hereby confirm that, on and after the

Restatement Effective Date, Citi shall be discharged from all of its duties and obligations as administrative agent and collateral agent under the Original Credit Agreement and the other Loan Documents (as defined in the Original Credit Agreement). The Borrower and the Lenders hereby waive any requirement for prior notice of such resignation pursuant to Section 9.4 of the Original Credit Agreement. For the avoidance of doubt, the provisions of Article IX of the Original Credit Agreement shall continue to inure to the benefit of each Agent (as defined in the Original Credit Agreement) as to any actions taken or omitted to be taken by it while it was an Agent under the Loan Documents (as defined in the Original Credit Agreement), and Section 10.3 and 10.4 of the Original Credit Agreement shall continue to inure to the benefit of each such Agent, including with respect to any actions taken or any costs and expenses incurred by Citi or its legal counsel on or after the Restatement Effective Date (i) to deliver Collateral to the Administrative Agent and the Collateral Agent under this Agreement and (ii) with respect to Section 7.1.11 of this Agreement.

(b) Effective as of the Restatement Effective Date, JPMorgan shall replace and succeed to the rights, duties and benefits of Citi as Swing Line Lender. The Borrower consents to such appointment of JPMorgan as the successor Swing Line Lender under this Agreement and the other Loan Documents. The Required Lenders and the Borrower hereby confirm that, on and after the Restatement Effective Date, JPMorgan shall have all rights, protections, duties and powers of the Swing Line Lender under this Agreement and the other Loan Documents, and Citi shall be discharged from all of its duties and obligations as swing line lender under the Original Credit Agreement and the other Loan Documents (as defined in the Original Credit Agreement).

SECTION 10.21 Effect of Amendment and Restatement. On the Restatement Effective Date, the Original Credit Agreement shall be amended, restated and superseded in its entirety. The parties hereto acknowledge and agree that (a) this Agreement and the other Loan Documents, whether executed and delivered in connection herewith or otherwise, do not constitute a novation, payment and reborrowing, or termination of the "Obligations" (as defined in the Original Credit Agreement) under the Original Credit Agreement as in effect prior to the Restatement Effective Date and (b) such "Obligations" are in all respects continuing (as amended and restated hereby) with only the terms thereof being modified as provided in this Agreement.

SECTION 10.22 Consent of Required Lenders. By the execution of this Agreement, each Lender party to this Agreement consents to this amendment and restatement of the Original Credit Agreement, as set forth herein, and the amendment and restatement, replacement or other modification to any other Loan Documents, in each case, as so amended, amended and restated, replaced or otherwise modified on or after the Restatement Effective Date in the form entered into by the Obligors and the applicable Agent (it being understood and agreed by each of the parties hereto that the "Revolving Loan Commitments" under the Original Credit Agreement of each "Revolving Loan Lender" thereunder that is not also a Revolving Loan Lender under this Agreement shall be terminated in full on and as of the Restatement Effective Date). Upon the receipt of written consents from the Required Lenders (as defined in the Original Credit Agreement) pursuant to this Section 10.22 and notwithstanding any provision to the contrary contained in the Original Credit Agreement, the Original Credit Agreement (including the schedules and exhibits thereto) shall be amended and restated in its entirety.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

HANESBRANDS INC.

By: /s/ Richard D. Moss
Name: Richard D. Moss
Title: Senior Vice President and Treasurer

Address: 1000 East Hanes Mill Road Winston-Salem, North Carolina 27105

Facsimile No.: 336-519-2705

Attention: Catherine A. Meeker

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, Collateral Agent and as a Lender

By: /s/ James A. Knight
Name: James A. Knight
Title: Vice President

J.P. MORGAN SECURITIES INC.,
as a Joint Lead Arranger and Joint Bookrunner

By: /s/ David W. Dwyer
Name: David W. Dwyer
Title: Executive Director

[Signature Page to Credit Agreement]

HSBC SECURITIES (USA) INC.,
as a Joint Lead Arranger and Joint Bookrunner
and a Co-Syndication Agent

By: /s/ Richard Jackson
Name: Richard Jackson
Title: Leveraged and Acquisition Finance

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Robert Devir
Name: Robert Devir
Title: Managing Director

[Signature Page to Credit Agreement]

BANK OF AMERICA, N.A.,
as Co-Syndication Agent and as a Lender

By: /s/ Robert Hamman
Name: Robert Hamman
Title: Vice President

BANC OF AMERICA SECURITIES LLC,
as a Joint Lead Arranger and Joint Bookrunner

By: /s/ E. Mark Hardison
Name: Mark Hardison
Title: Vice President

BARCLAYS BANK PLC,
as a Joint Lead Arranger and Joint Bookrunner, a
Co-Documentation Agent and as a Lender

By: /s/ Ritam Bhalla
Name: Ritam Bhalla
Title: Vice President

[Signature Page to Credit Agreement]

GOLDMAN SACHS CREDIT PARTNERS L.P.,
as a Co-Documentation Agent and as a Lender

By: /s/ Alexis Maged
Name: Alexis Maged
Title: Authorized Signatory

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United Overseas Bank Limited, New York Agency

By: /s/ K. Jin Koh
Name: K. Jin Koh
Title: General Manager

By: /s/ Mario Sheng
Name: Mario Sheng
Title: AVP

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ING Capital LLC

By: /s/ Jaron Stern
Name: Jaron Stern
Title: Vice President

[Signature Page to Credit Agreement]

PNC BANK, National Association, as a Lender,

By: /s/ John Berry
Name: John Berry
Title: Vice President

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NOTHERN TRUST COMPANY

By: /s/ John C. Canty
Name: John C. Canty
Title: Senior Vice President

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ISRAEL DISCOUNT BANK OF NEW YORK

By: /s/ David Acosta
Name: David Acosta
Title: Senior Vice President

By: /s/ Mila Rashkovan
Name: Mila Rashkovan
Title: Assistant Vice President

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ROYAL BANK OF CANADA, as Lender

By: /s/ G. David Cole
Name: G. David Cole
Title: Authorized Signatory

[Signature Page to Credit Agreement]

Raymond James Bank, FSB

By: /s/ Kathy Bennett
Name: Kathy Bennett
Title: Vice President

[Signature Page to Credit Agreement]

THE BANK OF NOVA SCOTIA

By: /s/ David Mahmood
Name: David Mahmood
Title: Managing Director

[Signature Page to Credit Agreement]

BRANCH BANKING AND TRUST COMPANY

By: /s/ Michael P. Gwyn
Name: Michael P. Gwyn
Title: Senior Vice President

[Signature Page to Credit Agreement]

FIFTH THIRD BANK, as a Lender

By: /s/ Mary Ramsay
Name: Mary Ramsay
Title: Vice President

[Signature Page to Credit Agreement]

SIEMENS FINANCIAL SERVICES, INC.
as a Lender

By: /s/ Douglas Maher
Name: Douglas Maher
Title: Managing Director

By: /s/ Carol Walters
Name: Carol Walters
Title: Vice President-Documentation

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Capital One Leverage Financial Group

By: /s/ Paul Dellova
Name: Paul Dellova
Title: Senior Vice President

[Signature Page to Credit Agreement]

Pursuant to Section 10.20 of the Agreement, the undersigned hereby resign as Administrative Agent, Collateral Agent and Swing Line Lender.

CITICORP USA, INC.,
as resigning Administrative Agent and resigning
Swing Line Lender

By: /s/ Patricia Guerra
Name: Patricia Guerra
Title: Vice President

CITIBANK, N.A.,
as resigning Collateral Agent

By: /s/ Patricia Gallagher
Name: Patricia Gallagher
Title: Vice President

DISCLOSURE SCHEDULES

TO

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of December 10, 2009,

among

HANESBRANDS INC.,
as the Borrower,

VARIOUS FINANCIAL INSTITUTIONS AND OTHER PERSONS FROM TIME TO TIME PARTY HERETO,
as the Lenders,

BARCLAYS BANK PLC and **GOLDMAN SACHS CREDIT PARTNERS L.P.**
as the Co-Documentation Agents,

BANK OF AMERICA, N.A. and **HSBC SECURITIES (USA) INC.**
as the Co-Syndication Agents,

and

JPMORGAN CHASE BANK, N.A.,
as the Administrative Agent and the Collateral Agent

J.P. MORGAN SECURITIES INC.,

BANC OF AMERICA SECURITIES LLC,

HSBC SECURITIES (USA) INC.,

and

BARCLAYS CAPITAL,

as Joint Lead Arrangers and Joint Bookrunners

SCHEDULE I

ITEM 6.8	Existing Subsidiaries
ITEM 6.9(a)	Mortgaged Property
ITEM 6.9(b)	Owned Real Property
ITEM 7.2.2(c)	Ongoing Indebtedness
ITEM 7.2.3(c)	Ongoing Liens
ITEM 7.2.5(a)	Ongoing Investments
ITEM 7.2.11(m)	Permitted Dispositions

SCHEDULE II	Percentages, Libor Office; Domestic Office
SCHEDULE III	Existing Letters of Credit

ITEM 6.8. Existing Subsidiaries

Domestic Subsidiaries

BA International, L.L.C.
Caribesock, Inc.
Caribetex, Inc.
CASA International, LLC
Ceibena Del, Inc.
Hanes Menswear, LLC
Hanes Puerto Rico, Inc.
Hanesbrands Direct, LLC
Hanesbrands Distribution, Inc.
HBI Branded Apparel Limited, Inc.
HBI Branded Apparel Enterprises, LLC
HbI International, LLC
HBI SOURCING, LLC
Inner Self LLC
Jasper-Costa Rica, L.L.C.
Playtex Dorado, LLC
Playtex Industries, Inc.
Seamless Textiles, LLC
UPCR, Inc.
UPEL, Inc.

Foreign Subsidiaries

Bali Dominicana, Inc.
Bali Dominicana Textiles, S.A.
Bal-Mex S. de R.L. de C.V.
Bordados Industriales, S. A. de C.V.
Canadelle Limited Partnership
Canadelle Holding Corporation Limited
Cartex Manufacturera S. de R. L.
CASA International, LLC Holdings S.C.S.
Caysock, Inc.
Caytex, Inc.
Caywear, Inc.
Ceiba Industrial, S. De R.L.
Champion Products S. de R.L. de C.V.
Choloma, Inc.
Confecciones Atlantida S. de R.L.
Confecciones de Nueva Rosita S. de R.L. de C.V.
Confecciones El Pedregal Inc.
Confecciones El Pedregal S.A. de C.V.
Confecciones del Valle, S. de R.L.
Confecciones Jiboa S.A. de C.V.
Confecciones La Caleta, Inc.
Confecciones La Herradura S.A. de C.V.
Confecciones La Libertad, Ltda de C.V.
DFK International Limited
Dos Rios Enterprises, Inc.

Hanes Brands Incorporated de Costa Rica, S.A.
Hanes Caribe, Inc.
Hanes Choloma, S. de R. L.
Hanes Colombia, S.A.
Hanes de Centroamerica S.A.
Hanes de El Salvador, S.A. de C.V.
Hanes de Honduras S. de R.L. de C.V. *
Hanes Dominican, Inc.
Hanes Menswear Puerto Rico, Inc.
Hanes Panama Inc.
Hanesbrands Apparel India Private Limited
Hanesbrands Argentina S.A.
Hanesbrands Australia Pty Limited
Hanesbrands Brasil Textil Ltda.
Hanesbrands Canada NS ULC
Hanesbrands Caribbean Logistics, Inc.
Hanesbrands Dominicana, Inc.
Hanesbrands Dos Rios Textiles, Inc.
Hanesbrands El Salvador, Ltda. de C.V.
Hanesbrands Europe GmbH
Hanesbrands Holdings
Hanesbrands International (Shanghai) Co. Ltd.
Hanesbrands Japan Inc.
Hanesbrands (Nanjing) Textile Co., Ltd.
Hanesbrands Philippines Inc.
Hanesbrands Sourcing (India) Private Limited
Hanesbrands (HK) Limited
Hanesbrands ROH Asia Ltd.
Hanesbrands UK Limited
HBI Alpha Holdings, Inc.
Hanesbrands (Vietnam) Company Limited
HBI Beta Holdings, Inc.
HBI Compania de Servicios, S.A. de C.V.
HbI International Holdings S.à r.l.
HBI RH Mexico, S. De R.L. de C.V.
HBI Manufacturing (Thailand) Ltd.
HBI Risk Management Ltd.
HBI Servicios Administrativos de Costa Rica, S.A.
HBI Socks de Honduras, S. de R.L. de C.V.
HBI Sourcing Asia Limited
Indumentaria Andina S.A.
Industrias de Confecciones Poliandy, S.A. *
Industrias El Porvenir, S. de R.L. *
Industria Textilera del Este ITE, S.de R.L.
Industrias Internacionales de San Pedro S. de R.L. de C.V.
Inversiones Bonaventure S.A. de C.V.
J.E. Morgan de Honduras, S.A.
Jasper Honduras, S.A.
Jasper-Salvador, S.A. de C.V. *
Jogbra Honduras, S.A.
Madero Internacional S. de R.L. de C.V.
Manufacturera Ceibena S. de R.L.
Manufacturera Comalapa S.A. de C.V.

Manufacturera de Cartago, S.R.L.
Manufacturera San Pedro Sula, S. de R.L.
Monclova Internacional S. de R.L. de C.V.
Playtex Puerto Rico, Inc.
PT. HBI Sourcing Indonesia
PTX (D.R.), Inc.
Rinplay S. de R.L. de C.V.
Seamless Puerto Rico, Inc.
Servicios de Soporte Intimate Apparel, S. de R.L.
Socks Dominicana S.A.
Texlee El Salvador, Ltda. de C.V.
Textiles S&R, S.A. *
The Harwood Honduras Companies, S. de R.L.
UPEL Chinandega y Compania Limitada

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* These companies are in the process of liquidation.

ITEM 6.9(a) Mortgaged Property

Facility Name	Address
Clarksville	Cline & Clark Rd Clarksville, AR
Weeks	401 Hanes Mill Rd Winston Salem, NC
Eden	136 Gant Road Eden, North Carolina
	328 Gant Road Eden, North Carolina
Oak Summit	1000 Hanes Mill Road Winston Salem, NC
Kernersville	638 North Main Street Kernersville, NC
Sanford	2652 Dalrymple Street Sanford, NC
Advance	2016 Cornatzer Road Advance NC
Martinsville VSC	380 Beaver Creek Road Martinsville, VA

ITEM 6.9(b) Owned Real Property

Facility Name	Address	Estimated Value
Clarksville	Cline & Clark Rd Clarksville, AR	$2.0 million
Weeks	401 Hanes Mill Rd Winston Salem, NC	$4.5 million
Oak Summit	1000 Hanes Mill Road Winston Salem, NC	$30 million
Kernersville	638 North Main Street Kernersville, NC	$4.0 million
Martinsville VSC	380 Beaver Creek Road Martinsville, VA	$7.5 million
Commerce	219 Commerce Blvd Kings Mountain, NC	$8.9 million
Canterbury	705 Canterbury Rd Gastonia, NC	$7.1 million
Northridge	521 Northridge Park Dr. Rural Hall, NC	$23.5 million

ITEM 7.2.2(c) Ongoing Indebtedness

Lender	Borrower	Total
HSBC Securities (USA) Inc. — AR Securitization	Hanesbrands Inc.	$250,000,000.00
HSBC	HBI Manufacturing (Thailand) Ltd.	$ 4,281,000.00
Citibank	Hanesbrands International (Shanghai) Co. Ltd	$ 7,647,000.00
Citibank	Hanesbrands El Salvador Ltda de C.V.	$ 20,960,000.00
Banamex/Citibank	Rinplay S. de R.L. de C.V.	$ 11,868,000.00
Citibank	Hanesbrands Japan Inc.	$ 1,083,000.00
Kronos Global Payroll Time Clocks	Hanesbrands Inc.	$ 409,696.89
Hitachi Hard Disk Storage Upgrade-Capital Lease	Hanesbrands Inc.	$ 64,438.17
Hitachi Hard Disk Storage	Hanesbrands Inc.	$ 302,145.04
IBM	Hanesbrands Inc.	$ 43,482.09
AIG	Hanesbrands El Salvador Ltda de C.V.	$ 418,169.00
AIG	Hanesbrands El Salvador Ltda de C.V.	$ 2,244,601.25
AIG	Hanesbrands El Salvador Ltda de C.V.	$ 1,282,890.72

Intercompany Debt

Lender	Borrower	Total
Canadelle Limited Partnership	Hanesbrands Inc	$47,853,229.60
Hanesbrands International, LLC	Hanesbrands International (Shanghai) Co. Ltd.	$ 2,500,000.00

ITEM 7.2.3(c) Ongoing Liens

1. Lien on the shares of H.N. Fibers, Ltd. (an Israeli company owned by HbI International, LLC) pursuant to the H.N. Fibers, Ltd. Memorandum of Articles.

2. Liens on Hanesbrands Inc.:

JURISDICTION	FILING TYPE	FILE NUMBER & DATE	DEBTOR	SECURED PARTY	COLLATERAL DESCRIPTION
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181283603 10/4/06	Hanesbrands Inc. 1000 E. Hanes Mill Road Winston-Salem, NC 27105	Raymond Leasing Corporation 20 S. Canal Street Greene, NY 13778	Leased equipment.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181283764 10/4/06	Hanesbrands Inc. 1000 E. Hanes Mill Road Winston-Salem, NC 27105	Raymond Leasing Corporation 20 S. Canal Street Greene, NY 13778	Leased equipment.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181288980 11/27/06	Hanesbrands Inc. 1000 East Hanes Mill Road Winston-Salem, NC 27105	Tubular Textiles Machinery, Inc. P.O. Box 2097 Lexington, NC 27293	Leased equipment pursuant to lease agreement C-1497, Secured Party leases to Debtor.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181326115 11/27/07	Hanesbrands Inc. 1000 East Hanes Mill Road Winston-Salem, NC 27105	JPMorgan Chase Bank, N.A., as Agent Chase Tower, 10 South Dearborn Street Chicago, IL 60603 **Additional Secured Party:** HBI Receivables LLC 1000 East Hanes Mill Road Winston-Salem, NC 27105	Blanket Lien.

JURISDICTION	FILING TYPE	FILE NUMBER & DATE	DEBTOR	SECURED PARTY	COLLATERAL DESCRIPTION
Department of Assessments & Taxation, Maryland searched thru 11/9/09	ASSIGN	181326115 4/14/09	Hanesbrands Inc. 1000 East Hanes Mill Road Winston-Salem, NC 27105	HSBC Securities (USA) Inc., as Agent 425 Fifth Avenue New York, NY 10018	Assignment of financing statement no. 181326115 to HSBC Securities (USA) Inc., as Agent.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181332178 1/28/08	Hanesbrands Inc. 1000 E. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment pursuant to Schedule No. 1016389A4 of the Master Lease No. 1016389.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181332253 1/28/08	Hanesbrands Inc. 1000 E. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment pursuant to Schedule No. 1016389A6 of the Master Lease No. 1016389.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181332261 1/28/08	Hanesbrands Inc. 1000 E. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment pursuant to Schedule No. 1016389A7 of the Master Lease No. 1016389.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181332278 1/28/08	Hanesbrands Inc. 1000 E. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment pursuant to Schedule No. 1016389A5 of the Master Lease No. 1016389.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181335255 3/4/08	Hanesbrands Inc. 1000 W. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	AMEND	181335255 4/28/08	Hanesbrands Inc. 1000 W. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Amendment to financing statement no. 181335255 restating collateral description. Leased equipment pursuant to Schedule No. 1016389A9 of the Master Lease No. 1016389.

JURISDICTION	FILING TYPE	FILE NUMBER & DATE	DEBTOR	SECURED PARTY	COLLATERAL DESCRIPTION
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181338445 4/3/08	Hanesbrands Inc. 1000 W. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment pursuant to Schedule No. 1016389A14 of the Master Lease No. 1016389.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181338692 4/8/08	Hanesbrands Inc. 1000 W. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment pursuant to Schedule No. 1016389A16 of the Master Lease No. 1016389.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181339808 4/22/08	Hanesbrands Inc. 450 W. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment pursuant to Schedule No. 1016389A17 of the Master Lease No. 1016389.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181340500 4/28/08	Hanesbrands Inc. 450 W. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment pursuant to Schedule No. 1016389A18 of the Master Lease No. 1016389.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181344692 6/9/08	Hanesbrands Inc. 450 W. Hanes Mill Road Winston-Salem, NC 27105	IKON Financial SVCS 1738 Bass RD Macon, GA 31210-1043	Leased equipment pursuant to Schedule No. 1016389R12 of the Master Lease No. 1016389.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181345104 6/9/08	Hanesbrands Inc. 1000 W. Hanes Mill Road Winston-Salem, NC 27105	Brother International Corporation 100 Somerset Corp. Blvd., 8th Fl Bridgewater, NJ 08807	Consigned equipment.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181350385 8/13/08	Hanesbrands Inc. 1000 E. Hanes Mill Road Winston-Salem, NC 27105	NMHG Financial Services, Inc. 44 Old Ridgebury Road Danbury, CT 06810	Leased equipment.

JURISDICTION	FILING TYPE	FILE NUMBER & DATE	DEBTOR	SECURED PARTY	COLLATERAL DESCRIPTION
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181351438 8/25/08	Hanesbrands Inc. 1000 East Hanes Mill Road Winston-Salem, NC 27105	Tubular Textiles Machinery, Inc. 113 Woodside Drive Lexington, NC 27293	Leased equipment pursuant to lease agreement C-1518, Secured Party leases to Debtor.
Department of Assessments & Taxation, Maryland searched thru 11/9/09	UCC	181372068 6/5/09	Hanesbrands Inc. P.O. Box 3019 Winston-Salem, NC 27102	Hitachi Data Systems Credit Corp. 750 Central Expressway Santa Clara, CA 95050	All right, title and interest in, to and under the Master Lease Agreement No. 07LMR-017, Schedule A-3, between the Secured Party, as Lessor and the Debtor, as Lessee.

ITEM 7.2.5(a) Ongoing Investments

1. Subsidiaries as listed in ITEM 6.8 under the caption "Domestic Subsidiaries" (each of which is a wholly-owned "Subsidiary" as defined in the Credit Agreement) and under the caption "Foreign Subsidiaries," along with the following companies in the respective percentage listed below:
   (a) H.N. Fibers, Ltd. (49% interest)
   (b) Playtex Marketing Corporation (50% interest)
2. Indebtedness as listed in ITEM 7.2.2(c) under the caption "Intercompany Debt"

ITEM 7.2.11(m) Permitted Dispositions

Location of property	Description
Eden, North Carolina	Approximately 913,600 square foot building
Winston-Salem, North Carolina	Approximately 840,000 square foot building
Mountain City, Tennessee	Approximately 627,800 square foot building
Galax, Virginia	Approximately 424,500 square foot building
Sanford, North Carolina	Approximately 280,800 square foot building
Barnwell, South Carolina	Approximately 240,500 square foot building
Advance, North Carolina	Approximately 209,900 square foot building
Tamaqua, Pennsylvania	Approximately 132,100 square foot building
Clemmons, North Carolina	Approximately 100,000 square foot building
Rural Hall, North Carolina	Approximately 930,500 square foot building
Kings Mountain, North Carolina	Approximately 475,700 square foot building
Gastonia, North Carolina	Approximately 380,300 square foot building
Oak Summit Business Park, Winston-Salem North Carolina	Land-Approximately 8.64 acres

SCHEDULE II

PERCENTAGES;
NOTICE ADDRESS

NAME OF LENDER	NOTICE ADDRESS	REVOLVING LOAN COMMITMENT	NEW TERM LOAN COMMITMENT
JPMorgan Chase Bank, N.A.	JPMorgan Loan Services 21 South Clark, 7th Fl Chicago, Illinois 60603 Attention: Joyce King Tel: (312) 385-7025 Fax: 1-888-292-9533 (f) Email: jpm.agency.servicing.4@jpmchase.com	11.42%	100%
Barclays Bank PLC	Barclays Capital 745 7th Avenue, 26th Floor New York, NY 10019 Attention: Ritam Bhaila Tel: (212) 526-1819 Fax: (212) 526-5115 Email: ritam.bhaila@barcap.com	8.75%	
RAYMOND JAMES BANK, FSB	Raymond James Bank, FSB P.O. Box 11628 St. Petersburg, FL 33733-1628 Parcel delivery: 710 Carillon Parkway St. Petersburg FL 33716 Attention: Kathy Bennett Tel: (727)-567-4314 Fax: 1-866-205-1396 Email: RJBank-LoanOpsCorp@RaymondJames.com	2.50%	
Capital One Leverage Finance Corp.	Capital One Leverage Finance Corp. 265 Broadhollow Road Melville, New York 11747 Attention: Jose Gutierrez Tel: (631) 531-2781 Fax: (631) 531-2766	2.50%	
Bank of America, N.A.	Bank of America 135 S. LaSalle Street, Suite IL4-I35-07-13 Chicago, IL 60603 Attention: Robert Hamman Tel: (312) 904-7621 Fax: (312) 453-3547 Email: robert.hamman@baml.com	11.42%	
The Bank of Nova Scotia	The Bank of Nova Scotia One Liberty Plaza, 26th Floor New York, NY 10006 Attention: Olivia Braun Tel: (212) 225-5063 Fax: (212-225-5205 Email: olivia_braun@scotiacapital.com	3.75%	

NAME OF LENDER	NOTICE ADDRESS	REVOLVING LOAN COMMITMENT	NEW TERM LOAN COMMITMENT
ING CAPITAL LLC	ING CAPITAL LLC 333 South Grand Avenue, Suite 4120 Los Angeles, CA 90071 Attention: John Mattox Tel: (213) 346-3933 Fax: (213) 346-3991 Email: john.mattox@americasing.com	2.00%	
HSBC Bank USA, N.A.	HSBC Bank USA, N.A. 452 Fifth Avenue, 5th Floor New York, NY 10018	11.42%	
Goldman Sachs Credit Partners L.P.	Goldman Sachs Credit Partners L.P. 30 Hudson Street, 36th Floor Jersey City, NJ 07302 Attention: Barbara Fabbri Tel: (212) 902-5563 Fax: (212-357-4597	8.75%	
Israel Discount Bank of New York	Israel Discount Bank of New York 511 Fifth Avenue New York, New York 10017	3.75%	
Royal Bank of Canada	Royal Bank of Canada 3 World Financial Center, 12th Floor New York, NY 10281-8098 Attention: David Cole Tel: (212) 428-6404 Fax: (212) 428-6460 Email: david.cole@rbccm.com	7.50%	
The Northern Trust Company	Northern Trust Company 50 South La Salle Street — M27 Chicago, IL 60603 Attention: John C. Canty Tel: (312) 444-7729 Fax: (312) 444-7028 Email: jc92@ntrs.com	5.00%	
Branch Banking and Trust Company	Branch Banking and Trust Company 110 S. Stratford Road Winston-Salem, NC 27104 Attention: Michael P. Gwyn Tel: (336) 733-1119 Fax: (336) 733-1134 Email: mgwyn@BBandT.com	7.50%	
United Overseas Bank Limited, New York Agency	United Overseas Bank Ltd., New York Agency 592 Fifth Avenue, 10th Floor New York, NY 10036 Attention: Daniel Chang Tel: (212) 382-0088 Ext 37 Fax: (212) 382-1881 Email: Daniel.ChangKC@uobgroup.com	1.87%	

NAME OF LENDER	NOTICE ADDRESS	REVOLVING LOAN COMMITMENT	NEW TERM LOAN COMMITMENT
Siemens Financial Services, Inc.	Siemens Financial Services, Inc. 170 Wood Avenue South Iselin, NJ 08830 Attention: Charmaine Robinson Tel: (732) 590-6567 Fax: (919) 374-9105 Email: SFSPOPS.SFS@SIEMENS.COM	1.87%	
Fifth Third Bank, an Ohio banking corporation	Fifth Third Bank 222 S. Riverside Plaza 30th Floor Chicago, IL 60606 Attention: Mitchell Early Tel: (312) 704-5535 Fax: (312) 704-7365 Email: Mitchell.early@53.com	2.50%	
PNC Bank, National Association	PNC Bank, National Association 249 Fifth Avenue Pittsburgh, PA 15222 Attention: Jessica Fabrizi Tel: (412) 768-7054 Fax: (412) 762-6484 Email: Jessica.fabrizi@pnc.com	7.5%	

NOTICE ADDRESS FOR ADMINISTRATIVE AGENT:

JPMorgan Loan Services
10 South Dearborn
Chicago, IL, 60603
Attention: Joyce King
Fax: 312-385-7096
Phone: 312-385-7025
E-mail: jpm.agency.servicing.4@jpmchase.com

NOTICE ADDRESS FOR THE BORROWER:

Hanesbrands Inc.
1000 East Hanes Mill Rd
Winston-Salem, NC 27105
Attn: General Counsel

SCHEDULE III

Existing Letters of Credit

See attached.

Schedule III — Existing Letters of Credit
Trade LC's

Applicant Name	DC number	Issue date		DC Outstanding amt	Expiry date
CANADELLE LP	HKH 692353	20090826	USD	302.59	20091203
CANADELLE LP	HKH 692357	20091007	USD	43,340.14	20091224
CANADELLE LP	HKH 692356	20091007	USD	13,141.98	20091224
CANADELLE LP	HKH 692350	20090724	USD	138,920.22	20091231
CANADELLE LP	HKH 692355	20091007	USD	25,873.86	20100107
CANADELLE LP	HKH 692354	20090915	USD	191,425.50	20100113
CANADELLE LP	HKH 692358	20091016	USD	23,648.08	20100114
CANADELLE LP	0	IBCSLC890198HKH	USD	50,677.80	20091124
CANADELLE LP	DC HKH 692353	BR SLC890652HKH	USD	10,086.18	20091202
HANESBRANDS EUROPE GMBH	HKH 705519	20090622	USD	152,839.91	20091215
HANESBRANDS EUROPE GMBH	HKH 705529	20090710	USD	108,240.03	20091215
HANESBRANDS EUROPE GMBH	HKH 705534	20090813	USD	114,941.06	20091215
HANESBRANDS EUROPE GMBH	HKH 705547	20090918	USD	34,284.41	20091215
HANESBRANDS EUROPE GMBH	HKH 705541	20090918	USD	450,957.54	20091215
HANESBRANDS EUROPE GMBH	HKH 705542	20090918	USD	111,818.86	20091215
HANESBRANDS EUROPE GMBH	HKH 705546	20090918	USD	37,266.39	20091215
HANESBRANDS EUROPE GMBH	HKH 705544	20090918	USD	81,343.65	20091215
HANESBRANDS EUROPE GMBH	HKH 705545	20090918	USD	37,454.24	20091215
HANESBRANDS EUROPE GMBH	HKH 705548	20090918	USD	9,776.03	20091222
HANESBRANDS EUROPE GMBH	HKH 705543	20090918	USD	1,617,225.82	20100115
HANESBRANDS EUROPE GMBH	HKH 705553	20091023	USD	534,266.74	20100115
HANESBRANDS EUROPE GMBH	HKH 705549	20091009	USD	33,957.00	20100115
HANESBRANDS EUROPE GMBH	HKH 705552	20091015	USD	166,562.18	20100115
HANESBRANDS EUROPE GMBH	HKH 705551	20091015	USD	2,584,982.30	20100115
HANESBRANDS EUROPE GMBH	HKH 705540	20090831	USD	280,051.08	20100205
HANESBRANDS EUROPE GMBH	HKH 705550	20091016	USD	66,465.32	20100215
HANESBRANDS EUROPE GMBH	DC HKH 705529	BR HBI890322HKH	USD	88,722.09	20091126
HANESBRANDS EUROPE GMBH	DC HKH 705540	BR HBI890506HKH	USD	69,167.24	20091201
HANESBRANDS EUROPE GMBH	DC HKH 705543	BR HBI890508HKH	USD	222,359.40	20091201
HANESBRANDS EUROPE GMBH	DC HKH 705534	BR HBI890510HKH	USD	83,038.72	20091201
HANESBRANDS EUROPE GMBH	DC HKH 705530	BR HBI890514HKH	USD	44,821.59	20091201

Applicant Name	DC number	Issue date		DC Outstanding amt	Expiry date
HANESBRANDS EUROPE GMBH	DC HKH 705535	BR HBI890536HKH	USD	6,198.50	20091201
HANESBRANDS EUROPE GMBH	DC HKH 705535	BR HBI890588HKH	USD	14,581.00	20091201
HANESBRANDS EUROPE GMBH	DC HKH 705536	BR HBI890594HKH	USD	13,427.28	20091201
HANESBRANDS EUROPE GMBH	DC HKH 705501	BR HBI890618HKH	USD	2,440.80	20091202
HANESBRANDS EUROPE GMBH	DC HKH 705545	BR HBI890733HKH	USD	20,874.00	20091203
HANESBRANDS EUROPE GMBH	DC HKH 705537	BR HBI890734HKH	USD	8,798.70	20091203
HANESBRANDS EUROPE GMBH	DC HKH 705529	BR HBI890735HKH	USD	10,089.27	20091203
HANESBRANDS EUROPE GMBH	DC HKH 705519	BR HBI890736HKH	USD	2,935.62	20091203
HANESBRANDS EUROPE GMBH	DC HKH 705536	BR HBI890757HKH	USD	13,164.00	20091203
HANESBRANDS INC-OUTERWEAR DIVISION	HKH 680344	20090625	USD	1,941.49	20091130
HANESBRANDS INC-OUTERWEAR DIVISION	HKH 680345	20091125	USD	80,461.62	20100224
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684540	20091008	USD	2,709.61	20091128
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684546	20091015	USD	260.19	20091128
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684543	20091008	USD	1,270.26	20091128
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684542	20091008	USD	905.05	20091205
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684547	20091015	USD	4,698.68	20091205
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684541	20091008	USD	1,586.16	20091205
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684544	20091015	USD	85.78	20091212
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684548	20091015	USD	128,402.09	20091212
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684562	20091109	USD	164,069.96	20091212
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684560	20091104	USD	180,893.29	20091212
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684556	20091104	USD	42,808.80	20091212
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684549	20091023	USD	193,239.00	20091219
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684551	20091023	USD	133,225.21	20091219
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684557	20091104	USD	161,931.94	20091219
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684552	20091023	USD	5,867.04	20091219
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684554	20091028	USD	42,438.36	20091226
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684558	20091104	USD	105,597.21	20091226
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684559	20091104	USD	245,126.87	20091226
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684555	20091104	USD	192,136.51	20100102
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684561	20091109	USD	108,982.59	20100102
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684553	20091028	USD	262,511.55	20100102
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684563	20091112	USD	168,391.80	20100102
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684564	20091112	USD	98,739.96	20100109
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684565	20091112	USD	72,970.80	20100109
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684566	20091112	USD	129,585.16	20100109

Applicant Name	DC number	Issue date		DC Outstanding amt	Expiry date
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684567	20091112	USD	310,300.69	20100109
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684568	20091124	USD	188,693.94	20100116
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684569	20091124	USD	138,768.18	20100116
HANESBRANDS INC-UNDERWEAR DIVISION	HKH 684570	20091124	USD	165,422.23	20100116
HANESBRANDS INC-UNDERWEAR DIVISION	DC HKH 684544	BR SLC890823HKH	USD	8,927.20	20091203
HANESBRANDS INC-UNDERWEAR DIVISION	DC HKH 684542	BR SLC890844HKH	USD	61,870.24	20091203
HANESBRANDS INC-UNDERWEAR DIVISION	DC HKH 684556	BR SLC890821HKH	USD	33,691.20	20091204
HANESBRANDS INC-UNDERWEAR DIVISION	DC HKH 684546	BR SLC890822HKH	USD	3,119.84	20091204
HANESBRANDS INC-UNDERWEAR DIVISION	DC HKH 684543	BR SLC890824HKH	USD	70,427.84	20091204
HANESBRANDS INC-UNDERWEAR DIVISION	DC HKH 684547	BR SLC890843HKH	USD	357,988.00	20091204
HANESBRANDS INC-UNDERWEAR DIVISION	DC HKH 684541	BR SLC890916HKH	USD	53,726.40	20091204

Standby LC's				**Beneficiary**
HANESBRANDS INC.	SDCMTN551270	USD	6,400,000.00	AIG
HANESBRANDS INC.	00333982(S-628808)	USD	500,000.00	Safety National
HANESBRANDS INC.	SLT343989	USD	1,219,000.00	Travelers Indemnity Co
HANESBRANDS INC.	SLT333983	USD	1,600,000.00	State of Pennsylvania
HANESBRANDS INC.	SLT751117	USD	147,000.00	Arrowood Indemnity Company

EXHIBIT A-1

FORM OF REVOLVING NOTE

$_____ [DATE]

FOR VALUE RECEIVED, HANESBRANDS INC., a Maryland corporation (the "Borrower"), promises to pay to the order of [Name of Lender] (the "Lender") on the Stated Maturity Date the principal sum of up to [_____] ($[_____]) or, if less, the aggregate unpaid principal amount of all Revolving Loans shown on the schedule attached hereto (and any continuation thereof) made (or continued) by the Lender pursuant to that certain Amended and Restated Credit Agreement, dated as of December [_____], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners. Terms used in this Revolving Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made pursuant to the terms of the Credit Agreement.

This Revolving Note is one of the Revolving Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this Revolving Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Revolving Note and on which such Indebtedness may be declared to be immediately due and payable.

All parties hereto, to the extent permitted by applicable law, whether as makers, endorsers or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

THIS REVOLVING NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

HANESBRANDS INC.

By: _____
Name:
Title:

REVOLVING LOANS AND PRINCIPAL PAYMENTS

Date	Amount of Loan Made		Interest Period	Amount of Principal Repaid		Unpaid Principal Balance		Total	Notation Made By
	Alternate Base Rate	LIBO Rate		Alternate Base Rate	LIBO Rate	Alternate Base Rate	LIBO Rate		

EXHIBIT A-2

FORM OF NEW TERM NOTE

$_____ [DATE]

FOR VALUE RECEIVED, HANESBRANDS INC., a Maryland corporation (the "Borrower"), promises to pay to the order of **[**NAME OF LENDER**]** (the "Lender") on the Stated Maturity Date the principal sum of _____DOLLARS ($_____) or, if less, the aggregate unpaid principal amount of all New Term Loans shown on the schedule attached hereto (and any continuation thereof) made (or continued) by the Lender pursuant to that certain Amended and Restated Credit Agreement, dated as of December [___], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners. Terms used in this New Term Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made pursuant to the terms of the Credit Agreement.

This New Term Note is one of the New Term Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this New Term Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this New Term Note and on which such Indebtedness may be declared to be immediately due and payable. All parties hereto, to the extent permitted by applicable law, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

THIS LOAN HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR PURPOSES OF SECTIONS 1271 ET SEQ. OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. THE ISSUE DATE OF THIS SECURITY IS [___], [___]. FOR INFORMATION REGARDING THE ISSUE PRICE, THE YIELD TO MATURITY, THE AMOUNT OF OID PER $1,000 OF PRINCIPAL AMOUNT AND, IF APPLICABLE, THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE, PLEASE CONTACT [___] AT [___], ATTENTION: [___].

THIS NEW TERM NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

HANESBRANDS INC.

By: _____
Name:
Title:

NEW TERM LOANS AND PRINCIPAL PAYMENTS

Date	Amount of New Term Loan Made		Interest Period	Amount of Principal Repaid		Unpaid Principal Balance		Total	Notation Made By
	Alternate Base Rate	LIBO Rate		Alternate Base Rate	LIBO Rate	Alternate Base Rate	LIBO Rate		

EXHIBIT A-3

FORM OF SWING LINE NOTE

$_____ [DATE]

FOR VALUE RECEIVED, the undersigned, HANESBRANDS INC., a Maryland corporation (the "Borrower"), promises to pay to the order of [NAME OF LENDER] (the "Lender") on the Stated Maturity Date for Swing Line Loans the principal sum of _____ DOLLARS ($_____) or, if less, the aggregate unpaid principal amount of all Swing Line Loans made by the Lender pursuant to the Amended and Restated Credit Agreement, dated as of December [___], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners. Terms used in this Swing Line Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made pursuant to the terms of the Credit Agreement.

This Swing Line Note is the Swing Line Note referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this Swing Line Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Swing Line Note and on which such Indebtedness may be declared to be immediately due and payable.

All parties hereto, to the extent permitted by applicable law, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

THIS SWING LINE NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

HANESBRANDS INC.

By: _____
Name:
Title:

SWING LINE LOANS AND PRINCIPAL PAYMENTS

Date	Amount of Swing Line Loan	Amount of Principal Payment	Outstanding Principal Balance	Notation Made By

EXHIBIT B-1

FORM OF BORROWING REQUEST

JPMorgan Chase Bank, N.A.,
as Administrative Agent
JPMorgan Loan Services
10 South Dearborn
Chicago, IL 60603
Attention: Joyce King
Fax: 312-385-7096
Phone: 312-385-7025
E-mail: jpm.agency.servicing.4@jpmchase.com

HANESBRANDS INC.

Ladies and Gentlemen:

This Borrowing Request is delivered to you pursuant to Section 2.3 of the Amended and Restated Credit Agreement, dated as of December [___], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners. Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that a **[**Revolving Loan**] [**New Term Loan**] [**Swing Line Loan**]** be made in the aggregate principal amount of $[_____] on _____, ___as a **[**Base Rate Loan**] [**LIBO Rate Loan having an Interest Period of ___[months] [weeks]**]**.

The Borrower hereby acknowledges that, pursuant to Section 5.2.2 of the Credit Agreement, each of the delivery of this Borrowing Request and the acceptance by the Borrower of the proceeds of the Loans requested hereby constitutes a representation and warranty by the Borrower that, on the date of the making of such Loans, and both before and after giving effect thereto, all statements set forth in Section 5.2.1 of the Credit Agreement are true and correct.

The Borrower agrees that if prior to the time of the Borrowing requested hereby any matter certified to herein by it will not be true and correct to the extent set forth in Section 5.2.1 of the Credit Agreement at such time as if then made, it will promptly so notify the Administrative Agent. Except to the extent, if any, that prior to the time of the Borrowing requested hereby the Administrative Agent shall receive written notice to the contrary from the Borrower, each matter certified to herein shall be deemed once again to be certified as true and

correct to the extent set forth in Section 5.2.1 of the Credit Agreement at the date of such Borrowing as if then made.

Please wire transfer the proceeds of the Borrowing to the accounts of the following persons at the financial institutions indicated respectively:

Amount to be Transferred	Person to be Paid		Name, Address, etc. Of Transferee Lender
	Name	Account No.	
$			
			Attention:
$			
			Attention:
$			
			Attention:
Balance of such proceeds	The Borrower		
			Attention:

IN WITNESS WHEREOF, the Borrower has caused this Borrowing Request to be executed and delivered, and the certifications and warranties contained herein to be made, by its duly Authorized Officer, solely in such capacity and not as an individual, this _____day of _____, ____.

HANESBRANDS INC.

By: _____
Name:
Title:

EXHIBIT B-2

FORM OF ISSUANCE REQUEST

JPMorgan Chase Bank, N.A.,
as Administrative Agent
Letter of Credit Department
10 South Dearborn
Chicago, IL 60603
Attention: Carolyn Edwards
Fax: 312-732-2729
Phone: 312-732-2621
E-mail: carolyn.x.edwards@jpmchase.com

HSBC Bank USA, National Association
as an Issuer
[ ]
[ ]
Attention: [ ]
Fax: [ ]
Phone: [ ]
Email: [ ][1]

[NAME OF ANY ADDITIONAL ISSUER,
as an Issuer
[ ]
[ ]
Attention: [ ]
Fax: [ ]
Phone: [ ]
Email: [ ]]

HANESBRANDS INC.

Ladies and Gentlemen:

This Issuance Request is delivered to you pursuant to Section 2.6 of that certain Amended and Restated Credit Agreement, dated as of December [___], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC,

1 To obtain proper contact information.

HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners. Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that on _____ _____ ___, _____(the "Date of Issuance"),[2] **[**NAME OF ISSUER**]** (the "Issuer"), **[**issue a [Standby] [Commercial] Letter of Credit in the initial Stated Amount of $_____ with a Stated Expiry Date (as defined therein) of _____ ___, _____**]** **[**extend the Stated Expiry Date [3,4] (as defined under Letter of Credit No. ___, issued on _____ _____ ___, _____, in the initial Stated Amount of $_____) to a revised Stated Expiry Date (as defined therein) of_____ _____ ___, _____**]**.

The beneficiary of the requested Letter of Credit will be _____ _____ _____, and such Letter of Credit will be in support of _____ _____.

The Borrower hereby acknowledges that, pursuant to Section 5.2.2 of the Credit Agreement, each of the delivery of this Issuance Request and the acceptance by the Borrower of the **[**issuance**]** **[**extension**]** of the Letter of Credit requested hereby constitutes a representation and warranty by the Borrower that, on the date of such **[**issuance**]** **[**extension**]**, and both before and after giving effect thereto, all statements set forth in Section 5.2.1 of the Credit Agreement are true and correct in all material respects (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

The Borrower agrees that if prior to the time of the **[**issuance**]** **[**extension**]** of the Letter of Credit requested hereby any matter certified to herein by it will not be true and correct in all material respects at such time as if then made, it will promptly so notify the Administrative Agent. Except to the extent, if any, that prior to the time of the **[**issuance**]** **[**extension**]** of the Letter of Credit requested hereby the Administrative Agent shall receive written notice to the contrary from the Borrower, each matter certified to herein shall be deemed once again to be certified as true and correct in all material respects at the date of such **[**issuance**]** **[**extension**]** as if then made.

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2 Insert date of Issuance Request which shall be on or before 10:00 a.m. on a Business Day, not less than three nor more than ten Business Days' notice, in the case of an initial issuance of a Letter of Credit and not less than three Business Days' prior notice, in the case of a request for the extension of the Stated Expiry Date of a Standby Letter of Credit (in each case, unless a shorter notice period is agreed to by the relevant Issuer, in its sole discretion)

3 Each Standby Letter of Credit shall by its terms be stated to expire no later than the earlier to occur of (i) five Business Days prior to the Revolving Loan Commitment Termination Date or (ii) unless otherwise agreed to by the Issuer, in its sole discretion, one year from the date of issuance (provided that each Standby Letter of Credit may, with the consent of the Issuer in its sole discretion, provide for automatic renewals for one year periods (which in no event shall extend beyond the Revolving Loan Commitment Termination Date).

4 Each Commercial Letter of Credit shall by its terms be stated to expire on a date no later than the earlier to occur of (i) five Business Days prior to the Revolving Loan Commitment Termination Date or (ii) unless otherwise agreed to by the Issuer, in its sole discretion, 180 days from the date of its issuance.

IN WITNESS WHEREOF, the Borrower has caused this Issuance Request to be executed and delivered, and the certifications and warranties contained herein to be made, by its duly Authorized Officer, solely in such capacity and not as an individual, this _____ day of _____, _____.

HANESBRANDS INC.

By: _____
Name:
Title:

EXHIBIT C

FORM OF CONTINUATION/CONVERSION NOTICE

JPMorgan Chase Bank, N.A.,
as Administrative Agent
JPMorgan Loan Services
10 South Dearborn
Chicago, IL 60603
Attention: Joyce King
Fax: 312-385-7096
Phone: 312-385-7025
E-mail: jpm.agency.servicing.4@jpmchase.com

HANESBRANDS INC.

Ladies and Gentlemen:

This Continuation/Conversion Notice is delivered to you pursuant to Section 2.4 of the Amended and Restated Credit Agreement, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners. Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that on _____ ___, ___[5],

(1) $_____[6] of the presently outstanding principal amount of the **[**Revolving Loans**]** **[**New Term Loans**]** originally made on _____ ___, ___, presently being maintained as **[**Base Rate Loans**]** **[**LIBO Rate Loans**]**,

(2) be **[**converted into**]** **[**continued as**]**,

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5 Insert date of Continuation/Conversion Notice which shall be on or before 10:00 a.m. on a Business Day and not less than three nor more than five Business Days' notice, (A) to convert any Base Rate Loan into one or more LIBO Rate Loans or (B) before the last day of the then current Interest Period with respect thereto, to continue any LIBO Rate Loan as a LIBO Rate Loan; provided that in the absence of prior notice as required above (which notice may be delivered telephonically followed by written confirmation within 24 hours thereafter by delivery of a Continuation/Conversion Notice), with respect to any LIBO Rate Loan at least three Business Days before the last day of the then current Interest Period with respect thereto, such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan.

6 Minimum of $1,000,000 and integral multiples of $1,000,000.

(3) **[**LIBO Rate Loans having an Interest Period of ___[weeks] [months]**]**[7] **[**Base Rate Loans**]**.

[The undersigned hereby certifies that no Event of Default has occurred and is continuing on the date of the proposed [conversion] [continuation]][8]

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7 Insert appropriate interest rate option and, if applicable, the number of weeks (one or two) if available, or months (one, two, three or six, or if available nine or twelve) with respect to LIBO Rate Loans.

8 Insert this sentence only in the event of a conversion from a Base Rate Loan to a LIBO Rate Loan or a continuation of a LIBO Rate Loan.

IN WITNESS WHEREOF, the Borrower has caused this Continuation/Conversion Notice to be executed and delivered by its duly Authorized Officer, solely in such capacity and not as an individual, this ___day of _____, ___.

HANESBRANDS INC.

By _____
Name:
Title:

EXHIBIT D

FORM OF LENDER ASSIGNMENT AGREEMENT

[DATE]

HANESBRANDS INC.,
as the Borrower
1000 East Hanes Mill Rd
Winston Salem, NC 27105
Attn: General Counsel

JPMorgan Chase Bank, N.A.,
as Administrative Agent
JPMorgan Loan Services
10 South Dearborn
Chicago, IL 60603
Attention: Joyce King
Fax: 312-385-7096
Phone: 312-385-7025
E-mail: jpm.agency.servicing.4@jpmchase.com

HANESBRANDS INC.

Ladies and Gentlemen:

This Lender Assignment Agreement (this "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the "Standard Terms and Conditions") are hereby agreed to be incorporated herein by reference and made a part of this Assignment and Acceptance.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent (as defined below) as contemplated below (i) all of the Assignor's rights, benefits, obligations, liabilities and indemnities in its capacity as a Lender under (and in connection with) the Credit Agreement and any other Loan Documents to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any Letters of Credit Outstanding and Swing Line Loans) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of

action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, the other Loan Documents or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by the Assignor.

This Assignment and Acceptance shall be effective as of the Effective Date [upon the written consent of the Administrative Agent][1] [, each Issuer, the Swing Line Lender][2] [and the Borrower (as defined below); provided that the Borrower shall be deemed to have given its consent seven Business Days after the date notice thereof has been delivered by the Assignor (through the Administrative Agent) to the Borrower, unless such consent is expressly refused by the Borrower prior to such seventh Business Day][3] being subscribed in the space indicated below.

1. Assignor: _____

2. Assignee: _____
[and is an Affiliate/Approved Fund of [*identify Lender*] [4]]

3. Borrower: HANESBRANDS INC. (the "Borrower")

4. Administrative Agent: JPMORGAN CHASE BANK, N.A., as the administrative agent under the Credit Agreement (the "Administrative Agent")

5. Credit Agreement: Amended and Restated Credit Agreement, dated as of December [___], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and

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1 Administrative Agent consent required for assignments (i) to an Eligible Assignee that is not a Lender, an Approved Fund or an Affiliate of a Lender and (ii) pursuant to clause (a)(i) of Section 10.11 of the Credit Agreement.

2 Consent of each Issuer and the Swing Line Lender is required for assignments of Revolving Loan Commitments to an Eligible Assignee that is not a Lender, an Approved Fund or an Affiliate of a Lender.

3 Borrower consent required (i) pursuant to clause (a)(i) of Section 10.11 of the Credit Agreement and (ii) so long as no Event of Default has occurred and is continuing, for assignments of Revolving Loan Commitments to an Eligible Assignee that is not a Lender, an Approved Fund or an Affiliate of a Lender.

4 Select as applicable.

HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans
[Revolving Loan Commitment/Revolving Loans]	$	$	%
[New Term Loan]	$	$	%

Effective Date: [DATE]

The terms set forth in this Assignment and Acceptance are hereby agreed to as of the Effective Date:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Name:
Title:

[Consented to and] Accepted:
JPMORGAN CHASE BANK, N.A.,
as the Administrative Agent [and the Swing Line Lender]

By: _____
Name:
Title:

[Consented to:
HANESBRANDS INC.,
as the Borrower

By: _____
Name:
Title:]

[Consented to:
HSBC Bank USA, National Association,
as an Issuer

By: _____
Name:
Title:]

[[NAME OF ANY ADDITIONAL ISSUER],
as an Issuer

By: _____
Name:
Title:]

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) except as provided in clause (a) above, assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower or any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower or any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it is an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1.6 or 7.1.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Non-U.S. Lender, attached to this Assignment and Acceptance is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Collateral Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the

Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by telecopy or facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be deemed to be a contract made under, governed by, and construed in accordance with, the laws of the State of New York (including for such purposes Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York) without regard to conflicts of laws principles.

EXHIBIT E

FORM OF COMPLIANCE CERTIFICATE

HANESBRANDS INC.

This Compliance Certificate is delivered pursuant to clause (c) of Section 7.1.1 of the Amended and Restated Credit Agreement, dated as of December [___], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners. Terms used herein that are defined in the Credit Agreement, unless otherwise defined herein, have the meanings provided (or incorporated by reference) in the Credit Agreement.

The Borrower hereby certifies, represents and warrants as follows in respect of the period (the "Computation Period") commencing on _____ _____ _____, _____ and ending on _____ _____, _____ (such latter date being the "Computation Date") and with respect to the Computation Date:

1. Defaults. As of the Computation Date, no Default had occurred and was continuing. [1]

2. Financial Covenants.

a. Leverage Ratio. The Leverage Ratio on the Computation Date was _____, as computed on Attachment 1 hereto. The maximum Leverage Ratio permitted pursuant to clause (a) of Section 7.2.4 of the Credit Agreement on the Computation Date was _____.

b. Interest Coverage Ratio. The Interest Coverage Ratio on the Computation Date was _____, as computed on Attachment 2 hereto. The minimum Interest Coverage Ratio permitted pursuant to clause (b) of Section 7.2.4 of the Credit Agreement on the Computation Date was _____.

3. [2] [Excess Cash Flow: The Excess Cash Flow was $_____, as computed on Attachment 3 hereto.] Such amount multiplied by the Applicable Percentage (which is _____% based on the Leverage Ratio set forth above) is $_____. Such amount minus the

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1 If a Default has occurred, specify the details of such default and the action that the Borrower or other Obligor has taken or proposes to take with respect thereto.

2 Use in the case of a Compliance Certificate delivered pursuant to clause (c) of Section 7.1.1 of the Credit Agreement if applicable.

aggregate amount of all voluntary prepayments of Loans (but including Revolving Loans and Swing Line Loans only to the extent there was a corresponding reduction of the Revolving Loan Commitment Amount pursuant to Section 2.2.1 of the Credit Agreement) made during the Computation Period (which was $_____) is equal to $_____. As a result, [3][we are required to make a mandatory prepayment in such amount] [4][we are not required to make a mandatory prepayment of Excess Cash Flow].

4. Subsidiaries: Except as set forth below, no Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate. The formation and/or acquisition of such Subsidiary was in compliance with Section 7.1.8 of the Credit Agreement.

[Insert names of any new entities.]

5. Neither the Borrower nor any Obligor has changed its legal name or jurisdiction of organization, during the Computation Period, except as indicated on Attachment 4 hereto.

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3 Use if amount is positive.

4 Use if amount is zero or less.

IN WITNESS WHEREOF, the Borrower has caused this Compliance Certificate to be executed and delivered, and the certification and warranties contained herein to be made, by the treasurer, chief financial or accounting Authorized Officer of the Borrower, solely in such capacity and not as an individual, as of _____ _____, 20____.

HANESBRANDS INC.

By: _____
Name:
Title:

Attachment 1
(to __/__/__ Compliance Certificate)

LEVERAGE RATIO
on _____
(the "Computation Date")

Leverage Ratio:

1. Total Debt: on the Computation Date, in each case exclusive of (a) intercompany Indebtedness between the Borrower and its Subsidiaries, (b) any Contingent Liability in respect of any of the foregoing, (c) any Permitted Factoring Facility, (d) any Commercial Letter of Credit, (e) any Letter of Credit or other credit support relating to the termination of agreements with respect to Hedging Obligations, in each case under this clause (e), incurred in connection with or as a result of the Transaction and (f) any Open Account Paying Agreements, the outstanding principal amount of all Indebtedness of the Borrower and its Subsidiaries, comprised of:

   (a) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments $_____

   (b) all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person $_____

   (c) all Capitalized Lease Liabilities of such Person $_____

   (d) monetary obligations arising under Synthetic Leases $_____

   (e) all obligations of such Person pursuant to any Permitted Securitization (other than Standard Securitization Undertakings) or any Permitted Factoring Facility.

   (f) TOTAL DEBT: The sum of Item 1(a) through 1(e) $_____

2. Net Income (the aggregate of all amounts which would be included as net income on the consolidated financial statements of the Borrower and its Subsidiaries for the Computation Period) $_____

3. to the extent deducted in determining Net Income, amounts $_____

attributable to amortization (including amortization of goodwill and other intangible assets)

4. to the extent deducted in determining Net Income, Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Tax expense $ _____

5. to the extent deducted in determining Net Income, Interest Expense (the aggregate interest expense (both, without duplication, when accrued or paid and net of interest income paid during such period to the Borrower and its Subsidiaries) of the Borrower and its Subsidiaries for such applicable period, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense but excluding interest expense attributable to a Permitted Factoring Facility) $ _____

6. to the extent deducted in determining Net Income, depreciation of assets $ _____

7. to the extent deducted in determining Net Income, all non-cash charges, including all non-cash charges associated with announced restructurings, whether announced previously or in the future $ _____

8. to the extent deducted in determining Net Income, net cash restructuring charges associated with or related to any contemplated restructurings in an aggregate amount not to exceed $120,000,000 since September 5, 2006 $ _____

9. to the extent deducted in determining Net Income, all amounts in respect of extraordinary losses $ _____

10. to the extent deducted in determining Net Income, non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements) $ _____

11. to the extent included in determining Net Income, any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early retirement of Indebtedness, and related out-of-pocket expenses incurred by the Borrower or any of its Subsidiaries as a result of the Transaction, including fees and expesnes in connection with the issuance, redemption or exchange of the $ _____

2016 Senior Notes, all determined in accordance with GAAP

12. to the extent included in determining Net Income, non-cash or unrealized losses on agreements with respect to Hedging Obligations $_____

13. to the extent included in determining Net Income and to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of the Borrower and its Subsidiaries incurred as a result of Permitted Acquisitions, Investments, Restricted Payments, Dispositions permitted under the Credit Agreement and the issuance of Capital Securities or Indebtedness permitted under the Credit Agreement, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Permitted Acquisition or Dispositions $_____

14. to the extent included in determining Net Income, unrealized losses on agreements with respect to Hedging Obligations and the related tax losses and any costs, fees and expenses related to the termination thereof, in each case incurred in connection with or as a result of the Transaction

15. to the extent included in determining Net Income, and to the extent the related loss is not added back pursuant to Item 22 , all proceeds of business interruption insurance policies $_____

16. to the extent included in determining Net Income, expenses incurred by the Borrower or any Subsidiary to the extent reimbursed in cash by a third party $_____

17. to the extent included in determining Net Income, extraordinary, unusual or non-recurring cash charges not to exceed $10,000,000 in any Fiscal Year $_____

18. to the extent included in determining Net Income, all amounts in respect of extraordinary gains $_____

19. to the extent included in determining Net Income, non-cash gains on agreements with respect to Hedging Obligations $_____

20. to the extent included in determining Net Income, reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period $_____

21. to the extent included in determining Net Income, gains on agreements with respect to Hedging Obligations and any

releated tax gains, in each case incurred in connection with or as a result of the Transaction

22.	to the extent included in determining Net Income, non-cash items increasing such Net Income for such period, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period	$_____
23.	EBITDA: The sum of Items 2 through 17 minus Items 18 through 22	$_____
23.	LEVERAGE RATIO: ratio of Item 1 to Item 23	:1.00

Attachment 2
(to __/__/__ Compliance
Certificate)

INTEREST COVERAGE RATIO
on _____
(the "Computation Date")

Interest Coverage Ratio:

1.	EBITDA (see Item 22 of Attachment 1)	$_____
2.	Interest Expense of the Borrower and its Subsidiaries (see Item 5 of Attachment 1)	$_____
3.	INTEREST COVERAGE RATIO: ratio of Item 1 to Item 2	:1.00

Attachment 3
(to __/__/__ Compliance Certificate)

EXCESS CASH FLOW[17]
on the Computation Date

1.	EBITDA (see Item 22 of Attachment 1)	$_____
2.	Interest Expense actually paid in cash by the Borrower and its Subsidiaries	$_____
3.	scheduled principal repayments with respect to the permanent reduction of Indebtedness, to the extent actually made under the Credit Agreement	$_____
4.	all Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Taxes actually paid in cash or payable (only to the extent related to Taxes associated with such Fiscal Year) by the Borrower and its Subsidiaries	$_____
5.	Capital Expenditures to the extent (x) actually made by the Borrower and its Subsidiaries in such Fiscal Year or (y) committed to be made by the Borrower and its Subsidiaries and that are permitted to be carried forward to the next succeeding Fiscal Year pursuant to Section 7.2.7 of the Credit Agreement[18]	$_____
6.	the portion of the purchase price paid in cash with respect to Permitted Acquisitions to the extent such Permitted Acquisition was made in connection with the Borrower's offshore migration of its supply chain	$_____
7.	to the extent permitted to be included in the calculation of EBITDA for such Fiscal Year, the amount of Cash Restructuring Charges actually so included in such calculation	$_____
8.	without duplication to any amounts deducted in preceding Item 2 through Item 7, all items added back to EBITDA pursuant to clause (b) of the definition of EBITDA in the Credit Agreement	

17 Use in the case of a Compliance Certificate delivered concurrently with the financial information pursuant to clause (b) of Section 7.1.1 of the Credit Agreement.

18 The amounts deducted from Excess Cash Flow pursuant to clause (y) of Item 5 shall not thereafter be deducted in the determination of Excess Cash Flow for the Fiscal Year during which such payments were actually made.

	that represent amounts actually paid in cash	$_____
9.	The sum of Items 2 through 8	$_____
10.	EXCESS CASH FLOW: Item 1 less Item 9	$_____

Attachment 4
(to __/__/__ Compliance
Certificate)

CHANGE OF LEGAL NAME OR JURISDICTION OF INCORPORATION

Name of Borrower or Other Obligor	New Legal Name or Jurisdiction of Incorporation

EXHIBIT F

FORM OF
AMENDED AND RESTATED GUARANTY

This AMENDED AND RESTATED GUARANTY (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Guaranty"), dated as of December [ ], 2009 is made by HANESBRANDS INC., a Maryland corporation (the "Borrower") and each U.S. Subsidiary of the Borrower, from time to time party to this Guaranty (each individually, a "Subsidiary Guarantor" and, together with the Borrower, each individually, a "Guarantor" and collectively, the "Guarantors"), in favor of JPMORGAN CHASE BANK, N.A., as administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Secured Parties (capitalized terms used herein have the meanings set forth in or incorporated by reference in Article I).

WHEREAS, the Borrower, Citicorp USA, Inc., as administrative agent, and the other agents and lenders party thereto entered into that certain Credit Agreement dated as of September 5, 2006 (the "Existing Credit Agreement");

WHEREAS, pursuant to the Existing Credit Agreement, a Guaranty (the "Existing Guaranty"), dated as of September 5, 2006, was entered into among the Borrower, the other guarantors party thereto and Citicorp USA, Inc., as the administrative agent for the secured parties referred to therein;

WHEREAS, pursuant to an Amended and Restated Credit Agreement, dated as of December [ ], 2009 and (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, the Administrative Agent, the Collateral Agent, and J.P. Morgan Securities Inc., Bank of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower; and

WHEREAS, as a condition precedent to the making of the Credit Extensions under the Credit Agreement, each Guarantor is required to execute and deliver this Guaranty;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor agrees, for the benefit of each Secured Party, that the Existing Guaranty is hereby amended and restated as of the Restatement Effective Date to read in its entirety as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Borrower" is defined in the preamble.

"Credit Agreement" is defined in the third recital.

"Existing Credit Agreement" is defined in the first recital.

"Existing Guaranty" is defined in the second recital.

"Guarantor" and "Guarantors" are defined in the preamble.

"Guaranty" is defined in the preamble.

"Non-USD Currency" means a currency other than U.S. Dollars.

"Secured Obligations" means, collectively, the Obligations, the Cash Management Obligations and all Indebtedness of any Foreign Subsidiary or Obligor, as applicable, permitted under clause (n) of Section 7.2.2 of the Credit Agreement owing to a Foreign Capital Lender.

SECTION 1.2. Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Credit Agreement.

ARTICLE II

GUARANTY PROVISIONS

SECTION 2.1. Guaranty. Each Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably

SECTION 2.1.1 guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Secured Obligations of the Borrower and its Subsidiaries now or hereafter existing, whether for principal, interest (including interest accruing at the then applicable rate provided in the Credit Agreement after the occurrence of any Event of Default set forth in Section 8.1.9 of the Credit Agreement, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a

proceeding under bankruptcy, insolvency or similar laws), fees, Reimbursement Obligations, expenses or otherwise (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. §502(b) and §506(b)); and

SECTION 2.1.2 indemnifies and holds harmless each Secured Party for any and all costs and reasonable out-of-pocket expenses (including reasonable attorneys' fees) incurred by such Secured Party in enforcing any rights under this Guaranty (in each case to the same extent the Secured Parties are indemnified and held harmless pursuant to Sections 10.3 and 10.4 of the Credit Agreement);

provided, however, that each Guarantor shall only be liable under this Guaranty for the maximum amount of such liability that can be hereby incurred without rendering this Guaranty, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount. This Guaranty constitutes a guaranty of payment when due and not of collection, and each Guarantor specifically agrees that to the extent permitted by applicable law it shall not be necessary or required that any Secured Party exercise any right, assert any claim or demand or enforce any remedy whatsoever against the Borrower or any of its Subsidiaries or any other Person before or as a condition to the obligations of such Guarantor hereunder.

SECTION 2.2. Reinstatement, etc. Each Guarantor hereby jointly and severally agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Secured Obligations is invalidated, declared to be fraudulent or preferential, set aside, rescinded or must otherwise be restored by any Secured Party, including upon the occurrence of any Default set forth in Section 8.1.9 of the Credit Agreement or otherwise, all as though such payment had not been made.

SECTION 2.3. Guaranty Absolute, etc. To the extent permitted by applicable law, this Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment, and shall remain in full force and effect until the Termination Date has occurred. Each Guarantor jointly and severally guarantees that the Secured Obligations will be paid strictly in accordance with the terms of each Loan Document or other applicable agreement under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The liability of each Guarantor under this Guaranty shall be joint and several, absolute, unconditional and irrevocable to the extent permitted by applicable law irrespective of:

SECTION 2.3.1 any lack of validity, legality or enforceability of any Loan Document or other applicable agreement under which such Secured Obligations arise;

SECTION 2.3.2 the failure of any Secured Party

(a) to assert any claim or demand or to enforce any right or remedy against the Borrower or any of its Subsidiaries or any other Person (including any

other guarantor) under the provisions of any Loan Document or other applicable agreement under which such Secured Obligations arise or otherwise, or

(b) to exercise any right or remedy against any other guarantor (including any Guarantor) of, or collateral securing, any Secured Obligations;

SECTION 2.3.3 any change in the time, manner or place of payment of, or in any other term of, all or any part of the Secured Obligations, or any other extension, compromise or renewal of any Secured Obligation;

SECTION 2.3.4 any reduction, limitation, impairment or termination of any Secured Obligations for any reason (other than the occurrence of the Termination Date), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Guarantor hereby waives to the extent permitted by law, any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Secured Obligations or otherwise (other than the occurrence of the Termination Date);

SECTION 2.3.5 any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document or other applicable agreement under which such Secured Obligations arise;

SECTION 2.3.6 any addition, exchange or release of any collateral or of any Person that is (or will become) a guarantor (including a Guarantor hereunder) of the Secured Obligations, or any surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Secured Party securing any of the Secured Obligations;

SECTION 2.3.7 any law, regulation, decree or order of any jurisdiction, or any other event, affecting any term of any Secured Obligation or any Secured Party's rights with respect thereto, including (i) the application of any such law, regulation, decree or order, including any prior approval, which would prevent the remittance of funds outside of such jurisdiction or the unavailability of Dollars in any legal exchange market in such jurisdiction in accordance with normal commercial practice, (ii) a declaration of banking moratorium or any suspension of payments by banks in such jurisdiction or the imposition by such jurisdiction or any Governmental Authority thereof of any moratorium on, the required rescheduling or restructuring of, or required approval of payments on, any indebtedness in such jurisdiction, (iii) any expropriation, confiscation, nationalization or requisition by such country or any Governmental Authority that directly or indirectly deprives any Guarantor of any assets or their use or of the ability to operate its business or a material part thereof, or (iv) any war (whether or not declared), insurrection, revolution, hostile act, civil strife or similar events occurring in such jurisdiction which has the same effect as the events described in clause (i), (ii) or (iii) above (in each of the cases contemplated in clauses (i) through (iv) above, to the extent occurring or existing on or at any time after the date of this Guaranty); or

SECTION 2.3.8 any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Borrower or any of its Subsidiaries, any surety or any guarantor (other than payment or performance of the Secured Obligations, in each case in full and, with respect to payments, in cash).

SECTION 2.4. Setoff. Each Secured Party shall, upon the occurrence and during the continuance of any Event of Default described in clauses (a) through (d) of Section 8.1.9 of the Credit Agreement or, with the consent of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default, have the right to appropriate and apply to the payment of the Secured Obligations owing to it (if then due and payable), any and all balances, credits, deposits, accounts or moneys of such Guarantor then or thereafter maintained with such Secured Party (other than payroll, trust or tax accounts); provided that, any such appropriation and application shall be subject to the provisions of Section 4.8 of the Credit Agreement. Each Secured Party agrees promptly to notify the applicable Guarantor and the Administrative Agent after any such appropriation and application made by such Secured Party; provided that, the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Secured Party may have.

SECTION 2.5. Waiver, etc. Each Guarantor hereby waives, to the extent permitted by law, promptness, diligence, notice of acceptance and any other notice with respect to any of the Secured Obligations and this Guaranty and any requirement that any Secured Party protect, secure, perfect or insure any Lien, or any property subject thereto, or exhaust any right or take any action against the Borrower or any of its Subsidiaries or any other Person (including any other guarantor) or entity or any collateral securing the Secured Obligations, as the case may be.

SECTION 2.6. Postponement of Subrogation, etc. Each Guarantor agrees that it will, to the extent permitted by law, not exercise any rights which it may acquire by way of rights of subrogation under any Loan Document or other applicable agreement under which such Secured Obligations arise to which it is a party, nor shall any Guarantor seek any contribution or reimbursement from the Borrower or any of its Subsidiaries in respect of any payment made under any Loan Document or other applicable agreement under which such Secured Obligations arise or otherwise, until following the Termination Date. Any amount paid to any Guarantor on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Secured Parties and shall immediately be paid and turned over to the Administrative Agent for the benefit of the Secured Parties in the exact form received by such Guarantor (duly endorsed in favor of the Administrative Agent, if required), to be credited and applied against the outstanding Secured Obligations, in accordance with Section 2.7; provided, however, that if any Guarantor has made payment to the Secured Parties of all or any part of the Secured Obligations and the Termination Date has occurred, then at such Guarantor's request, the Administrative Agent (on behalf of the Secured Parties) will, at the expense of such Guarantor, execute and deliver to such Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Secured Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, each Guarantor shall refrain from taking any action or commencing any proceeding against the Borrower or any of its Subsidiaries (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise)

to recover any amounts in respect of payments made under this Guaranty to any Secured Party other than as required by applicable law to preserve such rights.

SECTION 2.7. Payments; Application. Each Guarantor hereby agrees with each Secured Party as follows to the extent permitted by applicable law:

SECTION 2.7.1 Each Guarantor agrees that all payments made by such Guarantor hereunder will be made to the Administrative Agent, without set-off, counterclaim or other defense (other than the defense of payment or performance) and in accordance with Sections 4.6 and 4.7 of the Credit Agreement, free and clear of and without deduction for any Taxes, each Guarantor hereby agreeing to comply with and be bound by the provisions of Sections 4.6 and 4.7 of the Credit Agreement in respect of all payments made by it hereunder and the provisions of which Sections are hereby incorporated into and made a part of this Guaranty by this reference as if set forth herein; provided, that references to the "Borrower" in such Sections shall also be deemed to be references to each Subsidiary Guarantor.

SECTION 2.7.2 All payments made hereunder shall be applied upon receipt as set forth in Section 4.7 of the Credit Agreement.

SECTION 2.8. Place and Currency of Payment. Each Guarantor agrees that all payments made by such Guarantor hereunder will be made to the Administrative Agent in Dollars at 399 Park Avenue, New York, New York or such other location as the Administrative Agent shall so designate from time to time.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into the Credit Agreement and make Credit Extensions thereunder, and to induce the Secured Parties to enter into Rate Protection Agreements and provide services giving rise to Cash Management Obligations, each Guarantor represents and warrants to each Secured Party as set forth below.

SECTION 3.1. Credit Agreement Representations and Warranties. The representations and warranties contained in Article VI of the Credit Agreement, insofar as the representations and warranties contained therein are applicable to any Guarantor and its properties, are true and correct in all material respects as of the date hereof, unless stated to relate solely to an earlier date, each such representation and warranty set forth in such Article (insofar as applicable as aforesaid) and all other terms of the Credit Agreement to which reference is made therein, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

SECTION 3.2. Financial Condition, etc. Each Guarantor has knowledge of each other Obligor's financial condition and affairs and that it has adequate means to obtain from each such Obligor on an ongoing basis information relating thereto and to such Obligor's ability to pay and perform the Secured Obligations, and agrees to assume the responsibility for keeping, and to keep, so informed for so long as this Guaranty is in effect. Each Guarantor acknowledges and

agrees that the Secured Parties shall have no obligation to investigate the financial condition or affairs of any Obligor for the benefit of such Guarantor nor to advise such Guarantor of any fact respecting, or any change in, the financial condition or affairs of any other Obligor that might become known to any Secured Party at any time, whether or not such Secured Party knows or believes or has reason to know or believe that any such fact or change is unknown to such Guarantor, or might (or does) materially increase the risk of such Guarantor as a guarantor, or might (or would) affect the willingness of such Guarantor to continue as a guarantor of the Secured Obligations.

SECTION 3.3. Best Interests. It is in the best interests of each Guarantor (other than the Borrower) to execute this Guaranty inasmuch as such Guarantor will, as a result of being a Subsidiary of the Borrower, derive substantial direct and indirect benefits from the Credit Extensions made from time to time to the Borrower by the Lenders and the Issuers pursuant to the Credit Agreement and the execution and delivery of Rate Protection Agreements between the Borrower, other Obligors and certain Secured Parties, and each Guarantor agrees that the Secured Parties are relying on this representation in agreeing to make Credit Extensions to the Borrower.

ARTICLE IV

COVENANTS, ETC.

Each Guarantor covenants and agrees that, at all times prior to the Termination Date, it will perform, comply with and be bound by all of the agreements to which it is a party, covenants and obligations contained in the Credit Agreement which are applicable to such Guarantor or its properties, each such agreement, covenant and obligation contained in the Credit Agreement and all other terms of the Credit Agreement to which reference is made in this Article, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

ARTICLE V

MISCELLANEOUS PROVISIONS

SECTION 5.1. Loan Document. This Guaranty is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 5.2. Binding on Successors, Transferees and Assigns; Assignment. This Guaranty shall remain in full force and effect until the Termination Date has occurred, shall be jointly and severally binding upon each Guarantor and its successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors, transferees and permitted assigns; provided, however, that no Guarantor may (unless otherwise permitted under the terms of the Credit Agreement) assign any of its obligations hereunder without the prior written consent of all Lenders.

SECTION 5.3. Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by any Guarantor from its obligations under this Guaranty, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent (on behalf of the Lenders or the Required Lenders, as the case may be, pursuant to Section 10.1 of the Credit Agreement) and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.4. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party (in the case of any Subsidiary Guarantor, in care of the Borrower) set forth on Schedule II to the Credit Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter.

SECTION 5.5. Additional Guarantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such Person shall become a "Guarantor" hereunder with the same force and effect as if it were originally a party to this Guaranty and named as a "Guarantor" hereunder. The execution and delivery of such supplement shall not require the consent of any other Guarantor hereunder (except to the extent a consent has been obtained), and the rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Guaranty.

SECTION 5.6. Release of Guarantor. Upon the occurrence of the Termination Date, this Guaranty and all obligations of each Guarantor hereunder shall terminate, without delivery of any instrument or performance of any act by any party. In addition, at the request of the Borrower, and at the sole expense of the Borrower, a Subsidiary Guarantor shall be automatically released from its obligations hereunder in the event that the Capital Securities of such Subsidiary Guarantor are Disposed of in a transaction permitted by the Credit Agreement; provided, that the Borrower shall have delivered to the Administrative Agent, prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor. The Administrative Agent agrees to deliver to the Borrower, at the Borrower's sole expense, such documents as the Borrower may reasonably request to evidence such termination and release.

SECTION 5.7. No Waiver; Remedies. In addition to, and not in limitation of, Sections 2.3 and 2.5, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.8. Section Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 5.9. Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 5.10. Judgment Currency. The Secured Obligations of each Guarantor in respect of any sum due to any Secured Party under or in respect of this Guaranty shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum was originally denominated (the "Original Currency"), be discharged only to the extent that on the Business Day following receipt by such Secured Party of any sum adjudged to be so due in the Judgment Currency, such Secured Party, in accordance with normal banking procedures, purchases the Original Currency with the Judgment Currency. If the amount of Original Currency so purchased is less than the sum originally due to such Secured Party, such Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Secured Party against such loss, and if the amount of Original Currency so purchased exceeds the sum originally due to such Secured Party, such Secured Party agrees to remit such excess to such Guarantor.

SECTION 5.11. Governing Law, Entire Agreement, etc. THIS GUARANTY WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 5.12. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE LENDERS, THE ISSUER OR ANY GUARANTOR IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED FOR THE BORROWER IN SECTION 10.2 OF THE CREDIT AGREEMENT. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT

ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH GUARANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 5.13. Waiver of Jury Trial. THE ADMINISTRATIVE AGENT (ON BEHALF OF ITSELF AND EACH OTHER SECURED PARTY) AND EACH GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, SUCH LENDER, THE ISSUER OR SUCH GUARANTOR IN CONNECTION THEREWITH. EACH GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT, EACH LENDER AND THE ISSUER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 5.14. Counterparts. This Guaranty may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Guaranty by facsimile (or other electronic transmission) shall be effective as delivery of a manually executed counterpart of this Guaranty.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

HANESBRANDS INC.

By: _____
Name:
Title:

HBI BRANDED APPAREL LIMITED, INC.

By: _____
Name:
Title:

HANESBRANDS DIRECT, LLC

By: _____
Name:
Title:

UPEL, INC.

By: _____
Name:
Title:

CARIBETEX, INC.

By: _____
Name:
Title:

[Signature Page to Guaranty]

SEAMLESS TEXTILES, LLC

By: _____
Name:
Title:

BA INTERNATIONAL, L.L.C.

By: _____
Name:
Title:

HBI INTERNATIONAL, LLC

By: _____
Name:
Title:

HBI BRANDED APPAREL ENTERPRISES, LLC

By: _____
Name:
Title:

CASA INTERNATIONAL, LLC

By: _____
Name:
Title:

UPCR, INC.

By: _____
Name:
Title:

HBI SOURCING, LLC

By: _____
Name:
Title:

CEIBENA DEL, INC.

By: _____
Name:
Title:

HANESBRANDS DISTRIBUTION, INC.

By: _____
Name:
Title:

CARIBESOCK, INC.

By: _____
Name:
Title:

HANES PUERTO RICO, INC.

By: _____
Name:
Title:

PLAYTEX INDUSTRIES, INC.

By: _____
Name:
Title:

INNER SELF LLC

By: _____
Name:
Title:

PLAYTEX DORADO, LLC

By: _____
Name:
Title:

HANES MENSWEAR, LLC

By: _____
Name:
Title:

JASPER-COSTA RICA, L.L.C.

By: _____
Name:
Title:

[Signature Page to Guaranty]

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____
Name:
Title:

ANNEX I to
the Guaranty

THIS SUPPLEMENT, dated as of _____ ___, ___ (this "Supplement"), is to the Amended and Restated Guaranty, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Guaranty"), among the Guarantors (such capitalized term, and other terms used in this Supplement, to have the meanings set forth or incorporated by reference in Article I of the Guaranty) from time to time party thereto, in favor of JPMORGAN CHASE BANK, N.A., as administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Secured Parties.

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Section 5.5 of the Guaranty, each of the undersigned is becoming a Subsidiary Guarantor under the Guaranty; and

WHEREAS, each of the undersigned desires to become a "Guarantor" under the Guaranty in order to induce the Secured Parties to continue to extend Credit Extensions under the Credit Agreement;

NOW, THEREFORE, in consideration of the premises, and for other consideration (the receipt and sufficiency of which is hereby acknowledged), each of the undersigned agrees, for the benefit of each Secured Party, as follows.

(i) Party to Guaranty, etc. In accordance with the terms of the Guaranty, by its signature below, each of the undersigned hereby irrevocably agrees to become a Subsidiary Guarantor under the Guaranty with the same force and effect as if it were an original signatory thereto and each of the undersigned hereby (a) agrees to be bound by and comply with all of the terms and provisions of the Guaranty applicable to it as a Subsidiary Guarantor and (b) represents and warrants that the representations and warranties made by it as a Subsidiary Guarantor thereunder are true and correct in all material respects as of the date hereof, unless stated to relate solely to an earlier date. In furtherance of the foregoing, each reference to a "Guarantor" and/or "Guarantors" in the Guaranty shall be deemed to include each of the undersigned.

(ii) Representations. Each of the undersigned hereby represents and warrants that this Supplement has been duly authorized, executed and delivered by it and that this Supplement and the Guaranty constitute the legal, valid and binding obligation of each of the undersigned, enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) against it in accordance with its terms.

(iii) Full Force of Guaranty. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect in accordance with its terms.

(iv) Severability. Wherever possible each provision of this Supplement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Supplement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Supplement or the Guaranty.

(v) Indemnity; Fees and Expenses, etc. Without limiting the provisions of any other Loan Document, each of the undersigned agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses incurred in connection with this Supplement, including reasonable attorney's fees and out-of-pocket expenses of the Administrative Agent's counsel.

(vi) Governing Law, Entire Agreement, etc. THIS SUPPLEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Supplement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

(vii) Counterparts. This Supplement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Supplement by facsimile (or other electronic transmission) shall be effective as delivery of a manually executed counterpart of this Supplement.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be duly executed and delivered by its Authorized Officer as of the date first above written.

[NAME OF ADDITIONAL SUBSIDIARY]

By: _____
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: _____
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: _____
Name:
Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____
Name:
Title:

EXHIBIT G

FORM OF
AMENDED AND RESTATED PLEDGE AND SECURITY AGREEMENT

This AMENDED AND RESTATED PLEDGE AND SECURITY AGREEMENT, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Security Agreement"), is made by HANESBRANDS INC., a Maryland corporation (the "Borrower"), and each Subsidiary Guarantor (terms used in the preamble and the recitals have the definitions set forth in or incorporated by reference in Article I) from time to time a party to this Security Agreement (each individually a "Grantor" and collectively, the "Grantors"), in favor of JPMORGAN CHASE BANK, N.A., a national banking association organized under the laws of the United States, as the administrative and the collateral agent (together with its successor(s) thereto in such capacities, the "Administrative Agent" and the "Collateral Agent", respectively) for each of the Secured Parties.

WHEREAS, the Borrower, Citicorp USA, Inc., as administrative agent, and the other agents and lenders party thereto entered into that certain Credit Agreement dated as of September 5, 2006 (the "Existing Credit Agreement");

WHEREAS, pursuant to the Existing Credit Agreement, a Pledge and Security Agreement (the "Existing Security Agreement"), dated as of September 5, 2006, was entered into among the Borrower, the other grantors party thereto and Citicorp USA, Inc., as the administrative agent and Citibank, N.A. as the collateral agent for each of the secured parties referred to therein;

WHEREAS, pursuant to an Amended and Restated Credit Agreement, dated as of December [ ], 2009 (as further amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P. as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, the Administrative Agent, the Collateral Agent, and J.P. Morgan Securities Inc., Bank of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower; and

WHEREAS, as a condition precedent to the making of the Credit Extensions under the Credit Agreement, each Grantor is required to execute and deliver this Security Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees, for the benefit of each Secured Party, that the Existing Security Agreement is hereby amended and restated as of the Restatement Effective Date to read in its entirety as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not underscored) when used in this Security Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Borrower" is defined in the preamble.

"Collateral" is defined in Section 2.1.

"Collateral Account" is defined in clause (b) of Section 4.3.

"Collateral Agent" is defined in the preamble.

"Computer Hardware and Software Collateral" means all of the Grantors' right, title and interest in and to:

(a) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware, including all operating system software, utilities and application programs in whatsoever form;

(b) all software programs (including both source code, object code and all related applications and data files), designed for use on the computers and electronic data processing hardware described in clause (a) above;

(c) all firmware associated therewith;

(d) all documentation (including flow charts, logic diagrams, manuals, guides, specifications, training materials, charts and pseudo codes) with respect to such hardware, software and firmware described in the preceding clauses (a) through (c); and

(e) all rights with respect to all of the foregoing, including copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, improvements, error corrections, updates, additions or model conversions of any of the foregoing;

provided that the foregoing shall not include Excluded Collateral.

"Control Agreement" means an authenticated record in form and substance reasonably satisfactory to the Collateral Agent that provides for the Collateral Agent to have "control" (as defined in the UCC) over certain Collateral as provided herein.

"Copyright Collateral" means all of the Grantors' right, title and interest in and to:

(a) all U.S. copyrights, registered or unregistered and whether published or unpublished, now or hereafter in force including copyrights registered or applied for in the United States Copyright Office, and registrations and recordings thereof and all applications for registration thereof, whether pending or in preparation and all extensions and renewals of the foregoing ("Copyrights"), including the Copyrights which are the subject of a registration or application referred to in Item A of Schedule V;

(b) all express or implied Copyright licenses and other agreements for the grant by or to such Grantor of any right to use any items of the type referred to in clause (a) above (each a "Copyright License"), including each Copyright License referred to in Item B of Schedule V;

(c) the right to sue for past, present and future infringements of any of the Copyrights owned by such Grantor, and for breach or enforcement of any Copyright License; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

"Credit Agreement" is defined in the third recital.

"Distributions" means all dividends paid on Capital Securities, liquidating dividends paid on Capital Securities, shares (or other designations) of Capital Securities resulting from (or in connection with the exercise of) stock splits, reclassifications, warrants, options, non-cash dividends, mergers, consolidations, and all other distributions on or with respect to any Capital Securities constituting Collateral.

"Excluded Accounts" means payroll accounts, petty cash accounts, pension fund accounts, 401(k) accounts, zero-balance accounts and other accounts that any Grantor may hold in trust for others.

"Excluded Collateral" is defined in Section 2.1.

"Existing Credit Agreement" is defined in the first recital.

"Existing Security Agreement" is defined in the second recital.

"General Intangibles" means all "general intangibles" and all "payment intangibles", each as defined in the UCC, and shall include all interest rate or currency protection or hedging arrangements, all tax refunds, all licenses, permits, concessions and authorizations and all Intellectual Property Collateral (in each case, regardless of whether characterized as general intangibles under the UCC).

"Grantor" and "Grantors" are defined in the preamble.

"Intellectual Property" means Trademarks, Patents, Copyrights, Trade Secrets and all other similar types of intellectual property under any law, statutory provision or common law doctrine in the United States.

"Intellectual Property Collateral" means, collectively, the Computer Hardware and Software Collateral, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral.

"Owned Intellectual Property Collateral" means all Intellectual Property Collateral that is owned by the Grantors.

"Patent Collateral" means all of the Grantors' right, title and interest in and to:

(a) inventions and discoveries, whether patentable or not, all letters patent and applications for United States letters patent, including all United States patent applications in preparation for filing, including all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the foregoing, including all patents issued by, or patent applications filed with, the United States Patent and Trademark Office ("Patents"), including each Patent and Patent application referred to in Item A of Schedule III;

(b) all Patent licenses, and other agreements for the grant by or to such Grantor of any right to use any items of the type referred to in clause (a) above (each a "Patent License"), including each Patent License referred to in Item B of Schedule III;

(c) the right to sue third parties for past, present and future infringements of any Patent or Patent application, and for breach or enforcement of any Patent License; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

"Permitted Liens" means all Liens permitted by Section 7.2.3 of the Credit Agreement or any other Loan Document.

"Secured Obligations" means, collectively, the Obligations, the Cash Management Obligations and all Indebtedness of any Foreign Subsidiary or Obligor, as applicable, permitted under clause (n) of Section 7.2.2 of the Credit Agreement owing to a Foreign Working Capital Lender.

"Securities Act" is defined in clause (a) of Section 6.2.

"Security Agreement" is defined in the preamble.

"Trademark Collateral" means all of the Grantors' right, title and interest in and to:

(a) (i) all United States trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office, and all common-law rights relating to the foregoing, and (ii) the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as "Trademarks"), including those Trademarks referred to in Item A of Schedule IV;

(b) all Trademark licenses and other agreements for the grant by or to such Grantor of any right to use any Trademark (each a "Trademark License"), including each Trademark License referred to in Item B of Schedule IV; and

(c) all of the goodwill of the business connected with the use of, and symbolized by the Trademarks described in clause (a) and, to the extent applicable, clause (b);

(d) the right to sue third parties for past, present and future infringements or dilution of the Trademarks described in clause (a) and, to the extent applicable, clause (b) or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark License; and

(e) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

"Trade Secrets Collateral" means all of the Grantors' right, title and interest throughout the world in and to (a) all common law and statutory trade secrets and all other confidential, proprietary or useful information and all know how (collectively referred to as "Trade Secrets") obtained by or used in or contemplated at any time for use in the business of a Grantor, whether or not such Trade Secret has been reduced to a writing or other tangible form, including all Documents and things embodying, incorporating or referring in any way to such Trade Secret, (b) all Trade Secret licenses and other agreements for the grant by or to such Grantor of any right to use any Trade Secret (each a "Trade Secret License") including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret License, and (d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

SECTION 1.2. Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Security Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement.

SECTION 1.3. UCC Definitions. When used herein the terms Account, Certificate of Title, Certificated Securities, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Deposit Account, Document, Electronic Chattel Paper, Equipment, Goods, Instrument, Inventory, Investment Property, Letter-of-Credit Rights, Payment Intangibles, Proceeds, Promissory Notes, Securities Account, Security Entitlement, Supporting Obligations and Uncertificated Securities have the meaning provided in Article 8 or Article 9, as applicable, of the UCC. Letters of Credit has the meaning provided in Section 5-102 of the UCC.

ARTICLE II
SECURITY INTEREST

SECTION 2.1. Grant of Security Interest. Each Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of such Grantor's right, title and interest in and to the following property, whether now or hereafter existing, owned or acquired by such Grantor, and wherever located, (collectively, the "Collateral"):

(a) Accounts;

(b) Chattel Paper;

(c) Commercial Tort Claims listed on Item I of Schedule II (as such schedule may be amended or supplemented from time to time);

(d) Deposit Accounts;

(e) Documents;

(f) General Intangibles;

(g) Goods;

(h) Instruments;

(i) Investment Property;

(j) Letter-of-Credit Rights and Letters of Credit;

(k) Supporting Obligations;

(l) all books, records, writings, databases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to, any of the foregoing in this Section;

(m) all Proceeds and products of the foregoing and, to the extent not otherwise included, all payments under insurance (whether or not the Collateral Agent is the loss payee thereof); and

(n) all other property and rights of every kind and description and interests therein.

Notwithstanding the foregoing, the term "Collateral" shall not include the following (collectively, the "Excluded Collateral"):

(i) any General Intangibles, healthcare insurance receivables or other rights arising under any contracts, instruments, licenses or other documents as to which the grant of a security interest would (A) constitute a violation of a valid and enforceable restriction in favor of a third party on such grant, unless any required consent shall have been obtained, (B) give any other party to such contract, instrument, license or other document the right to terminate its obligations thereunder, or (C) otherwise cause such Grantor to lose material rights thereunder;

(ii) Investment Property consisting of Capital Securities of a direct Foreign Subsidiary of such Grantor, in excess of 65% of the total combined voting power of all Capital Securities of each such direct Foreign Subsidiary, except that such 65% limitation shall not apply to a direct Foreign Subsidiary that (x) is treated as a partnership under the Code or (y) is not treated as an entity that is separate from (A) such Grantor; (B) any Person that is treated as a partnership under the Code or (C) any "United States person" (as defined in Section 7701(a)(30) of the Code);

(iii) any Investment Property (other than Equity Interests of a Subsidiary) of any of the Grantors to the extent that applicable law or the organizational documents or other applicable agreements among the investors of such Person with respect to any such Investment Property (A) does not permit the grant of a security interest in such interest or an assignment of such interest or requires the consent of any third party to permit such grant of a security interest or assignment or (B) would, following the grant of a security interest or assignment hereunder, would cause any other Person (other than the Borrower or any of its Subsidiaries) to have the right to purchase such Investment Property;

(iv) any real or personal property, the granting of a security interest in which would be void or illegal under any applicable governmental law, rule or regulation, or pursuant thereto would result in, or permit the termination of, such asset;

(v) any real or personal property subject to a Permitted Lien (other than Liens in favor of the Collateral Agent) to the extent that the grant of other Liens on such asset (A) would result in a breach or violation of, or constitute a default under, the agreement or instrument governing such Permitted Lien, (B)

would result in the loss of use of such asset, (C) would permit the holder of such Permitted Lien to terminate such Grantor's use of such asset or (D) would otherwise result in a loss of material rights of such Grantor in such asset;

(vi) any Excluded Accounts; or

(vii) any applications for United States trademark registration pursuant to IS U.S.L. §1051(b) (i.e., an intent-to-use application), until such time as such registration is granted or, if earlier, the date of first use of the trademark, at which point such application or registration shall constitute Collateral.

SECTION 2.2. Security for Secured Obligations. This Security Agreement and the Collateral in which the Collateral Agent for the benefit of the Secured Parties is granted a security interest hereunder by the Grantors secure the payment and performance of all of the Secured Obligations.

SECTION 2.3. Grantors Remain Liable. Anything herein to the contrary notwithstanding, to the extent permitted by applicable law:

(a) the Grantors will remain liable under the contracts and agreements included in the Collateral to the extent set forth therein, and will perform all of their duties and obligations under such contracts and agreements to the same extent as if this Security Agreement had not been executed;

(b) the exercise by the Collateral Agent of any of its rights hereunder will not release any Grantor from any of its duties or obligations under any such contracts or agreements included in the Collateral; and

(c) no Secured Party will have any obligation or liability under any contracts or agreements included in the Collateral by reason of this Security Agreement, nor will any Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 2.4. Distributions on Pledged Shares. In the event that any Distribution with respect to any Capital Securities pledged hereunder is permitted to be paid (in accordance with Section 7.2.6 of the Credit Agreement), such Distribution or payment may be paid directly to the applicable Grantor. If any Distribution is made in contravention of Section 7.2.6 of the Credit Agreement, such Grantor shall hold the same segregated and for the benefit of the Collateral Agent until paid to the Collateral Agent in accordance with Section 4.1.5.

SECTION 2.5. Security Interest Absolute, etc. To the extent permitted by applicable law, this Security Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable grant of security interest, and shall remain in full force and effect until the Termination Date. To the extent permitted by applicable law, all rights of the Secured Parties and the security interests granted to the Collateral Agent (for its benefit and the ratable benefit of each other Secured Party) hereunder, and all obligations of the Grantors hereunder, shall, in each case, be absolute, unconditional and irrevocable, irrespective of:

(a) any lack of validity, legality or enforceability of any Loan Document or other applicable agreement under which such Secured Obligations arise;

(b) the failure of any Secured Party (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any of its Subsidiaries or any other Person (including any other Grantor) under the provisions of any Loan Document or other applicable agreement under which such Secured Obligations arise or otherwise, or (ii) to exercise any right or remedy against any other guarantor (including any other Grantor) of, or Collateral securing, any Secured Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Secured Obligations, or any other extension, compromise or renewal of any Secured Obligations;

(d) any reduction, limitation, impairment or termination of any Secured Obligations for any reason (other than the occurrence of the Termination Date), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Grantor hereby waives (to the extent permitted by law) any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Secured Obligations or otherwise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document or other applicable agreement under which such Secured Obligations arise;

(f) any addition, exchange or release of any Collateral or of any Person that is (or will become) a Grantor (including the Grantors hereunder) of the Secured Obligations, or any surrender or non-perfection of any Collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Secured Party securing any of the Secured Obligations; or

(g) any other circumstance (other than payment or performance of the Secured Obligations, in each case in full and, with respect to payments, in cash) which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Borrower or any of its Subsidiaries, any surety or any guarantor.

SECTION 2.6. Postponement of Subrogation. Each Grantor agrees that it will not exercise any rights against another Grantor which it may acquire by way of rights of subrogation under any Loan Document or other applicable agreement under which such Secured Obligations arise to which it is a party until the Termination Date. No Grantor shall seek any contribution or reimbursement from the Borrower or any of its Subsidiaries, in respect of any payment made under any Loan Document or other applicable agreement under which such Secured Obligations arise or otherwise, until following the Termination Date. Any amount paid to such Grantor on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Secured Parties and shall immediately be paid and turned over to the Collateral Agent for the benefit of the Secured Parties in the exact form received by such Grantor (duly

endorsed in favor of the Collateral Agent, if required), to be credited and applied against the outstanding Secured Obligations in accordance with Section 6.1; provided that if such Grantor has made payment to the Secured Parties of all or any part of the Secured Obligations and the Termination Date has occurred, then upon such Grantor's notice to the Collateral Agent of such payment and request, the Collateral Agent (on behalf of the Secured Parties) will, at the expense of such Grantor, execute and deliver to such Grantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Grantor of an interest in the Secured Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, such Grantor shall refrain from taking any action or commencing any proceeding against the Borrower or any of its Subsidiaries (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Security Agreement to any Secured Party.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into the Credit Agreement and make Credit Extensions thereunder, and to induce the Secured Parties to enter into Rate Protection Agreements and provide services giving rise to Cash Management Obligations, after giving effect to the Transaction, the Grantors represent and warrant to each Secured Party as set forth below.

SECTION 3.1. As to Capital Securities of the Subsidiaries, Investment Property.

(a) With respect to any direct U.S. Subsidiary of any Grantor that is

(i) a corporation, business trust, joint stock company or similar Person, all Capital Securities issued by such Subsidiary is duly authorized and validly issued, fully paid and non-assessable; and

(ii) a partnership or limited liability company, no Capital Securities issued by such Subsidiary (A) is dealt in or traded on securities exchanges or in securities markets, (B) expressly provides that such Capital Securities is a security governed by Article 8 of the UCC or (C) is held in a Securities Account, except, with respect to this clause (a)(ii), Capital Securities (x) for which the the Collateral Agent is the registered owner or (y) with respect to which the issuer has agreed in an authenticated record with such Grantor and the Collateral Agent to comply with any written instructions of the Collateral Agent without the consent of such Grantor; provided that the Grantor shall have the right to provide instructions to such issuer until such issuer receives notice of sole control from the Collateral Agent during the continuance of an Event of Default; provided further that upon the cure or waiver of all Events of Default, the Grantor shall have the right to give instructions to the issuer.

(b) Subject to Section 7.1.11 of the Credit Agreement, each Grantor has delivered all Certificated Securities constituting Collateral held by such Grantor on the Restatement Effective Date to the Collateral Agent, together with duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Collateral Agent.

(c) Subject to the permitted update to Schedule I pursuant to Section 7.1.11 of the Credit Agreement, as of the Restatement Effective Date, the percentage of the issued and outstanding Capital Securities of each Subsidiary pledged by each Grantor hereunder is as set forth on Schedule I.

SECTION 3.2. Grantor Name, Location, etc.

(a) As of the Restatement Effective Date, the jurisdiction in which each Grantor is located for purposes of Sections 9-301 and 9-307 of the UCC is set forth in Item A of Schedule II.

(b) As of the Restatement Effective Date, each Grantor's organizational identification number is set forth in Item B of Schedule II.

(c) During the four months preceding the Restatement Effective Date, no Grantor has been known by any legal name different from the one set forth on the signature page hereto, nor has such Grantor been the subject of any merger or other corporate reorganization, except as set forth in Item C of Schedule II hereto.

(d) As of the Restatement Effective Date, each Grantor's federal taxpayer identification number is (and, during the four months preceding the date hereof, such Grantor has not had a federal taxpayer identification number different from that) set forth in Item D of Schedule II hereto.

(e) As of the Restatement Effective Date, no Grantor is a party to any federal, state or local government contract with a value individually in excess of $2,000,000, except as set forth in Item E of Schedule II hereto.

(f) As of the Restatement Effective Date, no Grantor maintains any Deposit Accounts (other than Excluded Accounts), Securities Accounts or Commodity Accounts with any Person, in each case, except as set forth on Item F of Schedule II.

(g) As of the Restatement Effective Date, no Grantor is the beneficiary of any Letters of Credit, except as set forth on Item G of Schedule II.

(h) As of the Restatement Effective Date, no Grantor has Commercial Tort Claims (x) in which a suit has been filed by such Grantor and (y) where the amount of damages reasonably expected to be claimed individually exceeds $2,000,000, except as set forth on Item H of Schedule II.

(i) As of the Restatement Effective Date, the name set forth on the signature page attached hereto is the true and correct legal name (as defined in the UCC) of each Grantor.

SECTION 3.3. Ownership, No Liens, etc. Each Grantor owns its Collateral free and clear of any Lien, except for any security interest (a) created by this Security Agreement and (b) in the case of Collateral other than Certificated Securities, a Permitted Lien. No effective UCC financing statement or other filing similar in effect covering all or any part of the Collateral is on file in any recording office, except those filed in favor of the Collateral Agent relating to this Security Agreement, those filed pursuant to the Existing Security Agreement (which shall have been amended to be in favor of the Collateral Agent for the benefit of the Secured Parties), Permitted Liens, filings which have not been authorized by the applicable Grantor or as to which a duly authorized termination statement relating to such UCC financing statement or other instrument has been delivered to the Collateral Agent on the Restatement Effective Date.

SECTION 3.4. Possession of Inventory, Control; etc.

(a) Each Grantor has, and agrees that it will maintain, exclusive possession of its Documents, Instruments, Promissory Notes (not otherwise delivered to the Collateral Agent), Goods, Equipment and Inventory maintained in the U.S., other than (i) Equipment and Inventory in transit or out for repair or refurbishing in the ordinary course of business, (ii) Equipment and Inventory that is in the possession or control of a consignee, warehouseman, bailee agent or other Person (other than an Affiliate of such Grantor) located in the United States in the ordinary course of business; provided that, to the extent the fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) in any U.S. location exceeds $5,000,000 and following notice from the Collateral Agent (at the request of the Required Lenders) following the occurrence and during the continuance of an Event of Default such Grantor shall promptly notify such Persons of the security interest created in favor of the Secured Parties pursuant to this Security Agreement, and such Grantor shall use commercially reasonable efforts to cause such party to authenticate a record acknowledging that it holds possession of such Collateral for the Secured Parties' benefit and waives or subordinates any Lien held by it against such Collateral, (iii) Instruments or Promissory Notes that have been delivered to the Collateral Agent pursuant to Section 3.5 or are not otherwise required to be delivered hereunder and (iv) such other Documents, Instruments, Promissory Notes, Goods, Equipment and Inventory with a fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) of $2,000,000 in the aggregate. To each Grantor's knowledge as of the date hereof, in the case of Equipment or Inventory described in clause (ii) above, no lessor or warehouseman of any premises or warehouse upon or in which such Equipment or Inventory is located has (A) issued any warehouse receipt or other receipt in the nature of a warehouse receipt in respect of any such Equipment or Inventory, (B) issued any Document for any such Equipment or Inventory, (C) received notification of any Secured Party's interest (other than the security interest granted hereunder) in any such Equipment or Inventory or (D) received notification of any Lien on any such Equipment or Inventory (other than Permitted Liens).

(b) Each Grantor is the sole entitlement holder of its Accounts and no other Person (other than the Collateral Agent pursuant to this Security Agreement or any other Person with respect to Permitted Liens) has control or possession of, or any other interest in, any of its Accounts or any other securities or property credited thereto.

SECTION 3.5. Negotiable Documents, Instruments and Chattel Paper. Each Grantor has delivered to the Collateral Agent possession of all originals of all Documents, Instruments, Promissory Notes, and tangible Chattel Paper with an individual fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) of at least $2,000,000 owned or held by the Grantor on the Restatement Effective Date.

SECTION 3.6. Intellectual Property Collateral.

(a) In respect of the Intellectual Property Collateral as of the Restatement Effective Date:

(i) set forth in Item A of Schedule III hereto is a complete and accurate list of all issued and applied-for U.S. Patents owned by the Grantors and set forth in Item B of Schedule III hereto is a complete and accurate list of all Patent Licenses;

(ii) set forth in Item A of Schedule IV hereto is a complete and accurate list all U.S. registered and applied-for U.S. Trademarks owned by the Grantors, including those that are registered, or for which an application for registration has been made, with the United States Patent and Trademark Office and set forth in Item B of Schedule IV hereto is a complete and accurate list all Trademark Licenses; and

(iii) set forth in Item A of Schedule V hereto is a complete and accurate list of all registered and applied-for U.S. Copyrights owned by the Grantors, and set forth in Item B of Schedule V hereto is a complete and accurate list of all Copyright Licenses and a complete and accurate list of all Copyright Licenses that are exclusive licenses granted to the Grantors in respect of any Copyright that is registered with the United States Copyright Office.

(b) Except as disclosed on Schedules III through V, in respect of each Grantor:

(i) the Owned Intellectual Property Collateral is valid, subsisting, unexpired and enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) and has not been abandoned or adjudged invalid or unenforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity), in whole or in part, except where the loss or expiration of such Owned Intellectual Property Collateral would not be expected to have a Material Adverse Effect;

(ii) such Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Owned Intellectual Property Collateral (except for the Permitted Liens) and no written claim which has a reasonable likelihood of an adverse determination and if adversely determined against any Grantor would reasonably be expected to have a Material Adverse Effect, has been made that such Grantor is or may be, in conflict with, infringing, misappropriating, diluting, misusing or otherwise violating any of the rights of any third party or that challenges the ownership, use, protectability, registerability, validity, enforceability of any Owned Intellectual Property Collateral or, to such Grantor's knowledge, any other Intellectual Property Collateral and, to such Grantor's knowledge neither such Grantor nor the Intellectual Property Collateral conflict with, infringe, misappropriate or dilute or otherwise violate the rights of any third party;

(iii) such Grantor has made all necessary filings and recordations (in its reasonable business judgment) to protect its interest in any Owned Intellectual Property Collateral that is material to the operations or business of such Grantor, including recordations of its interests in the United States Patents, the United States registered Trademarks and applications thereof and the United States registered Copyrights and applications thereof in the United States Patent and Trademark Office and the United States Copyright Office, and has used proper statutory notice, as applicable, in connection with its use of any Patent, Trademark or Copyright;

(iv) such Grantor has taken all commercially reasonable steps to safeguard its Trade Secrets and to its knowledge (A) none of the Trade Secrets of such Grantor has been used, divulged, disclosed or appropriated for the benefit of any other Person other than such Grantor which could reasonably be expected to result in a Material Adverse Effect; (B) no employee, independent contractor or agent of such Grantor has misappropriated any Trade Secrets of any other Person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor which could reasonably be expected to result in a Material Adverse Effect; and (C) no employee, independent contractor or agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property Collateral, which could reasonably be expected to result in a Material Adverse Effect;

(v) no action by such Grantor is currently pending or threatened in writing which asserts that any third party is infringing, misappropriating, diluting, misusing or voiding any Owned Intellectual Property Collateral and, to such Grantor's knowledge, no third party is infringing upon, misappropriating, diluting, misusing or voiding any Intellectual Property owned or used by such Grantor in any material respect, in each case except as would not have a Material Adverse Effect;

(vi) no settlement or consents, covenants not to sue, nonassertion assurances, or releases have been entered into by such Grantor or to which such Grantor is bound that adversely affects its rights to own or use any material Intellectual Property Collateral;

(vii) except for the Permitted Liens, such Grantor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale or transfer of any material Intellectual Property Collateral for purposes of granting a security interest or as collateral that has not been terminated or released or, subject to Section 4.5(g), will be terminated or released on the Restatement Effective Date;

(viii) such Grantor has executed and delivered to the Collateral Agent, Intellectual Property Collateral security agreements for all United States registered and applied for Copyrights, Patents and Trademarks owned by such Grantor that constitute Collateral, including all Copyrights, Patents and Trademarks on Schedules III, IV or V (as such schedules may be amended or supplemented from time to time);

(ix) such Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with any Trademarks and has taken all commercially reasonable action necessary to ensure that all licensees of any Trademarks owned by such Grantor use such adequate standards of quality, in each case except as would not have a Material Adverse Effect;

(x) the consummation of the transactions contemplated by the Credit Agreement and this Security Agreement will not result in the termination or material impairment of any of the Intellectual Property Collateral necessary for the conduct of such Grantor's business;

(xi) all employees, independent contractors and agents who have contributed to the creation or development of any Owned Intellectual Property Collateral have been a party to an enforceable assignment agreement with such Grantor in accordance with applicable laws, according and granting exclusive ownership of such Owned Intellectual Property Collateral to such Grantor, in each case except as could not reasonably be expected to have a Material Adverse Effect; and

(xii) such Grantor owns directly or is entitled to use by license or otherwise, all Intellectual Property Collateral with respect to any of the foregoing reasonably necessary for such Grantor's business, in each case except as could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.7. Validity, etc.

(a) This Security Agreement creates a valid security interest in the Collateral securing the payment of the Secured Obligations.

(b) Each Grantor has filed or caused to be filed all UCC-1 financing statements and has amended or caused to be amended all UCC-1 financing statements previously filed in connection with the Existing Credit Agreement, in each case listing the Collateral Agent as "Secured Party", in the filing office for each Grantor's jurisdiction of organization listed in Item A of Schedule II (collectively, the "Filing Statements") (or has authorized the Administrative Agent to file the Filing Statements suitable for timely and proper filing in such offices) and has taken all other actions necessary to obtain control of the Collateral (to the extent required herein or in the Credit Agreement) as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC.

(c) Upon the filing of the Filing Statements with the appropriate agencies therefor the security interests created under this Security Agreement shall constitute a perfected security interest in the Collateral described on such Filing Statements in favor of the Collateral Agent on behalf of the Secured Parties to the extent that a security interest therein may be perfected by filing pursuant to the relevant UCC, prior to all other Liens, except for Permitted Liens.

SECTION 3.8. Authorization, Approval, etc. Except as have been obtained or made and are in full force and effect, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or any other third party is required either

(a) for the grant by the Grantors of the security interest granted hereby or for the execution, delivery and performance of this Security Agreement by the Grantors;

(b) for the perfection or maintenance of the security interests hereunder including the first priority (subject to Permitted Liens) nature of such security interest to the extent each Grantor is required to perfect a security interest hereunder in such Collateral (except with respect to the Filing Statements or, with respect to Owned Intellectual Property Collateral, the recordation of any agreements with the United States Patent and Trademark Office or the United States Copyright Office) or the exercise by the Collateral Agent of its rights and remedies hereunder; or

(c) for the exercise by the Collateral Agent of the voting or other rights provided for in this Security Agreement, or, except (i) with respect to any securities issued by a Subsidiary of the Grantors, as may be required in connection with a disposition of such securities by laws affecting the offering and sale of securities generally, the remedies in respect of the Collateral pursuant to this Security Agreement, (ii) any "change of control" or similar filings required by state licensing agencies and (iii) with respect to any interest in a limited liability company, as may be required to become a member and/or vote such interest.

SECTION 3.9. Best Interests. It is in the best interests of each Grantor (other than the Borrower) to execute this Security Agreement inasmuch as such Grantor will, as a result of being a Subsidiary of the Borrower, derive substantial direct and indirect benefits from the Credit Extensions made from time to time to the Borrower by the Lenders and the Issuer pursuant to the Credit Agreement, and each Grantor acknowledges that the Secured Parties are relying on this

representation in agreeing to make such Credit Extensions pursuant to the Credit Agreement to the Borrower.

ARTICLE IV
COVENANTS

Each Grantor covenants and agrees that, until the Termination Date, such Grantor will perform, comply with and be bound by the obligations set forth below.

SECTION 4.1. As to Investment Property, etc.

SECTION 4.1.1. Capital Securities of Subsidiaries. No Grantor will allow any of its U.S. Subsidiaries:

(a) that is a corporation, business trust, joint stock company or similar Person, after the date hereof to issue Uncertificated Securities;

(b) that is a partnership or limited liability company, to (i) issue Capital Securities that are to be dealt in or traded on securities exchanges or in securities markets, (ii) expressly provide in its Organic Documents that its Capital Securities are securities governed by Article 8 of the UCC unless such Capital Securities have been delivered to the Collateral Agent on the Restatement Effective Date or, to the extent such Organic Documents are modified to provide that such Capital Securities are securities governed by Article 8 of the UCC such Capital Securities, together with duly executed undated blank instruments of transfer reasonably acceptable to the Collateral Agent, are delivered to the Collateral Agent on or prior to the date of such modification, or (iii) place such Subsidiary's Capital Securities in a Securities Account unless such Securities Account is subject to a Control Agreement; and

(c) to issue Capital Securities in addition to or in substitution for the Capital Securities pledged hereunder, except to such Grantor (and such Capital Securities are immediately pledged and delivered to the Collateral Agent pursuant to the terms of this Security Agreement).

SECTION 4.1.2. Investment Property (other than Certificated Securities).

(a) Other than Excluded Accounts, with respect to any Deposit Accounts, Securities Accounts, Commodity Accounts, Commodity Contracts or Security Entitlements constituting Investment Property owned or held by any Grantor with an intermediary who is not a Secured Party, such Grantor will, upon notice from the Collateral Agent (at the request of the Required Lenders) following the occurrence and during the continuance of an Event of Default, take commercially reasonable efforts to cause the intermediary maintaining such Investment Property to execute a Control Agreement relating to such Investment Property pursuant to which such intermediary agrees to comply with the Collateral Agent's instructions with respect to such Investment Property upon the Collateral Agent's notice of sole control following the occurrence and

during the continuance of an Event of Default; provided that the Administrative Agent agrees to instruct the Collateral Agent to promptly rescind such notice upon the cure or waiver of all Events of Default.

(b) With respect to any Uncertificated Securities (other than Uncertificated Securities credited to a Securities Account and any Capital Securities in a Foreign Subsidiary which are uncertificated) constituting Investment Property owned or held by any Grantor, at the request of the Aministrative Agent, such Grantor will take commercially reasonable efforts to cause the issuer of such securities to either (i) register the Collateral Agent as the registered owner thereof on the books and records of the issuer or (ii) execute a Control Agreement relating to such Investment Property pursuant to which the issuer agrees to comply with the Collateral Agent's instructions with respect to such Uncertificated Securities upon notice of sole control following the occurrence and during the continuance of an Event of Default; provided that the Administrative Agent agrees to instruct the Collateral Agent to promptly rescind such notice upon the cure or waiver of all Events of Default.

SECTION 4.1.3. Certificated Securities (Stock Powers). Subject to Section 7.1.11 of the Credit Agreement and applicable local law regarding the retention of certificates representing Equity Interests in the appropriate jurisdiction, each Grantor agrees that all Certificated Securities, including the Capital Securities delivered by such Grantor pursuant to this Security Agreement, will be accompanied by duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Collateral Agent.

SECTION 4.1.4. Continuous Pledge. Subject to Section 7.1.11 of the Credit Agreement and applicable local law regarding the retention of certificates representing Equity Interests in the appropriate jurisdiction, each Grantor will (subject to the terms of the Credit Agreement and the requirements hereunder) deliver to the Collateral Agent and at all times keep pledged to the Collateral Agent pursuant hereto, on a first-priority, perfected basis (subject to Permitted Liens) in accordance with all applicable U.S. laws, all Investment Property, all Dividends and Distributions with respect thereto, all Payment Intangibles to the extent they are evidenced by a Document, Instrument, Promissory Note or Chattel Paper, and all interest and principal with respect to such Payment Intangibles, and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing, in each case to the extent such asset constitutes Collateral. Each Grantor agrees that it will, promptly following receipt thereof, deliver to the Collateral Agent possession of all originals of negotiable Documents, Instruments, Promissory Notes and Chattel Paper that it acquires following the Restatement Effective Date to the extent otherwise required hereunder.

SECTION 4.1.5. Voting Rights; Dividends, etc. Each Grantor agrees promptly upon receipt of notice from the Administrative Agent of the Administrative Agent's or Collateral Agent's intent to seek remedies under this Section 4.1.5 after the occurrence and continuance of a Specified Default:

(a) so long as such Specified Default shall continue, to deliver (properly endorsed where required hereby or requested by the Administrative Agent) to the Collateral Agent all Dividends and Distributions with respect to Investment Property

constituting Collateral, all interest, principal, other cash payments on Payment Intangibles, and all Proceeds of the Collateral, in each case thereafter received by such Grantor, all of which shall be held by the Collateral Agent as additional Collateral; and

(b) with respect to Collateral consisting of general partner interests or limited liability company interests, upon the occurrence and continuance of a Specified Default and so long as the Collateral Agent has notified such Grantor of the Collateral Agent's intention to exercise its voting power (pursuant to the written direction of the Administrative Agent) under this clause,

(i) that the Collateral Agent may exercise (to the exclusion of such Grantor) the voting power and all other incidental rights of ownership with respect to any Investment Property constituting Collateral and such Grantor hereby grants the Collateral Agent an irrevocable proxy, exercisable under such circumstances, to vote such Investment Property; and

(ii) to promptly deliver to the Collateral Agent such additional proxies and other documents as may be necessary to allow the Collateral Agent to exercise such voting power.

All dividends, Distributions, interest, principal, cash payments, Payment Intangibles and Proceeds that may at any time and from time to time be held by such Grantor, but which such Grantor is then obligated to deliver to the Collateral Agent, shall, until delivery to the Collateral Agent, be held by such Grantor separate and apart from its other property for the benefit of the Collateral Agent. The Collateral Agent agrees that unless a Specified Default shall have occurred and be continuing and the Collateral Agent shall have given the notice referred to in clause (b), such Grantor will have the exclusive voting power with respect to any Investment Property constituting Collateral and the Collateral Agent will, upon the written request of such Grantor, promptly deliver such proxies and other documents, if any, as shall be reasonably requested by such Grantor which are necessary to allow such Grantor to exercise that voting power; provided that no vote shall be cast, or consent, waiver, or ratification given, or action taken by such Grantor that would impair any such Collateral (except to the extent expressly permitted by the Credit Agreement) or be inconsistent with or violate any provision of any Loan Document. After any and all Events of Default have been cured or waived, (i) each Grantor shall have the right to exercise the voting, managerial and other consensual rights and powers that it would otherwise be entitled to pursuant to this Section 4.1.5 and receive the payments, proceeds, dividends, distributions, monies, compensation, property, assets, instruments or rights which it would be authorized to receive and retain pursuant to this Section 4.1.5 and (ii) within ten Business Days after notice of such cure or waiver, the Collateral Agent shall repay and deliver to each Grantor all cash and monies that such Grantor is entitled to retain pursuant to this Section 4.1.5 which was not applied in repayment of the Secured Obligations.

SECTION 4.2. Change of Name, etc. No Grantor will change its legal name, place of incorporation or organization, federal taxpayer identification number or organizational identification number except upon 15 days' prior written notice to the Collateral Agent.

SECTION 4.3. As to Accounts.

(a) Each Grantor shall have the right to collect all Accounts so long as (i) no Specified Default shall have occurred and be continuing and (ii) notice pursuant to clause (b) has not been delivered.

(b) Upon (i) the occurrence and continuance of a Specified Default and (ii) the delivery of notice by the Collateral Agent to each Grantor, all Proceeds of Collateral received by such Grantor shall be delivered in kind to the Collateral Agent for deposit in a Deposit Account of such Grantor maintained with the Collateral Agent (together with any other Accounts pursuant to which any portion of the Collateral is deposited with the Collateral Agent, the "Collateral Accounts"), and such Grantor shall not commingle any such Proceeds, and shall hold separate and apart from all other property, all such Proceeds for the benefit of the Collateral Agent until delivery thereof is made to the Collateral Agent.

(c) Following the delivery of notice pursuant to clause (b)(ii), the Collateral Agent shall apply any amount in the Collateral Account in accordance with Section 4.7 of the Credit Agreement.

(d) With respect to each of the Collateral Accounts, it is hereby confirmed and agreed that (i) deposits in such Collateral Account are subject to a security interest as contemplated hereby, (ii) such Collateral Account shall be under the control of the Collateral Agent and (iii) the Collateral Agent shall have the sole right of withdrawal over such Collateral Account.

SECTION 4.4. As to Grantors Use of Collateral.

(a) Subject to clause (b), each Grantor (i) may in the ordinary course of its business, at its own expense, subject to Section 7.2.11 of the Credit Agreement, dispose of and use any Collateral, (ii) subject to the applicable terms of the Credit Agreement, will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, including the taking of such action with respect to such collection as the Collateral Agent may reasonably request following the occurrence and continuance of a Specified Default or, in the absence of such request, as such Grantor may deem advisable, and (iii) may grant, in the ordinary course of business, to any party obligated on any of the Collateral, any rebate, refund, set off or allowance to which such party may be lawfully entitled or which may lawfully be allowed by such Grantor.

(b) At any time following the occurrence and during the continuance of a Specified Default, whether before or after the maturity of any of the Secured Obligations, the Collateral Agent may, acting at the direction of the Required Lenders, (i) revoke any or all of the rights of each Grantor set forth in clause (a), (ii) with two Business Days prior notice to the applicable Grantor, notify any parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder and (iii) with two Business Days prior notice to the applicable Grantor, enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period

(whether or not longer than the original period) any indebtedness thereunder or evidenced thereby.

(c) Upon the reasonable request of the Administrative Agent following the occurrence and during the continuance of a Specified Default, each Grantor will, at its own expense, promptly notify any parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder.

(d) At any time following the occurrence and during the continuation of a Specified Default, the Collateral Agent may endorse, in the name of such Grantor, any item, howsoever received by the Collateral Agent, representing any payment on or other Proceeds of any of the Collateral.

SECTION 4.5. As to Intellectual Property Collateral. Each Grantor covenants and agrees to comply with the following provisions as such provisions relate to any Intellectual Property Collateral (except for the tangible components of the Computer Hardware and Software Collateral) material to the operations or business of such Grantor:

(a) such Grantor will not, and will not knowingly permit any third party or licensee to, (i) do or permit any act or knowingly omit to do any act whereby any of the Patent Collateral may lapse or become abandoned or dedicated to the public or unenforceable except upon expiration of the end of an unrenewable term of a registration thereof or as otherwise permitted by the Credit Agreement, (ii) fail to maintain as in the past the quality of products and services offered under the Trademark Collateral, (iii) fail to employ the Trademark Collateral registered with any federal or state or foreign authority with an appropriate notice of such registration, (iv) do or permit any act or knowingly omit to do any act whereby any of the Trademark Collateral may lapse or become invalid or unenforceable, or (v) do or permit any act or knowingly omit to do any act whereby any of the Copyright Collateral or any of the Trade Secrets Collateral may lapse or become invalid or unenforceable or placed in the public domain except upon expiration of the end of an unrenewable term of a registration thereof, unless, in the case of any of the foregoing requirements in clauses (i) through (v), (x) such Grantor shall reasonably and in good faith determine that any of such Intellectual Property Collateral is of negligible economic value to such Grantor or (y) the loss of such Intellectual Property Collateral would not have a Material Adverse Effect;

(b) such Grantor shall not permit any third party or licensee to adopt or use any other Trademark which is confusingly similar or a colorable imitation of any of the Trademark Collateral unless, (x) such Grantor shall reasonably and in good faith determine that any of such Intellectual Property Collateral is of negligible economic value to such Grantor or (y) the loss of such Intellectual Property Collateral would not have a Material Adverse Effect;

(c) unless otherwise permitted by the Credit Agreement, such Grantor shall promptly notify the Collateral Agent if it knows that any application or registration relating to any material item of the Intellectual Property Collateral (except for the tangible components of the Computer Hardware and Software Collateral) has a

reasonable likelihood of becoming abandoned or dedicated to the public or placed in the public domain or invalid or unenforceable, or of any adverse determination (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office) regarding such Grantor's ownership of any Intellectual Property Collateral, its right to register the same or to keep and maintain and enforce the same;

(d) concurrently with the delivery of a Compliance Certificate pursuant to clause (c) of Section 7.1.1 of the Credit Agreement, each Grantor that has, since the date the Compliance Certificate was last delivered, (i) filed an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or (ii) received, as owner or exclusive licensee, a Copyright registration with the United States Copyright, in each case to the extent such Intellectual Property constitutes Collateral, shall inform the Administrative Agent, and upon request of the Administrative Agent, promptly execute and deliver an Intellectual Property Security Agreement substantially in the form set forth as Exhibits A, B and C hereto and other documents as the Administrative Agent may reasonably request to evidence the Collateral Agent's security interest in such Intellectual Property Collateral;

(e) such Grantor will take all commercially reasonable steps, including in any proceeding before the United States Patent and Trademark Office the United States Copyright Office, to maintain and pursue any application (and to obtain the relevant registration) filed with respect to, and to maintain any registration of, the Owned Intellectual Property Collateral, including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings and the payment of fees and taxes (except to the extent that dedication, abandonment or invalidation is permitted under the Credit Agreement or under the foregoing clause (a) or (b)); and

(f) concurrently with the delivery of a Compliance Certificate pursuant to clause (c) of Section 7.1.1 of the Credit Agreement, each Grantor that has obtained, since the date the Compliance Certificate was last delivered, an ownership interest in any United States registered or applied for Patent, Copyright or Trademark, in each case to the extent such Intellectual Property constitutes Collateral, shall execute and deliver to the Collateral Agent a Patent Security Agreement, Copyright Security Agreement or a Trademark Security Agreement in the form of Exhibit A, Exhibit B or Exhibit C, as applicable, and in each case such Grantor shall execute and deliver to the Collateral Agent any other document required to acknowledge or register, record or perfect the Collateral Agent's security interest in any part of such item of Intellectual Property unless such Grantor shall otherwise determine in good faith using its commercially reasonable business judgment that any such Intellectual Property is not material.

(g) within 60 days from the Restatement Effective Date (or such later date as shall be acceptable to the Collateral Agent in its sole discretion), each Grantor agrees to use commercially reasonable efforts to file all appropriate and necessary documents with the United States Patent and Trademark Office and the United States Copyright Office required to evidence that the Trademarks, Patents and Copyrights listed on Schedules III,

IV and V hereto are free and clear of any security interest (other than any security interest created under this Agreement) recorded in such offices in respect of such Trademarks, Patents and Copyrights.

SECTION 4.6. As to Letter-of-Credit Rights.

(a) Each Grantor, by granting a security interest in its Letter-of-Credit Rights to the Collateral Agent, intends to (and hereby does) collaterally assign to the Collateral Agent its rights (including its contingent rights) to the Proceeds of all individual Letter-of-Credit Rights in excess of $2,000,000 of which it is or hereafter becomes a beneficiary or assignee. Such Grantor will promptly use its commercially reasonable efforts to cause the issuer of each such Letter of Credit and each nominated person (if any) with respect thereto to consent to such assignment of the Proceeds thereof in a consent agreement in form and substance reasonably satisfactory to the Collateral Agent and deliver written evidence of such consent to the Collateral Agent.

(b) Upon the occurrence and during the continuance of a Specified Default, such Grantor will, promptly upon request by the Administrative Agent, (i) notify (and such Grantor hereby authorizes the Administrative Agent to notify) the issuer and each nominated person with respect to each of the Letters of Credit that the Proceeds thereof have been assigned to the Collateral Agent hereunder and any payments due or to become due in respect thereof are to be made directly to the Collateral Agent and (ii) use commercially reasonable effort to arrange for the Collateral Agent to become the transferee beneficiary Letter of Credit.

SECTION 4.7. As to Commercial Tort Claims. Each Grantor covenants and agrees that, until the occurrence of the Termination Date, with respect to any Commercial Tort Claim in excess of $2,000,000 individually hereafter arising, it shall promptly deliver to the Collateral Agent a revised Item H of Schedule II identifying such new Commercial Tort Claims.

SECTION 4.8. Electronic Chattel Paper and Transferable Records. If any Grantor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the U.S. Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, with a value in excess of $2,000,000, such Grantor shall promptly notify the Administrative Agent thereof and, at the reasonable request of the Administrative Agent, shall take such action as the Administrative Agent may request to vest in the Collateral Agent control under Section 9-105 of the UCC of such electronic chattel paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with such Grantor that the Collateral Agent will allow, pursuant to procedures reasonably satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, the Grantor to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the U.S. Uniform Electronic Transactions Act for a party in control to allow without loss of control,

unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such electronic chattel paper or transferable record.

SECTION 4.9. Further Assurances, etc. Each Grantor agrees that, from time to time at its own expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that is necessary, in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral, except that with respect to Patents, Trademarks and Copyrights, such obligations are limited to the United States. Without limiting the generality of the foregoing, such Grantor will

(a) from time to time upon the reasonable request of the Administrative Agent or the Collateral Agent, (i) promptly deliver to the Collateral Agent such stock powers, instruments and similar documents, reasonably satisfactory in form and substance to the Administrative Agent, with respect to such Collateral as the Administrative Agent may request and (ii) after the occurrence and during the continuance of any Specified Default, transfer any securities constituting Collateral into the name of any nominee designated by the Collateral Agent; if any Collateral shall be evidenced by an Instrument, negotiable Document, Promissory Note or tangible Chattel Paper and such Collateral, individually, has a fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) in excess of $2,000,000, promptly deliver and pledge to the Collateral Agent hereunder such Instrument, negotiable Document, Promissory Note or tangible Chattel Paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to the Collateral Agent;

(b) file (and hereby authorize the Administrative Agent to file) such Filing Statements or continuation statements, or amendments thereto, and such other instruments or notices (including any assignment of claim form under or pursuant to the federal assignment of claims statute, 31 U.S.C. § 3726, any successor or amended version thereof or any regulation promulgated under or pursuant to any version thereof), as shall be necessary that the Administrative Agent may reasonably request in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Collateral Agent hereby;

(c) promptly deliver to the Collateral Agent and, subject to the terms of the Credit Agreement and the requirements hereunder, at all times keep pledged to the Collateral Agent pursuant hereto, on a first-priority, perfected basis (subject to Permitted Liens), at the request of the Administrative Agent, all Investment Property constituting Collateral, all Dividends and Distributions with respect thereto, and all interest and principal with respect to Promissory Notes, and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing Collateral;

(d) not take or omit to take any action the taking or the omission of which would result in any impairment or alteration of any obligation of the maker of any

Payment Intangible or other Instrument constituting Collateral, except as provided in Section 4.4 or in the Credit Agreement;

(e) upon the reasonable request of the Administrative Agent, place a legend reasonably acceptable to the Administrative Agent indicating that the Collateral Agent has a security interest in any tangible Chattel Paper;

(f) furnish to the Collateral Agent, from time to time at the Administrative Agent's reasonable request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail; and

(g) comply with the reasonable requests of the Collateral Agent and the Administrative Agent in accordance with this Security Agreement in order to enable the Collateral Agent to have and maintain control over the Collateral consisting of Investment Property, Deposit Accounts, Letter-of-Credit-Rights and Electronic Chattel Paper to the extent required herein.

With respect to the foregoing and the grant of the security interest hereunder, each Grantor hereby authorizes the Administrative Agent or Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral; and to make all relevant filings with the United States Patent and Trademark Office and the United States Copyright Office in respect of the Intellectual Property Collateral, in each case naming the Collateral Agent as "Secured Party" (or other similar term). Each Grantor agrees that a carbon, photographic or other reproduction of this Security Agreement or any UCC financing statement covering the Collateral or any part thereof shall be sufficient as a UCC financing statement where permitted by law. Each Grantor hereby authorizes the Administrative Agent to file financing statements describing as the collateral covered thereby "all of the debtor's personal property or assets", "all assets", "all personal property" or words to that effect, notwithstanding that such wording may be broader in scope than the Collateral described in this Security Agreement.

SECTION 4.10. Deposit Accounts. Promptly following the occurrence and during the continuance of a Specified Default, at the request of the Collateral Agent (at the direction of the Administrative Agent), such Grantor will maintain all of its Deposit Accounts only with the Collateral Agent or with any depositary institution that has entered into a Control Agreement in favor of the Collateral Agent. Such Control Agreements shall permit the Collateral Agent (at the written instructions of the Administrative Agent) to deliver a notice of sole exclusive control during the continuance of an Event of Default. To the extent the Collateral Agent (at the written instructions of the Administrative Agent) has delivered a notice of sole control with respect to any such Deposit Accounts pursuant to a Control Agreement, the Administrative Agent agrees promptly to notify (no later than 2 Business Days) all such depository banks that the notice of exclusive control has been rescinded and the applicable Grantor shall have the right to withdraw funds from such Deposit Account(s) following the cure or waiver of all Specified Defaults.

ARTICLE V
THE COLLATERAL AGENT

SECTION 5.1. Collateral Agent Appointed Attorney-in-Fact. Until the Termination Date, each Grantor hereby irrevocably appoints the Collateral Agent as its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time as directed by the Administrative Agent, following the occurrence and during the continuance of a Specified Default, to take any action and to execute any instrument which is necessary to accomplish the purposes of this Security Agreement, including:

(a) with two Business Days prior notice to the applicable Grantor, to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other Instruments, Documents and Chattel Paper, in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings which the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral; and

(d) to perform the affirmative obligations of such Grantor hereunder.

Each Grantor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable and coupled with an interest.

SECTION 5.2. Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein and the Administrative Agent provides prior notice to such Grantor of such failure, within three days of such notice, the Grantor shall perform, cause to be performed or agree to perform (and thereafter actually perform within seven days after such notice) such agreement, the Collateral Agent may (but shall have not obligation to) itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor pursuant to Section 10.3 of the Credit Agreement.

SECTION 5.3. Collateral Agent Has No Duty. The powers conferred on the Collateral Agent hereunder are solely to protect its interest (on behalf of the Secured Parties) in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession, the accounting for moneys actually received by it hereunder and, except to the extent of the gross negligence, bad faith or willful misconduct of the Collateral Agent or any of its respective officers, directors, employees or agents, the Collateral Agent shall have no duty as to any Collateral or responsibility for

(a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Investment Property, whether or not the Collateral Agent has or is deemed to have knowledge of such matters, or

(b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 5.4. Reasonable Care. The Collateral Agent is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession; provided that the Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral, if (i) such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property or (ii) it takes such action for that purpose as each Grantor reasonably requests in writing at times other than upon the occurrence and during the continuance of any Specified Default, but failure of the Collateral Agent to comply with any such request at any time shall not in itself be deemed a failure to exercise reasonable care.

SECTION 5.5. Liability.

(a) No provision of this Security Agreement shall require the Collateral Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers and the Collateral Agent shall not be liable or responsible for any loss or diminution in the value of any of the Collateral.

(b) In no event shall the Collateral Agent be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Collateral Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 5.6. Force Majeure. In no event shall the Collateral Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Collateral Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

ARTICLE VI
REMEDIES

SECTION 6.1. Certain Remedies. If any Specified Default shall have occurred and be continuing and the Administrative Agent shall have given written notice to the relevant Grantor of the Collateral Agent's intent to exercise its corresponding rights pursuant to this Section:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a Secured Party on default under the UCC (whether or not the UCC applies to the affected Collateral) and also may to the extent permitted by applicable law:

(i) take possession of any Collateral not already in its possession without demand and without legal process;

(ii) require each Grantor to, and each Grantor hereby agrees that it will, at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties;

(iii) enter onto the property where any Collateral is located and take possession thereof without demand and without legal process; and

(iv) without notice except as specified below and to the extent permitted by applicable law, lease, or license, sell or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' prior notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash Proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral shall be applied by the Collateral Agent in accordance with Section 4.7 of the Credit Agreement.

(c) The Collateral Agent may

(i) transfer all or any part of the Collateral into the name of the Collateral Agent or its nominee, with or without disclosing that such Collateral is subject to the Lien hereunder;

(ii) with two Business Days prior notice to the applicable Grantor, notify the parties obligated on any of the Collateral to make payment to the Collateral Agent of any amount due or to become due thereunder;

(iii) withdraw, or cause or direct the withdrawal, of all funds with respect to the Collateral Account to repay the Secured Obligations or otherwise apply such funds in accordance with Section 4.7 of the Credit Agreement;

(iv) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or

renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto;

(v) endorse any checks, drafts, or other writings in any Grantor's name to allow collection of the Collateral;

(vi) take control of any Proceeds of the Collateral; and

(vii) execute (in the name, place and stead of any Grantor) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral;

(d) Without limiting the foregoing, in respect of the Intellectual Property Collateral:

(i) upon the request of the Administrative Agent, such Grantor shall execute and deliver to the Collateral Agent an assignment or assignments of the Intellectual Property Collateral, subject (in the case of any licenses thereunder) to any valid and enforceable requirements to obtain consents from any third parties, and such other documents as are necessary or appropriate to carry out the intent and purposes hereof;

(ii) the Administrative Agent shall have the right, in its sole discretion, (which right shall take precedence over any right or action of any Grantor) to file applications and maintain registrations for the protection of the Intellectual Property Collateral and/or bring suit in the name of such Grantor, the Collateral Agent or any Secured Party to enforce the Intellectual Property Collateral and any licenses thereunder and, upon the request of the Administrative Agent, such Grantor shall use all commercially reasonable efforts to assist with such filing or enforcement (including the execution of relevant documents); and

(iii) in the event that the Collateral Agent elects not to make any filing or bring any suit as set forth in clause (ii), such Grantor shall, upon the request of Collateral Agent, use all commercially reasonable efforts, whether through making appropriate filings or bringing suit or otherwise, to protect, enforce and prevent the infringement, misappropriation, dilution, unauthorized use or other violation of the Intellectual Property Collateral.

Notwithstanding the foregoing provisions of this Section 6.1, for the purposes of this Section 6.1, "Collateral" and "Intellectual Property Collateral" shall include any "intent to use" trademark application only to the extent (i) that the business of such Grantor, or portion thereof, to which that mark pertains is also included in the Collateral and (ii) that such business is ongoing and existing.

SECTION 6.2. Securities Laws. If the Collateral Agent, at the direction of the Administrative Agent, shall determine to exercise its right to sell all or any of the Collateral that are Capital Securities pursuant to Section 6.1, each Grantor agrees that, upon request of the Administrative Agent, each Grantor will, at its own expense:

(a) use commercially reasonable efforts to execute and deliver, and cause (or, with respect to any issuer which is not a Subsidiary of such Grantor, use its commercially reasonable efforts to cause) each issuer of the Collateral contemplated to be sold and the directors and officers thereof to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or, in the opinion of the Administrative Agent, advisable to register such Collateral under the provisions of the Securities Act of 1933, as from time to time amended (the "Securities Act"), and use commercially reasonable efforts to cause the registration statement relating thereto to become effective and to remain effective for such period as prospectuses are required by law to be furnished, and to make all amendments and supplements thereto and to the related prospectus which, in the opinion of the Administrative Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the SEC applicable thereto;

(b) use its commercially reasonable efforts to exempt the Collateral under the state securities or "Blue Sky" laws and to obtain all necessary governmental approvals for the sale of the Collateral, as requested by the Administrative Agent;

(c) cause (or, with respect to any issuer that is not a Subsidiary of such Grantor, use its commercially reasonable efforts to cause) each such issuer to make available to its security holders, as soon as practicable, an earnings statement that will satisfy the provisions of Section 11(a) of the Securities Act; and

(d) do or use commercially reasonable efforts to cause to be done all such other acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

Each Grantor acknowledges the impossibility of ascertaining the amount of damages that would be suffered by the Collateral Agent or the Secured Parties by reason of the failure by such Grantor to perform any of the covenants contained in this Section and consequently agrees that, if such Grantor shall fail to perform any of such covenants, it shall pay, as liquidated damages and not as a penalty, an amount equal to the value (as determined by the Collateral Agent) of such Collateral on the date the Collateral Agent shall demand compliance with this Section.

SECTION 6.3. Compliance with Restrictions. Each Grantor agrees that in any sale of any of the Collateral whenever a Specified Default shall have occurred and be continuing, the Collateral Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any Governmental Authority or official, and such Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Collateral Agent be liable

nor accountable to such Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

SECTION 6.4. Protection of Collateral. The Collateral Agent may from time to time, at the direction of the Administrative Agent, perform any act which any Grantor fails, within three days following the request by the Collateral Agent, to perform or agree to perform (and thereafter actually perform within seven days following notice of requested performance) (it being understood that no such request need be given after the occurrence and during the continuance of a Specified Default) and the Collateral Agent may from time to time take any other action which the Administrative Agent deems necessary for the maintenance, preservation or protection of any of the Collateral or of its security interest therein.

ARTICLE VII
MISCELLANEOUS PROVISIONS

SECTION 7.1. Loan Document. This Security Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7.2. Binding on Successors, Transferees and Assigns; Assignment. This Security Agreement shall remain in full force and effect until the Termination Date has occurred, shall be binding upon the Grantors and their successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors, transferees and assigns; provided that no Grantor may (unless otherwise permitted under the terms of the Credit Agreement or this Security Agreement) assign any of its obligations hereunder without the prior written consent of all Lenders.

SECTION 7.3. Amendments, etc. No amendment to or waiver of any provision of this Security Agreement, nor consent to any departure by any Grantor from its obligations under this Security Agreement, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent (at the direction of the Administrative Agent) and the Administrative Agent (on behalf of the Lenders or the Required Lenders, as the case may be, pursuant to Section 10.1 of the Credit Agreement) and the Grantors and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.4. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party specified in the Credit Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice or other communication, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice or other communication, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed.

SECTION 7.5. Release of Liens. Upon (a) the Disposition of Collateral in accordance with the Credit Agreement or (b) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (i) such Collateral (in the case of clause (a)) or (ii) all Collateral (in the case of clause (b)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantors' sole expense, promptly deliver to the Grantors, without any representations, warranties or recourse of any kind whatsoever, all Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantors such documents as the Grantors shall reasonably request to evidence such termination.

SECTION 7.6. Additional Grantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such U.S. Person shall become a "Grantor" hereunder with the same force and effect as if it were originally a party to this Security Agreement and named as a "Grantor" hereunder. The execution and delivery of such supplement shall not require the consent of any other Grantor hereunder (except to the extent already obtained), and the rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

SECTION 7.7. No Waiver; Remedies. In addition to, and not in limitation of Section 2.4, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 7.8. Headings. The various headings of this Security Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provisions thereof.

SECTION 7.9. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Security Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 7.10. Governing Law, Entire Agreement, etc. THIS SECURITY AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. This Security Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 7.11. Counterparts. This Security Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Security Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Security Agreement.

SECTION 7.12. Foreign Pledge Agreements. Without limiting any of the rights, remedies, privileges or benefits provided hereunder to the Collateral Agent for its benefit and the ratable benefit of the other Secured Parties, each Grantor and the Collateral Agent hereby agree that the terms and provisions of this Security Agreement in respect of any Collateral subject to the pledge or other Lien of a Foreign Pledge Agreement are, and shall be deemed to be, supplemental and in addition to the rights, remedies, privileges and benefits provided to the Collateral Agent and the other Secured Parties under such Foreign Pledge Agreement and under applicable law to the extent consistent with applicable law; provided that, in the event that the terms of this Security Agreement conflict or are inconsistent with the applicable Foreign Pledge Agreement or applicable law governing such Foreign Pledge Agreement, (i) to the extent that the provisions of such Foreign Pledge Agreement or applicable foreign law are, under applicable foreign law, necessary for the creation, perfection or priority of the security interests in the Collateral subject to such Foreign Pledge Agreement, the terms of such Foreign Pledge Agreement or such applicable law shall be controlling and (ii) otherwise, the terms hereof shall be controlling.

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

HANESBRANDS INC.

By: _____
Name:
Title:

HBI BRANDED APPAREL LIMITED, INC.

By: _____
Name:
Title:

HANESBRANDS DIRECT, LLC

By: _____
Name:
Title:

UPEL, INC.

By: _____
Name:
Title:

CARIBETEX, INC.

By: _____
Name:
Title:

SEAMLESS TEXTILES, LLC

By: _____
Name:
Title:

BA INTERNATIONAL, L.L.C.

By: _____
Name:
Title:

HBI INTERNATIONAL, LLC

By: _____
Name:
Title:

HBI BRANDED APPAREL ENTERPRISES, LLC

By: _____
Name:
Title:

CASA INTERNATIONAL, LLC

By: _____
Name:
Title:

UPCR, INC.

By: _____
Name:
Title:

HBI SOURCING, LLC

By: _____
Name:
Title:

CEIBENA DEL, INC.

By: _____
Name:
Title:

HANESBRANDS DISTRIBUTION, INC.

By: _____
Name:
Title:

CARIBESOCK, INC.

By: _____
Name:
Title:

HANES PUERTO RICO, INC.

By: _____
Name:
Title:

PLAYTEX INDUSTRIES, INC.

By: _____
Name:
Title:

INNER SELF LLC

By: _____
Name:
Title:

PLAYTEX DORADO, LLC

By: _____
Name:
Title:

HANES MENSWEAR, LLC

By: _____
Name:
Title:

JASPER-COSTA RICA, L.L.C.

By: _____
Name:
Title:

[Signature Page to Pledge and Security Agreement]

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and as Collateral Agent

By: _____
Name:
Title:

[Signature Page to Pledge and Security Agreement]

SCHEDULE I
to Security Agreement

Name of Grantor:

			Common Stock		
Issuer (corporate)	Cert. #	# of Shares	Authorized Shares	Outstanding Shares	% of Shares Pledged

	Limited Liability Company Interests	
Issuer (limited liability company)	% of Limited Liability Company Interests Pledged	Type of Limited Liability Company Interests Pledged

	Partnership Interests	
Issuer (partnership)	% of Partnership Interests Owned	% of Partnership Interests Pledged

SCHEDULE II
to Security Agreement

Item A. Location of each Grantor.

Name of Grantor:	Location for purposes of UCC:
[GRANTOR]	

Item B. Organizational identification number.

Name of Grantor:
[GRANTOR]

Item C. Merger or other corporate reorganization.

Name of Grantor:	Merger or other corporate reorganization:
[GRANTOR]	

Item D. Taxpayer ID numbers.

Name of Grantor:	Taxpayer ID numbers:
[GRANTOR]	

Item E. Government Contracts.

Name of Grantor:	Description of Contract:
[GRANTOR]	

Item F. Deposit Accounts and Securities Accounts.

Name of Grantor:	Description of Deposit Accounts and Securities Accounts:
[GRANTOR]	

Item G. Letter of Credit Rights.

Name of Grantor:	Description of Letter of Credit Rights:
[GRANTOR]	

Item H. Commercial Tort Claims.

Name of Grantor:	Description of Commercial Tort Claims:
[GRANTOR]	

SCHEDULE III
to Security Agreement

Item A. Patents

Issued Patents		
Patent No.	Issue Date	Title

Pending Patent Applications		
Serial No.	Filing Date	Title

Item B. Patent Licenses

Patent	Licensor	Licensee	Effective Date	Expiration Date

SCHEDULE IV
to Security Agreement

Item A. Trademarks

Registered Trademarks		
Trademark	Registration No.	Registration Date

Pending Trademark Applications		
Trademark	Serial No.	Filing Date

Item B. Trademark Licenses

Trademark	Licensor	Licensee	Effective Date	Expiration Date

SCHEDULE V
to Security Agreement

Item A. Copyrights/Mask Works

Registered Copyrights/Mask Works

Registration No.	Registration Date	Author(s)	Title

Copyright/Mask Work Pending Registration Applications

Serial No.

Item B. Copyright/Mask Work Licenses (including an all exclusive Copyright Licenses for U.S. registered Copyrights)

Copyright	Licensor	Licensee	Effective Date	Expiration Date

EXHIBIT A
to Security Agreement

AMENDED AND RESTATED PATENT SECURITY AGREEMENT

This AMENDED AND RESTATED PATENT SECURITY AGREEMENT, dated as of _____, ___ 200___(this "Agreement"), is made by [NAME OF GRANTOR], a _____(the "Grantor"), in favor of JPMORGAN CHASE BANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

WHEREAS, pursuant to an Amended and Restated Credit Agreement, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P. as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, the Administrative Agent, the Collateral Agent, and J.P. Morgan Securities Inc., Bank of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered an Amended and Restated Pledge and Security Agreement, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Existing Security Agreement, the Grantor entered into a Patent Security Agreement, dated September 5, 2006 (the "Existing IP Agreement"), in favor of Citibank, N.A., and the Existing IP Agreement was recorded at the Patent Division of the United States Patent and Trademark Office on November 22, 2006, at Reel/Frame [___];

WHEREAS, pursuant to the Credit Agreement and pursuant to Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Collateral Agent a continuing security interest in all of the Patent Collateral (as defined below) to secure all Secured Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of the Grantor's right, title and interest, whether now or hereafter existing or acquired by the Grantor, in and to the following (the "Patent Collateral"):

(a) inventions and discoveries, whether patentable or not, all letters patent and applications for letters patent, including all patent applications in preparation for filing, including all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the foregoing, including all patents issued by, or patent applications filed with, the United States Patent and Trademark Office ("Patents"), including each Patent and Patent application referred to in Item A of Schedule I;

(b) all United States Patent licenses, and other agreements for the grant by or to the Grantor of any right to use any items of the type referred to in clause (a) above (each a "Patent License"), including each Patent License referred to in Item B of Schedule I;

(c) the right to sue third parties for past, present and future infringements of any Patent or Patent application, and for breach or enforcement of any Patent License; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

Notwithstanding the foregoing, Patent Collateral shall not include any Excluded Collateral.

SECTION 3. Purpose. This Agreement has been executed and delivered by the Grantor for the purpose of recording the grant of security interest of the Collateral Agent in the Patent Collateral with the United States Patent and Trademark Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Collateral Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Collateral Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Release of Liens. Upon (i) the Disposition of Patent Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (A) such Patent Collateral (in the case of clause (i)) or (B) all Patent Collateral (in the case of clause (ii)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantor's sole request and expense, deliver to the Grantor, without any representations, warranties or recourse of any kind whatsoever, all Patent Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantor such Documents as the Grantor shall reasonably request to evidence such termination.

SECTION 5. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein. In the event of any conflict between the terms of this Agreement and the terms of the Security Agreement, the terms of the Security Agreement shall govern.

SECTION 6. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

SCHEDULE I
to Patent Security Agreement

Item A. Patents

Issued Patents		
Patent No.	Issue Date	Title

Pending Patent Applications		
Serial No.	Filing Date	Title

Item B. Patent Licenses

Patent	Licensor	Licensee	Effective Date	Expiration Date

EXHIBIT B
to Security Agreement

AMENDED AND RESTATED TRADEMARK SECURITY AGREEMENT

This AMENDED AND RESTATED TRADEMARK SECURITY AGREEMENT, dated as of ___, 200___(this "Agreement"), is made by [NAME OF GRANTOR], a ___(the "Grantor"), in favor of JPMORGAN CHASE BANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

WHEREAS, pursuant to an Amended and Restated Credit Agreement, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P. as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, the Administrative Agent, the Collateral Agent, and J.P. Morgan Securities Inc., Bank of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered an Amended and Restated Pledge and Security Agreement, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Existing Security Agreement, the Grantor entered into a Trademark Security Agreement, dated September 5, 2006 (the "Existing IP Agreement"), in favor of Citibank, N.A., and the Existing IP Agreement was recorded at the Trademark Division of the United States Patent and Trademark Office on September 18, 2006, at Reel/Frame [___];

WHEREAS, pursuant to the Credit Agreement and pursuant to Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Collateral Agent a continuing security interest in all of the Trademark Collateral (as defined below) to secure all Secured Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of the Grantor's right, title and interest, whether now or hereafter existing or acquired by the Grantor, in and to the following (the "Trademark Collateral"):

(a) (i) all United States trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications (except for any such applications filed pursuant to 15 U.S.C. § 1051(b) unless and until a "Statement of Use" has been filed in respect of such application) in the United States Patent and Trademark Office, and all common-law rights relating to the foregoing, and (ii) the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as "Trademarks"), including those Trademarks referred to in Item A of Schedule I;

(b) all Trademark licenses and other agreements for the grant by or to the Grantor of any right to use any Trademark (each a "Trademark License"), including each Trademark License referred to in Item B of Schedule I;

(c) all of the goodwill of the business connected with the use of, and symbolized by the Trademarks described in clause (a) and, to the extent applicable, clause (b);

(d) the right to sue third parties for past, present and future infringements or dilution of the Trademarks described in clause (a) and, to the extent applicable, clause (b) or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark License; and

(e) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

Notwithstanding the foregoing, Trademark Collateral shall not include any Excluded Collateral.

SECTION 3. Purpose. This Agreement has been executed and delivered by the Grantor for the purpose of recording the grant of security interest of the Collateral Agent in the Trademark Collateral with the United States Patent and Trademark Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Collateral Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Collateral Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Release of Liens. Upon (i) the Disposition of Trademark Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (A) such Trademark Collateral (in the case of clause (i)) or (B) all Trademark Collateral (in the case of clause (ii)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantor's sole request and expense, deliver to the Grantor, without any representations, warranties or recourse of any kind whatsoever, all Trademark Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantor such Documents as the Grantor shall reasonably request to evidence such termination.

SECTION 5. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein. In the event of any conflict between the terms of this Agreement and the terms of the Security Agreement, the terms of the Security Agreement shall govern.

SECTION 6. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

SCHEDULE I
to Trademark Security Agreement

Item A. Trademarks

Registered Trademarks		
Trademark	Registration No.	Registration Date

Pending Trademark Applications		
Trademark	Serial No.	Filing Date

Item B. Trademark Licenses

Trademark	Licensor	Licensee	Effective Date	Expiration Date

EXHIBIT C
to Security Agreement

AMENDED AND RESTATED COPYRIGHT SECURITY AGREEMENT

This AMENDED AND RESTATED COPYRIGHT SECURITY AGREEMENT, dated as of _____ ___, 200___ (this "Agreement"), is made by [NAME OF GRANTOR], a _____ (the "Grantor"), in favor of JPMORGAN CHASE BANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

WHEREAS, pursuant to an Amended and Restated Credit Agreement, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P. as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, the Administrative Agent, the Collateral Agent, and J.P. Morgan Securities Inc., Bank of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered an Amended and Restated Pledge and Security Agreement, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Existing Security Agreement, the Grantor entered into a Copyright Security Agreement, dated September 5, 2006 (the "Existing IP Agreement"), in favor of Citibank, N.A., and the Existing IP Agreement was recorded at the United States Copyright Office on September 5, 2006, at Volume/Document [_____];

WHEREAS, pursuant to the Credit Agreement and pursuant to Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Collateral Agent a continuing security interest in all of the Copyright Collateral (as defined below) to secure all Secured Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 8. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

SECTION 9. Grant of Security Interest. The Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of the Grantor's right, title and interest, whether now or hereafter existing or acquired by the Grantor, in and to the following (the "Copyright Collateral"):

(a) all United States copyrights, registered or unregistered and whether published or unpublished, now or hereafter in force including copyrights registered or applied for in the United States Copyright Office, and registrations and recordings thereof and all applications for registration thereof, whether pending or in preparation and all extensions and renewals of the foregoing ("Copyrights"), including the Copyrights which are the subject of a registration or application referred to in Item A of Schedule I;

(b) all express or implied Copyright licenses and other agreements for the grant by or to the Grantor of any right to use any items of the type referred to in clause (a) above (each a "Copyright License"), including each Copyright License referred to in Item B of Schedule I;

(c) the right to sue for past, present and future infringements of any of the Copyrights owned by the Grantor, and for breach or enforcement of any Copyright License and all extensions and renewals of any thereof; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

Notwithstanding the foregoing, Copyright Collateral shall not include any Excluded Collateral.

SECTION 10. Purpose. This Agreement has been executed and delivered by the Grantor for the purpose of recording the grant of security interest of the Collateral Agent in the Copyright Collateral with the United States Copyright Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Collateral Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Collateral Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 11. Release of Liens. Upon (i) the Disposition of Copyright Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (A) such Copyright Collateral (in the case of clause (i)) or (B) all Copyright Collateral (in the case of clause (ii)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantor's sole request and expense, deliver to the Grantor, without any representations, warranties or recourse of any kind whatsoever, all Copyright Collateral held by the Collateral Agent hereunder, and execute

and deliver to the Grantor such Documents as the Grantor shall reasonably request to evidence such termination.

SECTION 12. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the security interest in the Copyright Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein. In the event of any conflict between the terms of this Agreement and the terms of the Security Agreement, the terms of the Security Agreement shall govern.

SECTION 13. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 14. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

SCHEDULE I
to Copyright Security Agreement

Item A. Copyrights/Mask Works

Registered Copyrights/Mask Works		
Registration No.	Registration Date	Title

Item B. Copyright/Mask Work Licenses (including an all exclusive Copyright Licenses for U.S. registered Copyrights)

Copyright	Licensor	Licensee	Effective Date	Expiration Date

ANNEX I
to Security Agreement

SUPPLEMENT TO
AMENDED AND RESTATED PLEDGE AND SECURITY AGREEMENT

This SUPPLEMENT, dated as of _____ ___, _____ (this "Supplement"), is to the Amended and Restated Pledge and Security Agreement, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement"), among the Grantors (such term, and other terms used in this Supplement, to have the meanings set forth in or incorporated by reference in Article I of the Security Agreement) from time to time party thereto, in favor of JPMORGAN CHASE BANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

WHEREAS, pursuant to an Amended and Restated Credit Agreement, dated as of December [ ], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P. as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, the Administrative Agent, the Collateral Agent, and J.P. Morgan Securities Inc., Bank of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower; and

WHEREAS, pursuant to the provisions of Section 7.6 of the Security Agreement, each of the undersigned is becoming a Grantor under the Security Agreement; and

WHEREAS, each of the undersigned desires to become a "Grantor" under the Security Agreement in order to induce the Secured Parties to continue to extend Loans and issue Letters of Credit under the Credit Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the undersigned agrees, for the benefit of each Secured Party, as follows.

SECTION 15. Party to Security Agreement, etc. In accordance with the terms of the Security Agreement, by its signature below each of the undersigned hereby irrevocably agrees to become a Grantor under the Security Agreement with the same force and effect as if it were an original signatory thereto and each of the undersigned hereby (a) agrees to be bound by and comply with all of the terms and provisions of the Security Agreement applicable to it as a Grantor and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct in all material respects as of the date hereof, unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date. In furtherance of the foregoing, each

reference to a "Grantor" and/or "Grantors" in the Security Agreement shall be deemed to include each of the undersigned.

SECTION 16. Representations. Each of the undersigned Grantor hereby represents and warrants that this Supplement has been duly authorized, executed and delivered by it and that this Supplement and the Security Agreement constitute the legal, valid and binding obligation of each of the undersigned, enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) against it in accordance with its terms.

SECTION 17. Full Force of Security Agreement. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect in accordance with its terms.

SECTION 18. Severability. Wherever possible each provision of this Supplement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Supplement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Supplement or the Security Agreement.

SECTION 19. Governing Law, Entire Agreement, etc. THIS SUPPLEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Supplement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 20. Counterparts. This Supplement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Supplement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Supplement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF ADDITIONAL SUBSIDIARY]

By: _____
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: _____
Name:
Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

JPMORGAN CHASE BANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

[COPY SCHEDULES FROM SECURITY AGREEMENT]

EXHIBIT H

FORM OF CLOSING DATE CERTIFICATE

HANESBRANDS INC.

December [___], 2009

This certificate is delivered pursuant to Section 5.1.2 of the Amended and Restated Credit Agreement, dated as of December [___], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners. Capitalized terms used herein that are defined in the Credit Agreement, unless otherwise defined herein, have the meanings provided (or incorporated by reference) in the Credit Agreement.

The undersigned Authorized Officer, solely in such capacity and not as an individual, hereby certifies, represents and warrants that, as of the Restatement Effective Date:

1. Consummation of Transactions. (a) All actions necessary to consummate the Transaction have been taken in accordance in all material respects with all applicable law and in accordance with the terms of each applicable Transaction Document, without amendment or waiver of any material provision thereof, unless approved by the Lead Arrangers in their reasonable discretion.

(b) Attached hereto as Annex I are true and correct copies of the material 2016 Senior Note Documents which are in full force and effect and pursuant to which the Borrower will receive net cash proceeds of $[_____] in connection with the issuance of senior unsecured notes thereunder on the Restatement Effective Date.

2. Litigation, etc. There exists no action, suit, investigation, litigation or proceeding pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened in writing in any court or before any arbitrator or governmental or regulatory agency or authority that could reasonably be expected to have a Material Adverse Effect.

3. Approval. All material and necessary governmental and third party consents and approvals have been obtained (without the imposition of any material and adverse conditions that are not reasonably acceptable to the Lenders) and remain in effect and all applicable waiting periods have expired without any material and adverse action being taken by any competent authority.

4. Debt Ratings. The Borrower has obtained a senior secured debt rating (of any level) in respect of the Loans from each of S&P and Moody's and such ratings (of any level) are in effect as of the date hereof.

5. Compliance with Warranties, No Default, etc. The following statements are true and correct as of the date hereof (after giving effect to the making of the initial Credit Extension):

(a) the representations and warranties set forth in each Loan Document are, in each case, true and correct in all material respects (unless stated to relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date); and

(b) no Default has occurred and is continuing.

IN WITNESS WHEREOF, the undersigned has caused this Closing Date Certificate to be executed and delivered, and the certification, representations and warranties contained herein, by its Authorized Officer, are made solely in such capacity and not as an individual, as of the date first written above.

HANESBRANDS INC.

By: _____
Name:
Title:

Annex I

Material 2016 Senior Note Documents

EXHIBIT I

FORM OF SOLVENCY CERTIFICATE

HANESBRANDS INC.

December [___], 2009

This Solvency Certificate is delivered pursuant to Section 5.1.7 of the Amended and Restated Credit Agreement, dated as of December [___], 2009 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Barclays Bank PLC and Goldman Sachs Credit Partners L.P., as the Co-Documentation Agents, Bank of America, N.A. and HSBC Securities (USA) Inc., as the Co-Syndication Agents, JPMorgan Chase Bank, N.A., as the Administrative Agent and the Collateral Agent, and JPMorgan Securities Inc., Banc of America Securities LLC, HSBC Securities (USA) Inc. and Barclays Capital, as the Joint Lead Arrangers and Joint Bookrunners. Terms used herein that are defined in the Credit Agreement, unless otherwise defined herein, have the meanings provided (or incorporated by reference) in the Credit Agreement.

1. I am a duly elected, qualified and acting Treasurer of the Borrower.

2. I have reviewed and am familiar with the contents of this Solvency Certificate.

3. I have made, or have caused to be made under my supervision, such examination or investigation as is necessary to enable me to express an informed opinion as to the matters referred to herein.

4. Based upon my review and examination described in paragraph 3 above, I certify that on the Restatement Effective Date, before and after giving effect to the consummation of the Transaction, (i) the fair value of the property (on a going-concern basis) of the Borrower and its Subsidiaries on a consolidated basis is greater than the total amount of liabilities, including contingent liabilities, of the Borrower and its Subsidiaries on a consolidated basis, (ii) the present fair salable value of the assets (on a going-concern basis) of the Borrower and its Subsidiaries on a consolidated basis is not less than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis on their debts as they become absolute and matured in the ordinary course of business, (iii) the Borrower does not intend to, and does not believe that it or its Subsidiaries will, incur debts or liabilities beyond the ability of the Borrower and its Subsidiaries to pay as such debts and liabilities mature in the ordinary course of business (including through refinancings, asset sales and other capital market transactions), and (iv) the Borrower and its Subsidiaries on a consolidated basis are not engaged in business or a transaction, and the Borrower and its Subsidiaries on a consolidated basis are not about to engage in a business or a transaction, for which the property of the Borrower and its Subsidiaries on a consolidated basis would constitute an unreasonably small capital.

IN WITNESS WHEREOF, the undersigned has executed this Solvency Certificate on the date first stated above.

_____

Name:
Title:

AMENDMENT NO. 4
TO
RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 4 TO RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of December 10, 2009, is entered into among HBI RECEIVABLES LLC, as seller ("Seller"), HANESBRANDS INC., in its capacity as servicer (in such capacity, the "Servicer"), the Committed Purchasers party hereto, the Conduit Purchasers party hereto, the Managing Agents party hereto, and HSBC SECURITIES (USA) INC. ("HSBC"), as assignee of JPMORGAN CHASE BANK, N.A., as agent (in such capacity, the "Agent"). Capitalized terms used herein without definition shall have the meanings ascribed thereto in the "Purchase Agreement" referred to below.

PRELIMINARY STATEMENTS

A. Reference is made to that certain Receivables Purchase Agreement dated as of November 27, 2007 among Seller, Servicer, the Committed Purchasers, the Conduit Purchasers, the Managing Agents and the Agent (as amended prior to the date hereof and as the same may be further amended, restated, supplemented or modified from time to time, the "Purchase Agreement").

B. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto have agreed to amend certain provisions of the Purchase Agreement upon the terms and conditions set forth herein.

SECTION 1. Amendment. Subject to the satisfaction of the condition precedent set forth in Section 3 hereof, the parties hereto hereby agree to amend the Purchase Agreement as follows:

(a) Section 9.1 of the Purchase Agreement is hereby amended to delete paragraph (h) in its entirety and replace it with the following:

(h) (i) As of the last day of any Fiscal Quarter occurring during any period set forth below, HBI permits the Leverage Ratio to be greater than the ratio set forth opposite such period:

Period	Leverage Ratio
Each Fiscal Quarter ending between October 16, 2009 and July 15, 2010	4.50:1.00
Each Fiscal Quarter ending between July 16, 2010 and October 15, 2010	4.25:1.00
Each Fiscal Quarter ending between October 16, 2010 and April 15, 2011	4:00:1.00
Each Fiscal Quarter ending April 16, 2011 and thereafter	3.75:1.00

; or

(ii) As of the last day of any Fiscal Quarter occurring during any period set forth below, HBI permits the Interest Coverage Ratio to be less than the ratio set forth opposite such period:

Period	Interest Coverage Ratio
Each Fiscal Quarter ending between October 16, 2009 and July 15, 2010	2.50:1.00
Each Fiscal Quarter ending between July 16, 2010 and October 15, 2010	2.75:1.00
Each Fiscal Quarter ending between October 16, 2010 and July 15, 2011	3.00:1.00
Each Fiscal Quarter ending July 16, 2011 and thereafter	3.25:1.00

; or

(b) EXHIBIT XII of the Purchase Agreement is hereby amended and restated in its entirety as set forth on Exhibit A hereto.

SECTION 2. Representations and Warranties. Each of the Seller and the Servicer hereby represents and warrants to each of the other parties hereto, as to itself that:

(a) It has all necessary corporate or company power and authority to execute and deliver this Amendment and to perform its obligations under the Purchase Agreement as amended hereby, the execution and delivery of this Amendment and the performance of its obligations under the Purchase Agreement as amended hereby has been duly authorized by all necessary corporate or company action on its part and this Amendment constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) On the date hereof, before and after giving effect to this Amendment, (i) no Amortization Event or Potential Amortization Event has occurred and is continuing and (ii) the aggregate Purchaser Interests do not exceed 100%.

SECTION 3. Condition Precedent. This Amendment shall become effective on the first Business Day (the "Effective Date") on which the Agent or its counsel has received five (5) counterpart signature pages to this Amendment executed by each of the parties hereto.

SECTION 4. Reference to and Effect on the Transaction Documents.

(a) Upon the effectiveness of this Amendment, (i) each reference in the Purchase Agreement to "this Receivables Purchase Agreement", "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Purchase Agreement as amended or otherwise modified hereby, and (ii) each reference to the Purchase Agreement in any other Transaction Document or any other

document, instrument or agreement executed and/or delivered in connection therewith, shall mean and be a reference to the Purchase Agreement as amended or otherwise modified hereby.

(b) Except as specifically amended, terminated or otherwise modified above, the terms and conditions of the Purchase Agreement, of all other Transaction Documents and any other documents, instruments and agreements executed and/or delivered in connection therewith, shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agent, any Managing Agent or any Purchaser under the Purchase Agreement or any other Transaction Document or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or other electronic format shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

SECTION 7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

SECTION 8. Fees and Expenses. Seller hereby confirms its agreement to pay on demand all reasonable costs and expenses of the Agent, the Managing Agents or Purchasers in connection with the preparation, execution and delivery of this Amendment and any of the other instruments, documents and agreements to be executed and/or delivered in connection herewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel to the Agent or Purchasers with respect thereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers as of the date first above written.

HBI RECEIVABLES LLC

By: /s/ Richard D. Moss
Name: Richard D. Moss
Title: President and Chief Executive Officer

HANESBRANDS INC., as Servicer

By: /s/ Richard D. Moss
Name: Richard D. Moss
Title: Senior Vice President and Treasurer

BRYANT PARK FUNDING LLC, as a Conduit Purchaser

By: /s/ Damian Perez
Name: Damian Perez
Title: Vice President

HSBC SECURITIES (USA) Inc., as a Managing Agent and Agent

By: /s/ Suzanna Baird
Name: Suzanna Baird
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION, as a Committed Purchaser

By: /s/ Robert J. Devir
Name: Robert J. Devir
Title: Managing Director

MARKET STREET FUNDING LLC, as a Conduit Purchaser

By: /s/ Doris J. Hearn
Name: Doris J. Hearn
Title: Vice President

PNC BANK, N.A., as a Committed Purchaser and as a Managing Agent

By: /s/ William P. Falcon
Name: William P. Falcon
Title: Vice President

EXHIBIT A

EXHIBIT XII

FINANCIAL COVENANT DEFINITIONS

"2016 Senior Notes" means the $500,000,000 8.00% senior unsecured notes due December 15, 2016 issued by HBI.

"Administrative Agent" means the Administrative Agent under the Credit Agreement.

"Business Day" has the meaning set forth in the Credit Agreement.

"Capital Securities" means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the Restatement Effective Date; provided however, any shares, interests, participations or other equivalents required to be issued in connection with convertible debt shall not be considered "Capital Securities" until issued.

"Capitalized Lease Liabilities" means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, should be classified as capitalized leases, and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty; provided, however, any changes to the treatment or reclassification of operating leases under GAAP or the interpretation of GAAP that would cause operating leases to be considered capitalized leases under GAAP shall be ignored as if such treatment or reclassification had never occurred and, for the avoidance of doubt, operating leases shall not be considered Capitalized Lease Liabilities hereunder.

"Commercial Letter of Credit" has the meaning set forth in the Credit Agreement.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation with respect thereto) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of December 10, 2009, among HBI, the lenders from time to time party thereto, the administrative agent party thereto, the collateral agent party thereto and the other agents party thereto, as in effect on the date hereof.

"Credit Extension" means, as the context may require,

(a) the making of a Loan by a Lender; or

(b) the issuance of any Letter of Credit, any amendment to or modification of any Letter of Credit that increases the face amount thereof, or the extension of any Stated Expiry Date of any existing Letter of Credit, by an Issuer.

"Disposition" (or similar words such as "Dispose") means any sale, transfer, lease (as lessor), contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of HBI's or its Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any other Person in a single transaction or series of transactions other than (i) to another Obligor, (ii) by a Foreign Subsidiary to any other Foreign Subsidiary, (iii) by a Receivables Subsidiary to any other Person or (iv) customary derivatives issued in connection with the issuance of convertible debt.

"Dollar" and the sign "$" mean lawful money of the United States.

"EBITDA" means, for any applicable period, the sum of

(a) Net Income, plus

(b) to the extent deducted in determining Net Income, the sum of (i) amounts attributable to amortization (including amortization of goodwill and other intangible assets), (ii) federal, state, local and foreign income withholding, franchise, state single business unitary and similar Tax expense, (iii) Interest Expense, (iv) depreciation of assets, (v) all non-cash charges, including all non-cash charges associated with announced restructurings, whether announced previously or in the future (such non-cash restructuring charges being "Non-Cash Restructuring Charges"), (vi) net cash charges associated with or related to any contemplated restructurings (such cost restructuring charges being "Cash Restructuring Charges") in an aggregate amount not to exceed $120,000,000 since September 5, 2006, (vii) all amounts in respect of extraordinary losses, (viii) non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements), (ix) any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early retirement of Indebtedness, and related out-of-pocket expenses incurred by HBI or any of its Subsidiaries as a result of the Transaction, including fees and expenses in connection with the issuance, redemption or exchange of the 2016 Senior Notes, all determined in accordance with GAAP, (x) non-cash or unrealized losses on agreements with respect to Hedging Obligations and (xi) to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of HBI and its Subsidiaries

incurred as a result of Permitted Acquisitions, Investments, Restricted Payments, Dispositions permitted under the Credit Agreement and the issuance of Capital Securities or Indebtedness permitted under the Credit Agreement, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Permitted Acquisition or Dispositions, (xii) losses on agreements with respect to Hedging Obligations and any related tax losses and any costs, fees, and expenses related to the termination thereof, in each case incurred in connection with or as a result of the Transaction, (xiii) to the extent the related loss is not added back pursuant to clause (c), all proceeds of business interruption insurance policies, (xiv) expenses incurred by HBI or any Subsidiary to the extent reimbursed in cash by a third party, and (xv) extraordinary, unusual or non-recurring cash charges not to exceed $10,000,000 in any Fiscal Year, minus

(c) to the extent included in determining such Net Income, the sum of (i) all amounts in respect of extraordinary gains, (ii) non-cash gains on agreements with respect to Hedging Obligations, (iii) reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period, (iv) gains on agreements with respect to Hedging Obligations and any related tax gains, in each case incurred in connection with or as a result of the Transaction and (v) non-cash items increasing such Net Income for such period, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period.

"EMU" means Economic and Monetary Union as contemplated in the Treaty on European Union.

"EMU Legislation" means legislative measures of the European Council (including European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the Euro or otherwise), being in part the implementation of the third stage of EMU.

"Euros" means the single currency of Participating Member States of the European Union.

"Fiscal Quarter" means a quarter ending on the Saturday nearest to the last day of March, June, September or December.

"Fiscal Year" means any period of fifty-two or fifty-three consecutive calendar weeks ending on the Saturday nearest to December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "2009 Fiscal Year") refer to the Fiscal Year ending on the Saturday nearest to December 31 of such calendar year.

"Foreign Subsidiary" means any Subsidiary that is not a U.S. Subsidiary or a Receivables Subsidiary.

"GAAP" has the meaning set forth in the Credit Agreement.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"HBI" means Hanesbrands Inc., a Maryland corporation.

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under foreign exchange contracts, commodity hedging agreements, currency exchange agreements, interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency exchange rates or commodity prices.

"Indebtedness" of any Person means, (i) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (ii) all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, (iii) all Capitalized Lease Liabilities of such Person, (iv) for purposes of Section 8.1.5 of the Credit Agreement only, net Hedging Obligations of such Person, (v) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable and accrued expenses in the ordinary course of business which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), (vi) indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse (provided that in the event such indebtedness is limited in recourse solely to the property subject to such Lien, for the purposes of this Exhibit the amount of such indebtedness shall not exceed the greater of the book value or the fair market value (as determined in good faith by HBI's board of directors) of the property subject to such Lien), (vii) monetary obligations arising under Synthetic Leases, (viii) the full outstanding balance of trade receivables, notes or other instruments sold with full recourse (and the portion thereof subject to potential recourse, if sold with limited recourse), other than in any such case any thereof sold solely for purposes of collection of delinquent accounts and other than in connection with any Permitted Securitization or any Permitted Factoring Facility, (ix) all obligations (other than intercompany obligations) of such Person pursuant to any Permitted Securitization (other than Standard Securitization Undertakings) or any Permitted Factoring Facility, and (x) all Contingent Liabilities of such Person in respect of any of the foregoing. The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefore as a result of such Person's ownership interest in or other relationship with such Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefore.

"Interest Coverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters of:

(a) EBITDA (for all such Fiscal Quarters)

to

(b) the sum (for all such Fiscal Quarters) of Interest Expense.

"Interest Expense" means, for any applicable period, the aggregate interest expense (both, without duplication, when accrued or paid and net of interest income paid during such period to HBI and its Subsidiaries) of HBI and its Subsidiaries for such applicable period, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense; provided that the term "Interest Expense" shall not include any interest expense attributable to a Permitted Factoring Facility.

"Investment" means, relative to any Person, (i) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such Person of any bonds, notes, debentures or other debt securities of any other Person, and (ii) any Capital Securities held by such Person in any other Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

"Issuer" has the meaning set forth in the Credit Agreement.

"Lenders" means the various financial institutions and other Persons from time to time party to the Credit Agreement.

"Letter of Credit" has the meaning set forth in the Credit Agreement.

"Letter of Credit Outstandings" means, on any date, an amount equal to the sum of (i) the then aggregate amount which is undrawn and available under all issued and outstanding Letters of Credit, and (ii) the then aggregate amount of all unpaid and outstanding Reimbursement Obligations.

"Leverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio of

(a) Total Debt outstanding on the last day of such Fiscal Quarter

to

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or other priority or preferential arrangement of any kind or nature whatsoever.

"Loan Documents" has the meaning set forth in the Credit Agreement.

"Loans" has the meaning set forth in the Credit Agreement.

"Net Income" means, for any period, the aggregate of all amounts which would be included as net income on the consolidated financial statements of HBI and its Subsidiaries for such period.

"Non-Cash Restructuring Charges" is defined in the definition of "EBITDA".

"Obligor" has the meaning set forth in the Credit Agreement.

"Open Account Paying Agreement" has the meaning set forth in the Credit Agreement.

"Participating Member State" means each country so described in any EMU Legislation.

"Permitted Acquisition" has the meaning set forth in the Credit Agreement.

"Permitted Factoring Facility" has the meaning set forth in the Credit Agreement.

"Permitted Securitization" has the meaning set forth in the Credit Agreement.

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

"Receivable" shall mean a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account," "chattel paper," "payment intangible" or "instrument" under the UCC and any supporting obligations.

"Receivables Subsidiary" has the meaning set forth in the Credit Agreement.

"Reimbursement Obligation" has the meaning set forth in the Credit Agreement.

"Restatement Effective Date" means December 10, 2009.

"Restricted Payment" means (i) the declaration or payment of any dividend (other than dividends payable solely in Capital Securities of HBI or any Subsidiary (excluding a Receivables Subsidiary)) on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Securities of

HBI or any warrants, options or other right or obligation to purchase or acquire any such Capital Securities, whether now or hereafter outstanding, or (ii) the making of any other distribution in respect of such Capital Securities, in each case either directly or indirectly, whether in cash, property or obligations of HBI or any Subsidiary or otherwise; provided, however, that any conversion feature of convertible debt shall not be considered a "Restricted Payment".

"Standard Securitization Undertakings" shall mean representations, warranties, covenants and indemnities entered into by HBI or any Subsidiary which are reasonably customary in a securitization of Receivables.

"Stated Expiry Date" has the meaning set forth in the Credit Agreement.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term "Subsidiary" shall be a reference to a Subsidiary of HBI (other than a Receivables Subsidiary).

"Synthetic Lease" means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with GAAP and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which that Person is the lessor.

"Taxes" means all income, stamp or other taxes, duties, levies, imposts, charges, assessments, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all interest, penalties or similar liabilities with respect thereto.

"Total Debt" means, on any date, the outstanding principal amount of all Indebtedness of HBI and its Subsidiaries of the type referred to in clause (i) of the definition of "Indebtedness", clause (ii) of the definition of "Indebtedness", clause (iii) of the definition of "Indebtedness", clause (vii) of the definition of "Indebtedness" and clause (ix) of the definition of "Indebtedness", in each case exclusive of (a) intercompany Indebtedness between HBI and its Subsidiaries, (b) any Contingent Liability in respect of any of the foregoing, (c) any Permitted Factoring Facility, (d) any Commercial Letter of Credit, (e) any Letter of Credit or other credit support relating to the termination of agreements with respect to Hedging Obligations, in each case under this clause (e), incurred in connection with or as a result of the Transaction and (f) any Open Account Paying Agreements.

"Transaction" has the meaning set forth in the Credit Agreement.

"Treaty on European Union" means the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht, the Kingdom of Netherlands, on February 1, 1992 and came into force on November 1, 1993), as amended from time to time.

"UCC" has the meaning set forth in the Credit Agreement.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

"U.S. Subsidiary" means any Subsidiary (other than a Receivables Subsidiary) that is incorporated or organized under the laws of the United States.

"Voting Securities" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

AMENDMENT NO. 5
TO
RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 5 TO RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of December 21, 2009, is entered into among HBI RECEIVABLES LLC, as seller ("Seller"), HANESBRANDS INC., in its capacity as servicer (in such capacity, the "Servicer"), the Committed Purchasers party hereto, the Conduit Purchasers party hereto, the Managing Agents party hereto, and HSBC SECURITIES (USA) INC. ("HSBC"), as assignee of JPMORGAN CHASE BANK, N.A., as agent (in such capacity, the "Agent"). Capitalized terms used herein without definition shall have the meanings ascribed thereto in the "Purchase Agreement" referred to below.

PRELIMINARY STATEMENTS

A. Reference is made to that certain Receivables Purchase Agreement dated as of November 27, 2007 among Seller, Servicer, the Committed Purchasers, the Conduit Purchasers, the Managing Agents and the Agent (as amended prior to the date hereof and as the same may be further amended, restated, supplemented or modified from time to time, the "Purchase Agreement").

B. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto have agreed to amend certain provisions of the Purchase Agreement upon the terms and conditions set forth herein.

SECTION 1. Amendment. Subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the parties hereto hereby agree to amend the Purchase Agreement as follows:

(a) Exhibit I to the Purchase Agreement is hereby amended to delete the definition of "Dilution Reserve Floor" in its entirety and replace it with the following:

"Dilution Reserve Floor" means 23.0%.

(b) Exhibit I to the Purchase Agreement is hereby amended to delete the definition of "Excluded Receivable" in its entirety and replace it with the following:

"Excluded Receivable" means (i) any account receivable arising in connection with the sale of goods by the business operations of HBI which were the business operations of National Textiles, L.L.C. prior to the merger of National Textiles, L.L.C. into HBI, and which account receivable is identified on Seller's and Servicer's systems, books and records in the manner specified by Seller pursuant to Section 7.1(m), (ii) at all times on and after the Additional Obligor Exclusion Date, any account receivable for which the Obligor is the Additional Excluded Obligor or any of its affiliates, and (iii) at all times on and

*PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST

after the Wal-Mart Exclusion Date, any present or future account receivable for which the Obligor is Wal-Mart Stores, Inc. or any of its affiliates.

(c) Exhibit I to the Purchase Agreement is hereby amended to delete the definition of "Facility Termination Date" in its entirety and replace it with the following:

"Facility Termination Date" means the earliest to occur of (i) December 20, 2010 and (ii) the Amortization Date.

(d) Exhibit I to the Purchase Agreement is hereby amended to add the following definitions of "Additional Excluded Obligor", "Additional Obligor Exclusion Date" and "Wal-Mart Exclusion Date", in proper alphabetical order:

"Additional Excluded Obligor" means the single Obligor specified in the notice delivered in connection with the Additional Obligor Exclusion Date . For the avoidance of doubt, Seller may designate only a single entity as an Additional Excluded Obligor during the term of this Agreement.

"Additional Obligor Exclusion Date" means the date designated as the "Additional Obligor Exclusion Date" in a notice from Seller to the Agent and each Managing Agent, which notice is delivered at least three (3) Business Days prior to such designated date, and which shall specify the name of the Additional Excluded Obligor. For the avoidance of doubt, Seller may designate only a single Additional Obligor Exclusion Date during the term of this Agreement.

"Wal-Mart Exclusion Date" means December 21, 2009.

(e) The Purchase Agreement is hereby amended to delete Schedule C in its entirety and replace it with the new Schedule C attached hereto as Attachment 1.

SECTION 2. Consent to Transfers; Weekly Report Delivery Date.

(a) Consent to Transfers. The Agent, the Managing Agents and the Purchasers hereby consent to the sale by the Seller to the Originator (x) on the Additional Obligor Exclusion Date, of the Receivables for which the Obligor is the Additional Excluded Obligor or any of its affiliates and (y) on the Wal-Mart Exclusion Date, of the Receivables for which the Obligor is Wal-Mart Stores, Inc. or any of its affiliates; provided that: (i) in each case such sale will be governed by a Bill of Sale substantially in the form of Exhibit I attached hereto, (ii) the sale shall be on arm's-length terms and Seller shall receive fair value for such Receivables sold by it, and (iii) such consent is conditioned upon each of the following statements being true and correct as of, and after giving effect to such sale on, the Additional Obligor Exclusion Date and the Wal-Mart Exclusion Date, as applicable:

(A) each of the representations and warranties set forth in the Purchase Agreement is true and correct,

(B) no Amortization Event or Potential Amortization Event has occurred and is continuing, and

(C) the Purchaser Interests do not exceed 100%.

(b) Weekly Report Delivery Date. The parties hereto agree that the Weekly Report required to be delivered on January 6, 2010 pursuant to Section 8.5 of the Purchase Agreement shall be delivered on January 7, 2010 instead.

SECTION 3. Representations and Warranties. Each of the Seller and the Servicer hereby represents and warrants to each of the other parties hereto, as to itself that:

(a) It has all necessary corporate or company power and authority to execute and deliver this Amendment and to perform its obligations under the Purchase Agreement as amended hereby, the execution and delivery of this Amendment and the performance of its obligations under the Purchase Agreement as amended hereby has been duly authorized by all necessary corporate or company action on its part and this Amendment constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) On the date hereof, before and after giving effect to this Amendment, (i) no Amortization Event or Potential Amortization Event has occurred and is continuing and (ii) the aggregate Purchaser Interests do not exceed 100%.

SECTION 4. Conditions Precedent. This Amendment shall become effective on the first Business Day (the "Effective Date") on which the Agent or its counsel has received (i) five (5) counterpart signature pages to this Amendment executed by each of the parties hereto and (ii) five (5) counterpart signature pages to the Fee Letter dated as of the date hereof among the Agent, the Managing Agents and the Seller, executed by each of the parties thereto.

SECTION 5. Reference to and Effect on the Transaction Documents.

(a) Upon the effectiveness of this Amendment, (i) each reference in the Purchase Agreement to "this Receivables Purchase Agreement", "this Agreement", "hereunder", "hereof", "herein" or words of like import shall mean and be a reference to the Purchase Agreement as amended or otherwise modified hereby, and (ii) each reference to the Purchase Agreement in any other Transaction Document or any other document, instrument or agreement executed and/or delivered in connection therewith, shall mean and be a reference to the Purchase Agreement as amended or otherwise modified hereby.

(b) Except as specifically amended, terminated or otherwise modified above, the terms and conditions of the Purchase Agreement, of all other Transaction Documents and any other documents, instruments and agreements executed and/or delivered in

connection therewith, shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Agent, any Managing Agent or any Purchaser under the Purchase Agreement or any other Transaction Document or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein.

SECTION 6. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or other electronic format shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

SECTION 8. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

SECTION 9. Fees and Expenses. Seller hereby confirms its agreement to pay on demand all reasonable costs and expenses of the Agent, the Managing Agents or Purchasers in connection with the preparation, execution and delivery of this Amendment and any of the other instruments, documents and agreements to be executed and/or delivered in connection herewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel to the Agent, Managing Agents or Purchasers with respect thereto.

[Remainder of Page Deliberately Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers as of the date first above written.

HBI RECEIVABLES LLC

By: /s/ Richard D. Moss
Name: Richard D. Moss
Title: President and Chief Executive Officer

HANESBRANDS INC., as Servicer

By: /s/ Richard D. Moss
Name: Richard D. Moss
Title: Senior Vice President and Treasurer

BRYANT PARK FUNDING LLC, as a Conduit Purchaser

By: /s/ Damian A. Perez
Name: Damian A. Perez
Title: Vice President

HSBC SECURITIES (USA) Inc., as a Managing Agent and Agent

By: /s/ Suzanna Baird
Name: Suzanna Baird
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION, as a Committed Purchaser

By: /s/ Alan Vitulich
Name: Alan Vitulich
Title: Vice President

MARKET STREET FUNDING LLC, as a Conduit Purchaser

By: /s/ Doris J. Hearn
Name: Doris J. Hearn
Title: Vice President

PNC BANK, N.A., as a Committed Purchaser and as a Managing Agent

By: /s/ William P. Falcon
Name: William P. Falcon
Title: Vice President

Attachment 1 to Amendment No. 5 to Receivables Purchase Agreement

SCHEDULE C

SPECIAL CONCENTRATION PERCENTAGES

Obligor Name	Special Concentration Percentage
[****]	[****]%
[****]	[****]%
[****]	[****]%
[****]	[****]%
[****]	[****]%
[****]	[****]%

**** Omitted pursuant to a confidential treatment request

EXHIBIT I

Bill of Sale

[Attached]

Form of Bill of Sale and Assignment

The undersigned HBI Receivables LLC, a limited liability company organized under the laws of the State of Delaware ("Assignor"), on and as of [*date*], hereby absolutely sells, transfers, assigns, sets-over, quitclaims and conveys to Hanesbrands Inc., a corporation organized under the laws of Maryland ("Assignee"), without recourse and without representations or warranties of any type, kind, character or nature, express or implied, all of Assignor's right, title and interest in and to each of the Receivables identified in the Schedule attached hereto, the Collections with respect thereto and the other Related Security and respect thereto (as each are defined in the Receivables Sale Agreement, dated as of November 27, 2007, between the Assignee and the Assignor, as amended, restated, supplemented or modified from time to time, the "Receivables Sale Agreement") (the "Transferred Property"). Such Receivables have an aggregate face amount of $[_____]. The Assignee shall pay the Assignor a purchase price of $[_____] ("Purchase Price") for such Transferred Property. A portion of the Purchase Price may be paid through a reduction in the outstanding principal amount of the Subordinated Note (as defined in the Receivables Sale Agreement). Each of the Assignor and Assignee agree that the Purchase Price constitutes a good faith estimate of the amount of the Transferred Property as of [*date*], and that after [*such date*], upon a final determination of the amount of the Transferred Property sold hereunder by the Assignor to Assignee, the Assignor and Assignee shall reconcile any overpayment or underpayment hereunder as between themselves.

It is the intention of the Assignor and the Assignee that the transfer and assignment of Transferred Property contemplated by this Bill of Sale and Assignment shall constitute a sale of such Transferred Property from the Assignor to the Assignee and the beneficial interest in and title to such Transferred Property shall not be part of the Assignor's estate in the event of the filing of a bankruptcy petition by or against the Assignor under any bankruptcy law.

This Bill of Sale and Assignment shall be binding upon and inure to the benefit of each of the respective successors and assigns of the Assignor and the Assignee.

THIS BILL OF SALE AND ASSIGNMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

* * * *

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale and Assignment to be duly executed as of the day and year first above written.

ASSIGNOR:
HBI RECEIVABLES LLC

By: _____
Name:
Title:

ASSIGNEE:
HANESBRANDS INC.

By: _____
Name:
Title:

RECEIVABLES SCHEDULE

Receivables for which the Obligor is [Wal-Mart Stores, Inc.] [Additional Excluded Obligor] or any of its affiliates

Hanesbrands Inc.
Ratio of Earnings to Fixed Charges
(Dollars in thousands)
(Unaudited)

	Years Ended			Six Months Ended	Years Ended	
	January 2, 2010	January 3, 2009	December 29, 2007	December 30, 2006	July 1, 2006	July 2, 2005
Earnings, as defined:						
Income from continuing operations before income tax expense, noncontrolling interest and income/loss from equity investees	$ 52,456	$ 163,195	$ 185,321	$ 112,830	$ 417,543	$ 343,099
Fixed charges	191,442	179,003	223,395	90,168	44,366	52,596
Amortization of capitalized interest	3,722	3,632	3,676	2,024	4,227	5,000
Distributed income of equity investees	—	—	—	—	—	3,030
Interest capitalized	(6,559)	(4,047)	(2,184)	(1,904)	(4,656)	(1,694)
Noncontrolling interest in pre-tax income	(1,173)	(158)	(1,195)	(910)	(1,224)	(55)
Total earnings, as defined	$ 239,888	$ 341,625	$ 409,013	$ 202,208	$ 460,256	$ 401,976
Fixed charges, as defined:						
Interest expense	$ 159,222	$ 155,280	$ 201,131	$ 78,692	$ 26,075	$ 35,244
Amortized premiums, discounts and capitalized expenses related to indebtedness	10,967	6,032	6,475	2,279	—	—
Interest factor in rental expenses	21,253	17,691	15,789	9,197	18,291	17,352
Total fixed charges, as defined	$ 191,442	$ 179,003	$ 223,395	$ 90,168	$ 44,366	$ 52,596
Ratio of earnings to fixed charges	1.25	1.91	1.83	2.24	10.37	7.64

Note: The Ratio of Earnings to Fixed Charges should be read in conjunction with the Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-K. The interest expense included in the fixed charges calculation above excludes interest expense relating to the Company's uncertain tax positions. The percentage of rent included in the calculation is a reasonable approximation of the interest factor.

Exhibit 21.1

SUBSIDIARIES OF HANESBRANDS INC.

All subsidiaries are wholly-owned, directly or indirectly, by Hanesbrands Inc. (other than directors' qualifying shares or similar interests) unless otherwise indicated

U.S. Subsidiaries

Name of Subsidiary	Jurisdiction of Formation
BA International, L.L.C.	Delaware
Caribesock, Inc.	Delaware
Caribetex, Inc.	Delaware
CASA International, LLC	Delaware
Ceibena Del, Inc.	Delaware
Hanes Menswear, LLC	Delaware
Hanes Puerto Rico, Inc.	Delaware
Hanesbrands Direct, LLC	Colorado
Hanesbrands Distribution, Inc.	Delaware
HBI Branded Apparel Limited, Inc.	Delaware
HBI Branded Apparel Enterprises, LLC	Delaware
HBI Playtex BATH LLC	Delaware
HbI International, LLC	Delaware
HBI Receivables LLC	Delaware
HBI Sourcing, LLC	Delaware
Inner Self LLC	Delaware
Jasper-Costa Rica, L.L.C.	Delaware
Playtex Dorado, LLC	Delaware
Playtex Industries, Inc.	Delaware
Playtex Marketing Corporation (50%) owned)	Delaware
Seamless Textiles, LLC	Delaware
UPCR, Inc.	Delaware
UPEL, Inc.	Delaware

Non-U.S. Subsidiaries

Name of Subsidiary	Jurisdiction of Formation
Bali Dominicana, Inc.	Panama/DR
Bali Dominicana Textiles, S.A.	Panama/DR
Bal-Mex S. de R.L. de C.V.	Mexico
Bordados Industriales, S. A. de C.V.	Honduras
Canadelle Limited Partnership	Canada
Canadelle Holding Corporation Limited	Canada
Cartex Manufacturera S. de R. L.	Costa Rica
CASA International, LLC Holdings S.C.S.	Luxembourg
Caysock, Inc.	Cayman Islands
Caytex, Inc.	Cayman Islands
Caywear, Inc.	Cayman Islands
Ceiba Industrial, S. De R.L.	Honduras
Champion Products S. de R.L. de C.V.	Mexico
Choloma, Inc.	Cayman Islands
Confecciones Atlantida S. de R.L.	Honduras
Confecciones de Nueva Rosita S. de R.L. de C.V.	Mexico

Name of Subsidiary	Jurisdiction of Formation
Confecciones El Pedregal Inc.	Cayman Islands
Confecciones El Pedregal S.A. de C.V.	El Salvador
Confecciones del Valle, S. de R.L.	Honduras
Confecciones Jiboa S.A. de C.V.	El Salvador
Confecciones La Caleta, Inc.	Cayman Islands
Confecciones La Herradura S.A. de C.V.	El Salvador
Confecciones La Libertad, Ltda de C.V.	El Salvador
DFK International Limited	Hong Kong
Dos Rios Enterprises, Inc.	Cayman Islands
Hanes Brands Incorporated de Costa Rica, S.A.	Costa Rica
Hanes Caribe, Inc.	Cayman Islands
Hanes Choloma, S. de R. L.	Honduras
Hanes Colombia, S.A.	Colombia
Hanes de Centroamerica S.A.	Guatemala
Hanes de El Salvador, S.A. de C.V.	El Salvador
Hanes Dominican, Inc.	Cayman Islands
Hanes Menswear Puerto Rico, Inc.	Puerto Rico
Hanes Panama Inc.	Panama
Hanesbrands Apparel India Private Limited	India
Hanesbrands Argentina S.A.	Argentina
Hanesbrands Australia Pty Limited	Australia
Hanesbrands Brasil Textil Ltda.	Brazil
Hanesbrands Canada NS ULC	Canada
Hanesbrands Caribbean Logistics, Inc.	Cayman Islands
Hanesbrands Dominicana, Inc.	Cayman Islands
Hanesbrands Dos Rios Textiles, Inc.	Cayman Islands
Hanesbrands El Salvador, Ltda. de C.V.	El Salvador
Hanesbrands Europe GmbH	Germany
Hanesbrands Holdings	Mauritius
Hanesbrands International (Shanghai) Co. Ltd.	China
Hanesbrands Japan Inc.	Japan
Hanesbrands (Nanjing) Textile Co., Ltd.	China
Hanesbrands Philippines Inc.	Philippines
Hanesbrands Sourcing (India) Private Limited	India
Hanesbrands (HK) Limited	Hong Kong
Hanesbrands ROH Asia Ltd.	Thailand
Hanesbrands UK Limited	United Kingdom
HBI Alpha Holdings, Inc.	Cayman Islands
Hanesbrands (Vietnam) Company Limited	Vietnam
HBI Beta Holdings, Inc.	Cayman Islands
HBI Compania de Servicios, S.A. de C.V.	El Salvador
HbI International Holdings S.à r.l.	Luxembourg
HBI RH Mexico, S. De R.L. de C.V.	Mexico
HBI Manufacturing (Thailand) Ltd.	Thailand
HBI Risk Management Ltd.	Bermuda
HBI Servicios Administrativos de Costa Rica, S.A.	Costa Rica
HBI Socks de Honduras, S. de R.L. de C.V.	Honduras
HBI Sourcing Asia Limited	Hong Kong
H.N. Fibers Ltd (49%)	Israel
Indumentaria Andina S.A.	Argentina
Industria Textilera del Este ITE, S.R.L.	Costa Rica
Industrias Internacionales de San Pedro S. de R.L. de C.V.	Mexico
Inversiones Bonaventure S.A. de C.V.	El Salvador
J.E. Morgan de Honduras, S.A.	Honduras
Jasper Honduras, S.A.	Honduras

Name of Subsidiary	Jurisdiction of Formation
Jogbra Honduras, S.A.	Honduras
Madero Internacional S. de R.L. de C.V.	Mexico
Manufacturera Ceibena S. de R.L.	Honduras
Manufacturera Comalapa S.A. de C.V.	El Salvador
Manufacturera de Cartago, S.R.L.	Costa Rica
Manufacturera San Pedro Sula, S. de R.L.	Honduras
Monclova Internacional S. de R.L. de C.V.	Mexico
Playtex Puerto Rico, Inc.	Puerto Rico
PT. HBI Sourcing Indonesia	Indonesia
PTX (D.R.), Inc.	Cayman Islands
Rinplay S. de R.L. de C.V.	Mexico
Seamless Puerto Rico, Inc.	Puerto Rico
Servicios de Soporte Intimate Apparel, S. de R.L.	Costa Rica
Socks Dominicana S.A.	Dominican Republic
Texlee El Salvador, Ltda. de C.V.	El Salvador
The Harwood Honduras Companies, S. de R.L.	Honduras
UPEL Chinandega y Compania Limitada	Nicaragua

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-152733) and Registration Statement on Form S-8 (No. 333-137143) of Hanesbrands Inc. of our report dated February 9, 2010 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Greensboro, North Carolina
February 9, 2010

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Richard A. Noll, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hanesbrands Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Richard A. Noll
Richard A. Noll
Chief Executive Officer

Date: February 9, 2010

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, E. Lee Wyatt Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K of Hanesbrands Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ E. Lee Wyatt Jr.
E. Lee Wyatt Jr.
Executive Vice President, Chief Financial Officer

Date: February 9, 2010

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Hanesbrands Inc. ("Hanesbrands") on Form 10-K for the fiscal year ended January 2, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard A. Noll, Chief Executive Officer of Hanesbrands, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Hanesbrands.

/s/ Richard A. Noll
Richard A. Noll
Chief Executive Officer

Date: February 9, 2010

The foregoing certification is being furnished to accompany Hanesbrands Inc.'s Annual Report on Form 10-K for the fiscal year ended January 2, 2010 (the "Report") solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Hanesbrands Inc. that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Hanesbrands Inc. and will be retained by Hanesbrands Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Hanesbrands Inc. ("Hanesbrands") on Form 10-K for the fiscal year ended January 2, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, E. Lee Wyatt, Jr, Chief Financial Officer of Hanesbrands, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Hanesbrands.

/s/ E. Lee Wyatt Jr.
E. Lee Wyatt Jr.
Executive Vice President, Chief Financial Officer

Date: February 9, 2010

The foregoing certification is being furnished to accompany Hanesbrands Inc.'s Annual Report on Form 10-K for the fiscal year ended January 2, 2010 (the "Report") solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Hanesbrands Inc. that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Hanesbrands Inc. and will be retained by Hanesbrands Inc. and furnished to the Securities and Exchange Commission or its staff upon request.