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 1, 2011

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 **Winston-Salem, North Carolina**	**27105**
(Address of principal executive office)	*(Zip code)*

(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 ☑ 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, 2010, the aggregate market value of the registrant's common stock held by non-affiliates was approximately $2,307,420,788 (based on the closing price of the common stock of $24.30 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 14, 2011, there were 96,367,197 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 2011 annual meeting of stockholders.

TABLE OF CONTENTS

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 may 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*, *Duofold* and *Gear for Sports* 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, operational disruptions, changes in import and export laws, currency restrictions and currency exchange rate fluctuations;
- the impact of significant fluctuations and volatility in the price of various input costs, such as cotton and oil-related materials, utilities, freight and wages;
- the impact of natural disasters;
- the impact of the loss of one or more of our suppliers of finished goods or raw materials;
- our ability to effectively manage our inventory and reduce inventory reserves;
- our ability to optimize our global supply chain;
- current economic conditions;
- consumer spending levels;
- the risk of inflation or deflation;
- our ability to continue to effectively distribute our products through our distribution network;
- 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;
- the impact of any inadequacy, interruption or failure with respect to our information technology or any data security breach;
- 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 do, 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 website 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 corporate website, *www.hanesbrands.com*, or any of our other websites we do not incorporate any such website or its contents into this Annual Report on Form 10-K.

Table of Contents

PART I

Item 1. *Business*

General

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*, *Duofold* and *Gear for Sports*. We design, manufacture, source and sell a broad range of basic apparel such as T-shirts, bras, panties, men's underwear, kids' underwear, casualwear, activewear, socks and hosiery.

The basic apparel 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 basic apparel 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 more of 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 basic apparel, 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. On November 1, 2010, we completed our acquisition of GearCo, Inc., known as Gear for Sports, a leading seller of licensed logo apparel in collegiate bookstores and other channels.

Our fiscal year ends on the Saturday closest to December 31. All references to "2010," "2009" and "2008" relate to the 52 week fiscal years ended on January 1, 2011 and January 2, 2010 and the 53 week fiscal year ended on January 3, 2009, respectively.

Our operations are managed and reported in five operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer and International. These segments are organized principally by product category, geographic location and distribution channel. Each segment has its own management that is responsible for the operations of the segment's businesses but the segments share a common supply chain and media and marketing platforms. In October 2009, we completed the sale of our yarn operations and, as a result, we no longer have net sales in the Other segment, which was primarily comprised of sales of yarn to third parties. 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**
	Socks	*Hanes, Champion*
Outerwear	Activewear, such as performance T-shirts and shorts, fleece, sports bras and thermals	*Champion, Duofold, Gear for Sports*
	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*

Segment	Primary Products	Primary Brands
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*

* 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 basic apparel industry. According to The NPD Group/Consumer Tracking Service, or “NPD,” our brands held either the number one or number two U.S. market position by units sold in most product categories in which we compete, for the 12-month period ended December 31, 2010.

Our products are sold through multiple distribution channels. During 2010, approximately 44% of our net sales were to mass merchants in the United States, 15% were to national chains and department stores in the United States, 12% were in our International segment, 9% were in our Direct to Consumer segment in the United States, and 20% were to other retail channels in the United States such as embellishers, specialty retailers, wholesale clubs 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 our *Just My Size* program at Wal-Mart stores.

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 basic apparel 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:

- *Barely There Smart Sizes*, a new bra sizing system that simplifies and streamlines the traditional bra sizing configuration from 16 sizes to just five sizes with innovative, “shape to fit” technology (2010).
- *Wonderbra Secret Agent No Slip Fit* Collection includes bras that feature shaping stay-in-place back and no slip straps that secretly work together to ensure everything stays comfortably in place all day (2010).
- *Bali Comfort-U* Bra with a feature that ensures that the straps and back stay in place, delivering the ultimate fit and comfort in a place most women don’t think to look—the back (2010).
- *Hanes Comfort Flex* Underwear feature a softer, more stretchable waistband that comfortably shifts without pinching or binding (2010).
- *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, an 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).

We have restructured our supply chain over the past four 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 in place, we are focused long-term on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements. We commenced production at our textile production plant in Nanjing, China, which is our first company-owned textile facility in Asia, in the fourth quarter of 2009 and we ramped up production in 2010 to support our growth, with the expectation of ramping up to full capacity by the end of 2011. 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. We consolidated our distribution network by implementing new warehouse management systems and technology and adding new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network, including relocating distribution capacity to our West Coast distribution facility in California in order to expand capacity for goods we source from Asia.

Our Brands

Our portfolio of leading brands is designed to address the needs and wants of various consumer segments across a broad range of basic apparel 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. 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 88% of the U.S. households that have purchased men's or women's casual clothing or underwear in the five-month period ended December 31, 2010.

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, offering 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*, *Duofold* and *Gear for*

Sports. We entered into an agreement with Wal-Mart in 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

Our operations are managed and reported in five operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer and International. These segments are organized principally by product category, geographic location and distribution channel. Each segment has its own management that is responsible for the operations of the segment's businesses but the segments share a common supply chain and media and marketing platforms. In October 2009, we completed the sale of our yarn operations and, as a result, we no longer have net sales in the Other segment, which was primarily comprised of sales of yarn to third parties. For more information about our segments, see Note 18 to our financial statements included in this Annual Report on Form 10-K.

Innerwear

The Innerwear segment focuses on core apparel 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 2010, net sales from our Innerwear segment were $2.0 billion, representing approximately 46% 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. On November 1, 2010, we completed our acquisition of Gear for Sports, a leading seller of licensed logo apparel in collegiate bookstores and other channels, which significantly strengthens our strategy of creating stronger branded and defensible businesses in our Outerwear segment. The operating results of Gear for Sports are included in the Outerwear segment. During 2010, net sales from our Outerwear segment were $1.3 billion, representing approximately 29% 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 2010, net sales from our Hosiery segment were $167 million, representing approximately 4% 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 websites operating under the *Hanes*, *One Hanes Place*, *Just My Size* and *Champion* names. Our Internet operations are supported by our catalogs. As of January 1, 2011 and January 2, 2010, we had 224 and 228 outlet stores, respectively. During 2010, net sales from our Direct to Consumer segment were $378 million, representing approximately 9% of total net sales.

International

Our International segment 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 2010, net sales from our International segment were $509 million, representing approximately 12% 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.

Design, Research and Product Development

At the core of our design, research and product development capabilities is an integrated team of over 325 professionals. 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 and design personnel at the Gear for Sports facility in Lenexa, Kansas. In 2010, 2009 and 2008, we spent approximately $47 million, $46 million and $46 million, respectively, on design, research and product development, including the development of new and improved products.

Customers

In 2010, approximately 88% of our net sales were to customers in the United States and approximately 12% were to customers outside the United States. Domestically, almost 81% of our net sales were wholesale sales to retailers, 10% were direct to consumers and 9% were wholesale sales to wholesalers and 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 26%, 17% and 6%, respectively, of our total sales in 2010. As is common in the basic apparel 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, Kohl’s and CVS Caremark, “CVS,” are our only customers with sales that exceed 10% of any individual segment’s sales. In our Innerwear segment, Wal-Mart accounted for 38% of sales, Target accounted for 16% of sales and Kohl’s accounted for 11% of sales during 2010. In our Outerwear segment, Target accounted for 31% of sales and Wal-Mart accounted for 20% of sales during 2010. In our Hosiery segment, Wal-Mart accounted for 25% of sales, Target accounted for 12% of sales and CVS accounted for 11% of sales during 2010.

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 44% of our net sales in 2010. 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 26% of our net sales in 2010, is our largest mass merchant customer.

Sales to the national chains and department stores channel in the United States accounted for approximately 15% of our net sales in 2010. 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, socks, activewear and underwear categories through department stores.

Sales in our Direct to Consumer segment in the United States accounted for approximately 9% of our net sales in 2010. We sell our branded products directly to consumers through our 224 outlet stores, as well as our websites 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 websites, 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 websites received over 20 million unique visitors in 2010.

Sales in our International segment represented approximately 12% of our net sales in 2010, 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 19 to our financial statements.

Sales in other channels in the United States represented approximately 20% of our net sales in 2010. We sell T-shirts, golf and sport shirts and fleece sweatshirts to wholesalers and third-party embellishers primarily under our *Hanes*, *Hanes Beefy-T* and *Outer Banks* brands. Sales to wholesalers and third-party embellishers accounted for approximately 8% of our net sales in 2010. 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

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. Media, advertising and promotion ("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.

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 2010, we launched a number of new advertising and marketing initiatives:

- *Hanes* launched a new men's underwear marketing campaign starring Michael Jordan in a new television commercial that shows *Hanes* Lay Flat Collar undershirts will never suffer from wavy "bacon necks" like other shirts.
- *Hanes* announced a new national environmental advertising campaign, titled "For Future Generations." The ad, which began airing in the Spring of 2010, takes a lighthearted approach to the brand's environmental responsibility efforts, including eco-friendly products. *Hanes* also debuted a new consumer website *(www.hanesgreen.com)* where visitors can learn more about the brand's environmental responsibility effort and watch the "Future Generations" ad.
- *Champion* introduced a sports bra blog designed to spur online dialogue around all things related to breast health and sports bras. The blog features comments and questions by women of all fitness levels from industry experts to first-time exercisers as well as the latest on emerging product innovations and style choices.
- *Playtex* began airing a series of web videos featuring 10 women who won a *Playtex* bra makeover trip to New York with style expert Allison Deyette.

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

- We continued our television advertising campaign in support of *Hanes* Comfort Fit socks for the family.
- *Champion* continued its "What's Your Everest" marketing campaign and online community to support people in reaching their personal aspirations and goals, as accomplished international mountaineer and motivational speaker Jamie Clarke led Expedition Hanesbrands to the top of Mount Everest, driving brand awareness for *Champion* and *Duofold* brands and showcasing our research and development innovation and textile science leadership.

- *Hanes* continued its role as 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 website, *www.hanespink.com*, that features interactive content to inspire people to make a difference in the breast cancer support community.
- 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 “How You Play” national advertising campaign for *Champion*. 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. The print, television and online advertising campaign features *Bali* bras, panties and shapewear.
- We continued our innovative and expressive advertising and marketing campaign called “Girl Talk,” 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 1, 2011, we distributed our products from a total of 31 distribution centers. These facilities include 15 facilities located in the United States and 16 facilities located outside the United States in regions where we manufacture our products. We internally manage and operate 18 of these facilities, and we use third-party logistics providers who operate the other 13 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 we became an independent public company to 31 as of January 1, 2011. We consolidated our distribution network by implementing new warehouse management systems and technology and adding new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network, including relocating distribution capacity to our West Coast distribution facility in California in order to expand capacity for goods we source from Asia.

Manufacturing and Sourcing

During 2010, approximately 63% 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, 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 are able to lock in the cost of cotton reflected in the price we pay for yarn from our primary yarn suppliers in an attempt 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 43 manufacturing facilities, down from 70 at the time we became an independent public company. 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. We commenced production at our textile production plant in Nanjing, China, which is our first company-owned textile facility in Asia, in the fourth quarter of 2009 and we ramped up production in 2010 to support our growth, with the expectation of ramping up to full capacity by the end of 2011. 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.

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.

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 basic apparel market is highly competitive and rapidly evolving. Competition generally is based upon brand name recognition, price, 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 basic apparel 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 products 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 held either the number one or number two U.S. market position by units sold in most product categories in which we compete, for the 12-month period ended December 31, 2010. According to NPD, our largest brand, *Hanes*, was the top-selling apparel brand in the United States by units sold, for the 12-month period ended December 31, 2010.
- *High-volume, core products.* We sell high-volume, frequently replenished basic apparel products. 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 basic apparel products 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 basic apparel in the United States as measured by units sold for the 12-month period ended December 31, 2010. 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 four 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 in place, we are focused long-term on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements.
- *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 our *Just My Size* program at Wal-Mart.

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, Duofold* and *Gear for Sports.* 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. Generally, 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 as needed. 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, Croatia, Macedonia, Moldova, Morocco, Norway, 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.

Corporate Social Responsibility

We have a formal corporate social responsibility ("CSR") program that consists of five core initiatives: a global 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 (the "FLA") and recently completed its two-year accreditation process of our internal global social compliance program. We are now a fully accredited member of the FLA. The FLA 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 FLA 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 FLA 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. In November 2010, As You Sow, a San Francisco-based shareholder advocacy organization, issued a report on apparel supply chain compliance programs and rated Hanesbrands' program with the third-highest grade of companies studied.

We are committed to reducing our greenhouse gas footprint, and 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. Currently, over 30% of our total worldwide energy use comes from renewable resources. We have reduced our CO_2 emissions per unit manufactured by over 12% since 2007. We have also worked 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. Hanesbrands earned the U.S. EPA Energy Star partner of the year award in 2010 for energy efficiency progress. In October 2010, Newsweek magazine issued its annual list of the 500 greenest companies in America. Hanesbrands ranks No. 91.

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 have earned the U.S. Green Building Council's sustainability certification for our Bentonville, Arkansas, and Minneapolis, Minnesota, sales offices and our Perris, California distribution center. 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. We are also currently working on LEED certification of manufacturing facilities in El Salvador, Vietnam and China, as well as one of our corporate headquarters buildings in Winston-Salem, North Carolina.

Our corporate philanthropic efforts are focused on meeting the "fundamental needs" of the communities in which we live and work. In 2010, we were again the largest corporate giver to our local United Way in Forsyth County, North Carolina, with our corporate and employee gifts totaling over $2 million. In Central America and the Caribbean Basin, we have instituted a unique Green For Good program (Viviendo Verde), in which we use the proceeds from recycling waste materials in our manufacturing operations for community improvement projects, such as school and health-clinic renovations. For more detail on the full range of our CSR efforts, including our commitment to and work in our communities, go to *www.hanesbrandsCSR.com.*

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 wastewater 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

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 1, 2011, we had approximately 55,500 employees, approximately 8,400 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 1, 2011, 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.

Any disruption to our supply chain or adverse impact on its extensive network of 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 various locations. 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;
- operational disruptions;
- 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. In addition, as we have restructured our supply chain over the past four years to create more efficient production clusters that utilize fewer, larger facilities, such an event at a particular facility could have a larger impact on us. 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 various input costs, such as cotton and oil-related materials, utilities, freight and wages, may have a material adverse effect on our business, results of operations, financial condition and cash flows.

The economic environment in which we are operating continues to be uncertain and volatile, which could have unanticipated adverse effects on our business during 2011 and beyond. We are seeing a sustained increase in various input costs, such as cotton and oil-related materials, utilities, freight and wages. Rising demand for cotton resulting from the economic recovery, weather-related supply disruptions, significant declines in U.S. inventory and a sharp rise in the futures market for cotton caused cotton prices to surge upward during 2010 and early 2011. 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, 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. Similarly, 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. Increases in inflation may not be matched by rises in income, which also could have a negative impact on spending.

Although we have sold our yarn operations and nearly 40% of our business, such as bras, sheer hosiery and portions of our activewear categories, is not cotton-based, we are still exposed to fluctuations in the cost of cotton. During 2010, cotton prices hit their highest levels in 140 years. 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, among other things, 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. We are able to lock in the cost of cotton that is reflected in the price we pay for yarn from our primary yarn suppliers in an attempt to protect our business from the volatility of the market price of cotton. However, our business can be affected by dramatic movements in cotton prices. Although the cost of cotton used in goods manufactured by us has historically represented only 6% of our cost of sales, it has risen to around 10% primarily as a result of the cost of inflation. Costs incurred for materials and labor are capitalized into inventory and impact our results as the inventory is sold. After taking into consideration the cotton costs currently in our finished goods inventory and cotton prices we have locked in through October, we expect an average for cotton of at least $1.00 per pound in 2011 for purchases of cotton used in goods manufactured by us, which would have a negative impact ranging from $100 to $125 million when compared to 2010. The first and second quarters of 2011 should reflect an average cost of 83 cents per pound, the third quarter of 2011 should reflect an average cost of 89 cents per pound and the fourth quarter is not locked in at this time. These estimates do not include the cotton impact on the cost of sourced goods.

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 at current levels of production would affect our annual cost of sales by $4 million related to finished goods manufactured internally in our manufacturing facilities and $1 million related to finished goods sourced from third parties. 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 $5 million, at current levels of usage.

In response to the cost increases described above, particularly for cotton, energy and labor, we expect to take price increases as warranted by cost inflation, including multiple increases already put in place through late summer of 2011. The timing and frequency of price increases will vary by product category, channel of trade, and country, with some increases as frequently as quarterly. The magnitude of price increases will also vary by product category. If, however, we incur increased costs for materials, including cotton, and labor that we are unable to recoup through price increases or improved efficiencies, or if consumer spending declines, our business, results of operations, financial condition and cash flows may be adversely affected.

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 37% 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 worldwide economic conditions, production problems, difficulties in sourcing raw materials, lack of capacity or transportation disruptions, or if for these or other reasons they raise the prices of the raw materials or finished products we purchase from them. 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.

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.

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 consumers. 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 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 in the last few years. If third parties on which we rely for raw materials, finished goods or services are unable to overcome financial difficulties 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.

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 four 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 consolidated our distribution network by implementing new warehouse management systems and technology and adding new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network. With our global supply chain infrastructure in place, we are focused long-term on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements. 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.

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 we became an independent public company to 31 as of January 1, 2011. We consolidated our distribution network by implementing new warehouse management systems and technology and adding new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network, including relocating distribution capacity to our West Coast distribution facility in California in order to expand capacity for goods we source from Asia. In 2009, we began shipping products from this new 1.3 million square foot distribution center in Perris, California. 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.

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 2010, our top ten customers accounted for 65% of our net sales and our top customers, Wal-Mart and Target, accounted for 26% 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.

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 basic apparel market is highly competitive and evolving rapidly. Competition is generally based upon brand name recognition, price, 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 basic apparel 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 brand recognition, price, quality, 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.

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.

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 $600 million revolving credit facility (the “Revolving Loan Facility”) under our senior secured credit facility that we entered into in 2006 and amended and restated in December 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”), our $1 billion 6.375% Senior Notes due 2020 (the “6.375% Senior Notes”) and the $150 million accounts receivable securitization facility that we entered into in November 2007 (the “Accounts Receivable Securitization Facility”). The 2009 Senior Secured Credit Facility and the indentures governing the Floating Rate Senior Notes, the 8% Senior Notes and the 6.375% 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 basic apparel 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. 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 2011 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, the 8% Senior Notes and the 6.375% 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.

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

The plan assets of our pension plans and other postemployment plans, which had increases in values of approximately 4% and 8% during 2010 and 2009, respectively, are invested in domestic and international equity and bond markets. We are unable to predict the variations in asset values or the severity or duration of any disruptions in the financial markets or 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. 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.

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"), after considering whether the acquired business will be operated as a separate business unit or integrated into an existing business unit.

As of January 1, 2011, we had approximately $179 million of trademarks and other identifiable intangibles and

$430 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 16% 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 2010. 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 economy 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.

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 strategic initiative to enhance our global supply chain by optimizing lower-cost manufacturing capacity and to support our commercial operations outside the United States may result in capital investments outside the United States that impact our income tax expense.

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 1, 2011, we had approximately $469 million of net deferred tax assets on our balance sheet, which represents 12% 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.

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 or from 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 and/or valuation 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 55,500 employees worldwide as of January 1, 2011, 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 55,500 employees worldwide as of January 1, 2011. 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 47,100 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.

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 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 cancellation 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	53	Chairman of the Board of Directors and Chief Executive Officer
Gerald W. Evans Jr.	51	Co-operating Officer, President International
William J. Nictakis	50	Co-operating Officer, President U.S.
Joia M. Johnson	51	Chief Legal Officer, General Counsel and Corporate Secretary
Kevin W. Oliver	53	Chief Human Resources Officer
E. Lee Wyatt Jr.	58	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 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 Co-operating Officer, President International, since November 2010. From February 2009 until November 2010, he was our President, International Business and Global Supply Chain. From February 2008 until February 2009, he served as our President, Global Supply Chain and Asia Business Development. From September 2006 until February 2008, he served as Executive Vice President, Chief Supply Chain Officer. From July 2005 until September 2006, 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 Co-operating Officer, President U.S., since November 2010. From November 2007 until November 2010, he was our President, Chief Commercial Officer. 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 Chief Legal Officer, General Counsel and Corporate Secretary since January 2007, a position previously known as Executive Vice President, General Counsel and Corporate Secretary. 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. Ms. Johnson currently serves on the board of Crawford & Company, the world's largest independent provider of claims management solutions to the risk management and insurance industry.

Kevin W. Oliver has served as our Chief Human Resources Officer since September 2006, a position previously known as Executive Vice President, Human Resources. From January 2006 until September 2006, 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 Chief Financial Officer since September 2006, a position previously known as Executive Vice President, Chief Financial Officer. From September 2005 until September 2006, 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 and Lenexa, Kansas. 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 1, 2011, we owned and leased properties in 23 countries, including 43 manufacturing facilities and 31 distribution centers, as well as office facilities. The leases for these properties expire between 2011 and 2022, with the exception of some seasonal warehouses that we lease on a month-by-month basis.

As of January 1, 2011, we also operated 224 direct outlet stores in 40 states, most of which are leased under five-year, renewable lease agreements and several of which are leased under ten year 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 1, 2011:

Properties by Country (1)	Owned Square Feet	Leased Square Feet	Total
United States	3,171,576	7,666,324	10,837,900
Non-U.S. facilities:			
El Salvador	1,426,866	307,327	1,734,193
Honduras	356,279	916,520	1,272,799
China	1,070,912	47,734	1,118,646
Dominican Republic	835,240	178,033	1,013,273
Mexico	75,255	341,974	417,229
Canada	289,480	105,675	395,155
Vietnam	251,337	240,365	491,702
Costa Rica	168,282	—	168,282
Thailand	277,733	14,142	291,875
Belgium	—	165,398	165,398
Brazil	—	164,548	164,548
Argentina	125,289	—	125,289
10 other countries	—	77,428	77,428
Total non-U.S. facilities	4,876,673	2,559,144	7,435,817
Totals	8,048,249	10,225,468	18,273,717

(1) Excludes vacant land.

The following table summarizes the properties primarily used by our segments as of January 1, 2011:

Properties by Segment (1)	Owned Square Feet	Leased Square Feet	Total
Innerwear	3,319,699	4,019,584	7,339,283
Outerwear	2,294,310	2,655,156	4,949,466
Hosiery	303,445	39,000	342,445
Direct to Consumer	—	1,840,969	1,840,969
International	481,273	818,903	1,300,176
Totals	6,398,727	9,373,612	15,772,339

(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.

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. ***(Removed and Reserved)***

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
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
2010		
Quarter ended April 3, 2010	$ 28.40	$ 20.95
Quarter ended July 3, 2010	$ 31.45	$ 23.44
Quarter ended October 2, 2010	$ 27.88	$ 23.28
Quarter ended January 1, 2011	$ 28.42	$ 23.94

Holders of Record

On February 14, 2011, there were 40,861 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 73,300 beneficial owners of our common stock as of February 1, 2011.

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.

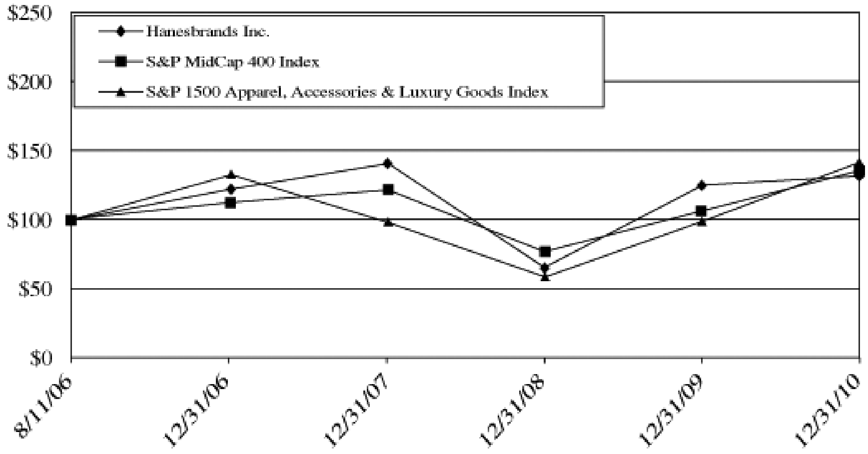
Issuer Purchases of Equity Securities

There were no purchases by Hanesbrands during the quarter or year ended January 1, 2011 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 1, 2011.

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	7,751,336	$ 22.34	3,945,486
Equity compensation plans not approved by security holders	—	—	—
Total	7,751,336	$ 22.34	3,945,486

(1) The amount appearing under “Number of securities remaining available for future issuance under equity compensation plans” includes 1,945,335 shares available under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 and 2,000,151 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 1, 2011, January 2, 2010 and January 3, 2009 and the balance sheet data as of January 1, 2011 and January 2, 2010 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 year ended December 29, 2007, the six-month period ended December 30, 2006 and the year ended July 1, 2006 and the balance sheet data as of January 3, 2009, December 29, 2007, December 30, 2006 and July 1, 2006 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	Year Ended
	January 1, 2011	January 2, 2010	January 3, 2009	December 29, 2007	December 30, 2006	July 1, 2006
	(amounts in thousands, except per share data)					
Statement of Income Data:						
Net sales	$ 4,326,713	$ 3,891,275	$ 4,248,770	$ 4,474,537	$ 2,250,473	$ 4,472,832
Cost of sales	2,911,944	2,626,001	2,871,420	3,033,627	1,530,119	2,987,500
Gross profit	1,414,769	1,265,274	1,377,350	1,440,910	720,354	1,485,332
Selling, general and administrative expenses	1,010,581	940,530	1,009,607	1,040,754	547,469	1,051,833
Gain on curtailment of postretirement benefits	—	—	—	(32,144)	(28,467)	—
Restructuring	—	53,888	50,263	43,731	11,278	(101)
Operating profit	404,188	270,856	317,480	388,569	190,074	433,600
Other expense (income)	20,221	49,301	(634)	5,235	7,401	—
Interest expense, net	150,236	163,279	155,077	199,208	70,753	17,280
Income before income tax expense	233,731	58,276	163,037	184,126	111,920	416,320
Income tax expense	22,438	6,993	35,868	57,999	37,781	93,827
Net income	$ 211,293	$ 51,283	$ 127,169	$ 126,127	$ 74,139	$ 322,493
Earnings per share — basic(1)	$ 2.19	$ 0.54	$ 1.35	$ 1.31	$ 0.77	$ 3.35
Earnings per share — diluted(2)	$ 2.16	$ 0.54	$ 1.34	$ 1.30	$ 0.77	$ 3.35
Weighted average shares — basic(1)	96,500	95,158	94,171	95,936	96,309	96,306
Weighted average shares — diluted(2)	97,774	95,668	95,164	96,741	96,620	96,306

	January 1, 2011	January 2, 2010	January 3, 2009	December 29, 2007	December 30, 2006	July 1, 2006
	(in thousands)					
Balance Sheet Data:						
Cash and cash equivalents	$ 43,671	$ 38,943	$ 67,342	$ 174,236	$ 155,973	$ 298,252
Total assets	3,790,002	3,326,564	3,534,049	3,439,483	3,435,620	4,903,886
Noncurrent liabilities:						
Long-term debt	1,990,735	1,727,547	2,130,907	2,315,250	2,484,000	—
Other noncurrent liabilities	407,243	385,323	469,703	146,347	271,168	49,987
Total noncurrent liabilities	2,397,978	2,112,870	2,600,610	2,461,597	2,755,168	49,987
Total stockholders' or parent companies' equity	562,674	334,719	185,155	288,904	69,271	3,229,134

(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 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 expenses that are key to an understanding of our results of operations.
- *2010 Highlights.* This section discusses some of the highlights of our performance and activities during 2010.
- *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*, *Duofold* and *Gear for Sports*. We design, manufacture, source and sell a broad range of basic apparel such as T-shirts, bras, panties, men's underwear, kids' underwear, casualwear, activewear, socks and hosiery. According to NPD, our brands held either the number one or number two U.S. market position by units sold in most product categories in which we compete, for the 12 month period ended December 31, 2010.

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 2010, approximately 44% of our net sales were to mass merchants in the United States, 15% were to national chains and department stores in the United States, 12% were in our International segment, 9% were in our Direct to Consumer segment in the United States, and 20% were to other retail channels in the United States such as embellishers, specialty retailers, wholesale clubs, sporting goods stores and collegiate bookstores.

Our Segments

Our operations are managed and reported in five operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer and International. These segments are organized principally by product category, geographic location and distribution channel. Each segment has its own management that is responsible for the operations of the segment's businesses but the segments share a common supply chain and media and marketing platforms. In October 2009, we completed the sale of our yarn operations and, as a result, we no longer have net sales in the Other segment, which was primarily comprised of sales of yarn to third parties.

- *Innerwear*. The Innerwear segment focuses on core basic apparel, 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 2010, net sales from our Innerwear segment were $2.0 billion, representing approximately 46% of total net sales.
- *Outerwear*. We are a leader in the casualwear and activewear markets through our *Hanes*, *Champion*, *Just My Size*, *Duofold* and *Gear for Sports* 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. On November 1, 2010, we completed our acquisition of Gear for Sports, a leading seller of licensed logo apparel in collegiate bookstores and other channels, which significantly strengthens our strategy of creating stronger branded and defensible businesses in our Outerwear segment. The operating results of Gear for Sports are included in the Outerwear segment. During 2010, net sales from our Outerwear segment were $1.3 billion, representing approximately 29% 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 2010, net sales from our Hosiery segment were $167 million, representing approximately 4% 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 websites operating under the *Hanes*, *One Hanes Place*, *Just My Size* and *Champion* names. Our Internet operations are supported by our catalogs. As of January 1, 2011 and January 2, 2010, we had 224 and 228 outlet stores, respectively. During 2010, net sales from our Direct to Consumer segment were $378 million, representing approximately 9% 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 2010, net sales from our International segment were $509 million, representing approximately 12% 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.

Outlook for 2011

After a strong performance in 2010 in an uncertain and volatile economic environment, we expect continued double-digit growth in 2011 with projected net sales of approximately $4.85 billion to $5.0 billion compared to $4.33 billion in 2010. The primary drivers of this growth are expected to be price increases, partially offset by demand elasticity, a full year of the Gear for Sports acquisition contributing approximately five points of growth, and net shelf-space gains and increases in consumer spending each contributing another one to two points of growth in net sales.

Because of expected systemic cost inflation in 2011 as described below, particularly for cotton, energy and labor, we expect to take price increases throughout the year as warranted by cost inflation, including multiple increases already put in place through late summer. The timing and frequency of price increases will vary by product category, channel of trade, and country, with some increases as frequently as quarterly. The magnitude of price increases also will vary by product category. Demand elasticity effects, which could be significant for higher double-digit price increases implemented later in 2011, should be manageable and will have a muted impact in 2011.

For the first three quarters of 2011, we believe we know the majority of our costs, with cotton prices locked in through October. Our current 2011 earnings expectations assume we will continue to realize efficiency savings from our supply chain optimization of approximately $40 million and eliminate the majority of excess 2010 costs to service the strong sales growth of $25 to $30 million; continued investment in trade and media spending consistent with our historical rate of $90 to $100 million; stable interest expense; and a higher full-year tax rate that could range from a percentage in the teens to the low 20s.

As a result of the cost inflation and higher product pricing, we expect higher working capital, in particular higher accounts receivable and inventories, partially offset by higher inventory turns which will negatively impact our cash flow. We typically use cash for the first half of the year and generate most of our cash flow in the second half of the year.

Business and Industry Trends

Inflation and Changing Prices

The economic environment in which we are operating continues to be uncertain and volatile, which could have unanticipated adverse effects on our business during 2011 and beyond. We are seeing a sustained increase in various input costs, such as cotton and oil-related materials, utilities, freight and wages, which impacted our results in 2010 and will continue to do so throughout 2011. The estimated impact of cost inflation could be in the range of $250 to $300 million higher in 2011 over 2010. Rising demand for cotton resulting from the economic recovery, weather-related supply disruptions, significant declines in U.S. inventory and a sharp rise in the futures market for cotton caused cotton prices to surge upward during 2010 and early 2011. After taking into consideration the cotton costs currently in our finished goods inventory and cotton prices we have locked in through October, we expect an average for cotton of at least $1.00 per pound in 2011 for purchases of cotton used in goods manufactured by us, which would have a negative impact of ranging from $100 to $125 million when compared to 2010. The first and second quarters of 2011 should reflect an average cost of 83 cents per pound, the third quarter of 2011 should reflect an average cost of 89 cents per pound and the fourth quarter is not locked in at this time. These estimates do not include the cotton impact on the cost of sourced goods.

Although we have sold our yarn operations and nearly 40% of our business, such as bras, sheer hosiery and portions of our activewear categories, is not cotton-based, we are still exposed to fluctuations in the cost of cotton. During 2010, cotton prices hit their highest levels in 140 years. 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, among other factors, 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. We are able to lock in the cost of cotton reflected in the price we pay for yarn from our primary yarn suppliers in an attempt to protect our business from the volatility of the market price of cotton. However, our business can be affected by dramatic movements in cotton prices. Although the cost of cotton used in goods manufactured by us has historically represented only 6% of our cost of sales, it has risen to around 10%

primarily as a result of cost inflation. Costs incurred for materials and labor are capitalized into inventory and impact our results as the inventory is sold.

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, the cost of the materials that are used in our manufacturing process, such as oil-related commodities 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. Similarly, 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. 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 for materials, including cotton, and labor that we are unable to recoup through price increases or improved efficiencies, or if consumer spending declines, our business, results of operations, financial condition and cash flows may be adversely affected.

Given the systemic cost inflation that the apparel industry is currently experiencing, most apparel retailers and manufacturers have announced they will be implementing price increases in 2011 in order to maintain satisfactory margins. Higher raw material costs, including cotton, and higher labor costs overseas are the primary reasons that price increases are needed to manage the inflated costs.

Other Business and Industry Trends

The basic apparel market is highly competitive and evolving rapidly. Competition is generally based upon brand name recognition, price, 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 more of 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 basic apparel 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 2010. Our largest customers in 2010 were Wal-Mart, Target and Kohl’s, which accounted for 26%, 17% and 6% 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 worldwide economic conditions. Brands are important in our core categories to drive traffic and project required quality and value.

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. The Hosiery segment only comprised 4% of our net sales in 2010 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.

Growth Platform

We have built a powerful three-plank growth platform designed to use big brands to increase sales domestically and internationally, use a low-cost worldwide supply chain to expand margins, and use strong cash flow to support multiple strategies to create value.

The first plank of our growth platform is the size and power of our brands. We have made significant investment in our consumer insights capability, innovative product development, and marketing. We have very large U.S. share positions, with the No. 1 share in all our innerwear categories and strong positions in outerwear categories, but we have ample opportunities to further build share. Internationally, our commercial markets include Mexico, Canada, Japan, India, Brazil and China, where a substantial amount of gross domestic product growth outside the United States will be concentrated over the next decade.

The second plank of our growth platform is the low-cost global supply chain that we have just built. Our low-cost, high-scale supply chain spans both the Western and Eastern hemispheres and creates a competitive advantage for us around the globe. Our supply chain has generated significant cost savings, margin expansion and contributions to cash flow and will continue to do so as we further optimize our size, scale and production capability. To support our growth, we have increased our production capacity such as in our Nanjing textile facility, which we expect will ramp up to full capacity by the end of 2011.

The third plank of our growth platform is our ability to consistently generate strong cash flow. We have the potential to increase cash flow, and our flexible long-term capital structure allows us to use cash in executing multiple strategies for earnings growth, including debt reduction and selective tactical acquisitions.

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 basic apparel 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 our *Just My Size* program at Wal-Mart. 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 four 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 in place, we are focused long-term on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements. We commenced production at our textile production plant in Nanjing, China, which is our first company-owned textile facility in Asia, in the fourth quarter of 2009 and we ramped up production in 2010 to support our growth, with the expectation of ramping up to full capacity by the end of 2011. 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. We consolidated our distribution network by implementing new warehouse management systems and technology and adding new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network, including relocating distribution capacity to our West Coast distribution facility in California in order to expand capacity for goods we source from Asia.

- *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 November 2010, we completed a $1.0 billion senior notes offering and debt refinancing that strengthened and added flexibility to our capital structure by fixing a significant percentage of our debt at favorable interest rates at longer maturities.
- *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 arrangements and other efforts.

Global Supply Chain

We have restructured our supply chain over the past four 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 in place, we are focused long-term on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements. We commenced production at our textile production plant in Nanjing, China, which is our first company-owned textile facility in Asia, in the fourth quarter of 2009 and we ramped up production in 2010 to support our growth, with the expectation of ramping up to full capacity by the end of 2011. 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. We consolidated our distribution network by implementing new warehouse management systems and technology and adding new distribution centers and new third-party logistics providers to replace parts of our legacy distribution network, including relocating distribution capacity to our West Coast distribution facility in California in order to expand capacity for goods we source from Asia.

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. 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 consumers. 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 our control. Consumers' 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.

Components of Net Sales and Expenses

Net sales

We generate net sales by selling basic apparel products 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, fees associated with sales of certain trade accounts receivable to financial institutions, 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 1, 2011

- Total net sales in 2010 were $4.33 billion, compared with $3.89 billion in 2009, representing an 11% increase.
- Operating profit was $404 million in 2010 compared with $271 million in 2009, representing a 49% increase. As a percent of sales, operating profit was 9.3% in 2010 compared to 7.0% in 2009.
- Diluted earnings per share were $2.16 in 2010, compared with $0.54 in 2009.
- Gross capital expenditures were $106 million in 2010, compared to $127 million in 2009. Proceeds from sales of assets were $46 million in 2010 and $38 million in 2009.
- In November 2010, we completed the acquisition of GearCo, Inc., known as Gear for Sports, a leading seller of licensed logo apparel in collegiate bookstores. Gear for Sports, which sells embellished licensed apparel under several brand names, including our *Champion* label, had sales of approximately $225 million and an operating profit margin of more than 11% of sales in its fiscal year ended in June 2010. The Gear for Sports acquisition supports our strategy of creating stronger branded and defensible businesses in our Outerwear segment, which has included building our *Champion* activewear brand and increasing sales of higher-margin graphic apparel. We have significant growth synergies in both the collegiate bookstore channel and our existing retail channels and opportunities to take advantage of our low-cost global supply chain. After giving effect to the acquisition, graphic apparel sales constitute approximately 20% to 25% of the Outerwear Segment net sales. The purchase price was $55 million in cash for shareholders’ equity plus payment at closing of approximately $172 million of debt of the privately held company.
- In November 2010, we completed a senior notes offering and debt refinancing that strengthened and added flexibility to our capital structure by fixing a significant percentage of our debt at favorable interest rates at longer maturities. The refinancing consisted of the sale of $1.0 billion 6.375% Senior Notes with a 10-year maturity. The proceeds from the sale of the 6.375% Senior Notes were used to retire early the entire $691 million outstanding under the $750 million floating-rate term loan facility (the “Term Loan Facility”) under the 2009 Senior Secured Credit Facility and reduce the outstanding borrowings under the Revolving Loan Facility, and to pay fees and expenses related to the transaction.

Consolidated Results of Operations — Year Ended January 1, 2011 (“2010”) Compared with Year Ended January 2, 2010 (“2009”)

	Years Ended January 1, 2011	Years Ended January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 4,326,713	$ 3,891,275	$ 435,438	11.2%
Cost of sales	2,911,944	2,626,001	285,943	10.9
Gross profit	1,414,769	1,265,274	149,495	11.8
Selling, general and administrative expenses	1,010,581	940,530	70,051	7.4
Restructuring	—	53,888	(53,888)	(100.0)
Operating profit	404,188	270,856	133,332	49.2
Other expenses	20,221	49,301	(29,080)	(59.0)
Interest expense, net	150,236	163,279	(13,043)	(8.0)
Income before income tax expense	233,731	58,276	175,455	301.1
Income tax expense	22,438	6,993	15,445	220.9
Net income	$ 211,293	$ 51,283	$ 160,010	312.0%

Net Sales

	Years Ended January 1, 2011	Years Ended January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 4,326,713	$ 3,891,275	$ 435,438	11.2%

Consolidated net sales were higher by $435 million or 11% in 2010 compared to 2009, reflecting significant space and distribution gains at retailers, positive retail sell-through and inventory restocking at retail. Our significant space and distribution gains at retailers contributed approximately 6% of sales growth, while approximately 4% of growth was driven by increased retail sell-through, retailer inventory restocking and foreign currency exchange rates. Early in the fourth quarter of 2010 we completed the acquisition of Gear for Sports which accounted for 1% of our higher net sales. All three of our largest segments delivered double digit sales growth in 2010, with the Outerwear segment achieving 20% sales growth.

Innerwear, Outerwear and International segment net sales were higher by $179 million (10%), $208 million (20%) and $71 million (16%), respectively, in 2010 compared to 2009. Direct to Consumer segment net sales were higher by $8 million (2%), while Hosiery and Other segment net sales were lower by $19 million (10%) and $13 million, respectively, in 2010 compared to 2009. Outerwear’s segment net sales include the acquisition of Gear for Sports during the fourth quarter of 2010 which contributed 4% of the segment’s growth for the year.

International segment net sales were higher by 16% in 2010 compared to 2009, which reflected a favorable impact of $22 million related to foreign currency exchange rates due to the strengthening of the Canadian dollar, Japanese yen, Brazilian real and Mexican peso compared to the U.S. dollar, partially offset by the strengthening of the U.S. dollar compared to the Euro. International segment net sales were higher by 11% in 2010 compared to 2009 after excluding the impact of foreign exchange rates on currency.

Gross Profit

	Years Ended January 1, 2011	Years Ended January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Gross profit	$ 1,414,769	$ 1,265,274	$ 149,495	11.8%

As a percent of net sales, our gross profit was 32.7% in 2010 compared to 32.5% in 2009, increasing as a result of the items described below. Our results in 2010 primarily benefited from higher sales volumes and savings from cost reduction initiatives and were negatively impacted by higher cotton costs and higher service costs.

Our gross profit was higher by $149 million in 2010 compared to 2009 due primarily to higher sales volume of $203 million, savings from our prior restructuring actions of $29 million, vendor price reductions of $27 million, lower start-up and shut-down costs of $16 million associated with the consolidation and globalization of our supply chain, a $10 million favorable impact related to foreign currency exchange rates and lower accelerated depreciation of $5 million. The favorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the Canadian dollar, Japanese yen, Brazilian real and Mexican peso compared to the U.S. dollar, partially offset by the strengthening of the U.S. dollar compared to the Euro.

Our gross profit was negatively impacted by an unfavorable product sales mix of $54 million, higher sales incentives of $34 million, higher cotton costs of $33 million, lower product pricing of $12 million, primarily in the first half of 2010, higher other manufacturing costs of $6 million and higher production costs of $4 million. The higher production costs were primarily attributable to $25 million of incremental costs to service higher demand, partially offset by lower energy and oil-related costs of $21 million. Our 2010 sales incentives were higher due to higher sales volumes and, as a percentage of sales, sales incentives were flat compared to 2009.

We incurred one-time restructuring related write-offs of $4 million in 2009 for stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate, which did not recur in 2010.

The cotton prices reflected in our results were 69 cents per pound in 2010 compared to 55 cents per pound in 2009. We continue to see higher prices for cotton and oil-related materials in the market.

Selling, General and Administrative Expenses

	Years Ended January 1, 2011	Years Ended January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Selling, general and administrative expenses	$ 1,010,581	$ 940,530	$ 70,051	7.4%

Our selling, general and administrative expenses were $70 million higher in 2010 compared to 2009. As a percent of net sales our selling, general and administrative expenses were 23.4% in 2010 compared to 24.2% in 2009.

Our non-media related MAP expenses and media related MAP expenses were higher by $12 million and $5 million, respectively, during 2010 compared to 2009 when we reduced spending due to the recession. 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. For example, during the second quarter of 2010 we launched new television advertising featuring new *Hanes* men's underwear products *Comfort Flex* waistband and Lay Flat Collar T-shirts, we introduced new advertising supporting *Playtex 18 Hour* cooling products and we launched new advertising supporting the new *barely there* Smart sizes bra sizing system.

We also incurred higher distribution expenses of $28 million, higher selling and other marketing expenses of $17 million and higher consulting expenses of $7 million. The higher distribution expenses were primarily due to higher sales volumes and $10 million of incremental costs to service higher demand such as overtime and rework expenses in our distribution centers while the higher selling and other marketing expenses were primarily due to higher sales volumes. In addition, we recognized an $8 million gain related to the sale of our yarn operations to Parkdale America, LLC ("Parkdale America") in 2009 that did not recur in 2010.

We also incurred higher expenses of $7 million in 2010 compared to 2009 as a result of opening new retail stores or expanding existing stores. We opened five retail stores during 2010.

These higher expenses were partially offset by lower pension expense of $7 million, savings of $4 million from our prior restructuring actions, lower accelerated depreciation of $3 million and lower stock compensation and certain other benefit expenses of $2 million in 2010 compared to 2009.

Changes due to foreign currency exchange rates, which are included in the impact of the changes discussed above, resulted in higher selling, general and administrative expenses of $7 million in 2010 compared to 2009.

Restructuring

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Restructuring	$ —	$ 53,888	$ (53,888)	(100.0)%

During 2009, we incurred $54 million in restructuring charges, which primarily related to employee termination and other benefits, charges related to contract obligations, other exit costs associated with facility closures approved during that period and fixed asset impairment charges that did not recur in 2010.

Operating Profit

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Operating profit	$ 404,188	$ 270,856	$ 133,332	49.2%

Operating profit was higher in 2010 compared to 2009 as a result of higher gross profit of $149 million and lower restructuring charges of $54 million, partially offset by higher selling, general and administrative expenses of $70 million. Changes in foreign currency exchange rates had a favorable impact on operating profit of $3 million in 2010 compared to 2009.

Other Expenses

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Other expenses	$ 20,221	$ 49,301	$ (29,080)	(59.0)%

In November 2010, we completed the sale of our 6.375% Senior Notes. The proceeds from the sale of the 6.375% Senior Notes were used to retire early the entire $691 million outstanding under the floating-rate Term Loan Facility and reduce the outstanding borrowings under the Revolving Loan Facility, and to pay fees and expenses related to the transaction. In connection with this transaction, we recognized a loss on early extinguishment of debt of $14 million related to unamortized debt issuance costs and the associated fees and expenses.

In addition, during 2010 we wrote off unamortized debt issuance costs and incurred charges for funding fees associated with the sales of certain trade accounts receivable to financial institutions, which combined totaled $6 million. The write-off related to unamortized debt issuance costs resulted from the repayment of $57 million of principal under the 2009 Senior Secured Credit Facility and from a reduction in borrowing capacity available under the Accounts Receivable Securitization Facility from $250 million to $150 million that we effected in recognition of our lower trade accounts receivable balance resulting from the sales of certain trade accounts receivable to a financial institution outside the Accounts Receivable Securitization Facility.

During 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. As a result of the refinancing of our outstanding borrowings under the 2006 Senior Secured Credit Facility and repayment of the outstanding borrowings under our $450 million second lien credit facility that we entered into in 2006 (the "Second Lien Credit Facility"), we recognized a loss of $26 million in 2009 related to termination of certain interest rate hedging arrangements. In addition, in 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 and we incurred costs of $4 million to amend the 2006 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility.

Interest Expense, net

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Interest expense, net	$ 150,236	$ 163,279	$ (13,043)	(8.0)%

Interest expense, net was lower by $13 million in 2010 compared to 2009. The lower interest expense was primarily attributable to lower outstanding debt balances that reduced interest expense by $12 million. In addition, the refinancing of our debt structure in December 2009, which included the amendment and restatement of the 2006 Senior Secured Credit Facility into the 2009 Senior Secured Credit Facility, the issuance of the 8% Senior Notes and the settlement of certain outstanding interest rate hedging instruments, and the refinancing of our debt structure in November 2010, which included the sale of our 6.375% Senior Notes, combined with a lower London Interbank Offered Rate, or "LIBOR," and federal funds rate, caused a net decrease in interest expense in 2010 compared to 2009 of $1 million.

Our weighted average interest rate on our outstanding debt was 5.91% during 2010 compared to 6.86% in 2009.

Income Tax Expense

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Income tax expense	$ 22,438	$ 6,993	$ 15,445	220.9%

Our effective income tax rate was 10% in 2010 compared to 12% in 2009. The effective income tax rate of 10% for 2010 was primarily attributable to a discrete, non-recurring income tax benefit of approximately $20 million. The income tax benefit resulted from a change in estimate associated with the remeasurement of unrecognized tax benefit accruals and the determination that certain tax positions had been effectively settled following the finalization of tax reviews and audits for amounts that were less than originally anticipated. This non-recurring income tax benefit was partially offset by a lower proportion of our earnings attributed to foreign subsidiaries than in 2009 which are taxed at rates lower than the U.S. statutory rate.

Our strategic initiative to enhance our global supply chain by optimizing lower-cost manufacturing capacity and to support our commercial operations outside the United States resulted in capital investments outside the United States in 2009 and 2010 that impacted our effective tax rate.

Table of Contents

Net Income

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net income	$ 211,293	$ 51,283	$ 160,010	312.0%

Net income for 2010 was higher than 2009 primarily due to higher operating profit of $133 million, lower other expenses of $29 million and lower interest expense of $13 million, which was partially offset by higher income tax expense of $15 million.

Operating Results by Business Segment — Year Ended January 1, 2011 (“2010”) Compared with Year Ended January 2, 2010 (“2009”)

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales:				
Innerwear	$ 2,012,922	$ 1,833,616	$ 179,306	9.8%
Outerwear	1,259,935	1,051,735	208,200	19.8
Hosiery	166,780	185,710	(18,930)	(10.2)
Direct to Consumer	377,847	369,739	8,108	2.2
International	509,229	437,804	71,425	16.3
Other	—	12,671	(12,671)	(100.0)
Total net sales	$ 4,326,713	$ 3,891,275	$ 435,438	11.2%
Segment operating profit (loss):				
Innerwear	$ 263,368	$ 234,352	$ 29,016	12.4%
Outerwear	77,656	53,050	24,606	46.4
Hosiery	53,583	61,070	(7,487)	(12.3)
Direct to Consumer	25,880	37,178	(11,298)	(30.4)
International	59,368	44,688	14,680	32.8
Other	—	(2,164)	2,164	100.0
Total segment operating profit	479,855	428,174	51,681	12.1
Items not included in segment operating profit:				
General corporate expenses	(63,158)	(75,127)	(11,969)	(15.9)
Amortization of trademarks and other intangibles	(12,509)	(12,443)	66	0.5
Restructuring	—	(53,888)	(53,888)	(100.0)
Inventory write-off included in cost of sales	—	(4,135)	(4,135)	(100.0)
Accelerated depreciation included in cost of sales	—	(8,641)	(8,641)	(100.0)
Accelerated depreciation included in selling, general and administrative expenses	—	(3,084)	(3,084)	(100.0)
Total operating profit	404,188	270,856	133,332	49.2
Other expenses	(20,221)	(49,301)	(29,080)	(59.0)
Interest expense, net	(150,236)	(163,279)	(13,043)	(8.0)
Income before income tax expense	$ 233,731	$ 58,276	$ 175,455	301.1%

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 2010 is consistent with 2009. Our consolidated selling, general and administrative expenses before segment allocations were $70 million higher in 2010 compared to 2009.

Innerwear

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 2,012,922	$ 1,833,616	$ 179,306	9.8%
Segment operating profit	263,368	234,352	29,016	12.4

Overall net sales in the Innerwear segment were higher by $179 million or 10% in 2010 compared to 2009, primarily due to space and distribution gains, stronger sales at retail and retailer inventory restocking. We have achieved space and distributions gains by leveraging our scale and consumer insight. Our strong brands across all distribution channels and our innovation processes allow us to take advantage of long-term consumer trends.

Net sales in our male underwear product category were 19% or $146 million higher in 2010 compared to 2009, which reflect higher net sales in our *Hanes* brand of $135 million primarily due to distribution gains related to a new customer in the discount retail channel, space gains in the mass merchant and department store channels and increased retail sell through. Our male underwear product category continues to benefit from the increased media support for our *Hanes* brand and from our identification of key long-term megatrends such as comfort and dyed and color products. We have developed innovations to capitalize on these trends such as the *Hanes* Lay Flat Collar T-shirts and *Hanes Comfortsoft* waist band briefs and boxers.

Intimate apparel net sales were $22 million higher in 2010 compared to 2009. Our bra category net sales were $13 million higher in the average figure sizes driven primarily by space and distribution gains. Our panties category net sales were higher by $9 million primarily due to distribution gains related to a new customer in the discount retail channel. From a brand perspective, our net sales were higher in our smaller brands (*barely there*, *Just My Size* and *Wonderbra*) by $21 million, in our *Hanes* brand by $8 million and in our *Bali* brand by $3 million, partially offset by lower net sales in our *Playtex* brand of $6 million and lower private label net sales of $4 million.

Higher net sales of $12 million in our socks product category reflect higher *Hanes* brand net sales of $26 million, partially offset by lower *Champion* brand net sales of $14 million in 2010 compared to 2009. The higher *Hanes* brand net sales were primarily due to space gains in the mass merchant channel and increased retail sell through and the lower *Champion* brand net sales were primarily due to lower net sales in the wholesale club channel.

Innerwear segment gross profit was higher by $45 million in 2010 compared to 2009. The higher gross profit was primarily due to higher sales volume of $101 million, savings from our prior restructuring actions of $21 million, vendor price reductions of $15 million and higher product pricing of $3 million before increased sales incentives. These lower costs were partially offset by higher sales incentives of $43 million due to higher sales volumes and investments made with retailers, unfavorable product sales mix of $22 million, higher cotton costs of $13 million, higher production costs of $11 million and higher other manufacturing costs of $5 million. The higher production costs were due to incremental costs to service higher demand, partially offset by lower energy and oil-related costs.

As a percent of segment net sales, gross profit in the Innerwear segment was 31.6% in 2010 compared to 32.3% in 2009.

Innerwear segment operating profit was higher in 2010 compared to 2009 primarily as a result of higher gross profit and savings of $2 million from prior restructuring actions primarily for compensation and related benefits, partially offset by higher media related MAP expenses of $7 million, higher distribution expenses of $7 million and higher non-media related MAP expenses of $4 million.

Outerwear

	Years Ended January 1, 2011	Years Ended January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 1,259,935	$ 1,051,735	$ 208,200	19.8%
Segment operating profit	77,656	53,050	24,606	46.4

Outerwear segment net sales, which benefited from space and distribution gains and stronger sales at retail, were higher by $208 million or 20% in 2010 compared to 2009. Our casualwear category net sales were higher in both the wholesale and retail channels by $64 million and $59 million, respectively. The higher net sales in the wholesale casualwear channel of 22% were primarily due to stronger sales at retail and replenishment timing of inventory levels by third-party embellishers and wholesalers. The higher net sales in the retail casualwear channel of 21% reflect space gains primarily 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. This integrated program with Wal-Mart develops, sources, and merchandises a line of women's clothing designed to meet the needs of plus size women.

Our *Champion* brand activewear net sales, which continue to be positively impacted by our marketing investment in the brand, were higher by $49 million or 10% due to stronger sales at retail and space gains in the sporting goods channel. Our *Champion* brand has achieved consistent growth by focusing on the fast growing active demographic with a unique moderate price positioning.

The acquisition of Gear for Sports in early November 2010 added an incremental $36 million of net sales for the year. The Gear for Sports business includes sales of licensed logo apparel in collegiate bookstores and other channels.

Outerwear segment gross profit was higher by $48 million in 2010 compared to 2009. The higher gross profit was primarily due to higher sales volume of $70 million, lower sales incentives of $15 million, savings of $7 million from our cost reduction initiatives and prior restructuring actions, lower production costs of $5 million related to lower energy and oil-related costs, vendor price reductions of $5 million, lower other manufacturing costs of $3 million and lower on-going excess and obsolete inventory costs of $2 million. These lower costs were partially offset by lower product pricing of $22 million primarily in the first half of 2010, higher cotton costs of $20 million and unfavorable product sales mix of $15 million.

As a percent of segment net sales, gross profit in the Outerwear segment was 22.1% in 2010 compared to 21.9% in 2009, increasing as a result of the items described above.

Outerwear segment operating profit was higher in 2010 compared to 2009 primarily as a result of higher gross profit and lower media related MAP expenses of $3 million, partially offset by higher distribution expenses of $15 million, higher selling and other marketing expenses of $7 million and higher non-media related MAP expenses of $4 million.

Hosiery

	Years Ended January 1, 2011	Years Ended January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 166,780	$ 185,710	$ (18,930)	(10.2)%
Segment operating profit	53,583	61,070	(7,487)	(12.3)

Net sales in the Hosiery segment declined by $19 million or 10%, which was primarily due to lower net 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 hosiery category has been in a state of consistent decline for the past decade, as the trend toward casual dress reduced demand for sheer hosiery. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

Hosiery segment gross profit was lower by $9 million in 2010 compared to 2009. The lower gross profit for 2010 compared to 2009 was primarily the result of lower sales volume of $11 million and higher on-going excess and obsolete inventory costs of $2 million, partially offset by lower production costs of $2 million and vendor price reductions of $1 million.

As a percent of segment net sales, gross profit in the Hosiery segment was 50.2% in 2010 compared to 49.8% in 2009.

Hosiery segment operating profit was lower in 2010 compared to 2009 primarily as a result of lower gross profit and higher media related MAP expenses of $2 million, partially offset by lower distribution expenses of $2 million.

Direct to Consumer

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 377,847	$ 369,739	$ 8,108	2.2%
Segment operating profit	25,880	37,178	(11,298)	(30.4)

Direct to Consumer segment net sales were $8 million or 2% higher in 2010 compared to 2009 primarily due to higher net sales in our outlet stores attributable to new stores opened after 2009 and higher net sales related to our Internet operations. Comparable store sales in 2010 were flat compared to 2009.

Direct to Consumer segment gross profit was slightly higher in 2010 compared to 2009. The higher gross profit was primarily due to higher sales volume of $4 million and higher product pricing of $2 million which was offset by higher other product costs of $5 million.

As a percent of segment net sales, gross profit in the Direct to Consumer segment was 61.1% in 2010 compared to 62.4% in 2009.

Direct to Consumer segment operating profit was lower in 2010 compared to 2009 primarily as a result of higher expenses of $7 million as a result of opening new retail stores or expanding existing stores and higher non-media related MAP expenses of $3 million.

International

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 509,229	$ 437,804	$ 71,425	16.3%
Segment operating profit	59,368	44,688	14,680	32.8

Overall net sales in the International segment were higher by $71 million or 16% in 2010 compared to 2009, primarily as a result of stronger net sales in Canada, Europe, Mexico, Brazil, China, India and Argentina, which reflects space and distribution gains and stronger sales at retail, and a favorable impact of $22 million related to foreign currency exchange rates, partially offset by lower sales in Japan.

Excluding the impact of foreign exchange rates on currency, International segment net sales increased by 11% in 2010 compared to 2009. The favorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the Canadian dollar, Japanese yen, Brazilian real, and Mexican peso compared to the U.S. dollar, partially offset by the strengthening of the U.S. dollar compared to the Euro.

During 2010, we experienced higher net sales, in each case excluding the impact of foreign currency exchange rates, in our activewear, intimate apparel and male underwear businesses in Canada of $11 million, in our casualwear business in Europe of $11 million, in our intimate apparel business in Mexico of $7 million, in our male underwear and hosiery businesses in Brazil of $7 million, in our thermals and male underwear businesses in China of $5 million, in our male underwear business in India of $3 million, in our intimate apparel business in Argentina of $3 million and higher net sales of $6 million in all other regions, partially offset by lower net sales in our activewear and male underwear businesses in Japan of $4 million. Our innerwear businesses in Canada and Mexico have continued to produce strong sales growth as we hold leading positions with strong market shares in intimate apparel and male underwear product categories. In certain international markets we are focusing on adopting global designs for some product categories to quickly launch new styles to expand our market position. The higher net sales reflect our successful efforts to improve our strong positions.

International segment gross profit was higher by $37 million in 2010 compared to 2009. The higher gross profit was primarily a result of higher sales volume of $22 million, a favorable impact related to foreign currency exchange rates of $10 million, vendor price reductions of $6 million and higher product pricing of $5 million, partially offset by higher sales incentives of $6 million.

As a percent of segment net sales, gross profit in the International segment was 38.8% in 2010 compared to 36.7% in 2009, increasing as a result of the items described above.

International segment operating profit was higher in 2010 compared to 2009 primarily as a result of the higher gross profit, partially offset by higher selling and other marketing expenses of $9 million, higher distribution expenses of $7 million, higher non-media related MAP expenses of $3 million and higher consulting expenses of $2 million.

The changes in foreign currency exchange rates, which are included in the impact on gross profit above, had a favorable impact on operating profit of $3 million in 2010 compared to 2009.

Other

	Years Ended			
	January 1, 2011	January 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ —	$ 12,671	$ (12,671)	(100.0)%
Segment operating profit (loss)	—	(2,164)	2,164	100.0

Sales in our Other segment primarily consisted of sales of yarn to third parties, which were 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 no longer have net sales in our Other segment.

General Corporate Expenses

General corporate expenses were $12 million lower in 2010 compared to 2009 primarily due to lower start-up and shut-down costs of $16 million associated with the consolidation and globalization of our supply chain, lower pension expense of $7 million and lower stock compensation and certain other benefits of $5 million, partially offset by lower gains on sales of assets of $12 million and higher other expenses of $4 million.

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

	Years Ended January 2, 2010	Years Ended 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	Years Ended 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 the 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.

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 the 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 the 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 steadily improved over three consecutive quarters ending with the fourth quarter of 2009. 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 experienced 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 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 was 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 of 2006 (the "Omnibus Incentive Plan") 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 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 resulted 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 was 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 in 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 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 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 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 was 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 strategic initiative to enhance our global supply chain by optimizing lower-cost manufacturing capacity and to support our commercial operations outside the United States resulted in capital investments outside the United States in 2009 that impacted our effective tax rate.

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	Years Ended 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)%

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.

Innerwear

	Years Ended January 2, 2010	Years Ended 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 in 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.

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 by our customers in this channel and highly price competitive especially in the 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.

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 improved over three consecutive quarters ending with the fourth quarter of 2009. 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.

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.

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 experienced 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 consisted of sales of yarn to third parties 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 no longer have net sales in our Other segment.

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.

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 international loan facilities. At January 1, 2011, we had $588 million of borrowing availability under our $600 million Revolving Loan Facility (after taking into account outstanding letters of credit), $49 million of borrowing availability under our Accounts Receivable Securitization Facility, $44 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 and optimize 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 1, 2011 at a cost of $75 million), although we may choose not to repurchase any stock and instead focus on other uses of cash such as the repayment of our debt.

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. We have restructured our supply chain over the past four years to create more efficient production clusters that utilize fewer, larger facilities and to balance production capability between the Western Hemisphere and Asia. As a result of sales growth in 2010 and the expectation of continued sales growth in 2011, we have secured additional capacity with outside contractors to support sales growth.

Our working capital increased during 2010, primarily in the form of inventory, to support our higher sales growth. The inventory increase is the result of both higher input costs and higher unit growth, including unit growth resulting from the Gear for Sports acquisition. Given cost inflation and higher product pricing, we expect higher working capital in 2011, in particular higher accounts receivable and inventories somewhat offset by increased inventory turns. With our global supply chain infrastructure in place, we are focused long-term on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements.

We are operating in an uncertain and volatile economic environment, which could have unanticipated adverse effects on our business. During 2010, while there was a modest rebound in consumer spending, we also experienced substantial pressure on profitability due to the economic climate, such as higher cotton, energy and labor costs. Rising demand for cotton resulting from the economic recovery, weather-related supply disruptions, significant declines in U.S. inventory and a sharp rise in the futures market for cotton have caused cotton prices to surge upward during 2010. Because of systemic cost inflation, particularly for cotton, energy and labor, we expect to take price increases throughout 2011 as warranted by cost inflation, including multiple increases already put in place through late summer. The timing and frequency of price increases will vary by product category, channel of trade, and country, with some increases as frequently as quarterly. The magnitude of price increases also will vary by product category. Demand elasticity effects, which could be significant for higher double-digit price increases implemented later in the year, should be manageable and will have a muted impact in 2011.

The hosiery category has been in a state of consistent decline for the past decade, as the trend toward casual dress reduced demand for sheer hosiery. The Hosiery segment comprised only 4% of our net sales in 2010, 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.

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, 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. In November 2010, we completed a $1.0 billion senior notes offering and debt refinancing that strengthened and added flexibility to our capital structure by fixing a significant percentage of our debt at favorable interest rates at longer maturities.

Our working capital was higher in 2010 compared to 2009, primarily in the form of inventory, to support our higher sales growth. Year-end 2010 inventory was $274 million higher than year-end 2009 due to unit growth and after giving effect to the Gear for Sports acquisition. In addition, our inventory was higher due to rising input costs such as cotton and oil-related materials and the Asia supply chain transition and production ramp-up. In 2011 we expect working capital to be higher than 2010 to support the continued double-digit sales growth, price increases and cost inflation.

Capital spending has varied significantly from year to year as we executed our supply chain consolidation and globalization strategy and the integration and consolidation of our technology systems. We spent $106 million on gross capital expenditures during 2010, which were offset by cash proceeds of $46 million from sales of exited supply chain facilities and sale-leaseback transactions. We expect to continue to invest in our infrastructure during 2011 with net capital expenditures approximating $100 million.

During 2009 and 2010, we entered into agreements to sell selected trade accounts receivable to financial institutions 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.

Pension Plans

Our U.S. qualified pension plan is approximately 74% funded as of January 1, 2011 compared to 80% funded as of January 2, 2010. 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 2010. Because we have elected not to make a voluntary cash contribution in 2011 sufficient to achieve a funded status of 80%, beginning April 1, 2011 we are required under the Pension Protection Act to implement restrictions on certain accelerated forms of benefit payments for future retirees . We performed a thorough review of the impact of making a voluntary cash contribution to the plan in order to maintain a funded level of 80%. Based on our review, and given that these restrictions are expected to impact only a limited number of plan participants, will not impact the total benefits received by plan participants and will not have a material impact on our future cash flows, we determined not to make such a contribution to the plan. We expect to make required cash contributions of $7 million to $9 million to the U.S. qualified pension plan in 2011 based on a preliminary calculation by our actuary. We expect pension expense in 2011 of approximately $11 million compared to $15 million in 2010. See Note 15 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 agreed to contribute $14 million to the plan, $7 million of which we contributed in each of September 2009 and September 2010.

In June 2010, the U.S. Congress passed legislation that provides for pension funding relief for companies with defined benefit pension plans by allowing those companies to choose between two alternative funding schedules: amortizing funding shortfalls over 15 years for any two plan years between 2008 and 2011, or paying interest on a funding shortfall for only two plan years of the employer's choosing after which a seven-year amortization would apply. We expect either funding relief option could benefit us with improved cash flow starting in 2011 due to expected lower pension contributions; however neither option will improve total cash flow. We are working with our actuaries to quantify the magnitude of the short-term impact on us.

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. While we may repurchase additional stock under the program, 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 1, 2011, and their expected timing on future cash flows and liquidity.

	At January 1, 2011	Payments Due by Period			
		Less Than 1 Year	1 - 3 Years	3 - 5 Years	Thereafter
		(in thousands)			
Operating activities:					
Inventory purchase obligations	$ 466,642	$ 466,642	$ —	$ —	$ —
Marketing and advertising obligations	26,427	18,624	3,783	3,269	751
Uncertain tax positions	34,424	587	14,809	7,009	12,019
Deferred compensation	12,273	1,939	5,477	2,338	2,519
Interest on debt obligations (1)	953,024	122,898	245,074	226,302	358,750
Operating lease obligations	268,898	52,220	78,041	56,699	81,938
Defined benefit plan minimum contributions	8,000	8,000	—	—	—
Severance and other restructuring payments	6,042	6,036	6	—	—
Other long-term obligations (2)	92,050	10,109	30,678	29,463	21,800
Investing activities:					
Capital expenditures	3,895	3,895	—	—	—
Financing activities:					
Debt	2,080,735	90,000	—	490,735	1,500,000
Notes payable	50,678	50,678	—	—	—
Total	$ 4,003,088	$ 831,628	$ 377,868	$ 815,815	$ 1,977,777

(1) Interest obligations on floating rate debt instruments are calculated for future periods using interest rates in effect at January 1, 2011.

(2) 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 1, 2011 and January 2, 2010 was derived from our financial statements.

	Years Ended	
	January 1, 2011	January 2, 2010
	(dollars in thousands)	
Operating activities	$ 133,054	$ 414,504
Investing activities	(283,995)	(88,844)
Financing activities	155,685	(354,174)
Effect of changes in foreign currency exchange rates on cash	(16)	115
Increase (decrease) in cash and cash equivalents	4,728	(28,399)
Cash and cash equivalents at beginning of year	38,943	67,342
Cash and cash equivalents at end of year	$ 43,671	$ 38,943

Operating Activities

Net cash provided by operating activities was $133 million in 2010 compared to $415 million in 2009. The lower cash from operating activities of $282 million for 2010 compared to 2009 is primarily attributable to higher uses of our working capital of $441 million, partially offset by higher net income of $160 million.

Net inventory increased $274 million from January 2, 2010 resulting from both higher input costs and higher unit growth, including unit growth resulting from the Gear for Sports acquisition. In addition, our inventory was higher due to rising input costs such as cotton and oil-related materials and the Asia supply chain transition and production ramp-up. We will carry additional inventory into 2011 to support continuing sales momentum and will secure additional production capacity with outside contractors as needed.

Accounts receivable was $53 million higher compared to January 2, 2010 primarily due to higher sales volumes and the acquisition of Gear for Sports, partially offset by the sale of selected trade accounts receivable to financial institutions and timing of collections.

With our global supply chain infrastructure in place, we are focused long-term on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements. 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.

Investing Activities

Net cash used in investing activities was $284 million in 2010 compared to $89 million in 2009. The higher net cash used in investing activities of $195 million for 2010 compared to 2009 was primarily the result of the net cash used for the acquisition of Gear for Sports in November 2010 of $223 million, partially offset by lower gross capital expenditures of $21 million and higher proceeds from sales of assets of $8 million. During 2010, proceeds from sales of assets were $46 million, primarily resulting from sale-leaseback transactions involving four distribution centers.

Financing Activities

Net cash provided by financing activities was $156 million in 2010 compared to net cash used in financing activities of $354 million in 2009. The higher net cash from financing activities of $510 million in 2010 compared to 2009 was primarily the result of higher net borrowings of $443 million under the senior secured credit facilities and senior notes. The higher net borrowings reflect the acquisition of Gear for Sports in November 2010. In addition, we had higher net borrowings of $133 million on the Accounts Receivable Securitization Facility and lower debt fees associated with the issuance of our 6.375% Senior Notes of $51 million.

We had higher net repayments on the Revolving Loan Facility of $103 million and higher net repayments on notes payable of $21 million in 2010. In addition, the higher net cash from financing activities was due to higher proceeds from stock options exercised of $5 million in 2010.

Cash and Cash Equivalents

As of January 1, 2011 and January 2, 2010, cash and cash equivalents were $44 million and $39 million, respectively. The higher cash and cash equivalents as of January 1, 2011 was primarily the result of net cash provided by financing activities of $156 million and net cash provided by operating activities of $133 million, offset by net cash used in investing activities of $284 million.

Financing Arrangements

We believe our financing structure provides a secure base to support our ongoing operations and key business strategies. In November 2010, we completed the sale of $1 billion in aggregate principal amount of the 6.375% Senior Notes. We used the net proceeds from the offering of the 6.375% Senior Notes to repay all outstanding borrowings under the Term Loan Facility and to reduce the outstanding borrowings under the Revolving Loan Facility. 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-. Moody’s rating outlook for us is “stable” and its rating of the Floating Rate Senior Notes and 8% Senior Notes is B1. In November 2010, Moody’s assigned a rating of B1 on the 6.375% Senior Notes and changed the rating of the 2009 Senior Secured Credit Facility to Baa3. In November 2010, Standard & Poor’s changed our current outlook to “stable” from “negative,” changed the rating of the Floating Rate Senior Notes and the 8% Senior Notes to BB- and assigned a rating of BB- to the 6.375% Senior Notes.

After considering the Revolving Credit Facility’s new investment grade rating, we launched an amendment process in February 2011 that is intended to provide greater flexibility in managing our debt capital structure and greater flexibility under our financial covenants. The amendment would also extend the maturity and lower the interest rate for those lenders agreeing to it.

As of January 1, 2011, we were in compliance with all financial covenants under our credit facilities. The maximum leverage ratio permitted under the 2009 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility was 4.00 to 1 for the quarter ended January 1, 2011 and declines to 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 2011, 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 provided for aggregate borrowings of $1.15 billion, consisting of the $750 million Term Loan Facility and the $400 million Revolving Loan Facility. 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 are used for general corporate purposes and working capital needs.

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. In order to support our working capital needs and fund the acquisition of Gear for Sports, in September 2010, we increased the commitments under the Revolving Loan Facility from $400 million to $600 million. In November 2010, we used proceeds from the issuance of the 6.375% Senior Notes to repay all outstanding borrowings under the Term Loan Facility and to reduce the outstanding borrowings under the Revolving Loan Facility. As of January 1, 2011, we had $0 outstanding under the Revolving Loan Facility, $12 million of standby and trade letters of credit issued and outstanding under this facility and $588 million of borrowing availability. At January 1, 2011, the interest rate on the Revolving Loan Facility was 6.75%.

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 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.

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 is determined by reference to a leverage-based pricing grid set forth in the 2009 Senior Secured Credit Facility. The applicable margin ranges 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 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 increases 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 declines 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 contains customary events of default, including nonpayment of principal when due; nonpayment of interest, 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).

6.375% Senior Notes

On November 9, 2010, we issued $1 billion aggregate principal amount of the 6.375% Senior Notes. The 6.375% Senior Notes are senior unsecured obligations that rank equal in right of payment with all of our existing and future unsubordinated indebtedness. The 6.375% Senior Notes bear interest at an annual rate equal to 6.375%. Interest is payable on the 6.375% Senior Notes on June 15 and December 15 of each year. The 6.375% Senior Notes will mature on December 15, 2020. The net proceeds from the sale of the 6.375% Senior Notes were approximately $979 million. As noted above, these proceeds were used to repay all outstanding borrowings under the Term Loan Facility and reduce the outstanding borrowings under the Revolving Loan Facility and to pay fees and expenses relating to these transactions. The 6.375% Senior Notes are guaranteed by substantially all of our domestic subsidiaries.

We may redeem some or all of the notes prior to December 15, 2015 at a redemption price equal to 100% of the principal amount of 6.375% Senior Notes redeemed plus an applicable premium. We may redeem some or all of the 6.375% Senior Notes at any time on or after December 15, 2015 at a redemption price equal to the principal amount of the 6.375% Senior Notes plus a premium of 3.188% if redeemed during the 12-month period commencing on December 15, 2015, 2.125% if redeemed during the 12-month period commencing on December 15, 2016, 1.062% if redeemed during the 12-month period commencing on December 15, 2017 and no premium if redeemed after December 15, 2018, as well as any accrued and unpaid interest as of the redemption date. In addition, at any time prior to December 15, 2013, we may redeem up to 35% of the aggregate principal amount of the 6.375% Senior Notes at a redemption price of 106.375% of the principal amount of the 6.375% Senior Notes redeemed with the net cash proceeds of certain equity offerings.

The indenture governing the 6.375% 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.

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 15,

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 8% Senior Notes at a redemption price of 108% of the principal amount of the 8% Senior 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 we subsequently amended several times. The description of the Accounts Receivable Securitization Facility below gives effect to all amendments to date. The Accounts Receivable Securitization Facility 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. Effective February 2010, we elected to reduce the amount of funding available under the Accounts Receivable Securitization Facility from $250 million to $150 million. Under the terms of the Accounts Receivable Securitization Facility, we and certain of our subsidiaries 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. Unless the term is extended, the Accounts Receivable Securitization Facility will terminate on March 31, 2011.

Availability of funding under the Accounts Receivable Securitization Facility depends primarily upon the eligible outstanding receivables balance. As of January 1, 2011, we had $90 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 HSBC Bank USA, N.A. 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. In addition, Receivables LLC is required to 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. The average blended interest rate for the outstanding balance as of January 1, 2011 was 2.81%.

The Accounts Receivable Securitization Facility contains customary events of default and requires us to maintain the same interest coverage ratio and leverage ratio contained from time to time in the 2009 Senior Secured Credit Facility, provided that any changes to such covenants will only be applicable for purposes of the Accounts Receivable Securitization Facility if approved by the Managing Agents or their affiliates. As of January 1, 2011, we were in compliance with all financial covenants.

Notes Payable

Notes payable were $51 million at January 1, 2011 and $67 million at January 2, 2010.

We have a short-term revolving facility arrangement with a Salvadoran branch of a Canadian bank amounting to $30 million of which $29.7 million was outstanding at January 1, 2011 which accrues interest at 4.20%.

We have a short-term revolving facility arrangement with a Chinese branch of a U.S. bank amounting to RMB 155 million ($23.5 million) of which $12.9 million was outstanding at January 1, 2011 which accrues interest at 7.65%. 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 50%.

We have a short-term revolving facility arrangement with a Vietnamese branch of a U.S. bank amounting to $14 million of which $3.4 million was outstanding at January 1, 2011 which accrues interest at 5.05%.

We have a short-term revolving facility arrangement with a Japanese branch of a U.S. bank amounting to JPY 800 million ($9.8 million) of which $2.5 million was outstanding at January 1, 2011 which accrues interest at 4.61%.

We have a short-term revolving facility arrangement with an Indian branch of a U.S. bank amounting to INR 100 million ($2.2 million) of which $1.8 million was outstanding at January 1, 2011 which accrues interest at 12.80%.

We have a short-term revolving facility arrangement with a Brazilian bank amounting to BRL 2 million ($1.2 million) of which $0.4 million was outstanding at January 1, 2011 which accrues interest at 13.56%.

In addition, we have short-term revolving credit facilities in various other locations that can be drawn on from time to time amounting to $4.6 million of which $0 was outstanding at January 1, 2011.

We were in compliance with the financial covenants contained in each of these facilities at January 1, 2011.

Derivatives

Our debt under the Revolving Loan Facility, Floating Rate Senior Notes and Accounts Receivable Securitization Facility bears 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 were 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%. In addition, in November 2010, we completed a $1.0 billion senior notes offering and debt refinancing that strengthened and added flexibility to our capital structure by fixing a significant percentage of our debt at favorable interest rates at longer maturities. As a result, approximately 96% of our total debt outstanding at January 1, 2011 is now at a fixed or capped 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 1, 2011 would result in a change in annual interest expense of $2 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.

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.

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 described below.

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.

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. Decisions we make as to the amount of earnings permanently reinvested in foreign jurisdictions, due to anticipated cash flow or other business requirements, 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.

We recognized a change in our estimate of unrecognized tax benefit accruals of $20 million in 2010. This change in estimate resulted from the circumstances described above in "Consolidated Results of Operations — Year Ended January 1, 2011 Compared with Year Ended January 2, 2010," and was not a result of any change in the application of our accounting policies.

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 Generally Accepted Accounting Principles ("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 million, is included as a receivable in Other Current Assets in the Consolidated Balance Sheets as of January 1, 2011 and January 2, 2010. We exchanged information with Sara Lee in connection with this matter, but Sara Lee disagreed with our computation. In accordance with the dispute resolution provisions of the tax sharing agreement, in August 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 15 titled “Defined Benefit Pension Plans” to our consolidated financial statements.

Our U.S. qualified pension plan is approximately 74% funded as of January 1, 2011 compared to 80% funded as of January 2, 2010. 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 2010. Because we have elected not to make a voluntary cash contribution in 2011 sufficient to achieve a funded status of 80%, beginning April 1, 2011 we are required under the Pension Protection Act to implement restrictions on certain accelerated forms of benefit payments for future retirees. We performed a thorough review of the impact of making a voluntary cash contribution to the plan in order to maintain a funded level of 80%. Based on our review, and given that these restrictions are expected to impact only a limited number of plan participants, will not impact the total benefits received by plan participants and will not have a material impact on our future cash flows, we determined not to make such a contribution to the plan. We expect to make required cash contributions of $7 million to $9 million to the U.S. qualified pension plan in 2011 based on a preliminary calculation by our actuary. See Note 15 to our financial statements for more information on the plan asset components. 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 2011 of approximately $11 million compared to $15 million in 2010.

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 December 31, 2005.
- 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	
(in millions)	Pension Expense	Projected Benefit Obligation
1% decrease in discount rate	$ 1	$ 124
1% increase in discount rate	(1)	(102)
1% decrease in expected investment return	6	—
1% increase in expected investment return	(6)	—

Trademarks and Other Identifiable Intangibles

Trademarks, license agreements, customer and distributor relationships 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 1, 2011, the net book value of trademarks and other identifiable intangible assets was $179 million, of which we are amortizing the entire balance. We anticipate that our amortization expense for 2011 will be $14 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 1, 2011, we had $430 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. The estimated fair values significantly exceeded the carrying values of each of our reporting units as of the first day of the third fiscal quarter, and no impairment of goodwill was identified as a result of the testing conducted in 2010.

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. 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

Fair Value Disclosures

In January 2010, the Financial Accounting Standards Board issued new accounting rules related to the disclosure requirements for fair value measurements. The new accounting rules require new disclosures regarding significant transfers between Levels 1 and 2 of the fair value hierarchy and the activity within Level 3 of the fair value hierarchy. The new accounting rules also clarify existing disclosures regarding the level of disaggregation of assets or liabilities and the valuation techniques and inputs used to measure fair value. The new accounting rules were effective for us in the first quarter of 2010, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the disclosures effective for our first quarter of 2010 did not have a material impact on our financial condition, results of operations or cash flows but resulted in certain additional disclosures reflected in Note 14 to the consolidated financial statements.

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 1, 2011, the potential change in fair value of foreign currency derivative instruments, assuming a 10% adverse change in the underlying currency price, was $13 million.

Interest Rates

Our debt under the Revolving Loan Facility, Floating Rate Senior Notes and Accounts Receivable Securitization Facility bears 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 were 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%. In addition, in November 2010, we completed a $1.0 billion senior notes offering and debt refinancing that strengthened and added flexibility to our capital structure by fixing a significant percentage of our debt at favorable interest rates at longer maturities. As a result, approximately 96% of our total debt outstanding at January 1, 2011 is now at a fixed or capped 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 1, 2011 would result in a change in annual interest expense of $2 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. During 2010, cotton prices hit their highest levels in 140 years. 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, among other things, 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. We are able to lock in the cost of cotton reflected in the price we pay for yarn from our primary yarn suppliers in an attempt to protect our business from the volatility of the market price of cotton. However, our business can be affected by dramatic movements in cotton prices. Although the cost of cotton used in goods manufactured by us has historically represented only 6% of our cost of sales, it has risen to around 10% primarily as a result of cost inflation. The cotton prices reflected in our results were 69 cents per pound in 2010 and 55 cents per pound in 2009. Costs incurred for materials and labor are capitalized into inventory and impact our results as the inventory is sold. For example, we estimate that a change of $0.01 per pound in cotton prices at current levels of production would affect our annual cost of sales by $4 million related to finished goods manufactured internally in our manufacturing facilities and $1 million related to finished goods sourced from third parties. 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 $5 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-59 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 15th day of February, 2011.

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 15, 2011
/s/ E. Lee Wyatt Jr. E. Lee Wyatt Jr.	Chief Financial Officer (principal financial officer)	February 15, 2011
/s/ Dale W. Boyles Dale W. Boyles	Chief Accounting Officer and Controller (principal accounting officer)	February 15, 2011

Signature	Capacity	Date
/s/ Lee A. Chaden Lee A. Chaden	Director	February 15, 2011
/s/ Bobby J. Griffin Bobby J. Griffin	Director	February 15, 2011
/s/ James C. Johnson James C. Johnson	Director	February 15, 2011
/s/ Jessica T. Mathews Jessica T. Mathews	Director	February 15, 2011
/s/ J. Patrick Mulcahy J. Patrick Mulcahy	Director	February 15, 2011
/s/ Ronald L. Nelson Ronald L. Nelson	Director	February 15, 2011
/s/Andrew J. Schindler Andrew J. Schindler	Director	February 15, 2011
/s/ Ann E. Ziegler Ann E. Ziegler	Director	February 15, 2011

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	Amended and Restated Certificate of Incorporation of CC Products, Inc. (incorporated by reference from Exhibit 3.50 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).

Exhibit Number	Description
3.13	Amended and Restated Bylaws of CC Products, Inc. (incorporated by reference from Exhibit 3.51 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.14	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).
3.15	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).
3.16	Articles of Incorporation of Event 1, Inc. (incorporated by reference from Exhibit 3.52 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.17	Amended and Restated Bylaws of Event 1, Inc. (incorporated by reference from Exhibit 3.53 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.18	Amended and Restated Certificate of Incorporation of GearCo, Inc. (incorporated by reference from Exhibit 3.44 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.19	Amended and Restated Bylaws of GearCo, Inc. (incorporated by reference from Exhibit 3.45 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.20	Third Amended and Restated Certificate of Incorporation of GFSI Holdings, Inc. (incorporated by reference from Exhibit 3.46 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.21	Amended and Restated Bylaws of GFSI Holdings, Inc. (incorporated by reference from Exhibit 3.47 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.22	Amended and Restated Certificate of Incorporation of GFSI, Inc. (incorporated by reference from Exhibit 3.48 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.23	Amended and Restated Bylaws of GFSI, Inc. (incorporated by reference from Exhibit 3.49 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.24	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).
3.25	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).

Exhibit Number	Description
3.26	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).
3.27	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).
3.28	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).
3.29	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).
3.30	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).
3.31	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).
3.32	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).
3.33	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).
3.34	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).
3.35	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).
3.36	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).
3.37	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).
3.38	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).

Exhibit Number	Description
3.39	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).
3.40	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).
3.41	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).
3.42	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).
3.43	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).
3.44	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).
3.45	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).
3.46	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).
3.47	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).
3.48	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).
3.49	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).
3.50	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).
3.51	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).

Exhibit Number	Description
3.52	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).
3.53	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 the Registrant, certain subsidiaries of the Registrant and 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 (the "2006 Indenture"), among the Registrant, certain subsidiaries of the Registrant and Branch Banking and Trust Company (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	First Supplemental Indenture (the the 2006 Indenture) dated August 13, 2010 among the Registrant, certain subsidiaries of the Registrant and Branch Banking and Trust Company (incorporated by reference from Exhibit 10.50 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
4.6	Second Supplemental Indenture (to the 2006 Indenture) dated November 1, 2010 among the Registrant, certain subsidiaries of the Registrant and Branch Banking and Trust Company (incorporated by reference from Exhibit 4.5 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 10, 2010).
4.7	Registration Rights Agreement dated as of December 14, 2006 among the Registrant, certain subsidiaries of the Registrant, 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).
4.8	Indenture, dated as of August 1, 2008 (the "2008 Indenture") among the Registrant, certain subsidiaries of the Registrant, and Branch Banking and Trust Company (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).
4.9	Underwriting Agreement dated December 3, 2009 between the Registrant, certain subsidiaries of the Registrant 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).

Exhibit Number	Description
4.10	First Supplemental Indenture (to the 2008 Indenture) dated December 10, 2009 among the Registrant, certain subsidiaries of the Registrant 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).
4.11	Second Supplemental Indenture (to the 2008 Indenture) dated August 13, 2010 among the Registrant, certain subsidiaries of the Registrant and Branch Banking and Trust Company (incorporated by reference from Exhibit 10.49 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
4.12	Third Supplemental Indenture (to the 2008 Indenture) dated November 1, 2010 among the Registrant, certain subsidiaries of the Registrant and Branch Banking and Trust Company (incorporated by reference from Exhibit 4.4 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 10, 2010).
4.13	Purchase Agreement dated November 4, 2010 among the Registrant, certain subsidiaries of the Registrant and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC and Goldman, Sachs & Co. (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 November 10, 2010).
4.14	Fourth Supplemental Indenture (to the 2008 Indenture) dated November 9, 2010 among the Registrant, certain subsidiaries of the Registrant 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 November 10, 2010).
4.15	Registration Rights Agreement dated November 9, 2010 among the Registrant, certain subsidiaries of the Registrant and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC and Goldman, Sachs & Co. (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 November 10, 2010).
10.1	Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended (incorporated by reference from Exhibit 10.1 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).*
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).*
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 (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 9, 2010).*
10.5	Form of Performance Stock and Cash Award — Stock Component Grant Notice and Agreement under the 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 December 10, 2010).*

Exhibit Number	Description
10.6	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). *
10.7	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).*
10.8	Hanesbrands Inc. Retirement Savings Plan, as amended.*
10.9	Hanesbrands Inc. Supplemental Employee Retirement Plan (incorporated by reference from Exhibit 10.8 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 9, 2010).*
10.10	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).*
10.11	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).*
10.12	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).*
10.13	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).*
10.14	Hanesbrands Inc. Employee Stock Purchase Plan of 2006, as amended (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 April 29, 2010).*
10.15	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).*
10.16	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).*
10.17	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).*
10.18	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).*
10.19	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).*

Exhibit Number	Description
10.20	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).*
10.21	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).*
10.22	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).
10.23	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).
10.24	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).
10.25	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).
10.26	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).
10.27	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).
10.28	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).
10.29	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).†
10.30	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).
10.31	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).
10.32	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
10.33	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 (incorporated by reference from Exhibit 10.32 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 9, 2010).
10.34	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).†
10.35	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).
10.36	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).†
10.37	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).†
10.38	Amendment No. 2 dated as of April 13, 2009 to the Accounts Receivables Securitization Facility (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 May 11, 2009).†
10.39	Amendment No. 3 dated as of August 17, 2009 to the Accounts Receivables Securitization Facility (incorporated by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 5, 2009).
10.40	Amendment No. 4 dated as of December 10, 2009 to the Accounts Receivables Securitization Facility (incorporated by reference from Exhibit 10.39 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 9, 2010).
10.41	Amendment No. 5 dated as of December 21, 2009 to the Accounts Receivables Securitization Facility (incorporated by reference from Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 9, 2010).†
10.42	Amendment No. 6 dated as of December 18, 2010 to the Accounts Receivables Securitization Facility.
10.43	Amendment No. 7 dated as of January 31, 2011 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.

Exhibit Number	Description
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.
101.INS XBRL	Instance Document**
101.SCH XBRL	Taxonomy Extension Schema Document**
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document**
101.LAB XBRL	Taxonomy Extension Labels Linkbase Document**
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document**
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document**

---

* Agreement relates to executive compensation.

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

† 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.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

HANESBRANDS INC.

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 1, 2011, 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 1, 2011.

The effectiveness of our internal control over financial reporting as of January 1, 2011 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 1, 2011 and January 2, 2010, and the results of its operations and its cash flows for each of the three years in the period ended January 1, 2011 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 1, 2011, 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 15, 2011

HANESBRANDS INC.

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

	Years Ended January 1, 2011	Years Ended January 2, 2010	Years Ended January 3, 2009
Net sales	$ 4,326,713	$ 3,891,275	$ 4,248,770
Cost of sales	2,911,944	2,626,001	2,871,420
Gross profit	1,414,769	1,265,274	1,377,350
Selling, general and administrative expenses	1,010,581	940,530	1,009,607
Restructuring	—	53,888	50,263
Operating profit	404,188	270,856	317,480
Other expense (income)	20,221	49,301	(634)
Interest expense, net	150,236	163,279	155,077
Income before income tax expense	233,731	58,276	163,037
Income tax expense	22,438	6,993	35,868
Net income	$ 211,293	$ 51,283	$ 127,169
Earnings per share:			
Basic	$ 2.19	$ 0.54	$ 1.35
Diluted	$ 2.16	$ 0.54	$ 1.34
Weighted average shares outstanding:			
Basic	96,500	95,158	94,171
Diluted	97,774	95,668	95,164

See accompanying notes to Consolidated Financial Statements.

HANESBRANDS INC.

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

	January 1, 2011	January 2, 2010
ASSETS		
Cash and cash equivalents	$ 43,671	$ 38,943
Trade accounts receivable less allowances of $19,192 at January 1, 2011 and $25,776 at January 2, 2010	503,243	450,541
Inventories	1,322,719	1,049,204
Deferred tax assets	149,431	139,836
Other current assets	128,607	144,033
Total current assets	2,147,671	1,822,557
Property, net	631,254	602,826
Trademarks and other identifiable intangibles, net	178,622	136,214
Goodwill	430,144	322,002
Deferred tax assets	319,798	357,103
Other noncurrent assets	82,513	85,862
Total assets	$ 3,790,002	$ 3,326,564
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 412,369	$ 351,971
Accrued liabilities and other:		
Payroll and employee benefits	89,303	76,315
Advertising and promotion	87,384	85,069
Restructuring	6,036	18,244
Other	93,580	116,007
Notes payable	50,678	66,681
Current portion of debt	90,000	164,688
Total current liabilities	829,350	878,975
Long-term debt	1,990,735	1,727,547
Pension and postretirement benefits	301,889	290,030
Other noncurrent liabilities	105,354	95,293
Total liabilities	3,227,328	2,991,845
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 — 96,207,025 at January 1, 2011 and 95,396,967 at January 2, 2010	962	954
Additional paid-in capital	294,829	287,955
Retained earnings	480,098	268,805
Accumulated other comprehensive loss	(213,215)	(222,995)
Total stockholders' equity	562,674	334,719
Total liabilities and stockholders' equity	$ 3,790,002	$ 3,326,564

See accompanying notes to Consolidated Financial Statements.

HANESBRANDS INC.

Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
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**
Net income	—	—	—	211,293	—	211,293
Translation adjustments	—	—	—	—	3,661	3,661
Net unrealized gain on qualifying cash flow hedges, net of tax of $6,773	—	—	—	—	10,189	10,189
Net unrecognized loss from pension and postretirement plans, net of tax of $2,608	—	—	—	—	(4,070)	(4,070)
Comprehensive income						221,073
Stock-based compensation	—	—	19,226	—	—	19,226
Exercise of stock options, vesting of restricted stock units and other	810	8	3,317	—	—	3,325
Net transactions related to spin off	—	—	(15,669)	—	—	(15,669)
Balances at January 1, 2011	**96,207**	**$ 962**	**$ 294,829**	**$ 480,098**	**$ (213,215)**	**$ 562,674**

See accompanying notes to Consolidated Financial Statements.

HANESBRANDS INC.

Consolidated Statements of Cash Flows
(in thousands)

	Years Ended January 1, 2011	January 2, 2010	January 3, 2009
Operating activities:			
Net income	$ 211,293	$ 51,283	$ 127,169
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	74,103	84,312	103,126
Amortization of intangibles	12,509	12,443	12,019
Restructuring	—	8,207	5,133
Write-off on early extinguishment of debt	16,526	2,423	1,332
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	12,739	10,967	6,032
Amortization of loss on interest rate hedge	17,774	—	—
Stock compensation expense	19,534	37,697	31,449
Deferred taxes	15,794	(9,152)	(1,445)
Other	(3,432)	(10,252)	(1,616)
Changes in assets and liabilities:			
Accounts receivable	(329)	(39,805)	163,687
Inventories	(231,845)	248,820	(182,971)
Other assets	11,597	22,210	(49,256)
Accounts payable	29,934	3,522	34,046
Accrued liabilities and other	(53,143)	(54,677)	(69,342)
Net cash provided by operating activities	133,054	414,504	177,397
Investing activities:			
Purchases of property, plant and equipment	(106,240)	(126,825)	(186,957)
Acquisitions of businesses, net of cash acquired	(222,878)	—	(14,655)
Proceeds from sales of assets	45,642	37,965	25,008
Other	(519)	16	(644)
Net cash used in investing activities	(283,995)	(88,844)	(177,248)
Financing activities:			
Borrowings on notes payable	1,394,782	1,628,764	602,627
Repayments on notes payable	(1,411,295)	(1,624,139)	(560,066)
Payments to amend and refinance credit facilities	(23,833)	(74,976)	(69)
Borrowings on revolving loan facility	2,228,500	2,034,026	791,000
Repayments on revolving loan facility	(2,280,000)	(1,982,526)	(791,000)
Incurrence of debt under the 2009 Senior Secured Credit Facility	—	750,000	—
Repayments of debt under 2009 Senior Secured Credit Facility	(750,000)	—	—
Repayments of debt under 2006 Senior Secured Credit Facility	—	(1,440,250)	(125,000)
Issuance of 6.375% Senior Notes	1,000,000	—	—
Issuance of 8% Senior Notes	—	500,000	—
Repurchase of Floating Rate Senior Notes	—	(2,788)	(4,354)
Borrowings on Accounts Receivable Securitization Facility	207,290	183,451	20,944
Repayments on Accounts Receivable Securitization Facility	(217,290)	(326,068)	(28,327)
Proceeds from stock options exercised	5,938	1,179	2,191
Stock repurchases	—	—	(30,275)
Transaction with Sara Lee Corporation	—	—	18,000
Other	1,593	(847)	(409)
Net cash provided by (used in) financing activities	155,685	(354,174)	(104,738)
Effect of changes in foreign exchange rates on cash	(16)	115	(2,305)
Increase (decrease) in cash and cash equivalents	4,728	(28,399)	(106,894)
Cash and cash equivalents at beginning of year	38,943	67,342	174,236
Cash and cash equivalents at end of year	$ 43,671	$ 38,943	$ 67,342

See accompanying notes to Consolidated Financial Statements.

HANESBRANDS INC.

Notes to Consolidated Financial Statements
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(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*, *Duofold* and *Gear for Sports*. The Company designs, manufactures, sources and sells a broad range of basic apparel 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 "2010", "2009" and "2008" relate to the 52 week fiscal years ended on January 1, 2011 and January 2, 2010, and the 53 week fiscal year ended on January 3, 2009, respectively.

(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 ("GAAP") 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:

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

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.

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 $185,488, $166,467 and $187,034 in 2010, 2009, and 2008, respectively.

(f) Shipping and Handling Costs

Revenue received for shipping and handling costs is included in net sales and was $22,054, $22,434, and $24,244 in 2010, 2009 and 2008, 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 $250,029, $222,169 and $238,340 in 2010, 2009 and 2008, 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.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(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 $47,082, $46,305 and $46,460 in 2010, 2009 and 2008, 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 estimated lower of cost or market. Cost is determined by the first-in, first-out, or "FIFO," method for inventories. 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, license agreements, customer and distributor relationships 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 nine to 30 years, license agreements are being amortized over periods ranging from six to 15 years, customer and distributor relationships are being amortized over periods ranging from three to 10 years and computer software is being amortized over periods ranging from three to seven 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

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

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 to 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 Statements of Income.

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.

(amounts in thousands, except per share data)

(r) 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 changes the requirements for derecognizing financial assets. The new accounting rules were effective for financial asset transfers occurring in 2010. The adoption of these new rules had no impact on the financial condition, results of operations or 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 were effective for the Company in 2010. The adoption of these new rules had no material impact on the financial condition, results of operations or cash flows of the Company.

Fair Value Disclosures

In January 2010, the FASB issued new accounting rules related to the disclosure requirements for fair value measurements. The new accounting rules require new disclosures regarding significant transfers between Levels 1 and 2 of the fair value hierarchy and the activity within Level 3 of the fair value hierarchy. The new accounting rules also clarify existing disclosures regarding the level of disaggregation of assets or liabilities and the valuation techniques and inputs used to measure fair value. The new accounting rules were effective for the Company in the first quarter of 2010, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the disclosures effective for the Company's first quarter of 2010 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.

(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 outstanding for 2010, 2009, and 2008 is as follows:

	Years Ended		
	January 1, 2011	January 2, 2010	January 3, 2009
Basic weighted average shares outstanding	96,500	95,158	94,171
Effect of potentially dilutive securities:			
Stock options	783	—	100
Restricted stock units	489	510	882
Employee stock purchase plan and other	2	—	11
Diluted weighted average shares outstanding	97,774	95,668	95,164

Options to purchase 827, 6,273, and 3,735 shares of common stock and 250, 234, and 0 restricted stock units were excluded from the diluted earnings per share calculation because their effect would be anti-dilutive for 2010, 2009, and 2008, respectively.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(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 granted to date generally vest ratably over two to three years, although stock options granted to employees after December 1, 2010 will generally not fully vest over a period of less than 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 2010, 2009, and 2008, respectively.

	Years Ended		
	January 1, 2011	January 2, 2010	January 3, 2009
Dividend yield	—%	—%	—%
Risk-free interest rate	1.64-1.90%	2.49%	1.68-2.64%
Volatility	50-54%	48%	28-37%
Expected term (years)	5.3-6.0	6.0	3.8-6.0

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.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

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

	Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term (Years)
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
Granted	221	27.16		
Exercised	(289)	20.51		
Forfeited	(1)	22.37		
Options outstanding at January 1, 2011	6,218	$ 22.35	$ 19,914	6.9
Options exercisable at January 1, 2011	4,824	$ 22.46	$ 14,741	6.52

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 2,133, 2,981 and 968 options that vested during 2010, 2009 and 2008, respectively. The total intrinsic value of options that were exercised during 2010, 2009 and 2008 was $1,923, $465 and $1,057, respectively. The weighted average fair value of individual options granted during 2010, 2009 and 2008 was $13.32, $11.80 and $6.29, respectively.

Cash received from option exercises under all share-based payment arrangements for 2010, 2009 and 2008 was $5,938, $1,179 and $2,191, respectively. The actual tax benefit realized for the tax deductions from option exercise of the share-based payment arrangements totaled $1,705, $465 and $806 for 2010, 2009 and 2008, respectively.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

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, although RSUs granted to employees after December 1, 2010 will generally not fully vest over a period of less than 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. Some RSUs which have been granted under the Hanesbrands OIP vest upon continued future service to the Company, while others also have a performance based vesting feature. 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 29, 2007	1,578	$ 23.47	$ 43,922	1.89
Granted – non-performance based	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 – non-performance based	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
Granted – non-performance based	391	27.02		
Granted – performance based	143	27.16		
Vested	(721)	21.28		
Forfeited	(9)	19.21		
Nonvested share units outstanding at January 1, 2011	1,330	$ 23.08	$ 33,794	1.73

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 2010, 2009 and 2008 was $15,346, $24,871 and $13,560, respectively. Certain participants elected to defer receipt of shares earned upon vesting. As of January 1, 2011, a total of 203 shares of common stock are issuable in future years for such deferrals.

For all share-based payments under the Hanesbrands OIP, during 2010, 2009 and 2008, the Company recognized total compensation expense of $19,226, $37,391 and $31,002 and recognized a deferred tax benefit of $7,435, $14,464 and $11,585, 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 1, 2011, there was $10,135 of total unrecognized compensation cost related to non-vested stock-based compensation arrangements, of which $7,276, $2,237 and $622 is expected to be recognized in 2011, 2012

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

and 2013, 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 1,945 were available for future grants as of January 1, 2011.

In 2010, in addition to granting RSUs that vest solely upon continued future service to the Company, the Company also granted 143 performance-based restricted stock units with a performance feature that has a target range of 0% to 200% based upon meeting certain performance thresholds. These performance stock awards, which are included in the table above, represent unearned awards that are earned based on future performance and service.

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 2010, 2009 and 2008, 79, 156 and 129 shares, respectively, were purchased under the ESPP by eligible employees. The Company had 2,000 shares of common stock available for issuance under the ESPP as of January 1, 2011. The Company recognized $308, $306 and $447 of stock compensation expense under the ESPP during 2010, 2009 and 2008, respectively.

(5) 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 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
Charged to expenses	(1,116)	3,715	2,599
Deductions and write-offs	(3,270)	(5,913)	(9,183)
Balance at January 1, 2011	$ 11,116	$ 8,076	$ 19,192

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 receivable and allowed customer chargebacks and deductions against gross accounts receivable.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

Sales of Accounts Receivable

The Company has entered into agreements to sell selected trade accounts receivable to financial institutions. After the sale, the Company does not retain any interests in the receivables and the applicable financial institution services and collects these accounts receivable directly from the customer. Net proceeds of these accounts receivable sale programs are recognized in the Consolidated Statements of Cash Flows as part of operating cash flows. The Company recognized funding fees of $3,464 and $163 in 2010 and 2009, respectively, for sales of accounts receivable to financial institutions in the “Other expenses” line in the Consolidated Statements of Income.

(6) Inventories

Inventories consisted of the following:

	January 1, 2011	January 2, 2010
Raw materials	$ 155,744	$ 106,138
Work in process	109,304	100,686
Finished goods	1,057,671	842,380
	$ 1,322,719	$ 1,049,204

(7) Property, Net

Property is summarized as follows:

	January 1, 2011	January 2, 2010
Land	$ 26,122	$ 28,544
Buildings and improvements	467,378	478,148
Machinery and equipment	868,995	895,336
Construction in progress	31,904	28,973
Capital leases	6,988	4,018
	1,401,387	1,435,019
Less accumulated depreciation	770,133	832,193
Property, net	$ 631,254	$ 602,826

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(8) Notes Payable

The Company had the following short-term obligations at January 1, 2011 and January 2, 2010:

	Interest Rate as of January 1, 2011	Principal Amount January 1, 2011	Principal Amount January 2, 2010
Short-term revolving facility in El Salvador	4.20%	$ 29,700	$ 30,000
Short-term revolving facility in China	7.65%	12,941	7,397
Short-term revolving facility in Vietnam	5.05%	3,371	—
Short-term revolving facility in Japan	4.61%	2,459	—
Short-term revolving facility in India	12.80%	1,846	—
Short-term revolving facility in Brazil	13.56%	361	—
Short-term revolving facility in Luxembourg	—	—	25,000
Short-term revolving facility in Thailand	—	—	4,284
		$ 50,678	$ 66,681

The Company has a short-term revolving facility arrangement with a Salvadoran branch of a Canadian bank amounting to $30,000 of which $29,700 was outstanding at January 1, 2011 which accrues interest at 4.20%.

The Company has a short-term revolving facility arrangement with a Chinese branch of a U.S. bank amounting to RMB 155 million ($23,460) of which $12,941 was outstanding at January 1, 2011 which accrues interest at 7.65%. 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 50%.

The Company has a short-term revolving facility arrangement with a Vietnamese branch of a U.S. bank amounting to $14,000 of which $3,371 was outstanding at January 1, 2011 which accrues interest at 5.05%.

The Company has a short-term revolving facility arrangement with a Japanese branch of a U.S. bank amounting to JPY 800 million ($9,812) of which $2,459 was outstanding at January 1, 2011 which accrues interest at 4.61%.

The Company has a short-term revolving facility arrangement with an Indian branch of a U.S. bank amounting to INR 100 million ($2,224) of which $1,846 was outstanding at January 1, 2011 which accrues interest at 12.80%.

The Company has a short-term revolving facility arrangement with a Brazilian bank amounting to BRL 2 million ($1,205) of which $361 was outstanding at January 1, 2011 which accrues interest at 13.56%.

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 $4,646 of which $0 was outstanding at January 1, 2011.

As of January 1, 2011 and January 2, 2010, the Company had total borrowing availability of $34,669 and $34,935, respectively, under these international loan facilities.

The Company was in compliance with the financial covenants contained in each of these facilities at January 1, 2011.

Total interest paid on notes payable was $2,267, $3,974 and $2,208 in 2010, 2009 and 2008, respectively.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(9) Debt

The Company had the following debt at January 1, 2011 and January 2, 2010:

	Interest Rate as of January 1, 2011	Principal Amount January 1, 2011	Principal Amount January 2, 2010	Maturity Date
2009 Senior Secured Credit Facility:				
Term Loan Facility		$ —	$ 750,000	
Revolving Loan Facility	6.75%	—	51,500	December 2013
6.375% Senior Notes	6.38%	1,000,000	—	December 2020
8% Senior Notes	8.00%	500,000	500,000	December 2016
Floating Rate Senior Notes	3.83%	490,735	490,735	December 2014
Accounts Receivable Securitization Facility	2.81%	90,000	100,000	March 2011
		2,080,735	1,892,235	
Less current maturities		90,000	164,688	
		$ 1,990,735	$ 1,727,547	

The Company's primary financing arrangements are the senior secured credit facility that it entered into in 2006 (the "2006 Senior Secured Credit Facility") and amended and restated in December 2009 to provide for a new senior secured credit facility (the "2009 Senior Secured Credit Facility"), $500,000 in aggregate principle amount of floating rate senior notes (the "Floating Rate Senior Notes") issued in December 2006, $500,000 in aggregate principal amount of 8.000% senior notes (the "8% Senior Notes") issued in December 2009, $1,000,000 in aggregate principal amount of 6.375% senior notes (the "6.375% Senior Notes") issued in November 2010 and the Accounts Receivable Securitization Facility. The outstanding balances at January 1, 2011 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 2010, 2009 and 2008 was $116,492, $161,854 and $150,898, 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"). 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 that the Company entered into in 2006 (the "Second Lien Credit Facility"). Proceeds of the Revolving Loan Facility were used to pay fees and expenses in connection with these transactions, and are used for general corporate purposes and working capital needs.

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. In order to support its working capital needs and fund the acquisition of GearCo, Inc., known as Gear for Sports, in September 2010, the Company increased the commitments under the Revolving Loan Facility from $400,000 to $600,000. In November 2010, the Company used proceeds from the issuance of the 6.375% Senior Notes to repay all outstanding borrowings under the Term Loan Facility and to reduce the outstanding borrowings under the Revolving Loan Facility. As of January 1, 2011, the Company had $0 outstanding under the Revolving Loan Facility, $12,305 of standby and trade letters of credit issued and outstanding under this facility and $587,695 of borrowing availability. At January 1, 2011, the interest rate on the Revolving Loan Facility was 6.75%.

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 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.

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 is determined by reference to a leverage-based pricing grid set forth in the 2009 Senior Secured Credit Facility. The applicable margin ranges 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 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 increases 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 declines 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 contains customary events of default, including nonpayment of principal when due; nonpayment of interest, 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). As of January 1, 2011, the Company was in compliance with all financial covenants.

6.375% Senior Notes

On November 9, 2010, the Company issued $1,000,000 aggregate principal amount of the 6.375% Senior Notes. The 6.375% 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 6.375% Senior Notes bear interest at an annual rate equal to 6.375%. Interest is payable on the 6.375% Senior Notes on June 15 and December 15 of each year. The 6.375% Senior Notes will mature on December 15, 2020. The net proceeds from the sale of the 6.375% Senior Notes were approximately $979,000. As noted above, these proceeds were used to repay all outstanding borrowings under the Term Loan Facility and reduce the outstanding borrowings under the Revolving Loan Facility and to pay fees and expenses relating to these transactions. The 6.375% 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, 2015 at a redemption price equal to 100% of the principal amount of the 6.375% Senior Notes redeemed plus an applicable premium. The Company may redeem some or all of the 6.375% Senior Notes at any time on or after December 15, 2015 at a redemption price equal to the principal amount of the 6.375% Senior Notes plus a premium of 3.188% if redeemed during the 12-month period commencing on December 15, 2015, 2.125% if redeemed during the 12-month period commencing on December 15, 2016, 1.062% if redeemed during the 12-month period commencing on December 15, 2017 and no premium if redeemed after December 15, 2018, as well as any accrued and unpaid interest as of the redemption date. In addition, at any time prior to December 15, 2013, the Company may redeem up to 35% of the aggregate principal amount of the 6.375% Senior Notes at a redemption price of 106.375% of the principal amount of the 6.375% Senior Notes redeemed with the net cash proceeds of certain equity offerings.

The indenture governing the 6.375% 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.

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 15, 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 8% Senior Notes at a redemption price of 108% of the principal amount of the 8% Senior 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 the Company subsequently amended several times. The description of the Accounts Receivable Securitization Facility below gives effect to all amendments to date. The Accounts Receivable Securitization Facility 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. Effective February 2010, the Company elected to reduce the amount of funding available under the Accounts Receivable Securitization Facility from $250,000 to $150,000. Under the terms of the Accounts Receivable Securitization Facility, the Company and certain of its subsidiaries 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 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. Unless the term is extended, the Accounts Receivable Securitization Facility will terminate on March 31, 2011.

Availability of funding under the Accounts Receivable Securitization Facility depends primarily upon the eligible outstanding receivables balance. As of January 1, 2011, the Company had $90 million 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 HSBC Bank USA, N.A. 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. In addition, Receivables LLC is required to 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. The average blended interest rate for the outstanding balance as of January 1, 2011 was 2.81%.

The Accounts Receivable Securitization Facility contains customary events of default and requires the Company to maintain the same interest coverage ratio and leverage ratio contained from time to time in the 2009 Senior Secured Credit Facility, provided that any changes to such covenants will only be applicable for purposes of the Accounts Receivable Securitization Facility if approved by the Managing Agents or their affiliates. As of January 1, 2011, the Company was in compliance with all financial covenants.

The total amount of receivables used as collateral for the credit facility was $305,978 at January 1, 2011 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: $90,000 due in 2011, $0 due in 2012, $0 due in 2013, $490,735 due in 2014, $0 due in 2015 and $1,500,000 thereafter.

Debt Issuance Costs

The Company incurred $23,833 in capitalized debt issuance costs in connection with increasing the borrowing availability under the Revolving Loan Facility and issuing the 6.375% Senior Notes in 2010. In 2009, the Company incurred $54,342 in capitalized debt issuance costs in connection with entering into the 2009 Senior Secured Credit Facility and the amendments to the 2006 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility. The Company incurred $69 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. Debt issuance costs are amortized to interest expense over the respective lives of the debt instruments, which range from one to ten years. As of January 1, 2011, the net carrying value of unamortized debt issuance costs was $60,296 which is included in other noncurrent assets in the Consolidated Balance Sheet. The Company's debt issuance cost amortization was $12,739, $10,967 and $6,032 in 2010, 2009 and 2008, respectively.

In 2010, the Company recognized charges of $14,186 in the "Other expenses" line of the Consolidated Statements of Income, which represents certain costs related to the issuance of the 6.375% Senior Notes. The Company recognized $1,654 of a write-off on early extinguishment of debt in 2010 related to the prepayment of $57,188 on the 2009 Senior Secured Credit Facility and $686 of write-off on early extinguishment of debt on the Accounts Receivable Securitization Facility as a result of the reduction in borrowing capacity. The Company also recognized $231 in additional charges in 2010 related to the amendments of credit facilities in 2009.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

In 2009, the Company recognized charges of $20,634 in the “Other expenses” line of the Consolidated Statements of Income, which represents certain costs related to entering into the 2009 Senior Secured Credit 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 was 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.

(10) Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows:

	Cumulative Translation Adjustment	Net Unrealized Income (Loss) on Cash Flow Hedges	Pension and Postretirement	Income Taxes	Accumulated Other Comprehensive Loss
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)
Other comprehensive income (loss) activity	3,661	16,962	(6,678)	(4,165)	9,780
Balance at January 1, 2011	$ 2,394	$ (18,214)	$ (339,364)	$ 141,969	$ (213,215)

(11) 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 $65,575, $63,759 and $53,072 in 2010, 2009 and 2008, respectively.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) are as follows: $52,220 in 2011, $43,737 in 2012, $34,304 in 2013, $29,889 in 2014, $26,810 in 2015 and $81,938 thereafter.

During 2010, the Company entered into sale-leaseback transactions involving four distribution facilities. The facilities are being leased back over terms ranging from three years to twelve years and are classified as operating leases. The Company received net proceeds on the sales of $41,282, resulting in deferred gains of $15,441 which will be amortized over the lease terms.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(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 2010, 2009 and 2008, the Company incurred royalty expense of approximately $12,772, $11,105 and $11,709, respectively.

Minimum amounts due under the license agreements are approximately $3,796 in 2011, $8,852 in 2012, $8,114 in 2013, $8,086 in 2014 and $8,422 in 2015. In addition to the minimum guaranteed amounts under license agreements, the Company is a party to a partnership agreement which includes a minimum fee of $5,622 for each year from 2011 through 2017.

(12) Intangible Assets and Goodwill

During 2010, the Company completed the business acquisition of Gear for Sports. The acquisition resulted in the recognition of $108,142 of goodwill and $52,700 of intangible assets, which consisted primarily of college and pro sports license agreements and customer and distributor relationships.

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.

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 ASC805, "Business Combinations," are not presented.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(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 1, 2011:			
Intangible assets subject to amortization:			
Trademarks and brand names	$ 195,538	$ 85,175	$ 110,363
Licensing agreements	47,600	585	47,015
Customer and distributor relationships	3,200	96	3,104
Computer software	58,494	42,230	16,264
Other intangibles	1,900	24	1,876
	$ 306,732	$ 128,110	
Net book value of intangible assets			$ 178,622

	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

The amortization expense for intangibles subject to amortization was $12,509, $12,443 and $12,019 for 2010, 2009 and 2008, 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: $13,755 in 2011, $13,473 in 2012, $12,996 in 2013, $12,105 in 2014 and $9,632 in 2015. There was no impairment of trademarks in any of the periods presented.

(b) Goodwill

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 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
Acquisition of business	—	108,142	—	—	—	108,142
Other	603	(603)	—	—	—	—
Net book value at January 1, 2011	$ 220,332	$ 171,353	$ 25,173	$ 255	$ 13,031	$ 430,144

There has been no impairment of goodwill.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(13) 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 1, 2011 and January 2, 2010.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

	January 1, 2011	January 2, 2010
Foreign currency bought (sold):		
Canadian dollar	$ (8,327)	$ (3,420)
Japanese yen	(2,167)	(863)
European euro	—	(2,650)
European euro	—	1,732
Mexican peso	(29,267)	(38,028)
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

From time to time, the Company uses 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.

The Company is required under the 2009 Senior Secured Credit Facility to hedge a portion of its floating rate debt to reduce interest rate risk caused by floating rate debt issuance. To comply with this requirement, in 2010, the Company entered into hedging arrangements whereby it capped the LIBOR interest rate component on an aggregate of $490,735 of the floating rate debt under the Floating Rate Senior Notes at 4.262%. The interest rate cap arrangements, with notional amounts of $240,735 and $250,000, expire in December 2011.

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

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

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 1, 2011 and January 2, 2010.

	January 1, 2011	January 2, 2010
Foreign currency bought (sold):		
Canadian dollar	$ (43,778)	$ (32,955)
Japanese yen	(11,681)	(12,526)
European euro	(28,180)	—
Mexican peso	(10,147)	(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. The Company is able to lock in the cost of cotton reflected in the price it pays for yarn from its primary yarn suppliers in an attempt to protect the business from the volatility of the market price of cotton. In addition, 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 1, 2011 and January 2, 2010.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

Fair Values of Derivative Instruments

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

	Balance Sheet Location	Fair Value January 1, 2011	Fair Value January 2, 2010
Derivative assets — hedges			
Interest rate contracts	Other noncurrent assets	$ 3	$ —
Foreign exchange contracts	Other current assets	408	407
Total derivative assets — hedges		411	407
Derivative assets — non-hedges			
Foreign exchange contracts	Other current assets	—	207
Total derivative assets		$ 411	$ 614
Derivative liabilities — hedges			
Foreign exchange contracts	Accrued liabilities	$ (874)	$ (107)
Total derivative liabilities — hedges		(874)	(107)
Derivative liabilities — non-hedges			
Foreign exchange contracts	Accrued liabilities	(471)	(432)
Total derivative liabilities		$ (1,345)	$ (539)
Net derivative asset (liability)		$ (934)	$ 75

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

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 1, 2011	January 2, 2010	January 3, 2009
Interest rate contracts	$ (516)	$ 20,559	$ (66,088)
Foreign exchange contracts	(2,180)	(1,560)	756
Commodity contracts	—	—	(208)
Total	$ (2,696)	$ 18,999	$ (65,540)

	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 1, 2011	January 2, 2010	January 3, 2009	
Interest rate contracts	$ (17,964)	$ (1,820)	$ (1,176)	Interest expense, net
Interest rate contracts	—	(26,029)	—	Other income (expense)
Foreign exchange contracts	(1,715)	721	(2,025)	Cost of sales
Commodity contracts	—	(95)	473	Cost of sales
Total	$ (19,679)	$ (27,223)	$ (2,728)	

The Company expects to reclassify into earnings during the next 12 months a net loss from Accumulated Other Comprehensive Loss of approximately $10,171.

As disclosed in Note 9, 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 $17,043 as of January 1, 2011.

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%.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

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 2010 of $6 related to interest rate contracts. The Company recognized gains (losses) related to ineffectiveness of hedging relationships in 2009 of $161, consisting of $152 for 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 effect of mark to market hedge derivative instruments on the Consolidated Statements of Income is as follows:

	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income Year Ended January 1, 2011	January 2, 2010	January 3, 2009
Foreign exchange contracts	Selling, general and administrative expenses	$ (2,073)	$ 3,846	$ (6,691)
Total		$ (2,073)	$ 3,846	$ (6,691)

(14) 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.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

As of January 1, 2011 and January 2, 2010, 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 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 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 2010 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 1, 2011, 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 1, 2011		
	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	$ —	$ —	$ 275,650
U.S. equity securities	157,661	—	—
Foreign equity securities	36,889	27,423	—
Debt securities	5,433	106,311	—
Real estate	—	—	23,180
Cash and other	2,621	—	—
	202,604	133,734	298,830
Derivative contracts:			
Interest rate derivative contracts	—	3	—
Foreign exchange derivative contracts	—	408	—
Foreign exchange derivative contracts	—	(1,345)	—
	—	(934)	—
Total	$ 202,604	$ 132,800	$ 298,830

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

	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:			
Foreign exchange derivative contracts	—	614	—
Foreign exchange derivative contracts	—	(539)	—
	—	75	—
Total	$ 201,571	$ 135,892	$ 275,202

The table below sets forth a summary of changes in the fair value of the Level 3 investment assets in 2010 and 2009.

	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
Actual return on assets	20,438	3,190
Sale of assets	—	—
Balance at January 1, 2011	$ 275,650	$ 23,180

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 1, 2011 and January 2, 2010. The fair value of debt was $2,060,828 and $1,881,868 as of January 1, 2011 and January 2, 2010 and had a carrying value of $2,080,735 and $1,892,235, 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 1, 2011 and January 2, 2010, primarily due to the short-term nature of these instruments.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(15) Defined Benefit Pension Plans

At January 1, 2011, the Company's pension plans consisted of the Hanesbrands Inc. Pension Plan, various nonqualified retirement plans and international plans. Benefits under the Hanesbrands Inc. Pension Plan were frozen effective December 31, 2005.

The annual cost (income) incurred by the Company for these defined benefit plans in 2010, 2009 and 2008, was $14,806, $21,293 and $(11,801), 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:

	Years Ended		
	January 1, 2011	January 2, 2010	January 3, 2009
Service cost	$ 1,225	$ 1,198	$ 1,136
Interest cost	49,337	50,755	51,412
Expected return on assets	(44,094)	(39,832)	(64,549)
Settlement cost	139	—	—
Amortization of:			
Prior service cost	26	26	39
Net actuarial loss	8,173	9,146	161
Net periodic benefit cost (income)	$ 14,806	$ 21,293	$ (11,801)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss)			
Net (gain) loss	$ 6,605	$ (11,947)	$ 300,127
Prior service cost	(26)	(26)	(140)
Total recognized in other comprehensive loss (income)	6,579	(11,973)	299,987
Total recognized in net periodic benefit cost and other comprehensive loss (income)	$ 21,385	$ 9,320	$ 288,186

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 2011 are $9,111 and $29, respectively.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

The funded status of the Company's defined benefit pension plans at the respective year ends was as follows:

	January 1, 2011	January 2, 2010
Accumulated benefit obligation:		
Beginning of year	$ 899,208	$ 854,414
Service cost	1,225	1,198
Interest cost	49,337	50,755
Benefits paid	(56,859)	(57,782)
Impact of exchange rate change	1,939	2,711
Settlements	(1,284)	(5,394)
Actuarial loss	38,055	53,306
End of year	931,621	899,208
Fair value of plan assets:		
Beginning of year	612,590	564,705
Actual return on plan assets	67,624	92,805
Employer contributions	11,956	16,052
Benefits paid	(56,859)	(57,782)
Settlements	(1,284)	(5,744)
Impact of exchange rate change	1,141	2,554
End of year	635,168	612,590
Funded status	$ (296,453)	$ (286,618)

In the fourth quarter of 2010, the Company recognized a one-time out of period adjustment resulting from a review of census data for the Hanesbrands Inc. Pension Plan, which reduced the accumulated benefit obligation by $18,892 and accumulated other comprehensive loss by $11,359 (net of taxes). The impact of the adjustment was not considered material to any current year or prior year periods.

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 1, 2011	January 2, 2010
Accumulated benefit obligation	$ 931,621	$ 899,208
Plans with accumulated benefit obligation in excess of plan assets		
Accumulated benefit obligation	931,621	898,997
Fair value of plan assets	635,168	612,317

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

Amounts recognized in the Company's Consolidated Balance Sheets consist of:

	January 1, 2011	January 2, 2010
Noncurrent assets	$ —	$ 51
Current liabilities	(2,177)	(3,591)
Noncurrent liabilities	(294,276)	(283,078)
Accumulated other comprehensive loss	(339,846)	(332,370)

Amounts recognized in accumulated other comprehensive loss consist of:

	January 1, 2011	January 2, 2010
Prior service cost	$ 139	$ 165
Actuarial loss	339,707	332,205
	$ 339,846	$ 332,370

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 1, 2011	January 2, 2010	January 3, 2009
Net periodic benefit cost:			
Discount rate	5.78%	6.11%	6.34%
Long-term rate of return on plan assets	7.48	7.41	8.03
Rate of compensation increase (1)	3.70	3.38	3.63
Plan obligations:			
Discount rate	5.27%	5.78%	6.11%
Rate of compensation increase (1)	3.75	3.70	3.38

(1) The compensation increase assumption applies to the international plans and portions of the nonqualified retirement plans, as benefits under these plans were not frozen at January 1, 2011, January 2, 2010 and January 3, 2009.

(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 1, 2011	January 2, 2010
Asset category:		
Hedge fund of funds	43%	42%
U.S. equity securities	25	23
Debt securities	18	19
Foreign equity securities	10	11
Real estate	4	3
Cash and other	—	2

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 1, 2011. 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 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 1, 2011, the Company had $202,604 classified as Level 1 assets, $133,734 classified as Level 2 assets and $298,830 classified as Level 3 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, certain debt securities, certain foreign equity securities and cash and cash equivalents, Level 2 assets consisted primarily of certain 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 14 for the Company's complete disclosure of the fair value of pension plan assets.

The Company expects to make a $7 million to $9 million contribution to the Hanesbrands Inc. Pension Plan in 2011 based on a preliminary calculation by its actuary. Expected benefit payments are as follows: $50,993 in 2011, $50,430 in 2012, $50,341 in 2013, $52,510 in 2014, $53,392 in 2015 and $280,310 thereafter.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(16) 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 1, 2011	January 2, 2010	January 3, 2009
Income before income tax expense:			
Domestic	12.1%	(142.8)%	0.6%
Foreign	87.9	242.8	99.4
	100.0%	100.0%	100.0%
Tax expense at U.S. statutory rate	35.0%	35.0%	35.0%
State income taxes	1.2	(3.4)	0.6
Tax on remittance of foreign earnings	2.5	33.9	1.5
Foreign taxes less than U.S. statutory rate	(24.5)	(46.4)	(16.3)
Change in state effective tax rate	—	(14.1)	—
Employee benefits	1.3	10.6	0.6
Change in valuation allowance	3.0	(9.9)	2.1
Release of unrecognized tax benefit reserves	(8.8)	—	—
Other, net	(0.1)	6.3	(1.5)
Taxes at effective worldwide tax rates	9.6%	12.0%	22.0%

Current and deferred tax provisions (benefits) were:

	Current	Deferred	Total
Year ended January 1, 2011			
Domestic	$ (14,268)	$ 17,340	$ 3,072
Foreign	23,157	(8,077)	15,080
State	(2,245)	6,531	4,286
	$ 6,644	$ 15,794	$ 22,438
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

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

	Years Ended January 1, 2011	Years Ended January 2, 2010	Years Ended January 3, 2009
Cash payments for income taxes	$ 23,350	$ 15,163	$ 32,767

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 1, 2011	January 2, 2010
Deferred tax assets:		
Nondeductible reserves	$ 5,165	$ 10,962
Inventories	93,972	84,964
Property and equipment	—	6,266
Intangibles	135,438	156,696
Bad debt allowance	11,404	13,170
Accrued expenses	13,049	11,590
Employee benefits	170,247	160,671
Tax credits	11,064	11,312
Net operating loss and other tax carryforwards	41,864	40,192
Derivatives	7,204	13,976
Other	16,305	6,275
Gross deferred tax assets	505,712	516,074
Less valuation allowances	(27,064)	(21,556)
Deferred tax assets	478,648	494,518
Deferred tax liabilities:		
Property and equipment	4,204	—
Prepaids	5,473	2,718
Deferred tax liabilities	9,677	2,718
Net deferred tax assets	$ 468,971	$ 491,800

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 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.

The valuation allowance for deferred tax assets as of January 1, 2011 and January 2, 2010 was $27,064 and $21,556, respectively. The net change in the total valuation allowance for 2010 was $5,508 which, including foreign currency fluctuations, related to foreign loss carryforwards generated partially offset by favorable financial performance in certain foreign jurisdictions. 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.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

The valuation allowance at January 1, 2011 and January 2, 2010 relates to deferred tax assets established for foreign loss carryforwards of $25,560 and $21,556, respectively.

At January 1, 2011, the Company has total net operating loss carryforwards of approximately $113,223 for foreign jurisdictions, which will expire as follows:

Fiscal Year:	
2011	$ 3,188
2012	5,724
2013	23,925
2014	9,503
2015	11,979
Thereafter	58,904

At January 1, 2011, the Company had tax credit carryforwards totaling $11,064 which expire after 2019.

At January 1, 2011, 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 $231,000 would have been recognized in the Consolidated Financial Statements.

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. In accordance with section 2.12 of the tax sharing agreement, the Company recorded a liability of approximately $15,000 to Sara Lee for amounts related to income generated prior to the spin off from Sara Lee which were repatriated in periods since the spin off. The liability is included in Accounts payable in the Consolidated Balance Sheet as of January 1, 2011 resulting in a reduction to Additional paid-in capital. Except for amounts reflected in this Note 16, to the best of the Company's knowledge, there are no other amounts owed to or from Sara Lee under the tax sharing agreement.

In 2010, the Company recognized a benefit of $20,504 which resulted from a change in estimate associated with the remeasurement of unrecognized tax benefit accruals and the determination that certain tax positions had been effectively settled following the finalization of tax reviews and audits for amounts less than originally estimated. Although it is not reasonably possible to estimate the amount by which 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 does not expect any changes for unrecognized tax benefits accrued at January 1, 2011 within the next twelve months.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

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)
Balance at January 2, 2010	$ 39,929
Additions based on tax positions related to the current year	10,312
Reductions for tax positions of prior years	(20,504)
Balance at January 1, 2011	$ 29,737

Included in unrecognized tax benefits are $29,737 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 $1,386, $1,010 and $647 for interest and penalties classified as income tax expense in the Consolidated Statement of Income for 2010, 2009 and 2008, respectively. At January 1, 2011 and January 2, 2010, the Company had a total of $4,687 and $2,377, 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. 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.

Under the tax sharing agreement with Sara Lee discussed above, 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 1, 2011 and January 2, 2010. The Company and Sara Lee exchanged information in connection with this matter, but Sara Lee disagreed with the Company's computation. In accordance with the dispute resolution provisions of the tax sharing agreement, in August 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.

(17) 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 1, 2011 and January 2, 2010, 96,207 and 95,397 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.

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.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(18) Business Segment Information

The Company's operations are managed and reported in five operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer and International. These segments are organized principally by product category, geographic location and distribution channel. Each segment has its own management that is responsible for the operations of the segment's businesses but the segments share a common supply chain and media and marketing platforms. In October 2009, the Company completed the sale of its yarn operations and, as a result, the Company no longer has net sales in the Other segment, which was primarily comprised of sales of yarn to third parties.

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 primarily seasonal in nature under the product categories of casualwear and activewear.
- Hosiery sells products in categories such as pantyhose, knee highs and tights.
- 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 primarily 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.

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 1, 2011	January 2, 2010	January 3, 2009
Net sales:			
Innerwear	$ 2,012,922	$ 1,833,616	$ 1,947,167
Outerwear	1,259,935	1,051,735	1,196,155
Hosiery	166,780	185,710	217,391
Direct to Consumer	377,847	369,739	370,163
International	509,229	437,804	496,170
Other	—	12,671	21,724
Total net sales	$ 4,326,713	$ 3,891,275	$ 4,248,770

Table of Contents

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

	Years Ended January 1, 2011	Years Ended January 2, 2010	Years Ended January 3, 2009
Segment operating profit (loss):			
Innerwear	$ 263,368	$ 234,352	$ 223,420
Outerwear	77,656	53,050	66,149
Hosiery	53,583	61,070	68,696
Direct to Consumer	25,880	37,178	44,541
International	59,368	44,688	64,349
Other	—	(2,164)	328
Total segment operating profit	479,855	428,174	467,483
Items not included in segment operating profit (loss):			
General corporate expenses	(63,158)	(75,127)	(45,177)
Amortization of trademarks and other identifiable intangibles	(12,509)	(12,443)	(12,019)
Restructuring	—	(53,888)	(50,263)
Inventory write-offs included in cost of sales	—	(4,135)	(18,696)
Accelerated depreciation included in cost of sales	—	(8,641)	(23,862)
Accelerated depreciation included in selling, general and administrative expenses	—	(3,084)	14
Total operating profit	404,188	270,856	317,480
Other (expense) income	(20,221)	(49,301)	634
Interest expense, net	(150,236)	(163,279)	(155,077)
Income before income tax expense	$ 233,731	$ 58,276	$ 163,037

	January 1, 2011	January 2, 2010
Assets:		
Innerwear	$ 1,269,839	$ 1,101,632
Outerwear	828,142	707,118
Hosiery	71,496	83,662
Direct to Consumer	88,623	80,243
International	278,757	221,504
Other	—	1,622
	2,536,857	2,195,781
Corporate (1)	1,253,145	1,130,783
Total assets	$ 3,790,002	$ 3,326,564

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

	Years Ended January 1, 2011	January 2, 2010	January 3, 2009
Depreciation and amortization expense:			
Innerwear	$ 35,095	$ 36,328	$ 39,949
Outerwear	21,709	21,988	25,092
Hosiery	2,627	3,831	5,778
Direct to Consumer	6,116	5,621	3,713
International	2,096	2,071	2,288
Other	—	169	802
	67,643	70,008	77,622
Corporate	18,969	26,747	37,523
Total depreciation and amortization expense	$ 86,612	$ 96,755	$ 115,145

	Years Ended January 1, 2011	January 2, 2010	January 3, 2009
Additions to long-lived assets:			
Innerwear	$ 49,319	$ 49,061	$ 70,808
Outerwear	38,000	59,048	84,412
Hosiery	550	711	781
Direct to Consumer	11,679	8,914	11,152
International	2,543	1,504	2,693
Other	—	16	46
	102,091	119,254	169,892
Corporate	4,149	7,571	17,065
Total additions to long-lived assets	$ 106,240	$ 126,825	$ 186,957

(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 26%, 17% and 6% of total sales in 2010, respectively.

Worldwide sales by product category for Innerwear, Outerwear and Hosiery were $2,616,865, $1,485,152 and $224,696, respectively, in 2010.

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(19) Geographic Area Information

	Years Ended or at January 1, 2011		January 2, 2010		January 3, 2009	
	Sales	Long-Lived Assets	Sales	Long-Lived Assets	Sales	Long-Lived Assets
United States	$ 3,819,296	$ 176,035	$ 3,447,751	$ 185,821	$ 3,748,382	$ 237,841
Mexico	77,104	2,004	65,832	1,672	68,453	7,097
Central America and the Caribbean Basin	3,905	265,625	10,419	260,564	13,550	232,625
Japan	96,543	485	94,037	240	98,251	311
Canada	144,154	5,159	124,197	5,084	139,971	4,817
Europe	66,543	464	59,679	520	93,560	489
Brazil	57,078	792	44,957	678	44,197	500
China	15,246	138,254	10,197	114,100	9,397	72,654
Other	46,844	42,436	34,206	34,147	33,009	31,855
	$ 4,326,713	$ 631,254	$ 3,891,275	$ 602,826	$ 4,248,770	$ 588,189

The net sales by geographic region is attributed by customer location.

(20) Quarterly Financial Data (Unaudited)

	First	Second	Third	Fourth	Total
2010					
Net sales	$ 927,840	$ 1,075,852	$ 1,173,362	$ 1,149,659	$ 4,326,713
Gross profit	327,430	374,806	363,875	348,658	1,414,769
Net income (loss)	36,513	85,412	61,312	28,056	211,293
Basic earnings (loss) per share	0.38	0.89	0.64	0.29	2.19
Diluted earnings (loss) per share	0.37	0.87	0.63	0.29	2.16
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	(19,328)	30,555	41,138	(1,082)	51,283
Basic earnings per share	(0.20)	0.32	0.43	(0.01)	0.54
Diluted earnings per share	(0.20)	0.32	0.43	(0.01)	0.54

The amounts above include the impact of restructuring as described in Note 22 to the consolidated financial statements.

(21) Consolidating Financial Information

In accordance with the indenture governing the Company's $500,000 Floating Rate Senior Notes issued on December 14, 2006, the indenture governing the Company's $500,000 8% Senior Notes issued on December 10, 2009 and the indenture governing the Company's $1,000,000 6.375% Senior Notes issued on November 9, 2010 (together, the "Indentures"), certain of the Company's subsidiaries have guaranteed the Company's obligations under the Floating Rate Senior Notes, the 8% Senior Notes and the 6.375% Senior Notes, respectively. The following presents the condensed consolidating financial information separately for:

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(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, the 8% Senior Notes and the 6.375% 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.

	Consolidating Statement of Income Year Ended January 1, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$ 4,018,341	$ 470,527	$ 3,025,488	$ (3,187,643)	$ 4,326,713
Cost of sales	3,268,900	187,657	2,672,497	(3,217,110)	2,911,944
Gross profit	749,441	282,870	352,991	29,467	1,414,769
Selling, general and administrative expenses	793,210	99,636	116,713	1,022	1,010,581
Operating profit (loss)	(43,769)	183,234	236,278	28,445	404,188
Equity in earnings (loss) of subsidiaries	396,080	155,925	—	(552,005)	—
Other expense	20,221	—	—	—	20,221
Interest expense, net	138,746	(90)	11,584	(4)	150,236
Income (loss) before income tax expense (benefit)	193,344	339,249	224,694	(523,556)	233,731
Income tax expense (benefit)	(17,949)	27,625	12,762	—	22,438
Net income (loss)	$ 211,293	$ 311,624	$ 211,932	$ (523,556)	$ 211,293

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(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 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

	Condensed Consolidating Balance Sheet January 1, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 17,535	$ 2,039	$ 24,097	$ —	$ 43,671
Trade accounts receivable less allowances	50,375	35,256	417,612	—	503,243
Inventories	954,073	100,435	355,908	(87,697)	1,322,719
Deferred tax assets and other current assets	255,880	13,480	8,894	(216)	278,038
Total current assets	1,277,863	151,210	806,511	(87,913)	2,147,671
Property, net	118,596	47,842	464,816	—	631,254
Trademarks and other identifiable intangibles, net	16,006	141,635	20,981	—	178,622
Goodwill	232,882	124,214	73,048	—	430,144
Investments in subsidiaries	1,542,231	886,349	—	(2,428,580)	—
Deferred tax assets and other noncurrent assets	115,500	350,862	146,859	(210,910)	402,311
Total assets	$ 3,303,078	$ 1,702,112	$ 1,512,215	$ (2,727,403)	$ 3,790,002
Liabilities and Stockholders' Equity					
Accounts payable	$ 243,169	$ 17,198	$ 152,002	$ —	$ 412,369
Accrued liabilities	150,831	55,502	69,979	(9)	276,303
Notes payable	—	—	50,678	—	50,678
Current portion of debt	—	—	90,000	—	90,000
Total current liabilities	394,000	72,700	362,659	(9)	829,350
Long-term debt	1,990,735	—	—	—	1,990,735
Other noncurrent liabilities	355,669	35,072	16,502	—	407,243
Total liabilities	2,740,404	107,772	379,161	(9)	3,227,328
Stockholders' equity	562,674	1,594,340	1,133,054	(2,727,394)	562,674
Total liabilities and stockholders' equity	$ 3,303,078	$ 1,702,112	$ 1,512,215	$ (2,727,403)	$ 3,790,002

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(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 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

	Condensed Consolidating Statement of Cash Flows Year Ended January 1, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 381,450	$ 162,475	$ 139,614	$ (550,485)	$ 133,054
Investing activities:					
Purchases of property, plant and equipment	(25,813)	(11,403)	(69,024)	—	(106,240)
Acquisition of business, net of cash acquired	—	(222,878)	—	—	(222,878)
Proceeds from sales of assets	44,269	—	1,373	—	45,642
Other	(519)	—	—	—	(519)
Net cash provided by (used in) investing activities	17,937	(234,281)	(67,651)	—	(283,995)
Financing activities:					
Borrowings on notes payable	—	—	1,394,782	—	1,394,782
Repayments on notes payable	—	—	(1,411,295)	—	(1,411,295)
Payments to amend and refinance credit facilities	(23,833)	—	—	—	(23,833)
Borrowings on revolving loan facility	2,228,500	—	—	—	2,228,500
Repayments on revolving loan facility	(2,280,000)	—	—	—	(2,280,000)
Repayment of debt under 2009 Senior Secured Credit Facility	(750,000)	—	—	—	(750,000)
Issuance of 6.375% Senior Notes	1,000,000	—	—	—	1,000,000
Borrowings on Accounts Receivable Securitization Facility	—	—	207,290	—	207,290
Repayments on Accounts Receivable Securitization Facility	—	—	(217,290)	—	(217,290)
Proceeds from stock options exercised	5,938	—	—	—	5,938
Other	1,639	—	(46)	—	1,593
Net transactions with related entities	(576,901)	72,199	(45,783)	550,485	—
Net cash provided by (used in) financing activities	(394,657)	72,199	(72,342)	550,485	155,685
Effect of changes in foreign exchange rates on cash	—	—	(16)	—	(16)
Increase (decrease) in cash and cash equivalents	4,730	393	(395)	—	4,728
Cash and cash equivalents at beginning of year	12,805	1,646	24,492	—	38,943
Cash and cash equivalents at end of year	$ 17,535	$ 2,039	$ 24,097	$ —	$ 43,671

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(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 Senior Secured Credit Facility	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 Senior Secured Credit Facility	(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 1, 2011, January 2, 2010 and January 3, 2009
(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 2006 Senior Secured Credit Facility	(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 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

(22) Restructuring

The Company has restructured its supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance production capability between the Western Hemisphere and Asia. With its global supply chain infrastructure in place, the Company is focused long-term on optimizing its supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements. The Company consolidated its distribution network by implementing new warehouse management systems and technology and adding new distribution centers and new third-party logistics providers to replace parts of its legacy distribution network, including relocating distribution capacity to its West Coast distribution facility in California in order to expand capacity for goods it sources from Asia.

The reported results for 2010, 2009 and 2008 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:

	Years Ended		
	January 1, 2011	January 2, 2010	January 3, 2009
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
Six months ended December 30, 2006 and prior restructuring actions	—	1,068	(2,971)
	$ —	$ 69,748	$ 92,807

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

	Years Ended		
	January 1, 2011	January 2, 2010	January 3, 2009
Cost of sales	$ —	$ 12,776	$ 42,558
Selling, general and administrative expenses	—	3,084	(14)
Restructuring	—	53,888	50,263
	$ —	$ 69,748	$ 92,807

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

Components of the restructuring actions are as follows:

	Years Ended		
	January 1, 2011	January 2, 2010	January 3, 2009
Accelerated depreciation	$ —	$ 11,725	$ 23,848
Inventory write-offs	—	4,135	18,696
Fixed asset impairments	—	7,503	8,993
Employee termination and other benefits	—	23,941	34,409
Noncancelable lease and other contractual obligations and other	—	22,444	6,861
	$ —	$ 69,748	$ 92,807

Rollforward of accrued restructuring is as follows:

	Years Ended		
	January 1, 2011	January 2, 2010	January 3, 2009
Beginning accrual	$ 22,399	$ 21,793	$ 23,350
Restructuring expenses	—	45,720	49,198
Cash payments	(16,357)	(42,282)	(41,185)
Adjustments to restructuring expenses	—	(2,832)	(9,570)
Ending accrual	$ 6,042	$ 22,399	$ 21,793

The accrual balance as of January 1, 2011 is comprised of $6,036 in current accrued liabilities and $6 in other noncurrent liabilities. The $6,036 in current accrued liabilities consists of $2,713 for employee termination and other benefits and $3,323 for noncancelable lease and other contractual obligations. The $6 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 1, 2011, the severance obligation remaining in accrued restructuring on the Consolidated Balance Sheet was $1,928. The noncancelable lease and other contractual obligations remaining in accrued restructuring on the Consolidated Balance Sheet as of January 1, 2011 was $192.

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, "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.

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 1, 2011, the severance obligation remaining in accrued restructuring on the Consolidated Balance Sheet was $785. The lease termination and other contractual obligations remaining in accrued restructuring on the Consolidated Balance Sheet as of January 1, 2011 was $3,089.

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 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

HANESBRANDS INC.

Notes to Consolidated Financial Statements — (Continued)
Years ended January 1, 2011, January 2, 2010 and January 3, 2009
(amounts in thousands, except per share data)

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.

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 1, 2011, there was no remaining severance obligation on the Consolidated Balance Sheet. The lease termination and other contractual obligations remaining in accrued restructuring on the Consolidated Balance Sheet as of January 1, 2011 was $48.

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.

Exhibit 10.8

HANESBRANDS INC.

RETIREMENT SAVINGS PLAN

(As Amended and Restated Effective as of January 1, 2010)

(conformed through Second Amendment))

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

HANESBRANDS INC.
RETIREMENT SAVINGS PLAN

(As Amended and Restated Effective as of January 1, 2010)

SECTION 1

1.01 Background; Purpose of Plan

Effective July 24, 2006, Hanesbrands Inc. (the "Company") established the Plan, to permit Eligible Employees of the Company and the other Employers to accumulate their retirement savings on a tax-favored basis. In connection with the spin-off of the Company from the Sara Lee Corporation, the Accounts of Transferred Participants were spun off from the Sara Lee Plan and transferred to this Plan. A portion of the Plan (that portion invested in the Hanesbrands Inc. Common Stock Fund) 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 percent 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, Roth Contributions, the Employers' Matching Contributions, and the Annual Company Contribution allocable to the Participant with respect to that Plan Year for all purposes of the Plan. Effective as of January 1, 2010, the Plan is amended and restated in its entirety as set forth below.

1.02 Effective Date; Plan Year

The effective date of the Plan as set forth herein is January 1, 2010. The "Plan Year" is the twelve month period beginning each January 1 and ending on the next following December 31.

1.03 Plan Administration

As described in Subsection 16.01, 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

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. 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 Section 414(s) of the Code) 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 Section 415 of the Code and applicable Treasury regulations issued thereunder, the provisions of which are incorporated by reference.

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 16.02 of the Plan.

2.11 Before-Tax Contribution

"Before-Tax Contribution" means the compensation deferrals under Section 401(k) of the Code a Participant elects to make pursuant to Subsection 4.01. Notwithstanding the foregoing, for purposes of implementing the required limitations of Sections 402(g) and 415 of the Code contained in Subsections 6.03 and 6.05, Before-Tax Contributions shall not include Catch-Up Contributions or deferrals made pursuant to Section 414(u) of the Code 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 Section 414(v) of the Code 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 16 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-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 determining and allocating contributions under Subsections 4.02, 5.02, 5.03 and 5.04 and applying the maximum percentage limitation specified in Subsection 4.01, the annual Compensation taken into account under the Plan for any Participant for a Plan Year shall not exceed $245,000 (as adjusted by the Secretary of the Treasury pursuant to Section 401(a)(17)(B) of the Code).

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 Section 414(s) of the Code) 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 Subsection 3.02.

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 as set forth herein means January 1, 2010 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 Section 402(g) of the Code and each designated Roth contribution as described in Section 402A of the Code.

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 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 Section 408(a) or (b) of the Code, a qualified retirement plan (either a defined contribution plan or a defined benefit plan) described in Section 401(a) or 403(a) of the Code, or an annuity contract described in Section 403(b) of the Code 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 Subsection 14.19.

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 Deferral

"Excess Deferral" means the amount by which a Participant's Before-Tax Contributions and Roth Contributions (determined without regard to the Participant's Catch-Up Contributions and Roth Catch-Up Contributions) exceed the limitations of Section 402(g)(4) of the Code, as provided in Subsection 6.03.

2.34 Fair Market Value

"Fair Market Value" means (a) with respect to 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 Section 54.4975-11(d)(5) of the Treasury Regulations 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.

2.35 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 6.03, 10.01 or any applicable Supplement.

2.36 Hanesbrands Stock

"Hanesbrands Stock" shall mean common stock issued by the Company that is readily tradable on an established securities market; provided, however, if the Company's common stock is not readily tradable on an established securities market, the term "Hanesbrands Stock" shall mean common stock issued by the Company having a combination of voting power and dividend rates equal to or in excess of: (a) that class of common stock of the Company having the greatest voting power and (b) that class of common stock of the Company having the greatest dividend rights. Non-callable preferred stock shall be treated as Hanesbrands Stock for purposes of the Plan if such stock is convertible at any time into stock that is readily tradable on an established securities market (or, if applicable, that meets the requirements of (a) or (b) above) and if such conversion is at a conversion price that, as of the date of the acquisition by the Plan, is reasonable. Hanesbrands Stock shall be held under the Trust only if such stock satisfies the requirements of Section 407(d)(5) of ERISA.

2.37 Highly Compensated Employee

"Highly Compensated Employee" means a highly compensated employee as defined in Section 414(q) of the Code 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 $110,000 (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 20 percent of the Employees for that year; or (b) was a five percent 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 55 years.

2.38 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 2.38 to an Employer shall include any Controlled Group Member.

2.39 Investment Committee

"Investment Committee" means the committee appointed by the Company to manage the assets of the Plan and Trust.

2.40 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.

2.41 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.

2.42 Limitation Year

"Limitation Year" means the Plan Year.

2.43 Matching Contributions

"Matching Contribution" means the amount of a Participant's Before-Tax Contributions and Roth Contributions for which a Matching Contribution is payable pursuant to Subsection 5.03. Notwithstanding the foregoing, for purposes of implementing the required limitations of Section 415 of the Code contained in Subsection 6.05, Matching Contributions shall not include employer contributions made pursuant to Section 414(u) of the Code by reason of an Eligible Employee's qualified military service.

2.44 Matching Contribution Account

"Matching Contribution Account" means an Account maintained pursuant to Subparagraph 8.01(b).

2.45 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.

2.46 Normal Retirement Age

"Normal Retirement Age" means the date upon which a Participant attains age 65 years.

2.47 One-Year Period of Severance

"One-Year Period of Severance" means each 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 12 consecutive month periods beginning on the first day of such absence and the first anniversary thereof shall not constitute a One-Year Period of Severance.

2.48 Participant

"Participant" means each Eligible Employee who satisfies the requirements of Subsection 3.01 or 12.01, as applicable.

2.49 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.

2.50 Plan

"Plan" means the Hanesbrands Inc. Retirement Savings Plan, as amended from time to time.

2.51 Plan Year

"Plan Year" means the 12 month period beginning each January 1 and ending on the next following December 31 as defined in Subsection 1.02.

2.52 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 July 24, 2006, or is acquired by an Employer or another Controlled Group Member on or after July 24, 2006, whether by merger, consolidation, purchase of assets or otherwise, and any predecessor thereto designated by the Plan or by the Committee.

2.53 Predecessor Company Account

"Predecessor Company Account" means an Account maintained pursuant to Subparagraph 8.01(f).

2.54 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.

2.55 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 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 owner (as defined in Section 416 of the Code) 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 70-$^1/_2$ shall be April 1 of the next following calendar year.

2.56 Rollover Contribution

"Rollover Contribution" means a Participant's contribution pursuant to Subsection 4.04.

2.57 Rollover Contribution Account

"Rollover Contribution Account" means the Account maintained pursuant to Subparagraph 8.01(e).

2.57A Roth Catch-Up Contribution

"Roth Catch-Up Contribution" means a Participant's contribution pursuant to Subsection 4.02.

2.57B Roth Contribution

"Roth Contribution" means a Participant's contribution pursuant to Subsection 4.01.

2.57C Roth Contribution Account

"Roth Contribution Account" means the Account maintained by the Committee pursuant to Subparagraph 8.01(g).

2.57D Roth Rollover Contribution

"Roth Rollover Contribution" means a Participant's contribution pursuant to Subsection 4.04.

2.57E Roth Rollover Contribution Account

"Roth Rollover Contribution Account" means the Account maintained by the Committee pursuant to Subparagraph 8.01(h).

2.58 Sara Lee Plan

"Sara Lee Plan" means the Sara Lee Corporation 401(k) Plan.

2.59 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.

2.60 Service

"Service" means the number of completed calendar years and months during a Participant's Periods of Service.

2.61 Spin-Off, Spin-Off Date

"Spin-Off" means Sara Lee Corporation's distribution of all its interests in Hanesbrands Inc. The actual date of the Spin-Off shall be known as the "Spin-Off Date."

2.62 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.

2.63 Transferred Participants

"Transferred Participant" means:

(a) any participant who had an account in the Sara Lee Plan and was employed by Hanesbrands Inc. or a Sara Lee Corporation division listed on Exhibit A on July 24, 2006;

(b) any participant who (i) had an account in the Sara Lee Plan on July 24, 2006, and (ii) after July 24, 2006 but before the Spin-Off Date was 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 July 24, 2006 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.

2.64 Trust Agreement

"Trust Agreement" means the Hanesbrands Inc. Retirement Savings Plan Trust, which implements and forms a part of the Plan.

2.65 Trust Fund

"Trust Fund" means all assets held or acquired by the Trustee in accordance with the Plan and the Trust.

2.66 Trustees

"Trustees" mean the person or persons appointed to act as Trustees under the Trust Agreement.

2.67 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 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 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 July 24, 2006 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 2.67 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 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, Roth Contributions, Roth 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 21, if later;

in each case, provided the Eligible Employee is then a member of a Covered Group.

(ii) Notwithstanding the foregoing, Eligible Employees hired before January 1, 2008 shall become Participants in accordance with the terms of the Plan in effect immediately prior to the Effective Date.

(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 amounts transferred or Rollover Contributions or Roth 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 Roth 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

Covered Groups under the Plan include 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. 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.

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 of compensation, immediate participation for all employees and full and immediate vesting, and (b) Leased Employees do not constitute more than 20 percent of the Employers' nonhighly compensated workforce.

SECTION 4

Employee Contributions

4.01 Before-Tax Contributions and Roth 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 not to exceed 50 percent) 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 (c) 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 Section 415 of the Code and Section 1.415(c)-2 of the Treasury Regulations.

(b) Roth Contribution Election. Subject to the conditions and limitations of the Plan and the Committee's rules and procedures, beginning July 1, 2010, each full-time and part-time, exempt and non-exempt salaried or hourly Participant may elect to make Roth Contributions under the Plan in lieu of all or a portion of the Before-Tax Contributions that the Participant is otherwise eligible to make under the Plan. Roth Contributions are treated by the Employer as includible in the Participant's gross income at the time the Participant would have received such amounts in cash if the Participant had not made or been deemed to have made an election to defer such amounts. Unless specifically provided otherwise, Roth Contributions shall be treated as Before-Tax Contributions for all purposes under the Plan.

(c) Automatic Deferral Election. Notwithstanding Subparagraphs (a) and (b) above, each individual who becomes an Eligible Employee on or after January 1, 2008 will be deemed to have automatically elected to have four percent of his or her Compensation contributed to the Plan as Before-Tax Contributions beginning as soon as administratively possible after the Eligible Employee becomes a Participant hereunder. In addition, each Participant as of January 1, 2008 who had not previously made an affirmative election under the Plan was automatically enrolled at the four percent contribution level effective January 1, 2008. Each Participant who is automatically enrolled under this Subparagraph shall have his or her deferral percentage increased automatically by one percent each Plan Year thereafter, up to six percent 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.

(d) Reduction of Compensation. Before-Tax Contributions and Roth 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 and Roth Catch-Up Contributions

A Participant who has attained age 50 years (or will attain age 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"). Beginning July 1, 2010, such Participant shall be eligible to make Roth Catch-Up Contributions under the Plan in lieu of all or a portion of the Catch-Up Contributions the Participant is otherwise eligible to make under the Plan. Roth Catch-Up Contributions are treated by the Employer as includible in the Participant's gross income at the time the Participant would have received such amounts in cash if the Participant had not contributed such amounts to the Plan. Unless otherwise provided, Roth Catch-Up Contributions shall be treated as Catch-Up Contributions for all purposes under the Plan. Catch-Up Contributions and Roth Catch-Up Contributions shall not be taken into account for purposes of implementing the required limitations of Sections 402(g) and 415 of the Code contained in Subsections 6.03 and 6.05, respectively.

4.03 Change in Election

As of the beginning of any payroll period (but not retroactively), a Participant may elect to change the rate of his or her Before-Tax Contributions and Roth Contributions and the amount of his or her Catch-Up Contributions and Roth Catch-Up Contributions (if applicable), or to discontinue such contributions entirely. If a Participant discontinues his or her contributions, he or she may subsequently elect under Subsection 4.01 or 4.02 (if applicable) to have contributions resumed as of any subsequent payroll period. 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 or Roth 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 Rollover Contribution or Roth Rollover Contribution shall be in cash only, shall comply with the provisions of the Code, and, except for a Roth Rollover Contribution, shall be exclusive of after-tax employee contributions; and further provided that the Committee shall accept a direct transfer or rollover from a designated Roth account only as permitted under Section 402(c) of the Code. If after a Rollover Contribution or Roth 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 or Roth Rollover Contribution received. Any amount 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 and Roth 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 and Roth Contributions under Subsection 4.01. Such Before-Tax Contributions and Roth Contributions shall be paid to the Trustee as soon as practicable after being withheld, but no later than the 15th business day of the next following month, and allocated to Participants' Current Year Before-Tax Contribution Subaccounts and Current Year Roth Contribution Subaccounts, respectively.

5.02 Annual Company Contribution

For each Plan Year, the Employers shall contribute to the Plan as follows:

(a) For each Participant who is an exempt or non-exempt salaried employee, an amount determined by the Company each year in its discretion, which amount shall not be in excess of four percent of such Participant's 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 each Participant who is an hourly, non-union employee or a New York-based sample department union Employee, an amount determined by the Company each year in its discretion, which amount shall not be in excess of two percent of such Participant's Compensation for that portion of the Plan Year during which he or she was an hourly employee and a Participant in the Plan.

Annual Company Contributions under this Subsection 5.02 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 55 with 10 Years of Service, or after age 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 100 percent of the sum of the Participant's Before-Tax Contributions (including Catch-Up Contributions) and Roth Contributions (including Roth Catch-Up Contributions) made since the last Employer Matching Contribution that do not exceed four percent 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) and Roth Contributions (including Roth 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 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 50 and completed 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 of such eligible Participant's Compensation for calendar year 2006 (including Compensation paid prior to July 24, 2006); 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 55 with 10 Years of Service, or after age 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 shall be made each calendar quarter (or on a more frequent basis as determined by the Employers). 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 Subsection 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 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 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 5.02 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.

5.09 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.

5.10 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, Roth Contributions, Roth 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.

5.11 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) 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

(b) 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 (a) or (b) 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 6

Contribution Limits

6.01 Limitation on Before-Tax Contributions

The Plan satisfies the nondiscrimination requirements of Section 401(k) of the Code in accordance with the safe harbor method based on Matching Contributions, as described in Section 401(k)(13)(D) of the Code.

6.02 Limitation on Matching Contributions

The Plan satisfies the nondiscrimination requirements of Section 401(m) of the Code in accordance with the safe harbor method based on Matching Contributions, as described in Section 401(m)(12) of the Code.

6.03 Dollar Limitation

No Participant shall make Before-Tax Contribution and Roth Contribution elections which will result in his or her Elective Deferrals for any calendar year exceeding $16,500 (or such greater amount as may be prescribed by the Secretary of Treasury to take into account cost-of-living increases pursuant to Section 402(g) of the Code), except to the extent permitted with respect to Catch-Up Contributions and Roth 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. The Committee shall direct the Trustee to distribute Before-Tax Contributions first and Roth Contributions second, to the extent necessary to meet the applicable limitations; provided however, that in the event Excess Deferrals involve amounts deferred under a plan maintained by an unrelated employer, the Participant shall be permitted to designate which type of contributions will be distributed first.

Distributions to be made in accordance with this Subsection 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. 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. Contribution adjustments under this Subsection shall comply with the requirements of Section 1.401(k)-2 of the Treasury Regulations, the provisions of which are hereby incorporated by reference.

6.04 Allocation of Earnings to Distributions of Excess Deferrals

The earnings allocable to distributions of Excess Deferrals under Subsection 6.03 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 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 $49,000 (as adjusted for cost-of-living increases under Section 415(d) of the Code) or 100 percent 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 Section 415(c)(3) of the Code and Section 1.415(c)-2(b) and (c) of the Treasury Regulations that is actually paid or made available during the Limitation Year, including any differential wage payment (as defined in Section 3401(h)(2) of the Code), subject to the following:

(a) Compensation shall include elective amounts that are not includible in the gross income of the Participant by reason of Sections 125, 132(f) and 402(g)(3) of the Code.

(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 Section 414(u)(1) of the Code) 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 Section 401(a)(17) of the Code in effect for the Limitation Year.

The Committee shall take any actions it deems advisable to avoid an Annual Addition in excess of 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 Section 415 of the Code 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 or, effective July 1, 2010, any Roth 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 the Participant’s Before-Tax Contributions and, effective July 1, 2010, any Roth Contributions, as provided in Subsection 5.01, related Matching Contributions and an Annual Company Contribution, if applicable, with respect to Compensation earned through the Participant’s Separation Date (other than bonuses paid subsequent to his or her Separation Date).

(b) He or she will not make any Before-Tax Contributions or Roth 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 or Roth 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 made to the Plan or a Predecessor Plan (other than Roth Contributions and Roth Rollover Contributions), and the income, losses, appreciation and depreciation attributable to such after-tax contributions.

(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.

(g) A "Roth Contribution Account," which will reflect his or her Roth Contributions made under the Plan, and the income, losses, appreciation and depreciation attributable thereto. This Account shall include a "Current Year Roth Contribution Subaccount," which will reflect only the Roth Contributions made by the Participant during the current Plan Year.

(h) A "Roth Rollover Contribution Account," which will reflect his or her Roth Rollover Contributions to the 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, Rollover, Roth, Roth Rollover, and Employer 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 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. 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, and Current Year Roth Contribution Subaccount shall be reflected in the Participant's Before-Tax Contribution Account, Matching Contribution Account, Annual Company Contribution Account, and Roth Contribution 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 Roth Contribution Subaccount shall be reduced to zero.

8.03 Crediting of Before-Tax Contributions and Roth Contributions

Subject to the provisions of SECTION 4, each Participant's Before-Tax Contributions and Roth Contributions will be credited to his or her Current Year Before-Tax Contribution Subaccount and Current Year Roth Contribution Subaccount, respectively, 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; provided that all Participants shall be offered at least three Investment Funds (consistent with applicable Treasury regulations). 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. 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 Section 404(c)(5) of ERISA and accompanying regulations.

Elections under this Subsection 9.03 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 9.03 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, the Committee shall notify Participants of each meeting of the shareholders of 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 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 Hanesbrands Stock (including fractional shares) credited to the Participant's Accounts in accordance with the directions of the Participant. The Trustee shall vote the 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 Hanesbrands Stock and shall request from each Participant instructions for the Trustee as to the tendering of Hanesbrands Stock credited to his or her Accounts. The Trustee shall tender or exchange such Hanesbrands Stock as to which it receives (within the time specified in the notification) instructions to tender or exchange. Any 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 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, Rollover, Roth, and Roth 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, After-Tax, Rollover, Roth, and Roth Rollover Contribution Accounts.

(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 for Former Participants in the Sara Lee Plan. Notwithstanding the foregoing, 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.

(v) Special Provisions for Former Participants in the NTX Plan. Notwithstanding the foregoing, Participants who were employed by NTX or the Employer on January 1, 2007 and whose accounts under the NTX Plan were merged into the Plan on such date shall be 100 percent vested in and have a nonforfeitable interest in all contributions made to the Plan prior to such date and on and after such date. Each other NTX Plan Participant who was not employed by NTX, the Employer or a Controlled Group Member on January 1, 2007 shall be vested in his or her Account balance to the same extent that he or she was vested at his or her Separation Date, subject to SECTION 12 of the Plan. Each individual who was actively employed by NTX on January 1, 2007 but was not then a NTX Plan Participant shall be 100 percent vested in and have a nonforfeitable interest in all contributions made to the Plan on his or her behalf on and after such date.

(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 60 days after the latest of: (i) the end of the Plan Year in which his or her Separation Date occurs, (ii) the 10th anniversary of the year in which the Participant began participation under the Plan, or (iii) the date the Participant reaches Normal Retirement Age. 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. Payment of a Participant's benefits under the Plan will not commence earlier than the termination of the Plan without the Employer or Related Company's establishment or maintenance of another defined contribution plan.

(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 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 Hanesbrands Stock in a Participant's Accounts (or shares of Sara Lee Corporation common stock previously held in the Participant's Accounts) shall be 100 percent 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 55 and 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 who is performing service in the uniformed services while on active duty for a period of more than 30 days 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. 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 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 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 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 Section 401(a)(9) of the Code.

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 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 Section 402(c)(11) of the Code and related regulations and guidance, if a direct trustee-to-trustee transfer is made to an individual retirement plan described in Section 402(c)(8)(B)(i) or (ii) of the Code, which individual retirement plan is established for the purposes of receiving a distribution on behalf of a non-spouse beneficiary (as defined by Section 401(a)(9)(E) of the Code), the transfer shall be treated as an Eligible Rollover Distribution for purposes of the Plan and Section 402(c) of the Code.

(c) Qualified Rollover Contributions to Roth IRAs. Solely to the extent permitted in Sections 408A(c)(3)(B), (d)(3) and (e) of the Code 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 Section 408A of the Code) in a qualified rollover contribution (as defined in Section 408A(e) of the Code), provided that the requirements of Section 402(c) of the Code 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.

(d) Direct Rollover of Roth Contributions, Roth Catch-Up Contributions and Roth Rollover Contributions. Notwithstanding any provision of the Plan to the contrary, a Direct Rollover of an Eligible Rollover Distribution from a Roth Contribution Account or a Roth Rollover Contribution Account under the Plan will only be made to another designated Roth account or Roth IRA, and only to the extent the rollover is permitted under the rules of Section 402(c) of the Code. Any amount distributed from a Participant's Roth Contribution Account and Roth Rollover Contribution Account shall be treated as a separate distribution from any amount distributed from the Participant's other Accounts under the Plan, even if the amounts are distributed at the same time.

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 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 Periods of Severance, 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 Hanesbrands Stock, 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 100 percent 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.

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 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 (including the incidental death benefit requirement in Section 401(a)(9)(G) of the Code), the provisions of which are hereby incorporated by reference, 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 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 (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) <u>Required Minimum Distributions During Participant’s Lifetime</u>. 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. In the case of a Participant who dies after the date distributions have begun, the remaining portion of his vested Accounts shall be distributed to the Participant's Beneficiary at least as rapidly as would have been distributed under the method of distribution in effect on the day of the Participant's death. 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 Section 401(a)(9) of the Code.

(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 Section 1.401(a)(9)-9 of the Treasury Regulations.

(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

Loans and Withdrawals

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 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 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 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 months nor more than five 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 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 loans outstanding at a time; provided that a Participant may not have two 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, any earnings credited to his or her Before-Tax Contribution Account on or after January 1, 1989, and any earnings credited to his or her Roth Contribution Account), 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. Notwithstanding the foregoing, the amount required to meet the immediate financial need may include amounts necessary to pay

Federal, state or local income taxes or penalties that are reasonably anticipated to result from the hardship withdrawal.

(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 12 months of post-secondary education for the Participant or his or her spouse, children or dependents (determined under Section 152 of the Code 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 Section 213 of the Code, and that are incurred by the Participant, the Participant's spouse or any dependent (as defined in Section 152 of the Code 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 Section 152(e) of the Code; 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 Section 152 of the Code 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 Section 165 of the Code (determined without regard to whether the loss exceeds 10 percent 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 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 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 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 or Roth Contribution Account, the following rules shall apply:

(i) If the Participant is reemployed by a Controlled Group Member before he or she incurs five consecutive One Year Periods of Severance, the Participant may repay to the Trustee, within five 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. In any event, the Participant's pre-break Service shall be restored.

(ii) If a Participant is reemployed by a Controlled Group Member on or after he or she incurs five consecutive One Year Periods of Severance, 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 or Roth Contribution Account, the following rules shall apply:

(i) If the Participant is reemployed by a Controlled Group Member before he or she incurs five consecutive One Year Periods of Severance, 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. In addition, the Participant's pre-break Service shall be restored.

(ii) If the Participant is reemployed by a Controlled Group Member before he or she incurs five consecutive One Year Periods of Severance, pre-break Forfeitures shall not be restored to his or her Accounts. In addition, if the Participant's number of consecutive One Year Periods of Severance exceeds the greater of five 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 July 24, 2006 (or as of a subsequent transfer of employment described in Subparagraph 2.63(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

Top-Heavy Rules

13.01 Purpose and Effect

The purpose of this SECTION 13 is to comply with the requirements of Section 416 of the Code. 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 Section 416(g) of the Code.

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 60 percent 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 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 severance from employment, death or Total Disability, the one year period shall be replaced with a five 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 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 $160,000 (as adjusted under Section 416(i)(l) of the Code);

(b) A five percent owner of an Employer; or

(c) A one percent owner of an Employer receiving annual Compensation from any of the Employers and the Controlled Group Members of more than $150,000.

A “Non-Key Employee” is an Employee who is not a Key Employee, including an Employee who was formerly a Key Employee.

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 a Non-Key Employee shall not be less than three percent 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 a Non-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). The minimum Employer contribution shall be made even though, under other Plan provisions, the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the Plan Year because of (i) the Participant’s failure to complete 1,000 Hours of Service, or (ii) the Participant’s Compensation being less than a stated amount. The foregoing provisions shall not apply to any Participant who was not employed by an Employer on the last day of the Plan Year.

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 at any time during the Plan Year containing the Determination Date or any of the four preceding Plan Years (regardless of whether the Plan has been terminated), or that is maintained by the Employers in order for a Plan covering a Key Employee to qualify under Sections 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. For any Plan Year in which the Plan is a Top-Heavy Plan, a Participant who (a) is not a Key Employee, and (b) is a Participant in a defined benefit plan maintained by the Employers shall have the minimum retirement benefit provided under that defined benefit plan with an offset for benefits provided by this Plan.

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 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 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 15.02(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 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.

14.19 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 15

Amendment or Termination

15.01 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.

15.02 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.

15.03 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.

15.04 Notice of Amendment or Termination

Participants will be notified of an amendment or termination within a reasonable time.

15.05 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 16

Relating to the Plan Administrator and Committees

16.01 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 Hanesbrands Stock 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.

16.02 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 four 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.”

16.03 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.

16.04 Manner of Action

During any period in which two 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.

16.05 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.

16.06 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.

16.07 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.

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 July 24, 2006:

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

Exhibit 10.42

EXECUTION COPY

AMENDMENT NO. 6
TO
RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 6 TO RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of December 17, 2010, 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 3 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 "Facility Termination Date" in its entirety and replace it with the following:

"Facility Termination Date" means the earliest to occur of (i) February 1, 2011 and (ii) the Amortization Date.

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. Conditions 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, 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, as Seller

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

Signature Page
to
Amendment No. 6 to RPA

BRYANT PARK FUNDING LLC, as a Conduit Purchaser

By: /s/ Kevin Burns
Name: Kevin Burns
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 PLC, as a Committed Purchaser

By: /s/ David Harris
Name: David Harris
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

Signature Page
to
Amendment No. 6 to RPA

Exhibit 10.43

EXECUTION COPY

AMENDMENT NO. 7
TO
RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 7 TO RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of January 31, 2011, 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. Amendments. Subject to the satisfaction of the conditions precedent set forth in Section 3 hereof, the Purchase Agreement is hereby amended in accordance with Annex I hereto: (a) by deleting each term thereof which is lined out and (b) by inserting each term thereof which is double underlined, in each case in the place where such term appears therein. Upon giving effect to this Amendment, the document attached as Annex I hereto shall constitute a conformed copy of the Purchase Agreement.

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).

* PORTIONS OF THIS DOCUMENT HAVE BEEN OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST

(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. Conditions 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, 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, as Seller

By: /s/ James M. Schockett
Name: James M. Schockett
Title: Vice President and Treasurer

HANESBRANDS INC., as Servicer

By: /s/ Richard D. Moss
Name: Richard D. Moss
Title: Chief Treasury and Tax Officer and Treasurer

Signature Page
to
Amendment No. 7 to RPA

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/ Laurie Lawler
Name: Laurie Lawler
Title: Vice President

HSBC BANK PLC, as a Committed Purchaser

By: /s/ David Harris
Name: David Harris
Title: Associate Director

Signature Page
to
Amendment No. 7 to RPA

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

Signature Page
to
Amendment No. 7 to RPA

ANNEX I

[See Attached]

ANNEX I
CONFORMED COPY

RECEIVABLES PURCHASE AGREEMENT

dated as of November 27, 2007

AS MODIFIED BY

AMENDMENT NO. 1
Dated as of March 16, 2009,

AMENDMENT NO. 2
Dated as of April 13, 2009

AMENDMENT NO. 3
Dated as of August 14, 2009

AMENDMENT NO. 4
Dated as of December 10, 2009

AMENDMENT NO. 5
Dated as of December 21, 2009

~~and~~

AMENDMENT NO. 6
Dated as of December 17, 2010

and

AMENDMENT NO. 7
Dated as of January 31, 2011

Among

HBI RECEIVABLES LLC, as Seller,

HANESBRANDS INC., as Servicer,

THE COMMITTED PURCHASERS PARTY HERETO FROM TIME TO TIME,

THE CONDUIT PURCHASER PURCHASERS PARTY HERETO FROM TIME TO TIME,

THE MANAGING AGENTS PARTY HERETO FROM TIME TO TIME,

and

~~**Conformed Copy**~~

HSBC SECURITIES (USA) INC.[1]
as Agent

---

1 Amendment No. 2 provided for each and every reference to "JPMorgan" and "JPMorgan Chase Bank, N.A.", insofar as such references are made to the Person serving as the "Agent", to replace such references with "HSBC" and "HSBC Securities (USA) Inc.", respectively, throughout the Purchase Agreement.

TABLE OF CONTENTS

Exhibits and Schedules

Exhibit I	Definitions
Exhibit II	Form of Purchase Notice
Exhibit III	Places of Business of the Seller Parties; Locations of Records; Federal Employer Identification Number(s)
Exhibit IV	Form of Reduction Notice
Exhibit V	Form of Compliance Certificate
Exhibit VI	Form of Collection Account Agreement
Exhibit VII	Form of Assignment Agreement
Exhibit VIII	Credit and Collection Policy
Exhibit IX	Form of Contract(s)
Exhibit X	Form of Weekly Report
Exhibit XI	Form of Settlement Report
Exhibit XII	~~Financial Covenant Definitions~~[Reserved]
Exhibit XIII	Form of Daily Report
Schedule A	Commitments
Schedule B	Closing Documents
Schedule C	Special Concentration Limits
Schedule D	Calendar Months

HBI RECEIVABLES LLC
RECEIVABLES PURCHASE AGREEMENT

This Receivables Purchase Agreement dated as of November 27, 2007 (this "Agreement") is among HBI Receivables LLC, a Delaware limited liability company ("Seller"), Hanesbrands Inc., a Maryland corporation ("HBI"), as initial Servicer (the Servicer together with Seller, the "Seller Parties" and each a "Seller Party"), the entities listed on Schedule A to this Agreement as Committed Purchasers (together with their respective successors and assigns hereunder, the "Committed Purchasers"), the entities listed on Schedule A to this Agreement as Conduit Purchasers (together with their respective successors and assigns hereunder, the "Conduit Purchasers"), the entities listed on Schedule A to this Agreement as Managing Agents (together with their respective successors and assigns hereunder, the "Managing Agents"), and HSBC Securities (USA) Inc., ("HSBC"), as agent for the Purchasers hereunder or any successor agent hereunder (together with its successors and assigns hereunder, the "Agent"). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

PRELIMINARY STATEMENTS

Seller desires to transfer and assign Purchaser Interests to the Purchasers from time to time.

The Conduit Purchasers may, in their absolute and sole discretion, purchase Purchaser Interests from Seller from time to time.

In the event that a Conduit Purchaser declines to make any purchase, the Committed Purchasers in its Purchase Group shall, at the request of Seller, purchase Purchaser Interests from time to time.

HSBC Securities (USA) Inc. has been requested and is willing to act as Agent on behalf of the Purchasers in accordance with the terms hereof.

ARTICLE I
PURCHASE ARRANGEMENTS

Section 1.1 Purchase Facility.

(a) Upon the terms and subject to the conditions hereof, Seller may, at its option, sell and assign Purchaser Interests to the Agent for the benefit of the Purchasers during the period from the date hereof to but not including the Facility Termination Date; provided that the aggregate Capital outstanding at any time hereunder shall not exceed (i) in respect of all Purchasers, an amount equal to the Purchase Limit at such time and (ii) in respect of any Purchase Group, the applicable Group Purchase Limit at such time. In accordance with the terms and conditions set forth herein, each Conduit Purchaser may, at its option, instruct its Managing Agent to cause the Agent to purchase on its behalf, or if any Conduit Purchaser shall decline to purchase, its Managing Agent shall cause the Agent to purchase, on behalf of the Committed Purchasers in its Purchase Group, the applicable Purchase Group Share of such Purchaser Interests.

(b) Seller may, upon at least 10 Business Days' notice to each Managing Agent and the Agent, terminate in whole or reduce in part, the unused portion of the Purchase Limit. Upon any reduction in the Purchase Limit, the Group Purchase Limits shall be permanently reduced by a corresponding amount (ratably among the Purchase Groups in accordance with the Purchase Group Shares) and the Commitments of each Committed Purchaser in each Purchase Group shall be ratably reduced in accordance with their respective Pro Rata Share. Each partial reduction of the Purchase Limit shall be in an amount equal to $1,000,000 or an integral multiple thereof.

(c) On the date of each Incremental Purchase made under Section 1.2 and on the date of each Reinvestment made under Section 2.2, Seller hereby sells and assigns to the Agent (for the benefit of the Purchasers ratably among the Purchase Groups, in accordance with each Purchase Group Share), and the Agent hereby purchases, for the benefit of such Purchasers, a Purchaser Interest in the Receivables, Related Security and Collections then existing and thereafter arising or existing, subject only to the payment by such Purchasers of the applicable Purchase Price therefor in accordance with the terms of this Agreement.

Section 1.2 Increases.

Seller shall provide the Agent and each Managing Agent with at least two (2) Business Days' prior notice in a form set forth as Exhibit II hereto of each Incremental Purchase (a "Purchase Notice"). Each Purchase Notice shall be subject to Section 6.2 hereof and, except as set forth below, shall be irrevocable and shall specify the requested Purchase Price (which shall not be less than $1,000,000) and date of purchase and, in the case of an Incremental Purchase to be funded by the Committed Purchasers, the requested Discount Rate and Tranche Period. Following receipt of a Purchase Notice, each Managing Agent will determine whether the Conduit Purchasers in its Purchase Group agree to make the purchase of the applicable Purchase Group Share of such Incremental Purchase. In the event that a Purchase Group has more than one Conduit Purchaser, the related Managing Agent shall allocate the Incremental Purchases among such Conduit Purchasers in its sole discretion. If the Conduit Purchasers in any Purchase Group decline to make a proposed purchase, the Managing Agent for the related Purchase Group shall notify Seller and Seller may cancel the Purchase Notice. In the absence of such a cancellation, the applicable Purchase Group Share of the requested Incremental Purchase will be made by the Committed Purchasers in such Purchase Group ratably based on their Pro Rata Shares. The Committed Purchasers in a Purchase Group will not fund any portion of an Incremental Purchase unless the Conduit Purchasers in its Purchase Group have declined to fund such portion. On the date of each Incremental Purchase, upon satisfaction of the applicable conditions precedent set forth in Article VI, the applicable Purchasers in each Purchase Group shall initiate a wire transfer of immediately available funds to the account specified by Seller, no later than 12:00 noon (Chicago time), an amount equal to the applicable Purchase Group Share of the applicable Purchase Price for such Incremental Purchase. There may not be more than ten (10) Incremental Purchases during any calendar month.

Section 1.3 Decreases. Seller shall provide the Agent and each Managing Agent with prior written notice in a form set forth as Exhibit IV hereto in conformity with the Required Notice Period (a "Reduction Notice") of any proposed reduction of Aggregate Capital from Collections. Such Reduction Notice shall designate (i) the date (the "Proposed Reduction Date") upon which any such reduction of Aggregate Capital shall occur (which date shall give effect to the applicable Required Notice Period), and (ii) the amount of Aggregate Capital to be reduced (the "Aggregate Reduction") which shall be distributed ratably to each Purchase Group based on the Purchase Group Share of the Aggregate Capital of each Purchase Group and which shall be applied by each Managing Agent ratably to the Purchaser Interests of the Purchasers in such Managing Agent's Purchase Group ratably in accordance with the amount of Capital (if any) owing to such Purchasers. Only one (1) Reduction Notice shall be outstanding at any time.

Section 1.4 Payment Requirements. All amounts to be paid or deposited by any Seller Party pursuant to any provision of this Agreement shall be paid or deposited in accordance with the terms hereof no later than 11:00 a.m. (Chicago time) on the day when due in immediately available funds, and if not received before 11:00 a.m. (Chicago time) shall be deemed to be received on the next succeeding Business Day. If such amounts are payable to a Purchaser they shall be paid to the applicable Managing Agent, for the account of such Purchaser, at the account specified by such Managing Agent. All computations of Yield, per annum fees hereunder and per annum fees under the Fee Letter shall be made on the basis of a year of 360 days for the actual number of days elapsed. If any amount hereunder shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day.

ARTICLE II
PAYMENTS AND COLLECTIONS

Section 2.1 Payments. Notwithstanding any limitation on recourse contained in this Agreement, Seller shall immediately pay when due to the Agent or each Managing Agent, as applicable, for the account of the relevant Purchasers, Funding Sources or Indemnified Parties on a full recourse basis, as applicable, (i) such fees as set forth in the Fee Letter and in the Agent Fee Letter[2], (ii) all amounts payable as Yield, (iii) all amounts payable as Deemed Collections (which shall be immediately due and payable by Seller and applied to reduce outstanding Aggregate Capital hereunder in accordance with Sections 2.2 and 2.3), (iv) all amounts required pursuant to Section 2.6, (v) all amounts payable pursuant to Article X, if any, (vi) all Servicer costs and expenses, including the Servicing Fee, in connection with servicing, administering and collecting the Receivables and (vii) all Broken Funding Costs (collectively, the "Obligations"). If any Person fails to pay any of the Obligations when due, such Person agrees to pay, on demand, interest thereon accruing at the Default Rate until paid in full. Notwithstanding the foregoing, no provision of this Agreement, the Fee Letter or the Agent Fee Letter shall require the payment or permit the collection of any amounts hereunder in excess of the maximum permitted by applicable law.[3] If at any time Seller receives any Collections or is deemed to receive any Collections, Seller shall immediately pay such Collections or Deemed Collections to the Servicer for application in accordance with the terms and conditions hereof and, at all times prior to such payment, such Collections or Deemed Collections shall be held in trust by Seller for the exclusive benefit of the Purchasers and the Agent.

---

2 Clause (i) of Section 2.1 was deleted and replaced in its entirety by Amendment No. 1.

3 This sentence was deleted and replaced in its entirety by Amendment No. 1.

Section 2.2 Collections Prior to Amortization. (a) Prior to the Amortization Date, any Collections and/or Deemed Collections received by the Servicer shall be set aside and held in trust by the Servicer for the payment of any accrued and unpaid Aggregate Unpaids, any Aggregate Reductions or for a Reinvestment as provided in this Section 2.2. If at any time any Collections and/or Deemed Collections are received by the Servicer prior to the Amortization Date and such Collections and/or Deemed Collections are not so set aside or held in trust for the payment of Aggregate Unpaids or Aggregate Reductions, Seller hereby requests and the Purchasers hereby agree to make, simultaneously with such receipt, but subject to the conditions precedent set forth herein, a reinvestment (each a "Reinvestment") with that portion of the balance of each and every Collection and Deemed Collection received by the Servicer that is part of any Purchaser Interest, such that after giving effect to such Reinvestment, the amount of Capital of such Purchaser Interest immediately after such receipt and corresponding Reinvestment shall be equal to the amount of Capital immediately prior to such receipt.

Section 2.3 Collections Following Amortization. On the Amortization Date and on each day thereafter, the Servicer shall set aside and hold in trust, for the holder of each Purchaser Interest, all Collections received on such day and an additional amount for the payment of any accrued and unpaid Obligations owed by Seller and not previously paid by Seller in accordance with Section 2.1.

Section 2.4 Application of Collections. (i) Prior to the Amortization Date, on each Settlement Date, and (ii) on and after the Amortization Date, on each Settlement Date and on such additional dates as the Agent may request (which may be each Business Day), the Servicer shall distribute the funds set aside or held in trust pursuant to Section 2.2 or 2.3 (as applicable), in the following priority:

(i) first, to the payment of the Servicer's reasonable out-of-pocket costs and expenses in connection with servicing, administering and collecting the Receivables, including the Servicing Fee, if an Originator or one of its Affiliates is not then acting as the Servicer,

(ii) second, to the Agent, for its own account, all accrued and unpaid fees under the Agent Fee Letter, and to each Managing Agent, for its own account or for the benefit of the Purchasers in its Purchase Group, all accrued and unpaid fees under the Fee Letter and all Yield, ratably in accordance with such amounts owed to such parties;[4]

(iii) third, (to the extent applicable) to the Agent, to be distributed to each Managing Agent, for the benefit of the Purchasers in its Purchase Group to be applied to the reduction of the Aggregate Capital, ratably in accordance with each Purchase Group Share,

(iv) fourth, to the reimbursement of the Agent's and the Managing Agents' costs of collection and enforcement of the Facility documents ratably in accordance with the costs owed to such parties,

---

4 Clause (ii) of Section 2.4 was deleted and replaced in its entirety by Amendments No. 1 and No. 2.

(v) fifth, for the ratable payment of all other unpaid Obligations, provided that to the extent such Obligations relate to the payment of Servicer costs and expenses, including the Servicing Fee, when an Originator or one of its Affiliates is acting as the Servicer, such costs and expenses will not be paid until after the payment in full of all other Obligations, and

(vi) sixth, after the Aggregate Unpaids have been indefeasibly reduced to zero, to Seller.

Collections applied to the payment of Aggregate Unpaids shall be distributed in accordance with the aforementioned provisions, and, giving effect to each of the priorities set forth in this Section 2.4 above, shall be shared ratably (within each priority) among the parties described in such priority of application in accordance with the amount of such Aggregate Unpaids owing to each of them in respect of each such priority unless otherwise specified. Each Managing Agent shall distribute the amounts received pursuant to clauses (iii) and (iv) above to the Purchasers in its Purchase Group ratably according to the applicable amounts owed to such Purchasers. On and after the Amortization Date, in the event that applications of Collections are made on a date other than a Settlement Date, if any Managing Agent so directs the Agent, the Agent shall set aside from Collections for distribution to such Managing Agent on the next Settlement Date, the accrued and unpaid fees under the Fee Letter and accrued and unpaid Yield which are (or will be) due and payable to the Managing Agents and Purchasers in the related Purchase Group on the next Settlement Date.

Section 2.5 Payment Rescission. No payment of any of the Aggregate Unpaids shall be considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason to the extent such payment is returned or refunded by any of the Agent, any Managing Agent, any Purchaser or any Indemnified Party. Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to the Agent (for the ratable application to the Person or Persons who suffered such rescission, return or refund) the full amount thereof, plus interest thereon at the Default Rate from the date of any such rescission, return or refunding.

Section 2.6 Maximum Purchaser Interests. Prior to the Amortization Date, the Seller shall ensure that the aggregate Purchaser Interests of the Purchasers shall at no time exceed in the aggregate 100%. If prior to the Amortization Date, the aggregate of the Purchaser Interests of the Purchasers exceeds 100%, Seller shall pay within one (1) Business Day an amount to the Managing Agents which shall be allocated to each Managing Agent based on each Purchase Group Share to be applied to reduce the Aggregate Capital (as allocated by each Managing Agent to each of the Purchasers in its related Purchaser Group ratably based upon each such Purchaser's Capital) such that after giving effect to such payment (and the application thereof to reduce the Aggregate Capital) the aggregate of the Purchaser Interests equals or is less than 100%.

ARTICLE III
CONDUIT PURCHASER FUNDING

Section 3.1 Yield. The Capital associated with each Purchaser Interest funded by a Conduit Purchaser shall accrue Yield at the CP Rate applicable to such Conduit Purchaser for each day that any Capital in respect of such Purchaser Interest is outstanding ; provided, that the Capital associated with any Purchaser Interest, portion thereof or undivided interest therein which is being funded by the Committed Purchasers in such Conduit Purchaser's Purchase Group pursuant to a Liquidity Agreement shall accrue Yield pursuant to Article IV.

Section 3.2 Yield Payments. On each Settlement Date Seller shall pay to each Managing Agent for the benefit of each Conduit Purchaser in its Purchase Group an aggregate amount equal to all accrued and unpaid Yield in respect of the Capital associated with all Purchaser Interests of each Conduit Purchaser for the immediately preceding Accrual Period in accordance with Article II.

Section 3.3 Calculation of Yield. On or before the second Business Day immediately preceding each Settlement Date, each Managing Agent shall calculate the aggregate amount of Yield due and payable to each Conduit Purchaser in its Purchase Group for the immediately preceding Accrual Period and shall notify Seller of such aggregate amount.

ARTICLE IV
COMMITTED PURCHASER FUNDING

Section 4.1 Committed Purchaser Funding. The Capital associated with each Purchaser Interest funded by the Committed Purchasers shall accrue Yield for each day during its Tranche Period at either the LIBO Rate or the Prime Rate in accordance with the terms and conditions hereof. If any Committed Purchaser acquires by assignment from the Conduit Purchaser in its Purchase Group all or any portion of a Purchaser Interest (or an undivided interest therein) pursuant to such Conduit Purchaser's Liquidity Agreement, then (i) until Seller gives notice to the applicable Managing Agent of another Discount Rate in accordance with Section 4.4, the initial Discount Rate for any such Purchaser Interest (or portion thereof or interest therein) so transferred to the Committed Purchasers shall be the Prime Rate and (ii) until a new Tranche Period is selected in accordance with Section 4.3, each such Purchaser Interest shall be deemed to have a new Tranche Period commencing on the date of such transfer.

Section 4.2 Yield Payments. On each Settlement Date, Seller shall pay to each Managing Agent (for the benefit of the Committed Purchasers in its Purchase Group) an aggregate amount equal to the accrued and unpaid Yield for each Tranche Period in accordance with Article II.

Section 4.3 Selection and Continuation of Tranche Periods.

(a) With consultation from (and approval by) the related Managing Agent, Seller shall from time to time request Tranche Periods for the Purchaser Interests funded by the Committed Purchasers in each Purchase Group, provided that, each Tranche Period shall end on a Settlement Date.

(b) Seller, upon notice to and consent by the applicable Managing Agent received at least three (3) Business Days prior to the end of a Tranche Period (the

"Terminating Tranche") for any Purchaser Interest, may, effective on the last day of the Terminating Tranche: (i) divide any such Purchaser Interest funded by the Committed Purchasers in the same Purchase Group into multiple Purchaser Interests, (ii) combine any such Purchaser Interest with one or more other Purchaser Interests of a Committed Purchaser in the same Purchase Group that have a Terminating Tranche ending on the same day as such Terminating Tranche or (iii) combine any such Purchaser Interest with a new Purchaser Interest to be purchased by such Committed Purchaser on the day such Terminating Tranche ends, provided, that in no event may a Purchaser Interest of any Conduit Purchaser be combined with a Purchaser Interest of the Committed Purchasers in its Purchase Group.

Section 4.4 Committed Purchaser Discount Rates. Seller may select the LIBO Rate or the Prime Rate for each Purchaser Interest funded by the Committed Purchasers. Seller shall by 11:00 a.m. (Chicago time): (i) at least three (3) Business Days prior to the expiration of any Terminating Tranche with respect to which the LIBO Rate is being requested as a new Discount Rate and (ii) no later than the Business Day of expiration of any Terminating Tranche with respect to which the Prime Rate is being requested as a new Discount Rate, give each Managing Agent irrevocable notice of the new Discount Rate requested for the Purchaser Interest associated with such Terminating Tranche. Until Seller gives notice to the Agent of another Discount Rate, the initial Discount Rate for any Purchaser Interest transferred to the Committed Purchasers pursuant to a Liquidity Agreement shall be the Prime Rate.

Section 4.5 Suspension of the LIBO Rate.

(a) If any Committed Purchaser notifies its related Managing Agent that it has determined that funding its Pro Rata Share of the Purchaser Interests of the Committed Purchasers at a LIBO Rate would violate any applicable law, rule, regulation, or directive of any governmental or regulatory authority, whether or not having the force of law, or that (i) deposits of a type and maturity appropriate to match fund its Purchaser Interests at such LIBO Rate are not available or (ii) such LIBO Rate does not accurately reflect the cost of acquiring or maintaining a Purchaser Interest at such LIBO Rate, then such Managing Agent shall suspend the availability of such LIBO Rate and require Seller to select the Prime Rate for any Purchaser Interest accruing Yield at such LIBO Rate.

(b) If less than all of the Committed Purchasers in any Purchase Group give a notice to the related Managing Agent pursuant to Section 4.5(a), each Committed Purchaser which gave such a notice shall be obliged, at the request of Seller or such Financing Institution's Managing Agent, to assign all of its rights and obligations hereunder to (i) another Committed Purchaser in its Purchase Group or (ii) another funding entity nominated by Seller or the related Managing Agent that is acceptable to the Agent, the applicable Managing Agent and the related Conduit Purchasers and willing to participate in this Agreement until the date described in clause (i) of the definition of Facility Termination Date in the place of such notifying Committed Purchaser; provided that (i) the notifying Committed Purchaser receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such notifying Committed Purchaser's share of the Capital and Yield and all accrued but unpaid fees and other costs and expenses payable in respect of its share of the Purchaser Interests, and (ii) the replacement Committed Purchaser otherwise satisfies the requirements of Section 12.1(b).

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of The Seller Parties. Each Seller Party hereby represents and warrants to the Agent, the Managing Agents and the Purchasers, as to itself, as of the date hereof and as of the date of each Incremental Purchase and the date of each Reinvestment that:

(a) Corporate Existence and Power. Such Seller Party is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of its state of incorporation or formation, as applicable, identified in the Preamble to this Agreement. Such Seller Party is duly qualified to do business and is in good standing as a foreign entity, and has and holds all corporate or limited liability company power and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted, except in each case, where a failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and, in the case of Seller, Seller's use of the proceeds of purchases made hereunder, are within its corporate powers and authority and have been duly authorized by all necessary corporate or limited liability company action on its part. This Agreement and each other Transaction Document to which such Seller Party is a party has been duly executed and delivered by such Seller Party.

(c) No Conflict. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or formation, as applicable or by-laws or operating agreement, as applicable, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of such Seller Party or its Subsidiaries (except as created hereunder), except in the case of clauses (ii), (iii) or (iv), where such contravention or violation could not reasonably be expected to have a Material Adverse Effect; and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder except where the failure to obtain such authorization or approval or take such action or make such notice or filing could not reasonably be expected to have a Material Adverse Effect.

(e) Actions, Suits. There are no actions, suits or proceedings pending, or to the best of such Seller Party's knowledge, threatened, against or affecting such Seller Party, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect. Seller is not in default with respect to any order of any court, arbitrator or governmental body. Servicer is not in default with respect to any order of any court, arbitrator or governmental body other than such default which could not reasonably be expected to have a Material Adverse Effect.

(f) Binding Effect. This Agreement and each other Transaction Document to which such Seller Party is a party constitute the legal, valid and binding obligations of such Seller Party enforceable against such Seller Party in accordance with their respective 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).

(g) Accuracy of Information. All written information heretofore furnished by such Seller Party or any of its Affiliates to the Agent, the Managing Agents or the Purchasers for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Seller Party or any of its Affiliates to the Agent, the Managing Agents or the Purchasers, taken as a whole, does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not materially misleading as of the date such information was furnished.

(h) Use of Proceeds. No proceeds of any purchase hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to each purchase hereunder, Seller shall be the legal and beneficial owner of the Receivables and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's ownership interest in each Receivable, its Collections and the Related Security.

(j) Perfection. Seller is an organization organized solely under the laws of the state identified in the Preamble to this Agreement. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each purchase hereunder, transfer to the Agent for the benefit of the relevant Purchaser or Purchasers (and the Agent for the benefit of such Purchaser or Purchasers shall acquire from Seller) a valid and perfected first priority undivided percentage ownership or security interest in each Receivable existing or hereafter arising and in the Related Security and Collections with respect thereto, free and clear of any Adverse Claim, except as created by the Transactions Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (on behalf of the Purchasers) ownership or security interest in the Receivables, the Related Security and the Collections.

(k) Places of Business and Locations of Records. The principal places of business and chief executive office of such Seller Party and the principal offices where it keeps the Records necessary to identify, collect and enforce the Receivables are located at the address(es) listed on Exhibit III or such other locations of which the Managing Agents have been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 13.4(a) has been taken and completed. Seller's Federal Employer Identification Number is correctly set forth on Exhibit III.

(l) Collections. The conditions and requirements set forth in Sections 7.1(j) and 8.2 have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts of Seller at each Collection Bank and the post office box number of each Lock-Box, are listed on Schedule II to the Fee Letter. Seller has not granted any Person, other than the Agent as contemplated by this Agreement, dominion and control of any Lock-Box or Collection Account, or the right to take dominion and control of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event.

(m) Material Adverse Effect. (i) The initial Servicer represents and warrants that since ~~December 30, 2006,~~January 2, 2010, no event has occurred that would have a material adverse effect on the financial condition or operations of the initial Servicer and its Subsidiaries taken as a whole or the ability of the initial Servicer to perform its obligations under this Agreement, and (ii) Seller represents and warrants that since the date of this Agreement, no event has occurred that would have a material adverse effect on (A) the financial condition or operations of Seller, (B) the ability of Seller to perform its obligations under the Transaction Documents, or (C) the collectibility of the Receivables generally or any material portion of the Receivables, other than due to the insolvency, bankruptcy or creditworthiness of an Obligor.

(n) No Amortization Event or Servicer Default. No event has occurred and is continuing that constitutes an Amortization Event, a Potential Amortization Event, a Servicer Default or a Potential Servicer Default.

(o) Names. Seller has not used any corporate names, trade names or assumed names other than the name in which it has executed this Agreement.

(p) Ownership of Seller. ~~Originator~~HBI owns, directly or indirectly, 100% of the issued and outstanding equity interests of Seller, free and clear of any Adverse Claim. Such capital stock is validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of Seller.

(q) Not an Investment Company. Such Seller Party is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or any successor statute.

(r) Compliance with Law. Such Seller Party has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject except where the failure to comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable, together with the Contract related thereto and the applicable Credit and Collection Policy, does not contravene or violate any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth-in-lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) except where such contravention or violation could not reasonably be expected to have a Material Adverse Effect.

(s) Compliance with Credit and Collection Policy. Such Seller Party has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract, and has not made any material change to such Credit and Collection Policy, except as to which the Managing Agents have been notified and any necessary consents have been obtained in accordance with Section 7.1(a)(vii).

(t) Payments to ~~Originator~~Originators. With respect to each Receivable transferred to Seller under the Receivables Sale Agreement, Seller has given reasonably equivalent value to the applicable Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by an Originator of any Receivable under the Receivables Sale Agreement is or may be voidable under any section of the Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101 et seq.), as amended.

(u) Enforceability of Contracts. Each Contract with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor 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).

(v) Eligible Receivables. Each Receivable identified by Seller or the Servicer as an Eligible Receivable in any report, statement or other information delivered pursuant to any Transaction Document was an Eligible Receivable as of the date so identified.

(w) Net Receivables Balance. Seller has determined that, immediately after giving effect to each Incremental Purchase and Reinvestment hereunder, the Net Receivables Balance is at least equal to the sum of (i) the Aggregate Capital, plus (ii) the Aggregate Reserves.

(x) Solvency. After giving effect to the sale or contribution of Receivables and the Incremental Purchase and Reinvestments, as applicable, to be made on such date and to the application of the proceeds therefrom, Seller is and will be Solvent.

(y) Taxes. Servicer 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. Seller has filed all tax returns and reports required by law to be filed by it and has paid all taxes and governmental charges at any time owing, except any such taxes which are not yet delinquent 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. Seller has paid when due any taxes payable in connection with the Receivables.

(z) ERISA. During the twelve-consecutive-month period prior to the date hereof and prior to the date of any Incremental Purchase or Reinvestment hereunder, no steps have been taken to terminate any Pension Plan which has caused or could reasonably be expected to cause Servicer or any Subsidiary to incur any liability, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to an Adverse Claim under Section 302(f) of ERISA with respect to any assets of Servicer 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 Servicer of any material liability, fine or penalty. Seller does not participate in any Pension Plan.

Section 5.2 Committed Purchaser Representations and Warranties. Each Committed Purchaser hereby represents and warrants to the Managing Agent, each Conduit Purchaser in its Purchase Group and each Seller Party that:

(a) Existence and Power. Such Committed Purchaser is a corporation or a banking association duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all corporate power and authority to perform its obligations hereunder.

(b) No Conflict. The execution and delivery by such Committed Purchaser of this Agreement and the performance of its obligations hereunder are within its corporate powers, have been duly authorized by all necessary corporate action, do not contravene or violate (i) its certificate or articles of incorporation or association or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on its assets. This Agreement has been duly authorized, executed and delivered by such Committed Purchaser.

(c) Governmental Authorization. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Committed Purchaser of this Agreement and the performance of its obligations hereunder.

(d) Binding Effect. This Agreement constitutes the legal, valid and binding obligation of such Committed Purchaser enforceable against such Committed Purchaser 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 such enforcement is sought in a proceeding in equity or at law).

Section 5.3 Representations and Warranties Regarding Conduit Purchasers. Each Managing Agent hereby represents and warrants to the each Seller Party that, with respect to each Conduit Purchaser in its Purchase Group:

(a) Existence and Power. Such Conduit Purchaser is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all corporate power and authority to perform its obligations hereunder.

(b) No Conflict. The execution and delivery by such Conduit Purchaser of this Agreement and the performance of its obligations hereunder are within its organizational powers, have been duly authorized by all necessary corporate or limited liability company action, do not contravene or violate (i) its certificate or articles of incorporation or formation, by-laws or limited liability company agreement, (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on its assets. This Agreement has been duly authorized, executed and delivered by such Conduit Purchaser.

(c) Governmental Authorization. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Conduit Purchaser of this Agreement and the performance of its obligations hereunder.

(d) Binding Effect. This Agreement constitutes the legal, valid and binding obligation of such Conduit Purchaser enforceable against such Conduit Purchaser 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 such enforcement is sought in a proceeding in equity or at law).

ARTICLE VI
CONDITIONS OF PURCHASES

Section 6.1 Conditions Precedent to Initial Incremental Purchase. The initial Incremental Purchase of a Purchaser Interest under this Agreement is subject to the conditions precedent that (a) the Agent and the Managing Agents shall have received on or before the date of such purchase those documents listed on Schedule B, (b) the Agent shall have received evidence of a marking by each Originator and Seller of their respective master data processing records evidencing the applicable Receivables to reflect the sales thereof contemplated by the Transaction Documents, (c) Bryant Park Funding LLC shall have received letters from each of S&P and Moody's which confirm the short-term debt ratings of its Commercial Paper, and (d) the Agent and the Managing Agents shall have received all fees and expenses required to be paid on such date pursuant to the terms of this Agreement, the Fee Letter and the letter agreement dated as of August 14, 2007 between HBI and J.P. Morgan Securities Inc.

Section 6.2 Conditions Precedent to All Purchases and Reinvestments. Each Incremental Purchase of a Purchaser Interest and each Reinvestment shall be subject to the further conditions precedent that (a) in the case of each such Incremental Purchase or Reinvestment: (i) the Servicer shall have delivered to the Agent and each Managing Agent on or prior to the date of such Incremental Purchase or Reinvestment, in form and substance satisfactory to the Agent and each Managing Agent, all Weekly Reports and Settlement Reports as and when due under Section 8.5 except to the extent that any failure has been waived by the Agent and each Managing Agent and (ii) upon the Agent's or any Managing Agent's request, the Servicer shall have delivered to the Agent and each Managing Agent at least three (3) Business Days prior to such Incremental Purchase or Reinvestment an interim Settlement Report showing the amount of Eligible Receivables; (b) the Facility Termination Date shall not have occurred; (c) the Agent and each Managing Agent shall have received such other approvals, opinions or documents as it may reasonably request within three (3) Business Days of such request if such Managing Agent or the Agent, as applicable, reasonably believes that there has been (i) an adverse change with respect to the Agent's first priority perfected security interest in the Receivables, Related Security and Collections (due to a change in Seller's or any Originator's jurisdiction of organization or for any other reason) or (ii) a material adverse change with respect to the enforceability of the rights and remedies of the Agent, the Managing Agents and the Purchasers under the Transaction Documents and (d) on the date of each such Incremental Purchase or Reinvestment, the following statements shall be true (and acceptance of the proceeds of such Incremental Purchase or Reinvestment shall be deemed a representation and warranty by Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Incremental Purchase or Reinvestment as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Incremental Purchase or Reinvestment, that constitutes an Amortization Event, a Potential Amortization Event, a Servicer Default or a Potential Servicer Default; and

(iii) the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%.

It is expressly understood that each Reinvestment shall, unless otherwise directed by the Agent or any Purchaser, occur automatically on each day that the Servicer shall receive any Collections without the requirement that any further action be taken on the part of any Person and notwithstanding the failure of Seller to satisfy any of the foregoing conditions precedent in respect of such Reinvestment. The failure of Seller to satisfy any of the foregoing conditions precedent in respect of any Reinvestment shall give rise to a right of the Agent, which right may be exercised (and shall be exercised at the direction of the Required Committed Purchasers) at any time on demand of the Agent, to rescind the related purchase and direct Seller to pay to the Agent for the benefit of the Purchasers an amount equal to the Collections prior to the Amortization Date that shall have been applied to the affected Reinvestment.

ARTICLE VII
COVENANTS

Section 7.1 Affirmative Covenants of The Seller Parties. Until the date on which the Aggregate Unpaids have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, as set forth below:

(a) Financial Reporting. Such Seller Party will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish or cause to be furnished to the Agent (which the Agent shall forward to each Managing Agent):

(i) Annual Reporting. (A) In the case of the Servicer, within 90 days after the close of each of its fiscal years, audited, unqualified consolidated financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for the Servicer for such fiscal year certified in a manner acceptable to the Agent and the Managing Agents by independent public accountants and (B) in the case of the Seller, within 120 days after the close of each of its fiscal years, unaudited unqualified financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for such fiscal year, with respect to which the Seller may omit all footnotes, certified by its Authorized Officer, provided that such reports and certifications shall be deemed to be delivered under this Section 7.1(a)(i) upon the document being made available on the SEC's EDGAR website.

(ii) Quarterly Reporting. In the case of Servicer, within 45 days after the close of the first three (3) quarterly periods of each of its fiscal years, and in the case of Seller, within 60 days after the close of the first three (3) quarterly periods of each of its fiscal years, balance sheets of each of the Servicer and Seller as at the close of each such period and statements of income and a statement of cash flows for each such Person for the period from the beginning of such fiscal year to the end of such quarter and with respect to which the Seller may omit all footnotes, all certified by its respective Authorized Officer, provided that such reports and certifications shall be deemed to be delivered under this Section 7.1(a)(ii) upon the document being made available on the SEC's EDGAR website.

(iii) Compliance Certificate. Together with, and at or before the time, the financial statements required hereunder to be delivered by the Seller, a compliance certificate in substantially the form of Exhibit V prepared for both Seller Parties and signed by each Seller Party's Authorized Officer and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of ~~the Originator~~HBI copies of all financial statements, reports and proxy statements so furnished, provided that such statements and/or reports shall be deemed to be delivered under this Section 7.1(a)(iv) upon the document being made available on the SEC's EDGAR website.

(v) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which any Originator or any of its Subsidiaries files with the Securities and Exchange Commission, provided that such reports shall be deemed to be delivered under this Section 7.1(a)(v) upon the document being made available on the SEC's EDGAR website.

(vi) Copies of Notices under the Transaction Documents. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or pursuant to any Transaction Document from any Person other than the Agent, any Managing Agent or any Purchaser, copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or material amendment to the Credit and Collection Policy of any Originator, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to materially and adversely affect the collectibility of the Receivables or materially decrease the credit quality of any newly created Receivables, requesting the Required Committed Purchasers' consent thereto.

(viii) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of such Seller Party as the Agent or any Managing Agent may from time to time reasonably request in order to protect the interests of the Agent, the Managing Agents and the Purchasers under or as contemplated by this Agreement.

(b) Notices. Such Seller Party will notify the Agent and each Managing Agent in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Amortization Events, Potential Amortization Events, Servicer Default or Potential Servicer Default. The occurrence of each Amortization Event, Potential Amortization Event, Servicer Default or Potential Servicer Default by a statement of an Authorized Officer of such Seller Party describing the nature of such occurrence and the actions being taken or to be taken by Seller or Servicer in connection therewith.

(ii) Judgment and Proceedings. (A) (1) The entry of any judgment or decree against the Servicer or any of its Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against the Servicer and its Subsidiaries exceeds $50,000,000 and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against the Servicer, which, if adversely determined, could reasonably be expected to have a Material Adverse Effect; (B) the entry of any judgment or decree or the institution of any litigation, arbitration proceeding or governmental proceeding against Seller; and (C) any material litigation or judgments with respect to any Material Obligor which would materially and adversely impact the collection of such Obligor's Receivables.

(iii) Material Adverse Effect. The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Termination Date. The occurrence of the "Termination Date" under and as defined in the Receivables Sale Agreement.

(v) Defaults Under Other Agreements. The occurrence of a default or an event of default under any financing arrangement of the Seller involving Indebtedness of any amount pursuant to which Seller is a debtor, an obligor or a guarantor.

(vi) Credit Agreements. Any amendment, restatement, waiver of the occurrence of an "Event of Default" under, or replacement of ~~either the First Lien Credit Agreement or the Second Lien~~ the Credit Agreement, together with a copy of the same.

(c) Compliance with Laws and Preservation of Corporate Existence.

(i) Such Seller Party will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject except, in each case, where a failure to comply could not reasonably be expected to have a Material Adverse Effect.

(ii) Such Seller Party will preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its incorporation, and qualify and remain qualified in good standing as a foreign corporation in each jurisdiction where its business is conducted except, in each case, where a failure to do so could not reasonably be expected to have a Material Adverse Effect.

(d) Audits. Such Seller Party will furnish to the Agent and each Managing Agent from time to time such information with respect to it and the Receivables as the Agent or any Managing Agent may reasonably request. Such Seller Party will, from time to time during regular business hours as requested by the Agent or any Managing Agent upon reasonable notice and at the sole cost of such Seller Party, permit the Agent and the Managing Agents, or their agents or representatives (and shall cause each Originator to permit the Agent, the Managing Agents or their agents or representatives), (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Person relating to the Receivables and the Related Security, including, without limitation, the related Contracts, and (ii) to visit the offices and properties of such Person for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Person's financial condition or the Receivables and the Related Security or any Person's performance under any of the Transaction Documents or any Person's performance under the Contracts and, in each case, with any of the officers or employees of Seller or the Servicer having knowledge of such matters; provided that unless either (i) an Amortization Event shall have occurred and be continuing at the time any such audit is requested by the Agent or any Managing Agent, or (ii) the audits previously conducted at the expense of the Seller and the Servicer during such calendar year have not produced audit results reasonably satisfactory to the Agent or any Managing Agent, neither Seller nor Servicer shall be required to reimburse the Agent or any Managing Agent for the costs or expenses in respect of more than one audit by a third party accounting or auditing firm engaged by the Agent or any Managing Agent or any examinations or visits by the Agent, Managing Agents or any of their Agents or representative during any calendar year.

(e) Keeping and Marking of Records and Books.

(i) The Servicer will (and will cause each sub-servicer and each Originator to, with respect to the Receivables originated by such Originator) maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the prompt identification of each new Receivable and all Collections of and adjustments to each existing Receivable). The Servicer will (and will cause each sub-servicer and each Originator to) give the Agent and each Managing Agent notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Such Seller Party will (and will cause each Originator to, with respect to the Receivables originated by such Originator) (A) on or prior to the date hereof, mark its master data processing records and other books and records relating to the Purchaser Interests with a legend, acceptable to the Agent, describing the Purchaser Interests and (B) upon the request of the Agent (x) mark each related Contract constituting an instrument, chattel paper, or a certificated security under the UCC with a legend describing the Purchaser Interests and (y) deliver to the Agent all Contracts (including, without limitation, all multiple originals of any such Contract) relating to the Receivables of such Originator to the extent any such Contract constitutes an instrument, chattel paper or a certificated security under the UCC.

(f) Compliance with Contracts and Credit and Collection Policy. Such Seller Party will (and will cause each Originator to, with respect to the Receivables originated by such Originator) timely and fully (i) perform and comply in all material respects with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and (ii) comply in all material respects with the applicable Credit and Collection Policy in regard to each Receivable and the related Contract.

(g) Performance and Enforcement of Receivables Sale Agreement. Seller will, and will require each Originator to, perform each of their respective obligations and undertakings under and pursuant to the Receivables Sale Agreement, will purchase Receivables thereunder in compliance with the terms thereof and will enforce the rights and remedies accorded to Seller under the Receivables Sale Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of the Agent, the Managing Agents and the Purchasers as assignees of Seller) under the Receivables Sale Agreement as the Agent or any Managing Agent may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in the Receivables Sale Agreement.

(h) Ownership. Seller will (or will cause each Originator to, with respect to the Receivables originated by such Originator) take all necessary action to (i) vest legal and equitable title to the Receivables, the Related Security and the Collections purchased under the Receivables Sale Agreement irrevocably in Seller, free and clear of any Adverse Claims other than Adverse Claims in favor of the Agent and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Seller therein as the Agent or any Managing Agent may reasonably request), and (ii) establish and maintain, in favor of the Agent, for the benefit of the Purchasers, a valid and perfected first priority undivided percentage ownership interest (and/or a valid and perfected first priority security interest) in all Receivables, Related Security and Collections to the full extent contemplated herein, free and clear of any Adverse Claims other than Adverse Claims in favor of the Agent for the benefit of the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect the Agent's (for the benefit of the Purchasers) interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of the Agent for the benefit of the Purchasers as the Agent or any Managing Agent may reasonably request).

(i) Purchasers' Reliance. Seller acknowledges that the Purchasers are entering into the transactions contemplated by this Agreement in reliance upon Seller's identity as a legal entity that is separate from any other Person. Therefore, from and after the date of execution and delivery of this Agreement, Seller shall take all reasonable steps, including, without limitation, all steps that the Agent, any Managing Agent or any Purchaser may from time to time reasonably request, to maintain Seller's identity as a separate legal entity and to make it manifest to third parties that Seller is an entity with assets and liabilities distinct from those of any Originator and any Affiliates thereof (each an "HBI Party") and not just a division of an HBI Party. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller will:

(A) conduct its own business in its own name and require that all full-time employees of Seller, if any, identify themselves as such and not as employees of any HBI Party (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Seller's employees);

(B) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of Seller is also an employee, consultant or agent of any HBI Party thereof, allocate the compensation of such employee, consultant or agent between Seller and such HBI Party, on a basis that reflects the services rendered to Seller and such HBI Party;

(C) clearly identify its offices (by signage or otherwise) as its offices and, if such office is located in the offices of any HBI Party, Seller shall lease such office at a fair market rent;

(D) have a separate telephone number, which will be answered only in its name and separate stationery, invoices and checks in its own name;

(E) conduct all transactions with any Originator and the Servicer (including, without limitation, any delegation of its obligations hereunder as Servicer) strictly on an arm's-length basis, allocate all overhead expenses (including, without limitation, telephone and other utility charges) for items shared between Seller and any Originator on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(F) at all times have a Board of Directors or Managers consisting of three (3) members, at least one (1) member of which is an Independent Director or Manager, as applicable;

(G) observe all corporate formalities as a distinct entity, and ensure that all corporate actions relating to (A) the selection, maintenance or replacement of the

Independent Director, (B) the dissolution or liquidation of Seller or (C) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving Seller, are duly authorized by unanimous vote of its Board of Directors (including the Independent Director);

(H) maintain Seller's books and records separate from those of any HBI Party and otherwise readily identifiable as its own assets rather than assets of any HBI Party;

(I) prepare its financial statements separately from those of any Originator and insure that any consolidated financial statements of any HBI Party that include Seller and that are filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that Seller is a separate corporate entity and that its assets will be available first and foremost to satisfy the claims of the creditors of Seller;

(J) except as herein specifically otherwise provided, maintain the funds or other assets of Seller separate from, and not commingled with, those of any HBI Party and only maintain bank accounts or other depository accounts to which Seller alone is the account party, into which Seller alone makes deposits and from which Seller alone (or the Agent hereunder) has the power to make withdrawals;

(K) pay all of Seller's operating expenses from Seller's own assets (except for certain payments by an Originator or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.1(i));

(L) operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Sale Agreement; and does not create, incur, guarantee, assume or suffer to exist any indebtedness or other liabilities, whether direct or contingent, other than (1) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (2) the incurrence of obligations under this Agreement, (3) the incurrence of obligations, as expressly contemplated in the Receivables Sale Agreement, to make payment to any Originator thereunder for the purchase of Receivables from such Originator under the Receivables Sale Agreement, and (4) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement;

(M) maintain its corporate charter in conformity with this Agreement, such that it does not amend, restate, supplement or otherwise modify its Limited Liability Company Agreement in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, Section 7.1(i) of this Agreement;

(N) maintain the effectiveness of, and continue to perform under the Receivables Sale Agreement and the Performance Undertaking, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify the Receivables Sale Agreement or the Performance Undertaking, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under the Receivables Sale

Agreement or the Performance Undertaking or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of the Agent and the Required Committed Purchasers;

(O) maintain its corporate separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary.

(P) maintain at all times the Required Capital Amount (as defined in the Receivables Sale Agreement) and refrain from making any dividend, distribution, redemption of capital stock or payment of any subordinated indebtedness which would cause the Required Capital Amount to cease to be so maintained; and

(Q) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Kirkland & Ellis LLP, as counsel for Seller, in connection with the closing or initial Incremental Purchase under this Agreement and relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

(j) Collections. Such Seller Party will (1) direct all Obligors to remit Collections directly to a Lock-Box or a Collection Account, (2) cause all proceeds from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account and (3) cause each Lock-Box and Collection Account to be subject at all times to a Collection Account Agreement that is in full force and effect (except for the Bank of America Accounts, until the New Originators Eligibility Date). In the event any payments relating to Receivables are remitted directly to Seller or any Affiliate of Seller, Seller will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within one (1) Business Day following receipt thereof, and, at all times prior to such remittance, Seller will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of the Agent, the Managing Agents and the Purchasers. Seller will maintain exclusive ownership, dominion and control (subject to the terms of this Agreement) of each Lock-Box and Collection Account and shall not grant the right to take dominion and control of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to the Agent as contemplated by this Agreement (except for the Bank of America Accounts, until the New Originators Eligibility Date).

(k) Taxes. The Seller will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing, except any such taxes which are not yet delinquent 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. Seller will pay when due any taxes payable in connection with the Receivables.

(l) Payment to ~~Originator~~Originators. With respect to any Receivable purchased by Seller from an Originator, such sale shall be effected under, and in compliance with the terms of, the Receivables Sale Agreement, including, without limitation, the terms relating to the amount and timing of payments to be made to such Originator in respect of the purchase price for such Receivable.

(m) National Textiles Merger. Seller and Servicer shall provide the Agent and each Managing Agent no later than ten (10) Business Days prior to the merger of National Textiles, L.L.C. into HBI, (i) written notice of such merger and (ii) a written description of the method Seller and Servicer will use to identify all Excluded Receivables on its respective systems, books and records.

(n) Covenant to Amend Definition of Eligible Receivables. Each of the Seller and the Servicer hereby covenants and agrees that the definition of "Eligible Receivables" shall be amended, in form and substance mutually satisfactory to the Seller, Servicer, each Managing Agent and the Agent, no later than 30 days following the date on which the Managing Agents complete their review of the results of the Post-Closing Field Examination if such amendment is deemed necessary or desirable by each of the Managing Agents in their sole, reasonable discretion (it being understood that any such amendment shall not affect the status of any Receivable as an Eligible Receivable prior to the effective date of such amendment).

For purposes of this paragraph (n), "Post-Closing Field Examination" shall mean the field examination designated as such by, and performed by representatives of, the Managing Agents, following April 13, 2009, of the Servicer's collection, operating and reporting systems, the Credit and Collection ~~Policy~~Policies of the ~~Originator~~Originators, and historical receivables, data and accounts. The Managing Agents agree to provide a copy of the results of the Post-Closing Field Examination to Servicer, each other Managing Agent and the Agent within 5 Business Days of its receipt thereof.[5]

Section 7.2 Negative Covenants of The Seller Parties. Until the date on which the Aggregate Unpaids have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. Such Seller Party will not change its sole jurisdiction of organization, name, identity or corporate structure (within the meaning of Section 9-402(7) of any applicable enactment of the UCC) or relocate its chief executive office or any office where Records are kept unless it shall have: (i) given the Agent at least fifteen (15) days' prior written notice thereof and (ii) delivered to the Agent all financing statements, instruments, legal opinions and other documents requested by the Agent in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. Except as may be required by the Agent pursuant to Section 8.2(b), such Seller Party will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless the Agent shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; provided, however, that the Servicer may make

5 Paragraph (n) was added by Amendment No. 2.

changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

(c) Modifications to Contracts and Credit and Collection ~~Policy~~Policies. Such Seller Party will not, and will not permit any Originator to, make any change to ~~the~~its Credit and Collection Policy that could reasonably be expected to materially and adversely affect the collectibility of the Receivables or materially decrease the credit quality of any newly created Receivables (it being understood that the replacement of the Credit and Collection Policy of any Originator (other than HBI) with the Credit and Collection Policy of HBI upon prior written notice to Agent shall not be reasonably expected to have such a material and adverse effect). Except as provided in Section 8.2(c), the Servicer will not, and will not permit any Originator to (with respect to the Receivables originated by such Originator), extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto other than in accordance with the applicable Credit and Collection Policy.

(d) Sales, Liens. Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of the Agent and the Purchasers provided for herein), and Seller will defend the right, title and interest of the Agent and the Purchasers in, to and under any of the foregoing property, against all claims of third parties claiming through or under Seller or any Originator. Seller will not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory.

(e) Net Receivables Balance. At no time prior to the Amortization Date shall Seller permit the Net Receivables Balance to be less than an amount equal to the sum of (i) the Aggregate Capital plus (ii) the Aggregate Reserves.

(f) Termination Date Determination. Seller will not designate the Termination Date (as defined in the Receivables Sale Agreement), or send any written notice to any Originator in respect thereof, without the prior written consent of the Agent and the Required Committed Purchasers, except with respect to the occurrence of such Termination Date arising pursuant to Section 5.1(d) of the Receivables Sale Agreement.

(g) Restricted Junior Payments. From and after the occurrence of any Amortization Event, Seller will not make any Restricted Junior Payment if, after giving effect thereto, Seller would fail to meet its obligations set forth in Section 7.2(e).

(h) Excluded Receivables. Such Seller Party will not, and will not permit any Originator to, change the method of identification of any Excluded Receivables on its systems, books or records from the method specified pursuant to Section 7.1(m) (or any subsequent method used in compliance with this subsection (h)) without ten (10) Business Days' prior written notice to Agent and each Managing Agent.

ARTICLE VIII
ADMINISTRATION AND COLLECTION

Section 8.1 Designation of Servicer.

(a) The servicing, administration and collection of the Receivables shall be conducted by such Person (the "Servicer") so designated from time to time in accordance with this Section 8.1. HBI is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms of this Agreement. The Agent, with the consent or at the direction of the Required Committed Purchasers, may at any time after the occurrence and during the continuance of a Servicer Default designate as Servicer any Person to succeed HBI or any successor Servicer.

(b) Without the prior written consent of the Agent and the Required Committed Purchasers, HBI shall not be permitted to delegate any of its duties or responsibilities as Servicer to any Person other than (i) ~~Seller~~an Originator with respect to the Receivables originated by such Originator and (ii) with respect to certain Charged-Off Receivables, outside collection agencies in accordance with its customary practices. ~~Seller~~None of the Originators shall ~~not~~ be permitted to further delegate to any other Person any of the duties or responsibilities of the Servicer delegated to it by HBI and any such further delegation by an Originator shall constitute a covenant breach by the Servicer hereunder. The Agent may with the consent of, and shall at the direction of the Required Committed Purchasers, at any time following the occurrence of a Servicer Default, designate as Servicer any Person other than HBI, whereupon all duties and responsibilities of HBI as Servicer hereunder shall cease and all duties and responsibilities theretofore delegated by HBI to ~~Seller~~any Originator as sub-servicer may, at the discretion of the Agent, be terminated forthwith on notice given by the Agent to HBI ~~and to Seller~~.

(c) Notwithstanding the foregoing subsection (b), unless and until HBI is replaced as Servicer, (i) HBI shall be and remain primarily liable to the Agent, the Managing Agents and the Purchasers for the full and prompt performance of all duties and responsibilities of the Servicer hereunder and (ii) the Managing Agents, the Agent and the Purchasers shall be entitled to deal exclusively with HBI in matters relating to the discharge by the Servicer of its duties and responsibilities hereunder. The Managing Agents, the Agent and the Purchasers shall not be required to give notice, demand or other communication to any Person other than HBI in order for communication to the Servicer and its sub-servicer or other delegate with respect thereto to be accomplished. HBI, at all times that it is the Servicer, shall be responsible for providing any sub-servicer or other delegate of the Servicer with any notice given to the Servicer under this Agreement and, if HBI is no longer the Servicer hereunder, any replacement Servicer shall be responsible for providing any such notice to any sub-servicer or delegate.

Section 8.2 Duties of Servicer.

(a) The Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the applicable Credit and Collection Policy.

The Servicer will instruct all Obligors to pay all Collections directly to a Lock-Box or Collection Account. The Servicer shall effect a Collection Account Agreement substantially in the form of Exhibit VI with each Collection Bank. In the case of any remittances received in any Lock-Box or Collection Account that shall have been identified, to the satisfaction of the Servicer, to not constitute Collections or other proceeds of the Receivables or the Related Security, the Servicer shall promptly remit such items to the Person identified to it as being the owner of such remittances. From and after the date the Agent delivers to any Collection Bank a Collection Notice pursuant to Section 8.3, the Agent may request that the Servicer, and the Servicer thereupon promptly shall instruct all Obligors with respect to the Receivables, to remit all payments thereon to a new depositary account specified by the Agent and, at all times thereafter, Seller and the Servicer shall not deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit to such new depositary account any cash or payment item other than Collections.

(b) The Servicer shall administer the Collections in accordance with the procedures described herein and in Article II. The Servicer shall set aside and hold in trust for the account of Seller and the Purchasers their respective shares of the Collections in accordance with Article II. The Servicer shall, upon the request of the Agent, segregate, in a manner acceptable to the Agent, all cash, checks and other instruments received by it from time to time constituting Collections from the general funds of the Servicer or Seller prior to the remittance thereof in accordance with Article II. If the Servicer shall be required to segregate Collections pursuant to the preceding sentence, the Servicer shall segregate and deposit with a bank designated by the Agent such allocable share of Collections of Receivables set aside for the Purchasers on the first Business Day following receipt by the Servicer of such Collections, duly endorsed or with duly executed instruments of transfer.

(c) The Servicer may, in accordance with the applicable Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as the Servicer determines to be appropriate to maximize Collections thereof; provided, however, that such extension or adjustment shall not alter the status of such Receivable as a Delinquent Receivable, Defaulted Receivable or Charged-Off Receivable or limit the rights of the Agent, the Managing Agents or the Purchasers under this Agreement. At any time after the occurrence of an Amortization Event, notwithstanding anything to the contrary contained herein, the Agent shall have the absolute and unlimited right to direct the Servicer to commence or settle any legal action with respect to any Delinquent Receivable, Defaulted Receivable or Charged-Off Receivable or to foreclose upon or repossess any Related Security.

(d) The Servicer shall hold in trust for Seller and the Purchasers all Records that (i) evidence or relate to the Receivables, the related Contracts and Related Security or (ii) are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of the Agent, deliver or make available to the Agent all such Records, at a place selected by the Agent. The Servicer shall, from time to time at the request of the Agent or any Managing Agent, furnish to the Agent or such Managing Agent (promptly after any such request) a calculation of the amounts set aside for the Purchasers pursuant to Article II.

(e) Any payment by an Obligor in respect of any indebtedness owed by it to an Originator or Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by the Agent, be applied as a Collection of any Receivable of such Obligor and such Originator (starting with the oldest such Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 8.3 Collection Notices. At any time after the occurrence of an Amortization Event, the Agent is authorized at any time to date and to deliver to the Collection Banks the Collection Notices. Seller hereby transfers to the Agent for the benefit of the Purchasers, effective when the Agent delivers such notice, the exclusive ownership and control of each Lock-Box and the Collection Accounts. In case any authorized signatory of Seller whose signature appears on a Collection Account Agreement shall cease to have such authority before the delivery of such notice, such Collection Notice shall nevertheless be valid as if such authority had remained in force. Seller hereby authorizes the Agent, and agrees that the Agent shall be entitled to (i) endorse Seller's name on checks and other instruments representing Collections, (ii) enforce the Receivables, the related Contracts and the Related Security and (iii) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of the Agent rather than Seller.

Section 8.4 Responsibilities of Seller and Servicer. Anything herein to the contrary notwithstanding, the exercise by the Agent, the Managing Agents and the Purchasers of their rights hereunder shall not release the Servicer, any Originator or Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts. None of the Agent, the Managing Agents and the Purchasers shall have any obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of Seller.

Section 8.5 Reports. The Servicer shall prepare and forward to each Managing Agent and the Agent (i) at any time during which a Downgrade Event has occurred and is continuing, on each Business Day, a Daily Report which will include information regarding the Receivables as of the previous Business Day, (ii) on Wednesday of each week (or if such Wednesday is not a Business Day, on the immediately preceding Business Day), a Weekly Report which will include information regarding the Receivables for the seven (7)-day period ending (and including) the immediately preceding Friday, (iii) (x) prior to May 2009, on the third Thursday of each month (or, if such day is not a Business Day, on the next succeeding Business Day) and (y) commencing in May 2009, on the 23rd day of each month (or, if such day is not a Business Day, on the next succeeding Business Day), and at such other additional times as the Agent or any Managing Agent shall request, a Settlement Report which will include information regarding the Receivables for the most recently ended Calendar Month and (iv) at such times as the Agent or any Managing Agent shall request, a listing by Obligor of all Receivables together with an aging of such Receivables.[6]

Section 8.6 Servicing Fees. In consideration of HBI's agreement to act as Servicer hereunder, the Purchasers hereby agree that, so long as HBI shall continue to perform as Servicer hereunder, Seller shall pay over to HBI a fee (the "Servicing Fee") on each Settlement Date, in arrears for the immediately preceding month, equal to 1.0% per annum of

---

6 Section 8.5 was deleted in its entirety and replaced by Amendments No. 1 and No. 2.

the average aggregate Outstanding Balance of all Receivables during such period, as compensation for its servicing activities.

Section 8.7 Servicer Default. The occurrence of any of the following shall constitute a "Servicer Default".

(a) any Amortization Event in respect of the Servicer, other than the Amortization Events described in Sections 9.1(e) and (f); or

(b) any collection, billing or accounting systems failure which has a Material Adverse Effect on the Servicer's ability to either collect the Receivables or perform its obligations under this Agreement.

ARTICLE IX
AMORTIZATION EVENTS

Section 9.1 Amortization Events. The occurrence of any one or more of the following events shall constitute an Amortization Event:

(a) (i) Any Seller Party or ~~the~~any Originator shall fail to make any payment or deposit required hereunder or under any other Transaction Document when due and, in the case of a payment or deposit in respect of Capital, Yield or any fees due under the Fee Letter or the Agent Fee Letter, such failure continues for two (2) Business Days and, in the case of any such payment or deposit which is not in respect of Capital, Yield or fees due under the Fee Letter or the Agent Fee Letter, such failure continues for five (5) Business Days;[7]

(ii) Any Seller Party or ~~the~~any Originator shall fail to perform or observe any term, covenant or agreement contained in Sections 7.1(a) (Financial Reporting), 7.1(b) (Notices) , 7.1(c)(ii) (Preservation of Limited Liability Company or Corporate Existence), 7.1(d) (Audits), 7.1(e) (Keeping and Marking of Records and Books), 7.1(f) (Compliance with Contracts and Credit and Collection Policy), 7.1(g) (Performance and Enforcement of Receivables Sale Agreement), 7.1(h) (Ownership), 7.1(i) (Purchasers' Reliance), 7.1(j) (Collections), 7.1(l) (Payment to Originator), 7.2 (Negative Covenants of the Seller Parties) or 8.5 (Reports) and any such failure continues for three (3) Business Days;

(iii) Seller or any Originator shall fail to perform or observe any other term, covenant or agreement contained herein or in any other Transaction Document not otherwise specifically described in this Section 9.1 and such failure shall remain unremedied for five (5) Business Days; or

(iv) the Servicer shall fail to perform or observe any other term, covenant or agreement contained herein or in any other Transaction Document not otherwise specifically described in this Section 9.1 and such failure shall remain unremedied for ten (10) Business Days.

(b) Any representation, warranty, certification or statement made by any Seller Party or ~~the~~any Originator in this Agreement, any other Transaction Document or

---

7 Paragraph (a)(i) of Section 9.1 was deleted in its entirety and replaced by Amendment No. 1.

in any other document delivered pursuant hereto or thereto shall prove to have been incorrect when made or deemed made.

(c) Failure of Seller to pay any Indebtedness when due or the failure of any other Seller Party or ~~the~~any Originator to pay Indebtedness when due in excess of $50,000,000 in the aggregate, or the default by any Seller Party or ~~the~~any Originator in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of any Seller Party or ~~the~~any Originator shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) (i) Any Seller Party, ~~the~~any Originator or, to the extent that it could reasonably be expected to have a Material Adverse Effect, any of their Subsidiaries shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against any Seller Party, ~~the~~any Originator or, to the extent that it could reasonably be expected to have a Material Adverse Effect, any of their Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property and, if any such proceeding is not commenced by a Seller Party, ~~the~~any Originator or any of their Subsidiaries, such proceeding shall result in the entry of an order for relief or shall remain for 60 days undismissed, undischarged, unstayed or unbonded pending appeal or (iii) any Seller Party, ~~the~~any Originator or, to the extent that it could reasonably be expected to have a Material Adverse Effect, any of their Subsidiaries shall take any corporate action to authorize any of the actions set forth in clauses (i) or (ii) above in this subsection (d).

(e) Seller shall fail to comply with the terms of Section 2.6.

(f)[8] As at the end of any Calendar Month:

(i) the average of the Delinquency Ratios as of the end of such Calendar Month and the two preceding Calendar Months shall exceed 4.75%;

(ii) the average of the Loss-to-Liquidation Ratios as of the end of such Calendar Month and the two preceding Calendar Months shall exceed 2.75%; or

(iii) the average of the Dilution Ratios as of the end of such Calendar Month and the two preceding Calendar Months shall exceed 14.25%.

8 Paragraph (f) in Section 9.1 was deleted and replaced in its entirety by Amendments No. 1 and No. 2.

(g) A Change of Control shall occur.

(h)[9] ~~(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*~~HBI shall fail to maintain the "Leverage Ratio" (as defined in the Credit Agreement) in accordance with Section 7.2.4(a) of the Credit Agreement or the "Interest Coverage Ratio" (as defined in the Credit Agreement) in accordance with Section 7.2.4(b) of the Credit Agreement or shall fail to observe any other financial covenant under Section 7.2.4 of the Credit Agreement.

~~(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*~~

(i) The Agent, for the benefit of the Purchasers, shall at any time for any reason fail to have a valid and perfected first priority undivided percentage ownership interest (and/or a valid and perfected first priority security interest) in all Receivables, Related Security Collections and Collection Accounts, free and clear of any Adverse Claims other than Adverse Claims in favor of the Agent for the benefit of the Purchasers.

(j) (i) One or more final judgments for the payment of money shall be entered against Seller or (ii) 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

9 Paragraph (h) in Section 9.1 was deleted and replaced in its entirety by Amendments No. 1 and No. 4.

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 Servicer, any Originator or any of their respective Subsidiaries 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 shall be rendered against Servicer, any Originator or any of their respective Subsidiaries that has had, or could reasonably be expected to have, a Material Adverse Effect.

(k) (i) a "Termination Event" under and as defined in the Receivables Sale Agreement shall occur under the Receivables Sale Agreement or (ii) any Originator shall for any reason cease to transfer, or cease to have the legal capacity to transfer, or otherwise be incapable of transferring Receivables to Seller under the Receivables Sale Agreement.

(l) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of Seller or Servicer, or either Seller Party or any Originator shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability of this Agreement.

(m) A Servicer Default occurs.

~~All capitalized terms used in clause (h) above shall have the meaning assigned to such terms in Exhibit XII hereto.~~(n) HBI shall fail to perform or observe any term, covenant or agreement required to be performed by it under the Performance Undertaking, or the Performance Undertaking shall cease to be effective or to be the legally valid, binding and enforceable obligation of HBI, or HBI shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability.

Section 9.2 Remedies. Upon the occurrence and during the continuation of an Amortization Event, the Agent may, or upon the direction of the Required Committed Purchasers shall, take any of the following actions: (i) declare the Amortization Date to have occurred, whereupon the Amortization Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; provided, however, that upon the occurrence of an Amortization Event described in Section 9.1(d)(ii), or of an actual or deemed entry of an order for relief with respect to any Seller Party under the Federal Bankruptcy Code, the Amortization Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Seller Party, (ii) to the fullest extent permitted by applicable law, declare that interest at the Default Rate shall accrue with respect to any of the Aggregate Unpaids outstanding at such time, (iii) deliver the Collection Notices to the Collection Banks, and (iv) notify Obligors of the Purchasers' interest in the Receivables. The aforementioned rights and remedies shall be without limitation, and shall be in addition to all other rights and remedies of the Agent, the Managing Agents and the Purchasers otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

ARTICLE X
INDEMNIFICATION

Section 10.1 Indemnities by Seller. Without limiting any other rights that the Agent, the Managing Agents or any Purchaser may have hereunder or under applicable law, Seller hereby agrees to indemnify (and pay upon demand to) the Agent, each Managing Agent and each Purchaser and their respective assigns, officers, directors, agents and employees (each an "Indemnified Party") from and against any and all damages, losses, claims, taxes, liabilities, out-of-pocket costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of the Agent, such Managing Agent or such Purchaser) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or as a result of this Agreement or the acquisition, either directly or indirectly, by a Purchaser of an interest in the Receivables, excluding, however:

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same include losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor;

(c) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the characterization for income tax purposes of the acquisition by the Purchasers of Purchaser Interests as a loan or loans by the Purchasers to Seller secured by the Receivables, the Related Security, the Collection Accounts and the Collections; or

(d) Indemnified Amounts to the extent they resulted from an action brought by any Indemnified Party against any other Indemnified Party not involving any Seller Party, any Originator or any Subsidiary of any Seller Party or any Originator;

provided, however, that nothing contained in this sentence shall limit the liability of Seller or limit the recourse of the Indemnified Parties to Seller for amounts otherwise specifically provided to be paid by Seller under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, Seller shall indemnify each Indemnified Party for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Seller) relating to or resulting from:

(i) any representation or warranty made by Seller (or any officers of Seller) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by Seller to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation or any failure of any Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;

(iii) any failure of Seller to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, the use of the proceeds of an Incremental Purchase or a Reinvestment, the ownership of the Purchaser Interests or any other investigation, litigation or proceeding relating to Seller in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any failure of Seller to acquire and maintain legal and equitable title to, and ownership of any Receivable and the Related Security and Collections with respect thereto from any Originator, free and clear of any Adverse Claim (other than as created hereunder); or any failure of Seller to give reasonably equivalent value to any Originator under the Receivables Sale Agreement in consideration of the transfer by such Originator of any Receivable, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(x) any failure to vest and maintain vested in the Agent for the benefit of the Purchasers, or to transfer to the Agent for the benefit of the Purchasers, legal and equitable title to, and ownership of, a first priority perfected undivided percentage ownership interest (to the extent of the Purchaser Interests contemplated hereunder) or security interest in the Receivables, the Related Security, the Collections and the Collection Accounts, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xi) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of any Incremental Purchase or Reinvestment or at any subsequent time;

(xii) any action or omission by the Seller which reduces or impairs the rights of the Agent, the Managing Agents or the Purchasers with respect to any Receivable or the value of any such Receivable;

(xiii) any attempt by any Person to void any Incremental Purchase or Reinvestment hereunder under statutory provisions or common law or equitable action; or

(xiv) the failure of any Receivable included in the calculation of the Net Receivables Balance as an Eligible Receivable to be an Eligible Receivable at the time so included.

Section 10.2 Indemnities by Servicer. Without limiting any other rights that the Agent, the Managing Agents or any Purchaser may have hereunder or under applicable law, the Servicer hereby agrees to indemnify (and pay upon demand to) each Indemnified Party for Indemnified Amounts awarded against or incurred by any of them relating to or resulting from:

(i) any representation or warranty made by the Servicer (or any officers of Servicer) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by Servicer pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by Servicer to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto;

(iii) any failure of Servicer to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) the commingling of Collections of Receivables at any time with other funds;

(v) any investigation, litigation or proceeding relating to Servicer in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(vi) any action or omission by the Servicer which reduces or impairs the rights of the Agent, the Managing Agents or the Purchasers with respect to any Receivable or the value of any such Receivable; or

(vii) the failure of any Receivable included in the calculation of the Net Receivables Balance as an Eligible Receivable to be an Eligible Receivable at the time so included.

Notwithstanding the foregoing, Servicer shall not have any liability under this Section 10.2 for:

(a) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(b) Indemnified Amounts to the extent the same include losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor;

(c) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the characterization for income tax purposes of the acquisition by the Purchasers of Purchaser Interests as a loan or loans by the Purchasers to Seller secured by the Receivables, the Related Security, the Collection Accounts and the Collections; or

(d) Indemnified Amounts to the extent they resulted from an action brought by any Indemnified Party against any other Indemnified Party not involving any Seller Party, any Originator or any Subsidiary of any Seller Party or any Originator;

provided, however, that nothing contained in this sentence shall limit the liability of Servicer or limit the recourse of the Indemnified Parties to Servicer for amounts otherwise specifically provided to be paid by Servicer under the terms of this Agreement.

Section 10.3 Increased Cost and Reduced Return.

If after the date hereof, any Funding Source shall be charged any fee, expense or increased cost on account of the adoption of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy) or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency (a "Regulatory Change"): (i) that subjects any Funding Source to any charge or withholding on or with respect to any Funding Agreement or a Funding Source's obligations under a Funding Agreement, or on or with respect to the Receivables, or changes the basis of taxation of payments to any Funding Source of any amounts payable under any Funding Agreement (except for changes in the rate of tax on the overall net income of a Funding Source or taxes excluded by Section 10.1) or (ii) that imposes, modifies or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of a Funding Source, or credit extended by a Funding Source pursuant to a Funding Agreement or (iii) that imposes any other condition the result of which is to increase the cost to a Funding Source of performing its obligations under a Funding Agreement, or to reduce the rate of return on a Funding Source's capital as a consequence of its obligations under a Funding Agreement, or to reduce the amount of any sum received or receivable by a Funding Source under a Funding Agreement or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, within five (5) Business Days after demand by the applicable Managing Agent, Seller shall pay to the applicable Managing Agent, for the benefit of the relevant Funding Source, such amounts charged to such Funding Source or such amounts to otherwise compensate such Funding Source for such increased cost or such reduction, in each case, solely to the extent that such increased cost or such reduction is attributable to the financing, ownership, commitment to fund, funding or maintenance of any Purchaser Interest (as opposed to the assets generally held by the Indemnified Parties and not related to this Agreement, the Transaction Documents and the transactions contemplated thereby).

Section 10.4 Other Costs and Expenses. Seller shall pay to the Agent, the Managing Agents and the Purchasers within five (5) Business Days after demand all reasonable costs and out-of-pocket expenses in connection with the preparation, execution, delivery and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the cost of the Conduit Purchasers' auditors auditing the books, records and procedures of Seller (subject to the limitation set forth in Section 7.1(d)), reasonable fees of the ratings agencies, reasonable fees and out-of-pocket expenses of legal counsel for each Conduit Purchaser, each Managing Agent and the Agent (which such counsel may be employees of such Conduit Purchaser, such Managing Agent or the Agent) with respect thereto and with respect to advising each Conduit Purchaser, each Managing Agent and the Agent as to their respective rights and remedies under this Agreement; provided that in connection with the preparation, execution and delivery of this Agreement, Seller shall be responsible for the reasonable fees and out-of-pocket expenses of only one legal counsel for the Agent, the Managing Agent and the Purchasers party hereto on the date hereof, provided further that Seller shall not be responsible for the legal fees and expenses of more than one outside counsel (in addition to any local counsel) for all Persons entitled to payment of such fees and expenses under this Section 10.4 unless, as reasonably determined by such Person or its counsel, representation of all such Persons by the same counsel would be inappropriate due to actual or potential differing interests among them. Seller shall pay to the Agent, each Managing Agent and each Purchaser within five (5) Business Days after demand any and all costs and expenses of the Agent, such Managing Agent and the Purchasers, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Amortization Event.

Section 10.5 Accounting Based Consolidation Event. If an Accounting Based Consolidation Event shall at any time occur then, upon demand by the Agent or the applicable Managing Agent, the Seller shall pay to the Agent or such applicable Managing Agent, for the benefit of the relevant Affected Entity, such amounts as such Affected Entity reasonably determines will compensate or reimburse such Affected Entity for any resulting (i) fee, expense or increased cost charged to, incurred or otherwise suffered by such Affected Entity, (ii) reduction in the rate of return on such Affected Entity's capital or reduction in the amount of any sum received or receivable by such Affected Entity or (iii) internal capital charge or other imputed cost determined by such Affected Entity to be allocable to the Seller or the transactions contemplated in this Agreement in connection therewith. Amounts under this

Section 10.5 may be demanded at any time without regard to the timing of issuance of any financial statement by any Conduit or by any Affected Entity; provided, however, that in no event may any Affected Entity (or the applicable Agent or Managing Agent on its behalf) claim or receive reimbursement or compensation for amounts under this Section 10.5 that would exceed 2.00% per annum on the Group Purchase Limit for the related Purchaser Group from the date such Accounting Based Consolidation Event occurs. If the Agent or any Managing Agent becomes or reasonably believes that it will become entitled to claim any additional amounts pursuant to this subsection, it shall promptly notify the Borrower of the event by reason of which it has become or will become so entitled; provided that any failure to give such notice shall not affect the rights to demand payment under this section.

If any Affected Entity (or the applicable Agent or Managing Agent on its behalf) requests compensation under this Section 10.5, then the Seller may, at its sole expense and effort, upon notice to such Affected Entity and its related Managing Agent, require the entire related Purchaser Group (but may not require less than all of the Purchasers and the Managing Agent in such Purchaser Group) to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 12.1), all of their interests, rights and obligations under this Agreement to assignees that shall assume such obligations (which assignees may be other Purchasers if such Purchasers accept such assignment); provided that each such assigning Purchaser and Managing Agent receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such Person's share of the Aggregate Capital and Yield owing to such Purchaser and all accrued but unpaid fees and other costs and expenses payable in respect of such Purchaser Group's share of the Purchaser Interests.[10]

ARTICLE XI
THE AGENT

Section 11.1 Authorization and Action. Each Purchaser hereby designates and appoints (i) HSBC to act as its Agent hereunder and under each other Transaction Document, and (ii) the Managing Agent in its Purchase Group to act as its Managing Agent hereunder and under each other Transaction Document, and authorizes the Agent and such Purchaser's Managing Agent, as the case may be, to take such actions as agent on its behalf and to exercise such powers as are delegated to the Agent or such Managing Agent by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. Neither the Agent nor the Managing Agents shall have any duties or responsibilities, except those expressly set forth herein or in any other Transaction Document, or any fiduciary relationship with any Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Agent or the Managing Agents shall be read into this Agreement or any other Transaction Document or otherwise exist for the Agent or the Managing Agents. In performing their functions and duties hereunder and under the other Transaction Documents, (i) the Agent shall act solely as agent for the Purchasers, (ii) each Managing Agent shall act solely as managing agent for the Conduit Purchasers and Committed Purchasers in its Purchase Group, and (iii) neither the Agent nor any Managing Agent shall be deemed to have assumed any obligation or relationship of trust or agency with or for any Seller Party or any of such Seller Party's successors or assigns. Neither the Agent nor any Managing Agent shall be required to take any action that exposes the Agent

10 Section 10.5 was added by Amendment No. 1.

or such Managing Agent to personal liability or that is contrary to this Agreement, any other Transaction Document or applicable law. The appointment and authority of the Agent and the Managing Agents hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaids. Each Purchaser hereby authorizes the Agent to file each of the Uniform Commercial Code financing statements on behalf of such Purchaser (the terms of which shall be binding on such Purchaser).

Section 11.2 Delegation of Duties. The Agent and the Managing Agents may execute any of their respective duties under this Agreement and each other Transaction Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither the Agent nor any Managing Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected and maintained by it with reasonable care.

Section 11.3 Exculpatory Provisions. None of the Agent, the Managing Agents or any of their respective directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement or any other Transaction Document (except for its, their or such Person’s own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers for any recitals, statements, representations or warranties made by any Seller Party contained in this Agreement, any other Transaction Document or any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement, or any other Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, or any other Transaction Document or any other document furnished in connection herewith or therewith, or for any failure of any Seller Party to perform its obligations hereunder or thereunder, or for the satisfaction of any condition specified in Article VI, or for the perfection, priority, condition, value or sufficiency of any collateral pledged in connection herewith. Neither the Agent nor any Managing Agent shall be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the properties, books or records of the Seller Parties. Neither the Agent nor any Managing Agent shall be deemed to have knowledge of any Amortization Event or Potential Amortization Event unless the Agent or such Managing Agent, as applicable, has received notice from Seller or a Purchaser. No Managing Agent shall have any responsibility hereunder to any Purchaser other than the Purchasers in its Purchase Group.

Section 11.4 Reliance by Agent.

(a) The Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to Seller), independent accountants and other experts selected by the Agent. The Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of the Managing Agents, the Required Committed Purchasers or all of the Purchasers, as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Purchasers, provided that unless and until the Agent shall have received such advice, the Agent may take or refrain from taking any action, as the Agent shall deem advisable and in the best interests of the Purchasers. The Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Managing Agents, the Required Committed Purchasers or all of the Purchasers, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers.

(b) Each Managing Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to Seller), independent accountants and other experts selected by such Managing Agent. Each Managing Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence or the Purchasers in its related Purchase Group, as it deems appropriate and it shall first be indemnified to its satisfaction by such Purchasers, provided that unless and until such Managing Agent shall have received such advice, such Managing Agent may take or refrain from taking any action, as such Managing Agent shall deem advisable and in the best interests of the Purchasers in its related Purchase Group. Each Managing Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Purchasers in its related Purchase Group, and such request and any action taken or failure to act pursuant thereto shall be finding upon all such Purchasers.

Section 11.5 Non-Reliance on Agents and Other Purchasers. Each Purchaser expressly acknowledges that none of the Agent, the Managing Agents or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent or any Managing Agent hereafter taken, including, without limitation, any review of the affairs of any Seller Party, shall be deemed to constitute any representation or warranty by the Agent or such Managing Agent. Each Purchaser represents and warrants to the Agent and the Managing Agents that it has and will, independently and without reliance upon the Agent, any Managing Agent or any other Purchaser and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of Seller and made its own decision to enter into this Agreement, the other Transaction Documents and all other documents related hereto or thereto.

Section 11.6 Reimbursement and Indemnification. The Committed Purchasers agree to reimburse and indemnify the Agent, and the Committed Purchasers in each Purchase Group agree to reimburse the Managing Agent for such Purchase Group, and their officers, directors, employees, representatives and agents ratably according to their (a) Pro Rata Shares (in the case of any reimbursement any indemnity obligations owing to its Managing Agent) or (b) ratable shares of the Purchase Limit (in the case of any reimbursement and indemnity obligations owing to the Agent), to the extent not paid or reimbursed by the Seller Parties (i) for any amounts for which the Agent, in its capacity as Agent, or any Managing Agent, acting in its capacity as a Managing Agent, is entitled to reimbursement by the Seller Parties hereunder and (ii) for any other expenses incurred by the Agent, in its capacity as Agent, or any Managing Agent, acting in its capacity as a Managing Agent, and acting on behalf of its related Purchasers, in connection with the administration and enforcement of this Agreement and the other Transaction Documents.

Section 11.7 Agents in their Individual Capacity. The Agent, each Managing Agent and each of their respective Affiliates may make loans to, accept deposits from and generally engage in any kind of business with Seller or any Affiliate of Seller as though it were not the Agent or a Managing Agent hereunder. With respect to the acquisition of Purchaser Interests pursuant to this Agreement, the Agent and each Managing Agent shall have the same rights and powers under this Agreement in its individual capacity as any Purchaser and may exercise the same as though it were not the Agent or a Managing Agent, and the terms "Committed Purchaser," "Purchaser," "Committed Purchasers" and "Purchasers" shall include the Agent and each Managing Agent in its individual capacity.

Section 11.8 Successor Agent. The Agent may, upon five (5) days' prior notice to Seller and the Purchasers, and the Agent will, upon the direction of all of the Purchasers (other than the Agent, in its individual capacity) resign as Agent. Each Managing Agent may, upon five (5) days' prior notice to Seller, the Agent, the Purchasers in its Purchase Group, and each Managing Agent will, upon the direction of all of the Purchasers in its Purchase Group (other than the Managing Agent, in its individual capacity), resign as a Managing Agent. If the Agent shall resign, then the Required Committed Purchasers during such five-day period shall appoint from among the Purchasers a successor Agent. If a Managing Agent shall resign, then the Required Committed Purchasers in its Purchase Group shall appoint a successor managing agent during such five-day period. If for any reason no successor Agent or Managing Agent is so appointed during such five-day period, then effective upon the termination of such five-day period, the Purchasers shall perform all of the duties of the Agent or the Purchasers in the applicable Purchase Group shall perform all of the duties of such Managing Agent, as applicable, hereunder and under the other Transaction Documents and Seller and the Servicer (as applicable) shall make all payments in respect of the Aggregate Unpaids directly to the applicable Purchasers and for all purposes shall deal directly with the Purchasers. After the effectiveness of any retiring Managing Agent's or any Agent's resignation hereunder as Managing Agent or Agent, the retiring Managing Agent or Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents and the provisions of this Article XI and Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Managing Agent or Agent under this Agreement and under the other Transaction Documents.

ARTICLE XII
ASSIGNMENTS; PARTICIPATIONS

Section 12.1 Assignments.

(a) Seller and each Committed Purchaser hereby agree and consent to the complete or partial assignment by each Conduit Purchaser of all or any portion of its rights under, interest in, title to and obligations under this Agreement (i) to the Committed Purchasers pursuant to this Agreement or pursuant to a Liquidity Agreement, (ii) to any other Purchaser, any Managing Agent or the Agent or any of their respective Affiliates, (iii) to any other issuer of commercial paper notes or other entity which obtains funds from such an issuer of commercial paper notes, which in either case is sponsored or administered by the Managing Agent of such Conduit Purchaser's Purchase Group or administered by any Affiliate of such Managing Agent or (iv) to any other Person; provided that, prior to the occurrence of an Amortization Event, such Conduit Purchaser may not make any such assignment pursuant to this clause (iv) without the consent of the Seller (which consent shall not be unreasonably withheld or delayed). Upon any such assignment, any such Conduit Purchaser shall be released from its obligations so assigned. Further, Seller and each Committed Purchaser hereby agree that any assignee of any Conduit Purchaser of this Agreement or all or any of the Purchaser Interests of any Conduit Purchaser shall have all of the rights and benefits under this Agreement as if the term "Conduit Purchaser" explicitly referred to such party, and no such assignment shall in any way impair the rights and benefits of any Conduit Purchaser hereunder. Neither Seller nor the Servicer shall have the right to assign its rights or obligations under this Agreement.

(b) Any Committed Purchaser may at any time and from time to time assign to one or more Persons ("Purchasing Committed Purchasers") all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the "Assignment Agreement") executed by such Purchasing Committed Purchaser and such selling Committed Purchaser; provided that the Seller's consent (which consent shall not be unreasonably withheld or delayed) shall be required for any such assignment unless: (i) such assignment is to any other Purchaser, any Managing Agent or the Agent or any of their respective Affiliates, (iii) such assignment is to any issuer of commercial paper notes or other entity which obtains funds from such an issuer of commercial paper notes, which in either case is sponsored or administered by the Managing Agent of such Committed Purchaser's Purchase Group or administered by any Affiliate of such Managing Agent or (iv) an Amortization Event has occurred. In addition, the consent of the Managing Agent for such Committed Purchaser's Purchase Group shall be required prior to the effectiveness of any such assignment. Each assignee of a Committed Purchaser must (i) have a short-term debt rating of A-1 or better by Standard & Poor's Ratings Group and P-1 by Moody's Investor Service, Inc. and (ii) agree to deliver to the Agent, promptly following any request therefor by the Agent or any Conduit Purchaser in its Purchase Group, an enforceability opinion in form and substance satisfactory to the Agent and such Conduit Purchaser. Upon delivery of the executed Assignment Agreement to the Agent and the related Managing Agent, such selling Committed Purchaser shall be released from its obligations hereunder to the extent of such assignment. Thereafter the Purchasing Committed Purchaser shall for all purposes be a Committed Purchaser party to this Agreement and shall have all the rights and obligations of a Committed Purchaser under this Agreement to the same extent as if it were an original party hereto and no further consent or action by Seller, the Purchasers, the related Managing Agent or the Agent shall be required.

(c) Each of the Committed Purchasers agrees that in the event that it shall cease to have a short-term debt rating of A-1 or better by Standard & Poor's Ratings Group and P-1 by Moody's Investor Service, Inc. (an "Affected Committed Purchaser"), such Affected Committed Purchaser shall be obliged, at the request of any Conduit Purchaser in its Purchase Group or the related Managing Agent, to assign all of its rights and obligations hereunder to (x) another Committed Purchaser or (y) subject to Seller's consent rights in paragraph (b) above, another funding entity nominated by its Managing Agent and acceptable to such Conduit Purchaser, and willing to participate in this Agreement until the date described in clause (i) of the definition of Facility Termination Date in the place of such Affected Committed Purchaser; provided that the Affected Committed Purchaser receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such Committed Purchaser's share of the Aggregate Capital and Yield owing to the Committed Purchasers and all accrued but unpaid fees and other costs and expenses payable in respect of its share of the Purchaser Interests.

Section 12.2 Participations. Any Committed Purchaser may, in the ordinary course of its business at any time sell to one or more Persons (each a "Participant") participating interests in its share of the Purchaser Interests, its Commitment or any other interest of such Committed Purchaser hereunder. Notwithstanding any such sale by a Committed Purchaser of a participating interest to a Participant, such Committed Purchaser's rights and obligations under this Agreement shall remain unchanged, such Committed Purchaser shall remain solely responsible for the performance of its obligations hereunder, and Seller, the Purchasers, the Managing Agents and the Agent shall continue to deal solely and directly with such Committed Purchaser in connection with such Committed Purchaser's rights and obligations under this Agreement. Each Committed Purchaser agrees that any agreement between such Committed Purchaser and any such Participant in respect of such participating interest shall not restrict such Committed Purchaser's right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 13.1(b)(i).

Section 12.3 Federal Reserve. Notwithstanding any other provision of this Agreement to the contrary, any Committed Purchaser may at any time pledge or grant a security interest in all or any portion of its rights (including, without limitation, any Purchaser Interest and any rights to payment of Capital and Yield) under this Agreement to secure obligations of such Committed Purchaser to a Federal Reserve Bank, without notice to or consent of the Seller, the Agent or any other Person; provided that no such pledge or grant of a security interest shall release a Committed Purchaser from any of its obligations hereunder, or substitute any such pledgee or grantee for such Committed Purchaser as a party hereto.[11]

ARTICLE XIII
MISCELLANEOUS

Section 13.1 Waivers and Amendments.

(a) No failure or delay on the part of any Seller Party, the Agent, any Managing Agent or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this Section 13.1(b). The Conduit Purchasers, Managing Agents, Servicer, Seller and the Agent, at the direction of the Required Committed Purchasers, may enter into written modifications or waivers of any provisions of this Agreement, provided, however, that no such modification or waiver shall:

---

[11] Section 12.3 was added by Amendment No. 1.

(i) without the consent of each affected Purchaser, (A) extend the date described in clause (i) of the definition of Facility Termination Date or the date of any payment or deposit of Collections by Seller or the Servicer, (B) reduce the rate or extend the time of payment of Yield (or any component of Yield), (C) reduce any fee payable to any Managing Agent for the benefit of the Purchasers, (D) except pursuant to Article XII hereof, change the amount of the Capital of any Purchaser, any Committed Purchaser's Pro Rata Share or any Committed Purchaser's Commitment, (E) amend, modify or waive any provision of the definition of Required Committed Purchasers or this Section 13.1(b), (F) consent to or permit the assignment or transfer by Seller of any of its rights and obligations under this Agreement, (G) change the definition of "Delinquency Ratio," "Dilution Ratio," "Dilution Reserve," "Eligible Receivable," "Loss Reserve," "Loss-to-Liquidation Ratio," or "Yield and Servicing Fee Reserve" or (H) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (G) above in a manner that would circumvent the intention of the restrictions set forth in such clauses; or

(ii) without the written consent of any then Agent or Managing Agents, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of such Agent or Managing Agent.

Notwithstanding the foregoing, without the consent of the Committed Purchasers, but with the consent of Seller and the related Managing Agent, the Agent may amend this Agreement solely to add additional Persons as Committed Purchasers hereunder. Any modification or waiver made in accordance with this Section 13.1 shall apply to each of the Purchasers equally and shall be binding upon Seller, the Servicer, the Purchasers, the Managing Agents and the Agent.

Section 13.2 Notices. Except as provided in this Section 13.2, all communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission, electronic mail or similar writing) and shall be given to the other parties hereto at their respective addresses, telecopy numbers or email addresses set forth on the signature pages hereof or at such other address, telecopy number or email addresses as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective (i) if given by telecopy or email, upon the receipt thereof, (ii) if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or (iii) if given by any other means, when received at the address specified in this Section 13.2. Seller hereby authorizes the Agent and each Managing Agent to effect purchases and each Managing Agent to make Tranche Period and Discount Rate selections based on telephonic notices made by any Person whom the Agent or such Managing Agent in good faith believes to be acting on behalf of Seller. Seller agrees to deliver promptly to the Agent and each Managing Agent a written confirmation of each telephonic notice signed by an authorized officer of Seller; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by the Agent or any Managing Agent, the records of the Agent or such Managing Agent shall govern absent manifest error.

Section 13.3 Ratable Payments. If any Purchaser, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaids owing to such Purchaser (other than payments received pursuant to Section 10.3 or 10.4) in a greater proportion than that received by any other Purchaser entitled to receive a ratable share of such Aggregate Unpaids, such Purchaser agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Aggregate Unpaids held by the other Purchasers so that after such purchase each Purchaser will hold its ratable proportion of such Aggregate Unpaids; provided that if all or any portion of such excess amount is thereafter recovered from such Purchaser, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 13.4 Protection of Ownership Interests of the Purchasers.

(a) Seller agrees that from time to time, at its expense, it will, or will cause the Servicer to, promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that any Managing Agent may reasonably request, to perfect, protect or more fully evidence the Purchaser Interests, or to enable the Agent, the Managing Agents or the Purchasers to exercise and enforce their rights and remedies hereunder. At any time after the occurrence of an Amortization Event, the Agent may, or the Agent may direct Seller or the Servicer to, notify the Obligors of Receivables, at Seller's expense, of the ownership or security interests of the Purchasers under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to the Agent or its designee. Seller or the Servicer (as applicable) shall, at any Purchaser's request, withhold the identity of such Purchaser in any such notification.

(b) If any Seller Party fails to perform any of its material obligations hereunder, the Agent, any Managing Agent or any Purchaser may (but shall not be required to) perform, or cause performance of, such obligations, and the Agent's, such Managing Agent's or such Purchaser's out-of-pocket costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.4. Each Seller Party irrevocably authorizes the Agent at any time and from time to time in the sole discretion of the Agent, and appoints the Agent as its attorney-in-fact, to act on behalf of such Seller Party (i) to file financing statements necessary or desirable in the Agent's sole discretion to perfect and to maintain the perfection and priority of the interest of the Purchasers in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as the Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the interests of the Purchasers in the Receivables. This appointment is coupled with an interest and is irrevocable.

Section 13.5 Confidentiality.

(a) Each of the Agent, the Managing Agents and the Purchasers agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (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, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations under this Agreement, (g) by the Agent, any Managing Agent or any Purchaser to any rating agency, Commercial Paper dealer, provider of credit enhancement or liquidity to any Conduit Purchaser or any Person providing financing to, or holding equity interests in, any Conduit Purchaser, and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, and in each case, to the extent that such Person reasonably requires such information, (h) with the consent of the Seller or Servicer, or (i) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Agent, any Managing Agent or any Purchaser on a nonconfidential basis from a source other than a Seller Party or one of its Affiliates. For the purposes of this Section, "Information" means all information received from a Seller Party relating to any Seller Party or its business, other than any such information that is available to the Agent, any Managing Agent or any Purchaser on a nonconfidential basis prior to disclosure by such Seller Party; provided that, in the case of information received from a Seller Party after the date hereof, such information is clearly identified at the time of delivery as confidential. 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. Each Person recognizes its responsibility for compliance with United States federal securities laws, including insider trading, in connection herewith.

(b) Each Seller Party and each Purchaser shall maintain and shall cause each of its employees and officers to maintain the confidentiality of the Fee Letter, the Agent Fee Letter [12]and the other confidential or proprietary information with respect to the Agent, each Managing Agent, each Purchaser and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that information may be disclosed (a) to such Person's and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (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, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, or (d) to the extent such information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to any Seller Party or Purchaser on a nonconfidential basis from a source other than the Agent, a Managing Agent or a Purchaser or one of its Affiliates. If, in the reasonable judgment of any Seller Party, this Agreement or any Transaction Document shall be required to be publicly filed with the SEC under any applicable law, such Seller Party, or HBI on its behalf, may file any such document as required under applicable law. 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. Anything herein to the contrary notwithstanding, each Seller Party, each Purchaser, the Agent, each Managing Agent, each Indemnified Party and any successor or assign of any of the foregoing (and each employee, representative or other agent of any of the foregoing) may disclose to any and all Persons, without limitation of any kind, the

---

[12] The second and third lines of paragraph (b) in Section 13.5 were amended to include ", the Agent Fee Letter" by Amendment No. 1.

"tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) that are or have been provided to any of the foregoing relating to such tax treatment or tax structure, and it is hereby confirmed that each of the foregoing have been so authorized since the commencement of discussions regarding the transactions.

Section 13.6 Bankruptcy Petition. Seller, the Servicer, the Agent, each Managing Agent and each Purchaser hereby covenants and agrees that, prior to the date that is one (1) year and one (1) day after the payment in full of all outstanding senior indebtedness of any Conduit Purchaser, it will not institute against, or join any other Person in instituting against, such Conduit Purchaser any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 13.7 Limited Recourse. Notwithstanding anything to the contrary contained herein, the obligations of any Conduit Purchaser under this Agreement are solely the obligations of such Conduit Purchaser and, in the case of obligations of such Conduit Purchaser other than Commercial Paper, shall be payable at such time as funds are received by or are available to such Conduit Purchaser in excess of funds necessary to pay in full all outstanding Commercial Paper of such Conduit Purchaser and, to the extent funds are not available to pay such obligations, the claims relating thereto shall not constitute a claim against such Conduit Purchaser but shall continue to accrue. Each party hereto agrees that the payment of any claim (as defined in Section 101 of Title 11, United States Code (Bankruptcy)) of any such party against a Conduit Purchaser shall be subordinated to the payment in full of all Commercial Paper of such Conduit Purchaser.

No recourse under any obligation, covenant or agreement of any Conduit Purchaser contained in this Agreement shall be had against any member, manager, officer, director, employee or agent of such Conduit Purchaser, the Agent, the Managing Agents, the Manager or any of their Affiliates (solely by virtue of such capacity) by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is solely an obligation of such Conduit Purchaser individually, and that no personal liability whatever shall attach to or be incurred by any incorporator, stockholder, officer, director, member, employee or agent of such Conduit Purchaser, the Agent, the Managing Agents, the Manager or any of their Affiliates (solely by virtue of such capacity) or any of them under or by reason of any of the obligations, covenants or agreements of such Conduit Purchaser contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by such Conduit Purchaser of any of such obligations, covenants or agreements, either at common law or at equity, or by statute, rule or regulation, of every such member, manager, officer, director, employee or agent is hereby expressly waived as a condition of and in consideration for the execution of this Agreement; provided that the foregoing shall not relieve any such Person from any liability it might otherwise have as a result of fraudulent actions taken or omissions made by them.

The obligations of each Seller Party under this Agreement are solely the corporate obligations of such Seller Party. No recourse under any obligation, covenant or agreement of any Seller Party contained in this Agreement shall be had against any member, manager, officer, director, employee or agent of such Seller Party or any of their Affiliates (solely by virtue of such capacity) by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is solely an obligation of such Seller Party individually, and that no personal liability whatever shall attach to or be incurred by any incorporator, stockholder, officer, director, member, employee or agent of such Seller Party or any of their Affiliates (solely by virtue of such capacity) or any of them under or by reason of any of the obligations, covenants or agreements of such Seller Party contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by such Seller Party of any of such obligations, covenants or agreements, either at common law or at equity, or by statute, rule or regulation, of every such member, manager, officer, director, employee or agent is hereby expressly waived as a condition of and in consideration for the execution of this Agreement; provided that the foregoing shall not relieve any such Person from any liability it might otherwise have as a result of fraudulent actions taken or omissions made by them.

Section 13.8 Limitation of Liability. Except with respect to any claim arising out of the willful misconduct or gross negligence of any Conduit Purchaser, any Managing Agent, the Agent, any Seller Party or any Committed Purchaser, no claim may be made by any Seller Party or any other Person against any Conduit Purchaser, any Managing Agent, the Agent, any Seller Party or any Committed Purchaser or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each party hereto hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 13.9 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

Section 13.10 CONSENT TO JURISDICTION. EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT TO THIS AGREEMENT AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF ANY PARTY HERETO TO BRING PROCEEDINGS AGAINST ANY OTHER PARTY HERETO IN THE COURTS OF ANY OTHER JURISDICTION.

Section 13.11 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT,

CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 13.12 Integration; Binding Effect; Survival of Terms.

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii) the indemnification and payment provisions of Article X, and Sections 13.5, 13.6, 13.7 and 13.8 shall be continuing and shall survive any termination of this Agreement.

Section 13.13 Counterparts; Severability; Section References. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to “Article,” “Section,” “Schedule” or “Exhibit” shall mean articles and sections of, and schedules and exhibits to, this Agreement.

Section 13.14 Agent Roles.

(a) HSBC Roles. Each of the Committed Purchasers acknowledges that HSBC acts, or may in the future act, (i) as Agent for the Purchasers, (ii) as managing agent for one or more Conduit Purchasers, (iii) as issuing and paying agent for the Commercial Paper issued by one or more Conduit Purchasers, (iv) to provide credit or liquidity enhancement for the timely payment for the Commercial Paper of one or more Conduit Purchases and (v) to provide other services from time to time for any of the Purchasers (collectively, the “HSBC Roles”). Without limiting the generality of this Section 13.14, each Committed Purchaser hereby acknowledges and consents to any and all HSBC Roles and agrees that in connection with any HSBC Role, HSBC may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as Agent hereunder.

(b) Managing Agent Institution Roles. Each of the Committed Purchasers acknowledges that each Person that serves as a Managing Agent hereunder (a

"Managing Agent Institution") acts, or may in the future act, (i) as Managing Agent for one or more Conduit Purchasers, (ii) as issuing and paying agent for each such Conduit Purchaser's Commercial Paper, (iii) to provide credit or liquidity enhancement for the timely payment for each such Conduit Purchaser's Commercial Paper and (iv) to provide other services from time to time for some or all of the Conduit Purchasers (collectively, the "Managing Agent's Institution Roles"). Without limiting the generality of this Section 13.14(b), each Committed Purchaser hereby acknowledges and consents to any and all Managing Agent Institution Roles and agrees that in connection with any Managing Agent Institution Role, the applicable Managing Agent Institution may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as administrative agent for the related Conduit Purchaser.

Section 13.15 Characterization.

(a) It is the intention of the parties hereto that each purchase hereunder shall constitute and be treated as an absolute and irrevocable sale, which purchase shall provide the applicable Purchaser with the full benefits of ownership of the applicable Purchaser Interest. Except as specifically provided in this Agreement, each sale of a Purchaser Interest hereunder is made without recourse to Seller; provided, however, that (i) Seller shall be liable to each Purchaser, each Managing Agent and the Agent for all representations, warranties, covenants and indemnities made by Seller pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by any Purchaser, any Managing Agent or the Agent or any assignee thereof of any obligation of Seller or any Originator or any other person arising in connection with the Receivables, the Related Security, or the related Contracts, or any other obligations of Seller or any Originator.

(b) In addition to any ownership interest which the Agent and the Purchasers may from time to time acquire pursuant hereto, Seller hereby grants to the Agent for the ratable benefit of the Purchasers and the other Indemnified Parties a valid and perfected security interest in all of Seller's right, title and interest in, to and under the following assets, now existing or hereafter arising: (i) all Receivables, (ii) the Collections, (iii) each Lock-Box, (iv) each Collection Account, (v) all Related Security, (vi) all other rights and payments relating to such Receivables, (vii) all of Seller's rights, title, and interest in, to and under the Performance Undertaking and the Sale Agreements (including, without limitation, (a) all rights to indemnification arising thereunder and (b) all UCC financing statements filed pursuant thereto), (viii) all proceeds of any of the foregoing, and (ix) all other assets in which the Agent has acquired, may hereafter acquire and/or purports to have acquired an interest hereunder to secure the prompt and complete payment of the Aggregate Unpaids, which security interest shall be prior to all other Adverse Claims thereto. The Agent and the Purchasers shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative. The Seller hereby authorizes the Agent, within the meaning of 9-509 of any applicable enactment of the UCC, as secured party for the benefit of itself and of the Indemnified Parties, to file, without the signature of the Seller or any Transferor, as debtors, the UCC financing statements contemplated herein and under the Receivables Sale Agreement.

(c) In connection with Seller's transfer of its right, title and interest in, to and under the Receivables Sale Agreement, the Seller agrees that the Agent shall have the right to enforce the Seller's rights and remedies under the Receivables Sale Agreement, to receive all amounts payable thereunder or in connection therewith, to consent to amendments, modifications or waivers thereof, and to direct, instruct or request any action thereunder, but in each case without any obligation on the part of the Agent, any Managing Agent or any Purchaser or any of its or their respective Affiliates to perform any of the obligations of the Seller under the Receivables Sale Agreement. To the extent that the Seller enforces the Seller's rights and remedies under the Receivables Sale Agreement, from and after the occurrence of an Amortization Event, and during the continuance thereof, the Agent shall have the exclusive right to direct such enforcement by the Seller.

(d) If, notwithstanding the intention of the parties expressed above, any sale or transfer by Seller hereunder shall be characterized as a secured loan and not a sale or such sale shall for any reason be ineffective or unenforceable (any of the foregoing being a "Recharacterization"), then this Agreement shall be deemed to constitute a security agreement under the UCC and other applicable law. In the case of any Recharacterization, the Seller represents and warrants that each remittance of Collections to the Agent or the Purchasers hereunder will have been (i) in payment of a debt incurred in the ordinary course of its business or financial affairs and (ii) made in the ordinary course of its business or financial affairs.

Section 13.16 USA PATRIOT Act. Each Committed Purchaser that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act") hereby notifies the Seller Parties that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies each Seller Party, which information includes the name and address of the each Seller Party and other information that will allow such Committed Purchaser to identify each Seller Party in accordance with the Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

HBI RECEIVABLES LLC, as Seller

By: ______________________________

Name: Richard D. Moss
Title: President and Chief Executive Officer
Address:

1000 East Hanes Mill Road
Winston-Salem, NC 27105
Attention: ~~Chad L. Keller~~Richard D. Moss
Fax: ~~(~~336~~) 714-3650~~-519-4667
Telephone: ~~(~~336~~)~~-519-~~4477~~4332
Email: rick.moss@hanesbrands.com

HANESBRANDS INC., as Servicer

By: ______________________________

Name: Richard D. Moss
Title: Treasurer
Address:

1000 East Hanes Mill Road
Winston-Salem, NC 27105
Attention: ~~Chad L. Keller~~Richard D. Moss
Fax: ~~(~~336~~) 714-3855~~-519-4667
Telephone: ~~(~~336~~)~~-519-~~5478~~4332
Email: rick.moss@hanesbrands.com

Signature Page to Receivables Purchase Agreement

BRYANT PARK FUNDING LLC, as a Conduit Purchaser

By: ________________________________
Name:
Title:
Address: Bryant Park Funding LLC
c/o Global Securitization Services, LLC
Attn: Tony Wong
445 Broad Hollow Road, Suite 239
Melville, NY 11747
Fax: 212-302-8767
Tel: 631-930-7207

HSBC SECURITIES (USA) Inc., as a Managing Agent and as Agent[13]

By: ________________________________
Name:
Title:
Address: HSBC Securities (USA) Inc.
Attn: James Lees/Suzanna Baird
452 Fifth Avenue
New York, NY 10018
Tel: 212-525-5923/212-525-5478
Fax: 646-366-3299/646-366-3099

HSBC BANK ~~USA, NATIONAL ASSOCIATION~~PLC,
as a Committed Purchaser

By: ________________________________
Name:
Title:
Address: HSBC Bank USA, National Association
Attn: Rob Devir
452 Fifth Avenue
New York, NY 10018
Tel: 212-525-5726
Fax: 212-382-7583

13 Title and address was revised to reflect Resignation and Appointment Agreement.

EXHIBIT I

DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Accounting Based Consolidation Event" means the consolidation, for financial and/or regulatory accounting purposes, of all or any portion of the assets and liabilities of any Conduit that are subject to this Agreement or any other Transaction Document with all or any portion of the assets and liabilities of an Affected Entity. An Accounting Based Consolidation Event shall be deemed to occur on the date any Affected Entity shall acknowledge in writing that any such consolidation of the assets and liabilities of such Conduit shall occur.[14]

"Accrual Period" means each calendar month, provided that the initial Accrual Period hereunder means the period from (and including) the date of the initial Incremental Purchase hereunder to (and including) the last day of the calendar month thereafter.

"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.[15]

"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.[16]

"Adverse Claim" means a lien, security interest, charge or encumbrance, or other right or claim in, of or on any Person's assets or properties in favor of any other Person.

"Affected Committed Purchaser" has the meaning specified in Section 12.1(c).

"Affected Entity" means (i) any Committed Purchaser, (ii) any insurance company, bank or other funding entity providing liquidity, credit enhancement or back-up purchase support or facilities to a Conduit, (iii) any agent, administrator or manager of a Conduit, or (iv) any bank holding company in respect of any of the foregoing.[17]

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the

---

14 This definition was added by Amendment No. 1.

15 This definition was added by Amendment No. 5.

16 This definition was added by Amendment No. 5.

17 This definition was added by Amendment No. 1.

controlling Person owns 15.0% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

"Agent" has the meaning set forth in the preamble to this Agreement.

"Agent Fee Letter" means the letter agreement dated as of April 13, 2009, between the Agent and Seller as the same may be amended, restated, supplemented or otherwise modified from time to time.[18]

"Aggregate Capital" means, on any date of determination, the aggregate amount of Capital of all Purchaser Interests outstanding on such date.

"Aggregate Reduction" has the meaning specified in Section 1.3.

"Aggregate Reserves" means, on any date of determination, the sum of the Loss Reserve, the Dilution Reserve and the Yield and Servicing Fee Reserve.

"Aggregate Unpaids" means, at any time, an amount equal to the sum of all Aggregate Capital and all unpaid Obligations (whether due or accrued) at such time.

"Agreement" means this Receivables Purchase Agreement, as it may be amended or modified and in effect from time to time.

"Alternate Base Rate" means, for any date, a rate per annum equal to the greatest of (a) LIBO for a one month Tranche Period at approximately 11:00 a.m. London time on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.0%, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the rate of interest per annum publicly announced from time to time by HSBC as its prime rate in effect at its principal office in New York City; each change in the rate described in this clause (c) shall be effective from and including the date such change is publicly announced as being effective. Any change in the Alternate Base Rate due to a change in any rate described in clause (a), (b) or (c) above shall be effective from and including the effective date of such change.[19]

"Amortization Date" means the earliest to occur of (i) the day on which any of the conditions precedent set forth in Section 6.2 are not satisfied, (ii) the Business Day immediately prior to the occurrence of an Amortization Event set forth in Section 9.1(d)(ii), (iii) the Business Day specified in a written notice from the Agent following the occurrence of any other Amortization Event, (iv) the date which is 30 days after the Agent's receipt of written notice from Seller that it wishes to terminate the facility evidenced by this Agreement, (v) the date described in clause (i) of the definition of Facility Termination Date and (vi) the Termination Date under and as defined in the Receivables Sale Agreement.

"Amortization Event" has the meaning specified in Article IX.

---

18 This definition was added by Amendment No. 1 and later deleted and replaced in its entirety by Amendment No. 2.

19 This definition was added by Amendment No. 1.

“Applicable Margin” has the meaning set forth in the Fee Letter.

“Assignment Agreement” has the meaning set forth in Section 12.1(b).

“Authorized Officer” means, with respect to any Person, its president, chief executive officer, treasurer, assistant treasurer, chief financial officer, or controller.

“Bank of America Accounts” means (i) each Collection Account in the name of GFSI, Inc. and (ii) each Collection Account in the name of CC Products, Inc., maintained with Bank of America, N.A., as depository bank.

“Broken Funding Costs” means for any Purchaser Interest which: (i) has its Capital reduced without compliance by Seller with the notice requirements hereunder, (ii) does not become subject to an Aggregate Reduction following the delivery of any Reduction Notice, (iii) is assigned to the Committed Purchasers pursuant to a Liquidity Agreement or (iv) otherwise is terminated prior to the date on which it was originally scheduled to end; an amount equal to the excess, if any, of (A) the Yield that would have accrued during the remainder of the Tranche Periods or the tranche periods for Commercial Paper determined by the applicable Managing Agent to relate to such Purchaser Interest subsequent to the date of such reduction, assignment or termination (or in respect of clause (ii) above, the date such Aggregate Reduction was designated to occur pursuant to the Reduction Notice) of the Capital of such Purchaser Interest if such reduction, assignment or termination had not occurred or such Reduction Notice had not been delivered, over (B) the sum of (x) to the extent all or a portion of such Capital is allocated to another Purchaser Interest, the amount of Yield actually accrued during the remainder of such period on such Capital for the new Purchaser Interest, and (y) to the extent such Capital is not allocated to another Purchaser Interest, the income, if any, actually received during the remainder of such period by the holder of such Purchaser Interest from investing the portion of such Capital not so allocated. In the event that the amount referred to in clause (B) exceeds the amount referred to in clause (A), the relevant Purchaser or Purchasers agree to pay to Seller the amount of such excess. All Broken Funding Costs shall be due and payable hereunder upon demand.

“Business Day” means any day on which banks are not authorized or required to close in New York, New York or Chicago, Illinois and The Depository Trust Company of New York is open for business, and, if the applicable Business Day relates to any computation or payment to be made with respect to the LIBO Rate, any day on which dealings in dollar deposits are carried on in the London interbank market.

“Calendar Month” means each four or five week period as set forth on Schedule D hereto.

“Capital” of any Purchaser Interest means, at any time, (A) the Purchase Price of such Purchaser Interest, minus (B) the sum of the aggregate amount of Collections and other payments received by the Managing Agents which in each case are applied to reduce such Capital in accordance with the terms and conditions of this Agreement; provided that such Capital shall be restored (in accordance with Section 2.5) in the amount of any Collections or other payments so received and applied if at any time the distribution of such Collections or payments are rescinded, returned or refunded for any reason.

"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 date hereof.

"Change of Control" means:

(i) 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 HBI on a fully diluted basis;

(ii) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board of Directors of HBI (together with any new directors whose election to such Board or whose nomination for election by the stockholders of HBI 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 HBI then in office;

(iii) the occurrence of any "Change of Control" (or similar term) under (and as defined in) any ~~First Lien Loan Document, Second Lien~~ Loan Document or Senior Note Document; or

(iv) ~~Originator~~HBI shall for any reason cease to own and control all of the outstanding equity interests of Seller; or

(v) HBI shall for any reason cease to own and control all of the outstanding equity interests of any Originator (other than HBI).

"Charged-Off Receivable" means a Receivable: (i) as to which, to the knowledge of the applicable Originator, the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 9.1(d) (as if references to Seller Party therein refer to such Obligor); (ii) as to which the Obligor thereof, if a natural person, is deceased, (iii) which, consistent with the applicable Credit and Collection Policy, would be written off Seller's books as uncollectible or (iv) which has been identified by Seller as uncollectible.

"Collection Account" means each concentration account, depositary account, lock-box account or similar account in which any Collections are collected or deposited.

"Collection Account Agreement" means an agreement substantially in the form of Exhibit VI among an Originator, Seller, the Agent and a Collection Bank.

"Collection Bank" means, at any time, any of the banks holding one or more Collection Accounts.

"Collection Notice" means a notice, in substantially the form of Exhibit A to Exhibit VI, from the Agent to a Collection Bank.

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds in respect of such Receivable, including, without limitation, all yield, principal, Finance Charges, recoveries or other related amounts accruing in respect thereof and all cash proceeds of Related Security with respect to such Receivable and any Deemed Collections.

"Commercial Paper" means promissory notes of a Conduit Purchaser issued by such Conduit Purchaser in the commercial paper market.

"Commitment" means, for each Committed Purchaser, the commitment of such Committed Purchaser to purchase Purchaser Interests from Seller, in an amount not to exceed in the aggregate, the amount set forth below such Committed Purchaser's name on Schedule A to this Agreement, as such amount may be modified in accordance with the terms hereof.

"Committed Purchasers" has the meaning set forth in the preamble in this Agreement.

"Concentration Limit" means, for any Obligor and its Affiliates, at any time, the amount equal to the product of (a) either (i) 3.00% or (ii) such other higher percentages (each, a "Special Concentration Percentage") for such Obligors and its Affiliates as are set forth on Schedule C, which Special Concentration Percentage is subject to reduction or cancellation (1) by the Agent with respect to any Obligor, or (2) by the Agent, upon written demand by any Managing Agent, with respect to any Obligor whose short term debt ratings are withdrawn or downgraded by S&P or Moody's, in either case of (1) or (2), upon five (5) Business Days' prior notice to Seller, the other Managing Agents, the Agent and the Servicer and (b) the aggregate Outstanding Balance of all Eligible Receivables at such time.[20]

"Conduit Purchaser" has the meaning set forth in the preamble to this Agreement.

"Contingent Obligation" of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit.

"Contract" means, with respect to any Receivable, any and all instruments, agreements, invoices or other writings pursuant to which such Receivable arises or which evidences such Receivable; provided that the term "Contract" shall not include any agreement or documents between an Obligor and an Originator or delivered to an Obligor which relate to cooperative advertising arrangements, discount arrangements or requirements of merchants of such Originator's product to the extent such agreements or documents do not evidence or give rise to any Receivable and do not govern the origination, servicing or enforcement of any Receivable.

"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 Servicer, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

20 This definition was deleted and replaced in its entirety by Amendments No. 1 and No. 2.

"CP Costs"[21]

"CP Rate" means:

(a) with respect to any Conduit Purchaser for which HSBC or PNC is the Managing Agent, for any Accrual Period for any Purchaser Interest, to the extent such Conduit Purchaser funds such Purchaser Interest by issuing Commercial Paper, a per annum rate equal to the weighted average of the rates (as determined by the applicable Managing Agent and which shall include commissions of placement agents and dealers, incremental carrying costs incurred with respect to the commercial paper of such Person maturing on dates other than those on which corresponding funds are received by such Conduit Purchaser, other borrowings by such Conduit Purchaser and any other costs associated with the issuance of commercial paper) payable by such Conduit Purchaser in respect of its Commercial Paper outstanding during such Accrual Period that is allocated, in whole or in part, to fund or maintain such Purchaser Interest during such Accrual Period, converted (as necessary) to an annual yield equivalent rate calculated on the basis of a 360-day year; and

(b) for any Accrual Period for any Purchaser Interest funded by a Conduit Purchaser that becomes a party to this Agreement pursuant to an Assignment Agreement, to the extent such Conduit Purchaser funds such Purchaser Interest by issuing Commercial Paper, the "CP Rate" set forth in such Assignment Agreement;

provided, that at all times after the occurrence and during the continuance of an Amortization Event, the CP Rate shall mean the Default Rate.[22]

"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 without giving effect to any amendments thereto unless either (i) each Managing Agent has given written consent to such amendment or (ii) each Managing Agent or any of its Affiliates is a lender under the Credit Agreement and each such lender has agreed in writing to such amendment.

"Credit and Collection Policy" means ~~the~~each Originator's and the Servicer's credit and collection policies and practices relating to Contracts and Receivables existing on the date hereof and summarized in Exhibit VIII hereto, as modified from time to time in accordance with this Agreement; provided, that upon prior written notice to the Agent, any Originator may adopt the Credit and Collection Policy of HBI and such change in the applicable Originator's Credit and Collection Policy shall not be a violation of Section 7.2(c) hereof.

"Daily Report" means a report, in substantially the form of Exhibit XIII hereto (appropriately completed), furnished by the Servicer to the Managing Agents and the Agent pursuant to Section 8.5.

"Dating Receivable" means a Receivable for which the related due date was set by the applicable Originator prior to the origination of such Receivable.

---

21 This definition was deleted in its entirety by Amendment No. 2.

22 This definition was deleted and replaced in its entirety by Amendment No. 2.

"Deemed Collections" means the aggregate of all amounts Seller shall have been deemed to have received as a Collection of a Receivable. Seller shall be deemed to have received a Collection (but only to the extent of the reduction or cancellation identified below) of a Receivable if at any time (i) the Outstanding Balance of any such Receivable is either (x) reduced as a result of any defective or rejected goods or services, any discount, rebate or any adjustment or otherwise (other than cash Collections on account of the Receivables) or (y) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction) or (ii) any of the representations or warranties regarding any Receivable in Article V are no longer true (in which case, Seller shall be deemed to have received a Collection in an amount equal to the Outstanding Balance of such Receivable).

"Defaulted Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for more than 90 days from the original due date for such payment.

"Default Rate" means a rate per annum equal to 3.00% above the Alternate Base Rate.[23]

"Default Ratio" means, at any time, a percentage equal to (i) the sum of (a) the aggregate Outstanding Balance of all Receivables that became Charged-Off Receivables (other than the Charged-Off Receivables as described in clause (i) of the definition thereof) during the most recently ended Calendar Month that were less than 61 days past the original due date and (b) the aggregate Outstanding Balance of all Receivables as to which (A) any payment, or part thereof, remains unpaid for 61 days to 90 days past the original due date as of the last day of such Calendar Month and (B) did not become Charged-Off Receivables (other than the Charged-Off Receivables as described in clause (i) of the definition thereof) prior to the day that was 61 days past the original due date, divided by (ii) the aggregate Original Balance of all Receivables generated by ~~Originator~~all Originators during the Calendar Month ending three (3) Calendar Months prior to such Calendar Month.[24]

"Delinquency Ratio" means, at any time, a percentage equal to (i) the aggregate Outstanding Balance of all Receivables that were Delinquent Receivables as of the last day of the most recently ended Calendar Month divided by (ii) the aggregate Outstanding Balance of all Receivables as of the last day of such Calendar Month.

"Delinquent Receivable" means a Receivable as to which any payment, or part thereof, remains unpaid for more than 60 days from the original due date for such payment.

"Dilution Ratio" means, at any time, a percentage equal to (i) the aggregate amount of Dilutions which occurred during the most recently ended Calendar Month, divided by (ii) the aggregate Original Balance of all Receivables generated by ~~Originator~~all Originators during either (A) the most recently ended Calendar Month or (B) such other period of time as specified by any Managing Agent upon three (3) Business Days' prior written notice to the other parties hereto at any time within two (2) months after the date on which the Managing Agents receive the results of any annual audit report prepared at the request of any Managing Agent pursuant to Section 7.1(d), provided, that no Managing Agent may specify any such other period of time

23 This definition was amended by Amendment No. 1.

24 This definition was deleted and replaced in its entirety by Amendment No. 3.

unless such other period of time is reasonably based upon and verified by the results of any such annual audit report.

"Dilution Reserve" means, at any time, an amount equal to the Dilution Reserve Percentage at such time multiplied by the Net Receivables Balance at such time.

"Dilution Reserve Floor" means 23.0% .[25]

"Dilution Reserve Percentage" means, at any time, the greater of (i) the Dilution Reserve Floor and (ii) the amount expressed as a percentage and calculated in accordance with the following formula:

DRP = (SF x ED) + ((DS – ED) x (DS / ED)) x DHR

where:

SF	=	the Stress Factor at such time.
ED	=	the average of the Dilution Ratios for the twelve months most recently ended at such time.
DS	=	the highest two (2) consecutive month average of the Dilution Ratios during the immediately preceding twelve months.
DHR	=	the aggregate Original Balance of all Receivables generated by ~~Originator~~all Originators during the most recently ended one and one-half (1.5) Calendar Month-period divided by the Net Receivables Balance as of the last day of such Calendar Month; provided that any Managing Agent may specify such other period of time for purposes of determining the numerator of DHR upon three (3) Business Days' prior written notice to the other parties hereto at any time within two (2) months after the date on which the Managing Agents receive the results of any annual audit report prepared at the request of any Managing Agent pursuant to Section 7.1(d), provided, that no Managing Agent may specify any such other period of time unless such other period of time is reasonably based upon and verified by the results of any such annual audit report.[26]

"Dilutions" means, at any time, the aggregate amount of reductions or cancellations described in clause (i) of the definition of "Deemed Collections".

"Discount Rate" means, the LIBO Rate or the Prime Rate, as applicable, with respect to each Purchaser Interest funded by the Committed Purchasers.

"Downgrade Event" means the occurrence of any one or more of the following: (i) HBI's issuer rating is below B- by S&P, (ii) HBI's senior unsecured long-term debt rating is

25 This definition was amended by Amendments No. 1, No. 2 and No. 5.

26 This definition was deleted and replaced in its entirety by Amendment No. 1.

below B3 by Moody's or (iii) HBI's debt under the ~~First Lien~~ Credit Agreement is rated below B3 by Moody's.[27]

"Eligible Receivable" means, at any time, a Receivable:

(i) the Obligor of which is not an Affiliate of any of the parties hereto;

(ii) the Obligor of which is not the Obligor of any Charged-Off Receivable;

(iii) which is not a Charged-Off Receivable or a Delinquent Receivable;

(iv) which, if not a Dating Receivable, by its terms is due and payable within 120 days after the original billing date therefor and has not had its original payment terms extended; provided that:

(A) if such Receivable is due and payable by its terms within 31 to 60 days after the original billing date therefor, the Outstanding Balance of such Receivable when added to the aggregate Outstanding Balance of all other Eligible Receivables due and payable within 31 to 60 days after the original billing date therefor does not exceed 20.00% of the aggregate Outstanding Balance of all Receivables at such time;

(B) if such Receivable is due and payable by its terms within 61 to 90 days after the original billing date therefor, the Outstanding Balance of such Receivable, when added to the aggregate Outstanding Balance of all other Eligible Receivables due and payable within 61 to 90 days after the original billing date therefor does not exceed 3.00% of the aggregate Outstanding Balance of all Receivables at such time; and

(C) if such Receivable is due and payable by its terms within 91 to 120 days after the original billing date therefor, the Outstanding Balance of such Receivable, when added to the aggregate Outstanding Balance of all other Eligible Receivables due and payable within 91 to 120 days after the original billing date therefor does not exceed 3.00% of the aggregate Outstanding Balance of all Receivables at such time.

(v) which, if a Dating Receivable, by its terms is due and payable within 180 days after the origination thereof and has not had its payment terms extended; provided that the Outstanding Balance of such Dating Receivable when added to the aggregate Outstanding Balance of all other Eligible Receivables that are Dating Receivables does not exceed 3.00% of the aggregate Outstanding Balance of all Receivables at such time;

(vi) which is an "account" within the meaning of Section 9-102 of the UCC of all applicable jurisdictions;

(vii) which is denominated and payable only in United States dollars in the United States;

---

27 This definition was added by Amendment No. 2.

(viii) which arises under a Contract in substantially the form of one of the form contracts set forth on Exhibit IX hereto or otherwise approved by the Agent in writing, which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms;

(ix) which, other than a Receivable arising from the sale of products under a Specified Agreement, is not evidenced by, governed by and does not arise under any other agreement, document or writing other than a Contract in substantially the form of one of the form contracts set forth on Exhibit IX hereto or otherwise approved by the Agent in writing;

(x) which arises under a Contract which Contract (a) does not require the Obligor under such Contract to consent to the transfer, sale or assignment of the rights and duties of the applicable Originator or any of its assignees under such Contract and (b) does not contain a confidentiality provision that purports to restrict the ability of any Purchaser to exercise its rights under this Agreement, including, without limitation, its right to review the Contract;

(xi) which arises under a Contract that contains an obligation to pay a specified sum of money, contingent only upon the sale of goods or the provision of services by the applicable Originator;

(xii) which, together with the Contract related thereto, does not contravene in any material respect any law, rule or regulation applicable thereto (including, without limitation, any law, rule and regulation relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no part of the Contract related thereto is in violation in any material respect of any such law, rule or regulation;

(xiii) which satisfies all applicable requirements of the applicable Originator's Credit and Collection Policy;

(xiv) which was generated in the ordinary course of the applicable Originator's business;

(xv) which arises solely from the sale of goods or the provision of services to the related Obligor by the applicable Originator, and not by any other Person (in whole or in part);

(xvi) as to which the Agent has not notified Seller that the Agent has determined that such Receivable or class of Receivables is not acceptable as an Eligible Receivable, including, without limitation, because such Receivable arises under a Contract that is not acceptable to the Agent, such notice to be provided at least ten (10) Business Days prior to such Receivable being designated as unacceptable to the Managing Agent;

(xvii) which is not subject to any dispute, right of rescission, set-off, counterclaim, any other defense (including defenses arising out of violations of usury laws) of the applicable Obligor against the applicable Originator or any other Adverse Claim, and the Obligor thereon holds no right against such Originator to cause such Originator to repurchase the goods or merchandise, the sale of which shall have given rise to such Receivable (except with respect to sale discounts effected pursuant to the Contract, or defective goods returned in accordance with the terms of the Contract);

(xviii) as to which the applicable Originator has satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, and no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor and any obligations of ~~the~~such Originator that relates to standard warranties related to the goods sold which gave rise to such Receivable;

(xix) all right, title and interest to and in which has been validly transferred by the applicable Originator directly to Seller under and in accordance with the Receivables Sale Agreement, and Seller has good and marketable title thereto free and clear of any Adverse Claim; ~~and~~

(xx) if the Obligor of which is one of the 15 Obligors with the greatest aggregate Outstanding Balance of Receivables at such time, such Obligor is not the Obligor of Delinquent Receivables, the Outstanding Balance of which in the aggregate constitute more than 25.0% of the aggregate Outstanding Balance of all Receivables of such Obligor; and

(xxi) for which, if originated by GFSI, Inc. or CC Products, Inc., the Agent has given written notice to the Seller that such Receivables are eligible (which notice shall be delivered by the Agent on the date the Bank of America Accounts are subject to a Collection Account Agreement in form and substance acceptable to the Agent).

"ERISA" means the Employee Retirement Income Security Act of 1974 and any regulations promulgated thereunder.

"Excess Foreign Receivables Amount" means at any time, the amount, if positive, equal to (a) the aggregate Outstanding Balance of all Eligible Receivables which are Foreign Receivables at such time minus (b) the product of (x) the Foreign Receivables Limit and (y) the aggregate Outstanding Balance of all Eligible Receivables at such time.

"Excess Government Receivables Amount" means at any time, the amount, if positive, equal to (a) the aggregate Outstanding Balance of all Eligible Receivables which are Government Receivables at such time minus (b) the product of (x) the Government Receivables Limit and (y) the aggregate Outstanding Balance of all Eligible Receivables at such time.

"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 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.[28]

"Facility Termination Date" means the earliest to occur of (i) ~~February 1,~~March 31, 2011[29] and (ii) the Amortization Date.

"Federal Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy," as amended and any successor statute thereto.

"Federal Funds Effective Rate" means, for any period, a fluctuating interest rate per annum for each day during such period equal to (a) 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 preceding Business Day) by the Federal Reserve Bank of New York in the Composite Closing Quotations for U.S. Government Securities; or (b) if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 10:30 a.m. (Chicago time) for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.[30]

"Fee Letter" means that certain letter agreement dated as of April 13, 2009[31] among Seller, the Agent and the Managing Agents, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time.

"Finance Charges" means, with respect to a Contract, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to such Contract.

~~"First Lien Credit Agreement" means that certain First Lien Credit Agreement, dated as of September 5, 2006, 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 the same may be amended, supplemented, amended and restated or otherwise modified from time to time and includes any replacement thereof.~~

~~"First Lien Loan Documents" means the First Lien Credit Agreement and the related guarantees, pledge agreements, security agreements, mortgages, notes and other agreements and instruments entered into in connection with the First Lien Credit Agreement, in each case as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.~~

"Foreign Receivable" means any Receivable, the Obligor of which, (i) if a natural person, is not a resident of the United States or (ii) if a corporation or other business organization, is neither organized under the laws of the United States or any political subdivision thereof nor has its chief executive office in the United States.

---

28 This definition was deleted and replaced in its entirety by Amendment No. 5.

29 The date was changed from November 27, 2010 to March 15, 2010 by Amendment No. 1, from March 15, 2010 to April 12, 2010 by Amendment No. 2, from April 12, 2010 to December 20, 2010 by Amendment No. 5 and from December 20, 2010 to February 1, 2011 by Amendment No. 6.

30 This definition was added by Amendment No. 1.

31 The date was changed from November 27, 2007 to March 16, 2009 by Amendment No. 1, and from March 16, 2009 to April 13, 2009 by Amendment No. 2.

"Foreign Receivables Limit" means 1.00%; provided that the Agent upon the direction of any Managing Agent may reduce such percentage to zero or any other percentage less than 1.00% at any time upon five (5) Business Days' prior notice to Seller, the other Managing Agents and the Servicer.

"Funding Agreement" means this Agreement and any agreement or instrument executed by any Funding Source with or for the benefit of any Conduit Purchaser, including, without limitation, any Liquidity Agreement.

"Funding Source" means (i) any Committed Purchaser or (ii) any insurance company, bank or other funding entity providing liquidity, credit enhancement or back-up purchase support or facilities to any Conduit Purchaser.

"GAAP" means generally accepted accounting principles in effect in the United States of America as of the date of this Agreement.

"Governmental Authority" means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, regulatory, public or statutory instrumentality, authority, body, agency, bureau or entity (including any zoning authority, the Federal Energy Regulatory Commission, the Comptroller of the Currency or the Federal Reserve Board, any central bank or any comparable authority).

"Government Receivable" means any Receivable the Obligor of which is a Governmental Authority.

"Government Receivables Limit" means 2.00%; provided that the Agent upon the direction of any Managing Agent may reduce such percentage to zero or any other percentage less than 2.00% at any time upon five (5) Business Days' prior notice to Seller, the other Managing Agents and the Servicer.

"Group Purchase Limit" means, for each Purchase Group, the sum of the Commitments of the Committed Purchasers in such Purchase Group.

"HBI" has the meaning set forth in the preamble to this Agreement.

"HBI Party" has the meaning set forth in Section 7.1(i).

"HSBC" means HSBC Securities (USA) Inc., and its successors and assigns.[32]

"Incremental Purchase" means a purchase of one or more Purchaser Interests which increases the total outstanding Aggregate Capital hereunder.

"Indebtedness" of a Person means such Person's (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person's business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable

---

32 This definition was deleted and replaced in its entirety by Amendment No. 2.

out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) net liabilities under interest rate swap, exchange or cap agreements, (vii) Contingent Obligations and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

"Independent Director" shall mean a member of the Board of Directors of Seller who is not at such time, and has not been at any time during the preceding five (5) years, (A) a director, officer, employee or Affiliate of Seller, any Originator, or any of their respective Subsidiaries or Affiliates, or (B) the beneficial owner (at the time of such individual's appointment as an Independent Director or at any time thereafter while serving as an Independent Director) of any of the outstanding common shares of Seller, any Originator, or any of their respective Subsidiaries or Affiliates, having general voting rights;

"JPMorgan"[33]

"LIBO " means the rate per annum equal to (a) the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of the relevant Tranche Period, as the rate for dollar deposits with a maturity comparable to such Tranche Period; provided that, in the event that such rate is not available at such time for any reason, then the rate for the relevant Tranche Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Tranche Period are offered by the principal London office of the Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Tranche Period, divided by (b) one (1) minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against the Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal) applicable to such Tranche Period.

"LIBO Rate" means the rate per annum equal to the sum of (i) LIBO plus (ii) the Applicable Margin; provided that at all times after the occurrence and during the continuance of an Amortization Event, the LIBO Rate shall be the Default Rate.

"Liquidity Agreement" means an agreement entered into by a Conduit Purchaser and the Committed Purchasers in its Purchase Group in connection herewith for the purpose of providing liquidity with respect to the Capital funded by such Conduit Purchaser.

"Loan Documents" means the Credit Agreement and the related guarantees, pledge agreements, security agreements, mortgages, notes and other agreements and instruments entered into in connection with the Credit Agreement, in each case as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

33 This definition was deleted in its entirety by Amendment No. 2.

"Lock-Box" means each locked postal box with respect to which a bank who has executed a Collection Account Agreement has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables.

"Loss Reserve" means, at any time, an amount equal to the Loss Reserve Percentage multiplied by the Net Receivables Balance as of the close of business of the Servicer at such time.

"Loss Reserve Floor" means 15.0%.[34]

"Loss Reserve Percentage" means, at any time, the greater of (i) the Loss Reserve Floor and (ii) the amount expressed as a percentage and calculated in accordance with the following formula:

LRP = LR x LHR x SF

where:

LR	=	the greatest three-month average Default Ratio during the immediately preceding 12-month period.
LHR	=	the aggregate Original Balance of all Receivables generated by ~~Originator~~all Originators during the three and one-half (3.5) Calendar Months ending as of the last day of the most recently ended Calendar Month immediately preceding such time divided by the Net Receivables Balance as of the last day of the most recently ended Calendar Month.
SF	=	the Stress Factor at such time.[35]

"Loss-to-Liquidation Ratio" means, at any time, a percentage equal to (i) the sum of (A) the aggregate Outstanding Balance of all Receivables that became Charged-Off Receivables (other than the Charged-Off Receivables as described in clause (i) of the definition thereof) during the most recently ended Calendar Month that were not also Delinquent Receivables as of the date that such Receivables became Charged-Off Receivables (other than the Charged-Off Receivables as described in clause (i) of the definition thereof) and (B) the aggregate Outstanding Balance of all Delinquent Receivables that were not also Defaulted Receivables as of the last day of such Calendar Month divided by (ii) the aggregate amount of Collections during such Calendar Month.[36]

"Managing Agent" has the meaning set forth in the preamble to this Agreement.

"Managing Agent Institution" has the meaning specified in Section 13.14(b).

"Managing Agent Institution Roles" has the meaning specified in Section 13.14(b).

---

34 This definition was deleted and replaced in its entirety by Amendments No. 1 and No. 2.

35 The definition of this component was deleted and replaced in its entirety by Amendment No. 1.

36 This definition was deleted and replaced in its entirety by Amendment No. 3.

"Material Adverse Effect" means a material adverse effect on (i) the financial condition or operations of any Seller Party and its Subsidiaries, taken as a whole, (ii) the ability of any Seller Party to perform its respective obligations under this Agreement, (iii) the legality, validity or enforceability of this Agreement or any other Transaction Document, (iv) any Purchaser's interest in the Receivables generally or in any material portion of the Receivables, the Related Security or the Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables, other than due to the insolvency, bankruptcy or creditworthiness of an Obligor.

"Material Obligor" means, at any time, an Obligor the Receivables of which are greater than 4.0% of the aggregate Outstanding Balance of all Receivables at such time.

"Moody's" means Moody's Investors Service, Inc.

"Net Receivables Balance" means, at any time, (i) the aggregate Outstanding Balance of all Eligible Receivables at such time, *minus* (ii) the aggregate amount by which the Outstanding Balance of the Eligible Receivables of each Obligor and its Affiliates exceeds the Concentration Limit for such Obligor, *minus* (iii) the Excess Government Receivables Amount, *minus* (iv) the Excess Foreign Receivables Amount.

"New Originators Eligibility Date" means, the date on which the Receivables originated by GFSI, Inc. and CC Products, Inc. become Eligible Receivables under clause (xxi) of the definition thereof.

"Obligations" shall have the meaning set forth in Section 2.1.

"Obligor" means a Person obligated to make payments pursuant to a Contract.

"Original Balance" means, with respect to any Receivable, the original outstanding balance of such Receivable on the date such Receivable was originated.

"Originator" means ~~Hanesbrands Inc., in its capacity as seller~~each of HBI, GFSI, Inc., a Delaware corporation, and CC Products, Inc., a Delaware corporation, and any other wholly-owned domestic Subsidiary of HBI which becomes an Originator pursuant to Section 7.11 of the Receivables Sale Agreement with the consent of the Agent and each Managing Agent, in each case, in their capacities as the sellers under the Receivables Sale Agreement.

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Participant" has the meaning set forth in Section 12.2.

"PBGC" means the Pension Benefit Guaranty Corporation.

"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 Servicer or any corporation, trade or business that is, along with the Servicer, 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.

"Performance Undertaking" means that certain Performance Undertaking, dated as of January 31, 2011, executed by HBI, as the same may be further amended, restated or otherwise modified from time to time.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"PNC" means PNC Bank, N.A., and its successors and assigns.[37]

"Pooled Commercial Paper" means Commercial Paper notes of a Conduit Purchaser subject to any particular pooling arrangement by such Conduit Purchaser, but excluding Commercial Paper issued by such Conduit Purchaser for a tenor and in an amount specifically requested by any Person in connection with any agreement effected by such Conduit Purchaser.

"Potential Amortization Event" means an event which, with the passage of time or the giving of notice, or both, would constitute an Amortization Event.

"Potential Servicer Default" means an event which, with the passage of time or the giving of notice, or both, would constitute a Servicer Default.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by HSBC Bank USA, N.A. as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective; provided that at all times after the occurrence and during the continuance of an Amortization Event, the Prime Rate shall mean the Default Rate.[38]

"Proposed Reduction Date" has the meaning set forth in Section 1.3.

"Pro Rata Share" means, for each Committed Purchaser in a Purchase Group, a percentage equal to (i) the Commitment of such Committed Purchaser, divided by (ii) the aggregate amount of all Commitments of all Committed Purchasers in such Purchase Group hereunder, adjusted as necessary to give effect to the application of the terms of Section 1.1.

"Purchase Group" means any Managing Agent and its related Conduit Purchasers and Committed Purchasers.

"Purchase Group Share" means, for any Purchase Group, the percentage equivalent to a fraction (expressed out to five decimal places), the numerator of which is the aggregate Commitments of all Committed Purchasers in such Purchase Group and the denominator of which is Purchase Limit.

"Purchase Limit" means $250,000,000.

---

37 This definition was added by Amendment No. 2.

38 This definition was deleted and replaced in its entirety by Amendments No. 1 and No. 2.

"Purchase Notice" has the meaning set forth in Section 1.2.

"Purchase Price" means, with respect to any Incremental Purchase of a Purchaser Interest, the amount paid to Seller for such Purchaser Interest which shall not exceed the least of (i) the amount requested by Seller in the applicable Purchase Notice, (ii) the unused portion of the Purchase Limit on the applicable purchase date and (iii) the excess, if any, of the Net Receivables Balance (less the Aggregate Reserves) on the applicable purchase date over the aggregate outstanding amount of Aggregate Capital determined as of the date of the most recent Daily Report, Weekly Report or Settlement Report, as applicable, taking into account such proposed Incremental Purchase.

"Purchaser" means any Conduit Purchaser or Committed Purchaser, as applicable, and "Purchasers" means all Conduit Purchasers and Committed Purchasers.

"Purchaser Interest" means, at any time, an undivided percentage ownership interest (computed as set forth below) associated with a designated amount of Capital, selected pursuant to the terms and conditions hereof in (i) each Receivable arising prior to the time of the most recent computation or recomputation of such undivided interest, (ii) all Related Security with respect to each such Receivable, and (iii) all Collections with respect to, and other proceeds of, each such Receivable. Each such undivided percentage interest shall equal:

C / (NRB - AR)

where:

C	=	the Capital of such Purchaser Interest.
NRB	=	the Net Receivables Balance.
AR	=	the Aggregate Reserves.

Such undivided percentage ownership interest shall be initially computed on its date of purchase. Thereafter, until the Amortization Date, each Purchaser Interest shall be automatically recomputed (or deemed to be recomputed) on each day prior to the Amortization Date. The variable percentage represented by any Purchaser Interest as computed (or deemed recomputed) as of the close of the business day immediately preceding the Amortization Date shall remain constant at all times thereafter.

"Purchasing Committed Purchaser" has the meaning set forth in Section 12.1(b).

"Receivable" means all indebtedness and other obligations owed to Seller or an Originator (at the time it arises, and before giving effect to any transfer or conveyance under the Receivables Sale Agreement or hereunder) or in which Seller or an Originator has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale of goods or the rendering of services by an Originator in the ordinary course of business and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto. Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be a Receivable regardless of whether the account debtor, applicable Originator or Seller treats such indebtedness, rights or obligations as a separate payment obligation. The term "Receivable" shall not include any Excluded Receivable.

"Receivables Sale Agreement" means that certain Amended and Restated Receivables Sale Agreement dated ~~the date hereof between Originator~~as of January 31, 2011 among Originators and Seller, as the same may be amended, restated or otherwise modified from time to time.

"Records" means, with respect to any Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

"Reduction Notice" has the meaning set forth in Section 1.3.

"Regulatory Change" has the meaning set forth in Section 10.3.

"Reinvestment" has the meaning set forth in Section 2.2.

"Related Security" means, with respect to any Receivable:

(i) all of Seller's interest in the inventory and goods (including returned or repossessed inventory or goods), if any, the sale of which by the applicable Originator gave rise to such Receivable, and all insurance contracts with respect thereto,

(ii) all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable,

(iii) all guaranties, letters of credit, letter of credit rights, supporting obligations, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise,

(iv) all service contracts and other contracts and agreements associated with such Receivable; provided that this clause (iv) shall not include any agreement or documents between an Obligor and an Originator or delivered to an Obligor which relate to cooperative advertising arrangements, discount arrangements or requirements of merchants of such Originator's product to the extent such agreements or documents do not evidence or give rise to any Receivable and do not govern the origination, servicing or enforcement of any Receivable,

(v) all Records related to such Receivable,

(vi) all of Seller's right, title and interest in, to and under the Receivables Sale Agreement in respect of such Receivable,

(vii) all of the Seller's right, title and interest in, to and under the Performance Undertaking, and

(~~vii~~viii) all proceeds of any of the foregoing.

"Required Committed Purchasers" means, at any time, Committed Purchasers with Commitments in excess of 66 2/3% of the Purchase Limit.

"Required Notice Period" means the number of days required notice set forth below applicable to the Aggregate Reduction indicated below:

Aggregate Reduction	**Required Notice Period**
≤$100,000,000	Two (2) Business Days
>$100,000,000	Five (5) Business Days

"Restricted Junior Payment" means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of equity interests of Seller now or hereafter outstanding, except a dividend payable solely in shares of that class of equity interests or in any junior class of equity interests of Seller, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of equity interests of Seller now or hereafter outstanding, (iii) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to the Subordinated Loans (as defined in the Receivables Sale Agreement), (iv) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of equity interests of Seller now or hereafter outstanding, and (v) any payment of management fees by Seller (except for reasonable management fees to an Originator or its Affiliates in reimbursement of actual management services performed).

"S&P" means Standard & Poor's Ratings Group.

~~"Second Lien Credit Agreement" means the Second Lien Credit Agreement, dated as of September 5, 2006, among the HBI Branded Apparel Limited, Inc., 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 the same may be amended, supplemented, amended and restated or otherwise modified from time to time and includes any replacement thereof.~~

~~"Second Lien Loan Documents" means the Second Lien Credit Agreement and the related guarantees, pledge agreements, security agreements, mortgages, notes and other agreements and instruments entered into in connection with the Second Lien Credit Agreement, in each case as the same may be amended, supplemented, amended and restated or otherwise modified from time to time.~~

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Parties" has the meaning set forth in the preamble to this Agreement.

"Senior Note Documents" means the Senior Notes, the Senior Note Indenture and all other agreements, documents and instruments executed and delivered with respect to the Senior Notes or the 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.

"Senior Note Indenture" means the Indenture dated as of December 14, 2006, among HBI, the Person acting as trustee thereunder, and the guarantors named therein, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time

"Servicer" means at any time the Person (which may be the Agent) then authorized pursuant to Article VIII to service, administer and collect Receivables.

"Servicer Default" has the meaning set forth in Section 8.7.

"Servicing Fee" has the meaning set forth in Section 8.6.

"Settlement Date" means (i) prior to May 2009, the date that is two (2) Business Days after the third Thursday of each month (or, if such third Thursday is not a Business Day, two (2) Business Days after the next succeeding Business Day) and (ii) commencing in May 2009, the 15th day of each month (or, if such day is not a Business Day, the next succeeding Business Day).[39]

"Settlement Report" means a report, in substantially the form of Exhibit XI hereto (appropriately completed), furnished by the Servicer to the Managing Agents and the Agent pursuant to Section 8.5.

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person; (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (d) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's property would constitute unreasonably small capital. The amount of contingent liabilities (such as litigation, guaranties and pension plan liabilities) at any time shall be computed as the amount that, in light of all the facts and circumstances existing at the time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Agreement" means any agreement specified in Schedule III to the Fee Letter.

"Stress Factor" means, (i) at any time during which a Downgrade Event has occurred and is continuing, 2.50, and (ii) at all other times, 2.25.[40]

---

39 This definition was deleted and replaced in its entirety by Amendment No. 2.

40 This definition was added by Amendment No. 1 and deleted and replaced in its entirety by Amendment No. 2.

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of Seller.

"Terminating Tranche" has the meaning set forth in Section 4.3(b).

"Tranche Period" means, with respect to any Purchaser Interest funded by a Committed Purchaser, including any Purchaser Interest or undivided interest in a Purchaser Interest assigned to a Committed Purchaser pursuant to a Liquidity Agreement:

(a) if Yield for such Purchaser Interest is calculated on the basis of the LIBO Rate, a period of one (1) month, or such other period as may be mutually agreeable to the applicable Managing Agent and Seller, commencing on a Business Day selected by Seller or the applicable Managing Agent pursuant to this Agreement. Such Tranche Period shall end on the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such Tranche Period, provided, however, that if there is no such numerically corresponding day in such succeeding month, such Tranche Period shall end on the last Business Day of such succeeding month; or

(b) if Yield for such Purchaser Interest is calculated on the basis of the Prime Rate, a period commencing on a Business Day selected by Seller and agreed to by the applicable Managing Agent, provided no such period shall exceed one (1) month.

If any Tranche Period would end on a day which is not a Business Day, such Tranche Period shall end on the next succeeding Business Day, provided, however, that in the case of Tranche Periods corresponding to the LIBO Rate, if such next succeeding Business Day falls in a new month, such Tranche Period shall end on the immediately preceding Business Day. In the case of any Tranche Period for any Purchaser Interest which commences before the Amortization Date and would otherwise end on a date occurring after the Amortization Date, such Tranche Period shall end on the Amortization Date. The duration of each Tranche Period which commences after the Amortization Date shall be of such duration as selected by the applicable Managing Agent.

"Transaction Documents" means, collectively, this Agreement, each Purchase Notice, the Receivables Sale Agreement, each Collection Account Agreement, the Fee Letter, the Agent Fee Letter, the Subordinated Note (as defined in the Receivables Sale Agreement), the Performance Undertaking and all other instruments, documents and agreements executed and delivered in connection herewith.[41]

"Wal-Mart Exclusion Date" means December 21, 2009.[42]

---

41 This definition was amended to include "the Agent Fee Letter," in the third line by Amendment No. 1.

42 This definition was added by Amendment No. 5.

“Weekly Report” means a report, in substantially the form of Exhibit X hereto (appropriately completed), furnished by the Servicer to the Managing Agents and the Agent pursuant to Section 8.5.

“UCC” means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

“Yield” means:

(a) for each respective Tranche Period relating to Purchaser Interests funded by a Committed Purchaser, including any Purchaser Interest or undivided interest in a Purchaser Interest assigned to a Committed Purchaser pursuant to a Liquidity Agreement, an amount equal to the product of the applicable Discount Rate for each Purchaser Interest multiplied by the Capital of such Purchaser Interest for each day elapsed during such Tranche Period, annualized on a 360 day basis (or a 365 or 366 day basis, as applicable, in the case of the Prime Rate); and

(b) for each respective Accrual Period relating to Purchaser Interests funded by a Conduit Purchaser, other than a Purchaser Interest which, or an undivided interest in which, has been assigned by such Conduit Purchaser pursuant to a Liquidity Agreement, an amount equal to the product of the CP Rate multiplied by the Capital of such Purchaser Interest for each day elapsed during such Accrual Period, annualized on a 360-day basis.

“Yield and Servicing Fee Reserve” means, at any time, an amount equal to 1.50% multiplied by the Net Receivables Balance at such time.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

EXHIBIT II

FORM OF PURCHASE NOTICE

[Date]

HSBC Securities (USA) Inc., as
Agent and as a Managing Agent
452 Fifth Avenue, 5th Floor
New York, New York 10018
Attention: Suzanna Baird

PNC Bank, N.A., as a Managing Agent[43]

Re: PURCHASE NOTICE

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement, dated as of November 27, 2007, by and among HBI Receivables LLC, a Delaware limited liability company (the "Seller"), Hanesbrands Inc., as Servicer, the Purchasers and Managing Agents party thereto, and HSBC Securities (USA) Inc., as Agent (the "Receivables Purchase Agreement"). Capitalized terms used herein shall have the meanings assigned to such terms in the Receivables Purchase Agreement.

The Managing Agents are hereby notified of the following Incremental Purchase:

Purchase Price:	$[__________]
Date of Purchase:	[__________], 20[__]
Requested Discount Rate:	[LIBO Rate] [Prime Rate] [Pooled Commercial Paper rate]

Please wire transfer the Purchase Price in immediately available funds on the above-specified date of purchase to:

[Account Name: ____________________]
[Account No. : ____________________]
[Bank Name & Address: ____________________]
[ABA #: ____________________]
Reference: [____________________]
Telephone advice to: [Name] @ Tel. No. [(___) ___-____]]

43 Addressees changed to reflect Resignation and Appointment Agreement and Amendment No. 2.

Please advise [Name] at telephone number [(___) ___-____] if none of the Conduit Purchasers in your Purchase Group will be making this purchase.

In connection with the Incremental Purchase to be made on the above listed "Date of Purchase" (the "Purchase Date"), the Seller hereby certifies that the following statements are true on the date hereof, and will be true on the Purchase Date (before and after giving effect to the proposed Incremental Purchase):

(i) the representations and warranties of the Seller set forth in Section 5.1 of the Receivables Purchase Agreement are true and correct on and as of the Purchase Date as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from the proposed Incremental Purchase, that will constitute an Amortization Event or a Potential Amortization Event;

(iii) the Facility Termination Date has not occurred, the Aggregate Capital does not exceed the Purchase Limit and the aggregate Purchaser Interests do not exceed 100%; and

(iv) the amount of Aggregate Capital is $[_____] after giving effect to the Incremental Purchase to be made on the Purchase Date.

Very truly yours,

HBI RECEIVABLES LLC

By: ______________________________
Name:
Title:

EXHIBIT III

PLACES OF BUSINESS OF THE SELLER PARTIES;
LOCATIONS OF RECORDS;
FEDERAL EMPLOYER IDENTIFICATION NUMBER(S)

	Hanesbrands Inc.	HBI Receivables LLC	GFSI, Inc	CC Products, Inc.
Federal Employer Identification Number	20-3552316	26-1347975	74-2810748	48-1244929
Principal Place of Business	1000 East Hanes Mill Road Winston-Salem North Carolina 27105	1000 East Hanes Mill Road Winston-Salem North Carolina 27105	9700 Commerce Parkway Lenexa, Kansas 66219 1000 East Hanes Mill Road Winston-Salem North Carolina 27105	9700 Commerce Parkway Lenexa, Kansas 66219 1000 East Hanes Mill Road Winston-Salem North Carolina 27105
Chief Executive Office	1000 East Hanes Mill Road Winston-Salem North Carolina 27105	1000 East Hanes Mill Road Winston-Salem North Carolina 27105	9700 Commerce Parkway Lenexa, Kansas 66219 1000 East Hanes Mill Road Winston-Salem North Carolina 27105	9700 Commerce Parkway Lenexa, Kansas 66219 1000 East Hanes Mill Road Winston-Salem North Carolina 27105
Offices Where Records are Kept	1000 East Hanes Mill Road Winston-Salem, North Carolina 27105 531 Northridge Park Drive Rural Hall North Carolina 27045 Data Chambers Records Management: 3302 Old Lexington Road Winston-Salem North Carolina	1000 East Hanes Mill Road Winston-Salem, North Carolina 27105 531 Northridge Park Drive Rural Hall North Carolina 27045 Data Chambers Records Management: 3302 Old Lexington Road Winston-Salem North Carolina	9700 Commerce Parkway Lenexa, Kansas 66219 9700 Lackman Road Lenexa, Kansas 66219	9700 Commerce Parkway Lenexa, Kansas 66219 9700 Lackman Road Lenexa, Kansas 66219

Hanesbrands Inc.	HBI Receivables LLC	GFSI, Inc	CC Products, Inc.
27105	27105		
800 Chatham Road Winston-Salem North Carolina 27101	800 Chatham Road Winston-Salem North Carolina 27101		
3929 West Point Blvd Winston-Salem North Carolina 27103	3929 West Point Blvd Winston-Salem North Carolina 27103		
1401 Yanceyville Street Greensboro, NC 27405	1401 Yanceyville Street Greensboro, NC 27405		
1435 Bethel Drive High Point North Carolina 7260	1435 Bethel Drive High Point North Carolina 7260		

EXHIBIT IV

FORM OF REDUCTION NOTICE

[Date]

HSBC Securities (USA) Inc., as a Managing Agent
and as Agent
425 Fifth Avenue, 5th Floor
New York, New York 10018
Attention: Suzanna Baird[44]

Re: Reduction Notice

Ladies and Gentlemen:

Reference is hereby made to the Receivables Purchase Agreement, dated as of November 27, 2007, by and among HBI Receivables LLC, a Delaware limited liability company (the "Seller"), Hanesbrands Inc., as Servicer, the Purchasers and Managing Agents party thereto, and HSBC Securities (USA) Inc., as Agent (the "Receivables Purchase Agreement"). Capitalized terms used herein shall have the meanings assigned to such terms in the Receivables Purchase Agreement.

Pursuant to Section 1.3 of the Receivables Purchase Agreement, the Seller hereby notifies the Agent of the following reduction of Aggregate Capital from Collections. The proposed date of such reduction is [DATE] (the "Proposed Reduction Date").[45] The amount of Aggregate Capital to be reduced on the Proposed Reduction Date is $[_____].

Very truly yours,

HBI RECEIVABLES LLC

By: ______________________________
Name:
Title:

44 Address was amended pursuant to the Resignation and Appointment Agreement.

45 Must be in compliance with the Required Notice Period Set forth in Exhibit I to the Receivables Purchase Agreement.

EXHIBIT V

FORM OF COMPLIANCE CERTIFICATE

To: HSBC Securities (USA) Inc., as Agent and as a Managing Agent, PNC Bank, N.A.[46], as a Managing Agent, and each of the "Purchasers" party to the Agreement defined below.

This Compliance Certificate is furnished pursuant to that certain Receivables Purchase Agreement dated as of November 27, 2007 among HBI Receivables LLC (the "Seller"), Hanesbrands Inc. (the "Servicer"), the Purchasers and Managing Agents party thereto and HSBC Securities (USA) Inc., as Agent for such Purchasers (the "Agreement"). Terms used herein and not otherwise defined herein shall have the meanings assigned in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I, [___________], am the duly elected [___________] of Seller, and the duly elected [___________] of Servicer.

2. Attached hereto are copies of the financial statements of Seller, including a balance sheet, [a] statement[s] of income [and retained earnings] and a statement of cash flows) for the [fiscal year][quarterly period] ending [____], which, in each case, are true, complete and correct in all material respects.

3. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of Seller and Servicer and its Subsidiaries during the accounting period covered by the attached financial statements.

4. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Amortization Event or Potential Amortization Event, as each such term is defined under the Agreement, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth in paragraph 5 below.

5. Schedule I attached hereto sets forth financial data and computations evidencing the compliance with Section 9.1(h) of the Agreement, all of which data and computations are true, complete and correct.

6. Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which Seller or Servicer, as applicable, has taken, is taking, or proposes to take with respect to each such condition or event:

____
[____
____].

46 Revised to reflect parties to Amendment No. 2.

The foregoing certifications, together with the computations set forth in Schedule I hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this [__________] day of [__________], 20[__].

By: ______________________________________

[__________] of Hanesbrands Inc.

[__________] of HBI Receivables LLC

SCHEDULE I TO COMPLIANCE CERTIFICATE

A. Schedule of Compliance as of [___________], 20[__] with Section 7.1(a)(iii) of the Agreement. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

This schedule relates to the month ended: [___________], 20[__]

EXHIBIT VI

FORM OF COLLECTION ACCOUNT AGREEMENT

(Attached.)

Blocked Account Control Agreement
("Lockbox and Lockbox Account — Shifting Control") | JPMORGAN CHASE BANK, N.A.

V1.0_0705

Execution Copy

AGREEMENT dated as of November 27, 2007, by and among HBI Receivables LLC ("Seller"), Hanesbrands Inc. ("HBI"), individually and as Servicer ("Servicer"), JPMorgan Chase Bank, N.A., as Agent ("Agent"), and JPMorgan Chase Bank, N.A. ("Depositary").

The parties hereto refer to Schedule A for a list of the Post Office Box Numbers (the "Lockboxes") and Account Numbers (the "Accounts") in the name of Hanesbrands Inc. maintained at Depositary and hereby agree as follows:

1. HBI, Seller, Servicer and Agent notify Depositary that pursuant to that certain Receivables Sale Agreement, dated November 27, 2007 by and among HBI, as the seller thereunder, and Seller, as the purchaser thereunder, HBI has transferred all of its right, title and interest in and to, and exclusive ownership and control of, the Lockboxes and Accounts to Seller. Seller, Servicer and Agent notify Depositary that pursuant to that certain Receivables Purchase Agreement, dated November 27, 2007, among Seller, Servicer, the "Purchasers" party thereto, the "Managing Agents" party thereto and Agent, Seller has transferred to, and granted Agent a security interest in, the Lockboxes and all checks or other items deposited from time to time therein and in the Accounts and all funds on deposit from time to time therein. Depositary acknowledges being so notified. Depositary hereby agrees that as of the date hereof, the title and account holder of each Lockbox and each Account shall "HBI Receivables LLC".

2. (a) None of HBI, Seller or Servicer shall have any right to issue withdrawal, delivery or other instructions which it otherwise would be entitled to give under the Applicable Documentation (as hereinafter defined) with respect to the Lockboxes (collectively, "lockbox instructions"), other than with respect to routine administrative matters, or any other right or ability to control, access, pick up, withdraw or transfer items from the Lockboxes without Agent's express written consent with respect thereto. On each business day (and without HBI's, Seller's, Servicer's or any other person's consent), Depositary shall open the mail delivered to the Lockboxes and deposit the checks and other items contained therein into the Accounts.

   (b) Prior to the Effective Time (as defined below) Depositary shall honor all withdrawal, payment, transfer or other fund disposition or other instructions which the Seller (or Servicer on Seller's behalf) is entitled to give under the Applicable Documentation (as hereinafter defined) (collectively, "account instructions" and, together with lockbox instructions, "instructions") received from the Seller or Servicer concerning the Accounts. On and after the Effective Time, Depositary shall exclusively honor and comply with all instructions received from Agent (but not those from HBI, Seller, Servicer or any other person) directing the disposition of the funds on deposit in the Accounts and otherwise concerning the Accounts without the consent of HBI, Seller, Servicer or any other person and none of HBI, Seller, Servicer or any other person shall have any right or ability to access, withdraw or transfer funds from the Accounts.

   For the purposes hereof, the "Effective Time" shall be the opening of business on the second business day next succeeding the business day on which a notice purporting to be signed by Agent in substantially the same form as Exhibit A, attached hereto, with a copy of this Agreement attached thereto (a "Shifting Control Notice"), is actually received by the individual employee of Depositary to whom the notice is required hereunder to be addressed or any employee succeeding such employees duties and responsibilities; provided, however, that if any such notice is so received after 12:00 noon, New York City time, on any business day, the "Effective Time" shall be the opening of business on the third business day next succeeding the business day on which such receipt occurs; and, provided further, that a "business day" is any day other than a Saturday, Sunday or other day on which Depositary is or is authorized or required by law to be closed.

Notwithstanding the foregoing: (i) all transactions involving or resulting in a transaction involving the Accounts duly commenced by Depositary or any affiliate prior to the Effective Time and so consummated or processed thereafter shall be deemed not to constitute a violation of this Agreement; and (ii) Depositary and/or any affiliate may (at its discretion and without any obligation to do so) (x) cease honoring Seller's instructions and/or commence honoring solely Agent's instructions concerning the Accounts at any time or from time to time after it becomes aware that Agent has sent to it a Shifting Control Notice but prior to the Effective Time therefor (including without limitation halting, reversing or redirecting any transaction referred to in clause (i) above), or (y) deem a Shifting Control Notice to be received by it for purposes of the foregoing paragraph prior to the specified individual's actual receipt if otherwise actually received by Depositary (or if such Shifting Control Notice contains minor mistakes or other irregularities but otherwise substantially complies with the form attached hereto as Exhibit A or does not attach an appropriate copy of this Agreement), with no liability whatsoever to Seller or any other party for doing so.

HBI, Seller, Servicer, Agent and Depositary agree that notwithstanding anything herein or elsewhere to the contrary, Agent, or any party designated in writing by Agent, shall be irrevocably entitled to exercise any and all rights in respect of, or in connection with, the Accounts without HBI's, Seller's, Servicer's or any of Seller's affiliate's consent, including, without limitation, the right to give instructions directing the disposition of the funds in the Accounts and Depositary agrees to comply with such instructions. Each of HBI, Seller, Servicer and Agent agree that this Agreement grants "control" of the Accounts to Agent within the meaning of Section 9-104 of the UCC.

3. This Agreement supplements, rather than replaces, Depositary's deposit account agreement, terms and conditions, lockbox agreement and other standard documentation in effect from time to time with respect to the Lockboxes, the Accounts or the services provided in connection therewith (the "Applicable Documentation"), which Applicable Documentation will continue to apply to the Lockboxes, the Accounts and such services, and the respective rights, powers, duties, obligations, liabilities and responsibilities of the parties thereto and hereto, to the extent not expressly conflicting with the provisions of this Agreement (however, in the event of any such conflict, the provisions of this Agreement shall control). Prior to issuing any instructions on or after the Effective Time, Agent shall provide Depositary with such documentation as Depositary may reasonably request to establish the identity and authority of the individuals issuing instructions on behalf of Agent. Agent may request the Depositary to provide other services with respect to the Lockboxes or the Accounts on or after the Effective Time; however, if such services are not authorized or otherwise covered under the Applicable Documentation, Depositary's decision to provide any such services shall be made in its sole discretion (including without limitation being subject to Seller and/or Agent executing such Applicable Documentation or other documentation as Depositary may require in connection therewith).
4. Depositary agrees not to exercise or claim any right of offset, banker's lien or other like right against the Accounts for so long as this Agreement is in effect except with respect to (i) returned or charged-back items, reversals or cancellations of payment orders and other electronic fund transfers or other corrections or adjustments to the Accounts or transactions therein, (ii) overdrafts in the Accounts or (iii) Depositary's charges, fees and expenses with respect to the Accounts or the services provided hereunder. Depositary also acknowledges that it does not have a security interest in the Accounts.
5. Notwithstanding anything to the contrary in this Agreement: (i) Depositary shall have only the duties and responsibilities with respect to the matters set forth herein as is expressly set forth in writing herein and shall not be deemed to be an agent, bailee or fiduciary for any party hereto; (ii)

Depositary shall be fully protected in acting or refraining from acting in good faith without investigation on any notice (including without limitation a Shifting Control Notice), instruction or request purportedly furnished to it by Seller or Agent in accordance with the terms hereof, in which case the parties hereto agree that Depositary has no duty to make any further inquiry whatsoever; (iii) it is hereby acknowledged and agreed that Depositary has no knowledge of (and is not required to know) the terms and provisions of the separate agreement referred to in paragraph 1 above or any other related documentation or whether any actions by Agent (including without limitation the sending of a Shifting Control Notice), Seller or any other person or entity are permitted or a breach thereunder or consistent or inconsistent therewith, (iv) Depositary shall not be liable to any party hereto or any other person for any action or failure to act under or in connection with this Agreement except to the extent such conduct constitutes its own willful misconduct or gross negligence (and to the maximum extent permitted by law, shall under no circumstances be liable for any incidental, indirect, special, consequential or punitive damages); and (v) Depositary shall not be liable for losses or delays caused by force majeure, interruption or malfunction of computer, transmission or communications facilities, labor difficulties, court order or decree, the commencement of bankruptcy or other similar proceedings or other matters beyond Depositary's reasonable control.

6. Seller hereby agrees to indemnify, defend and save harmless Depositary against any loss, liability or expense (including reasonable fees and disbursements of counsel who may be an employee of Depositary) (collectively, "Covered Items") incurred in connection with this Agreement, the Lockboxes or the Accounts (except to the extent due to Depositary's willful misconduct or gross negligence) or any interpleader proceeding relating thereto or incurred at Seller's direction or instruction.

7. Depositary may terminate this Agreement (a) in its discretion upon the sending of at least thirty (30) days' advance written notice to the other parties hereto or (b) because of a material breach by Seller or Agent of any of the terms of this Agreement or the Applicable Documentation, upon the sending of at least ten (10) days advance written notice to the other parties hereto. Agent may terminate this Agreement in its discretion upon the sending of at least three (3) days advance written notice to the other parties hereto. Any other termination or any amendment or waiver of this Agreement shall be effected solely by an instrument in writing executed by all the parties hereto. The provisions of paragraphs 5 and 6 above shall survive any such termination.

8. Seller shall compensate Depositary for the opening and administration of the Lockboxes and the Accounts and services provided hereunder in accordance with Depositary's fee schedules from time to time in effect. Payment will be effected by a direct debit to the Accounts.

9. Depositary hereby represents and warrants:

   (a) Depositary is a "bank" within the meaning of Section 9-102(a)(8) of the Uniform Commercial Code in effect in the State of New York ("UCC"); and

   (b) That the Accounts are "deposit accounts" within the meaning of Section 9-102(a)(29) of the UCC.

10. This Agreement: (i) may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument; (ii) shall become effective when counterparts hereof have been signed by the parties hereto; and (iii) **shall be governed by and construed in accordance with the laws of the State of New York. The parties hereto agree that New York shall be the Bank's jurisdiction for all purposes of Article 9 of the UCC.**

    All parties hereby waive all rights to a trial by jury in any action or proceeding relating to the

Lockboxes, the Accounts or this Agreement. All notices under this Agreement shall be in writing and sent (including via facsimile transmission) to the parties hereto at their respective addresses or fax numbers set forth below (or to such other address or fax number as any such party shall designate in writing to the other parties from time to time).

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

HBI RECEIVABLES LLC		HANESBRANDS INC.	
By: ______________________		By: ______________________	
Name:		Name:	
Title:		Title:	
Address for Notices:	1000 East Hanes Mill Road Winston-Salem, NC 27105	Address for Notices	1000 East Hanes Mill Road Winston-Salem, NC 27105
Fax No.:	(336) 714-3650	Fax No.:	(336) 714-3855

JPMORGAN CHASE BANK, N.A. (“Depositary”)

By: ______________________

Name:
Title:

Address For Notices:	JPMorgan Chase Bank, N.A. 3475 Piedmont Road NE, 18th Floor Atlanta, GA 30305-2954
Fax:	404-926-2579
Attention:	Treasury & Securities Services

JPMORGAN CHASE BANK, N.A. (“Agent”)

By: ______________________

Name: Adam J. Klimek
Title: Vice President

Address for Notices:	JPMorgan Chase Bank, N.A. Asset-Backed Securities Conduit Group 10 S. Dearborn Mail Code IL1-0612 Chicago, Illinois 60603
Fax No:	(312) 732-3600

Blocked Account Agreement | EXHIBIT A — SHIFTING CONTROL NOTICE

Date: [MM/DD/YYYY]
JPMorgan Chase Bank, N.A.
3475 Piedmont Road NE, 18th Floor
Atlanta, GA 30305-2954
Fax: 404-926-2579
Attention: Treasury & Securities Services

Re: Blocked Account Control Agreement dated as of November 27, 2007, by and among HBI Receivables LLC ("Seller"), Hanesbrands Inc. ("HBI"), individually and as Servicer ("Servicer"), JPMorgan Chase Bank, N.A. ("Agent") and JPMorgan Chase Bank, N.A. ("Depositary").

Ladies and Gentlemen:

This constitutes a Shifting Control Notice as referred to in paragraph 2 of the Agreement, a copy of which is attached hereto.

JPMORGAN CHASE BANK, N.A., as Agent

By: ______________________________
Signature
Name:
Title:

Blocked Account Agreement | SCHEDULE A — LIST OF LOCKBOXES AND ACCOUNTS

Lock-Box(es)	Related Account	Account Title Holder

EXHIBIT VII

FORM OF ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (this "Assignment Agreement") is entered into as of the [___] day of [___], 20[__], by and between [____________________] ("Assignor") and [__________] ("Assignee").

PRELIMINARY STATEMENTS

A. This Assignment Agreement is being executed and delivered in accordance with Section 12.1(b) of that certain Receivables Purchase Agreement dated as of November 27, 2007 by and among HBI Receivables LLC, as Seller, Hanesbrands Inc., as Servicer, the Purchasers and Managing Agents party thereto, and HSBC Securities (USA) Inc., as Agent (as amended, modified or restated from time to time, the "Purchase Agreement") and Section [__] of that certain [APA] among [___] (as amended, modified or restated from time to time, the "APA"). Capitalized terms used and not otherwise defined herein are used with the meanings set forth or incorporated by reference in the Purchase Agreement or the APA, as applicable.

B. Assignor is a Committed Purchaser party to the Purchase Agreement and an APA Bank party to the APA, and Assignee wishes to become a Committed Purchaser and APA Bank under the Purchase Agreement and the APA, respectively; and

C. Assignor is selling and assigning to Assignee an undivided [___]% (the "Transferred Percentage") interest in all of Assignor's rights and obligations under the Purchase Agreement, the APA and the Transaction Documents, including, without limitation, Assignor's Commitment and (if applicable) the Capital of Assignor's Purchaser Interests as set forth herein.

AGREEMENT

The parties hereto hereby agree as follows:

1. The sale, transfer and assignment effected by this Assignment Agreement shall become effective (the "Effective Date") two (2) Business Days (or such other date selected by the Managing Agent for the Assignor in its sole discretion) following the date on which a notice substantially in the form of Schedule II to this Assignment Agreement ("Effective Notice") is delivered by such Managing Agent to the related Conduit Purchaser, the Agent, Assignor and Assignee. From and after the Effective Date, Assignee shall be a Committed Purchaser party to the Purchase Agreement and an APA Bank party to the APA for all purposes thereof as if Assignee were an original party thereto and Assignee agrees to be bound by all of the terms and provisions contained therein.

2. If Assignor has no outstanding Capital under the Purchase Agreement, on the Effective Date, Assignor shall be deemed to have hereby transferred and assigned to Assignee, without recourse, representation or warranty (except as provided in paragraph 6 below), and the Assignee shall be deemed to have hereby irrevocably taken, received and

assumed from Assignor, the Transferred Percentage of Assignor's Commitment and all rights and obligations associated therewith under the terms of the Purchase Agreement and the APA, including, without limitation, the Transferred Percentage of Assignor's future funding obligations under Section 1.1 of the Purchase Agreement and Section 2.1 of the APA.

3. If Assignor has any outstanding Capital under the Purchase Agreement, at or before 12:00 noon, local time of Assignor, on the Effective Date Assignee shall pay to Assignor, in immediately available funds, an amount equal to the sum of (i) the Transferred Percentage of the outstanding Capital of Assignor's Purchaser Interests (such amount, being hereinafter referred to as the "Assignee's Capital"); (ii) all accrued but unpaid (whether or not then due) Yield attributable to Assignee's Capital; and (iii) accruing but unpaid fees and other costs and expenses payable in respect of Assignee's Capital for the period commencing upon each date such unpaid amounts commence accruing, to and including the Effective Date (the "Assignee's Acquisition Cost"); whereupon, Assignor shall be deemed to have sold, transferred and assigned to Assignee, without recourse, representation or warranty (except as provided in paragraph 6 below), and Assignee shall be deemed to have hereby irrevocably taken, received and assumed from Assignor, the Transferred Percentage of Assignor's Commitment and the Capital of Assignor's Purchaser Interests (if applicable) and all related rights and obligations under the Purchase Agreement and the Transaction Documents, including, without limitation, the Transferred Percentage of Assignor's future funding obligations under Section 1.1 of the Purchase Agreement and Section 2.1 of the APA.

4. Concurrently with the execution and delivery hereof, Assignor will provide to Assignee copies of all documents requested by Assignee which were delivered to Assignor pursuant to the Purchase Agreement.

5. Each of the parties to this Assignment Agreement agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Assignment Agreement.

6. By executing and delivering this Assignment Agreement, Assignor and Assignee confirm to and agree with each other, the Agent, the Managing Agents and the Committed Purchasers as follows: (a) other than the representation and warranty that it has not created any Adverse Claim upon any interest being transferred hereunder, Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made by any other Person in or in connection with the Purchase Agreement or the Transaction Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of Assignee, the Purchase Agreement or any other instrument or document furnished pursuant thereto or the perfection, priority, condition, value or sufficiency of any collateral; (b) Assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Seller, any Obligor, any Seller Affiliate or the performance or observance by the Seller, any Obligor, any Seller Affiliate of any of their respective obligations under the Transaction Documents or any other instrument or document furnished pursuant thereto or in connection therewith; (c) Assignee confirms that it has received a copy of the Purchase Agreement and copies of such other Transaction Documents, and other documents and information as it has requested and deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement; (d) Assignee will, independently and without reliance upon the Agent, any Managing Agent, any

Conduit Purchaser, the Seller or any other Committed Purchaser or Purchaser 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 Purchase Agreement and the Transaction Documents; (e) Assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Transaction Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (f) Assignee agrees that it will perform in accordance with their terms all of the obligations which, by the terms of the Purchase Agreement and the other Transaction Documents, are required to be performed by it as a Committed Purchaser or, when applicable, as a Purchaser.

7. Each party hereto represents and warrants to and agrees with the Agent that it is aware of and will comply with the provisions of the Purchase Agreement, including, without limitation, Sections 4.1, 13.6 and 13.7 thereof.

8. Schedule I hereto sets forth the revised Commitment of Assignor and the Commitment of Assignee, as well as administrative information with respect to Assignee.

9. THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

10. Assignee hereby covenants and agrees that, prior to the date which is one (1) year and one (1) day after the payment in full of all senior indebtedness for borrowed money of Conduit Purchaser, it will not institute against, or join any other Person in instituting against, Conduit Purchaser any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment Agreement to be executed by their respective duly authorized officers of the date hereof.

[ASSIGNOR]

By: ______________________________
Title:

[ASSIGNEE]

By: ______________________________
Title:

[Consented to by:
HBI RECEIVABLES LLC

By: ______________________________
Title:]

SCHEDULE I TO ASSIGNMENT AGREEMENT

LIST OF LENDING OFFICES, ADDRESSES
FOR NOTICES AND COMMITMENT AMOUNTS

Date: [____________________], 20[__]

Transferred Percentage: [__________]%

Assignor	**A-l Commitment (prior to giving effect to the Assignment Agreement)**	**A-2 Commitment (after giving effect to the Assignment Agreement)**	**B-l Outstanding Capital (if any)**	**B-2 Ratable Share of Outstanding Capital**

Assignee	**Commitment (prior to giving effect to the Assignment Agreement)**	**A-2 Commitment (after giving effect to the Assignment Agreement)**	**B-l Outstanding Capital (if any)**	**B-2 Ratable Share of Outstanding Capital**

Address for Notices

[____________________]

[____________________]

Attention: [__________]

Phone: [__________]

Fax: [__________]

SCHEDULE II TO ASSIGNMENT AGREEMENT

EFFECTIVE NOTICE

TO: [__________], Assignor
[__________]
[__________]
[__________]

TO: [__________], Assignee
[__________]
[__________]
[__________]

The undersigned, as Agent and the Managing Agent for the Assignor's Purchase Group, respectively, under the Receivables Purchase Agreement dated as of November 27, 2007 by and among HBI Receivables LLC, as Seller, Hanesbrands Inc., as Servicer, the Purchasers and Managing Agents party thereto, and HSBC Securities (USA) Inc., as Agent hereby acknowledges receipt of executed counterparts of a completed Assignment Agreement dated as of [__________], 20[__] between [__________], as Assignor, and [__________], as Assignee. Terms defined in such Assignment Agreement are used herein as therein defined.

1. Pursuant to such Assignment Agreement, you are advised that the Effective Date will be [__________], 20[__].

2. The Managing Agent, on behalf of the affected Conduit Purchaser(s) hereby consents to the Assignment Agreement as required by Section 12.1(b) of the Receivables Purchase Agreement and Section [___] of the APA.

[3. Pursuant to such Assignment Agreement, the Assignee is required to pay $[___] to Assignor at or before 12:00 noon (local time of Assignor) on the Effective Date in immediately available funds.**]**

Very truly yours,

HSBC SECURITIES (USA) INC.,
individually and as Agent

By: ______________________________

Title: ______________________________

EXHIBIT VIII

CREDIT AND COLLECTION POLICY

See Exhibit V to Receivables Sale Agreement

EXHIBIT IX

FORM OF CONTRACT(S)

(Attached.)

HbI
HANES*brands*INC

1000 East Hanes Mill Road
Winston-Salem, NC 27105

Send Correspondence To:
P.O. Box 807
Rural Hall, NC 27045

INVOICE

Customer Purchase Order Number	
Invoice Date	**Due Date**
Ship Date	**Dept No**

REMIT TO:
HANESBRANDS INC.
23881 Network Place
Chicago, IL 60673-1238

DUNS 62-145-4722

Remittance Must Include Invoice No.

INVOICE NO. 9000029903

BILL TO Cust No.

SHIP TO Cust No.

SCAC Code: Carrier:	BOL Number:		Pro Number:
No. Cartons: 00001	Weight:	Payment Terms:	Shipping Terms:

STYLE	DESCRIPTION	COLOR/SIZE	UNITS	UOM	UNIT PRICE	AMOUNT (USD)

Page 1 of 1	DETAILED INVOICE	Total Units	Sub-Total ->	
			Taxes ->	
SEE TERMS AND CONDITIONS ON REVERSE SIDE OF THIS INVOICE			GRAND TOTAL	US$

THE INVOICE ON THE REVERSE HEREOF FROM SELLER TO BUYER IS
EXPRESSLY SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1. F.O.B. SHIPPING POINT. NO ANTICIPATION ALLOWED. DISCOUNT IS ALLOWED ON THE MERCHANDISE TOTAL ONLY. THIS INVOICE FROM SELLER TO BUYER IS EXPRESSLY SUBJECT TO THE TERMS AND CONDITIONS SET FORTH ON THE REVERSE HEREOF.
2. SELLER WARRANTS THAT THE GOODS ARE AS DESCRIBED ON THE REVERSE HEREOF AND FURTHER, THE PRODUCTS COVERED BY THIS INVOICE ARE IN ACCORDANCE WITH THE PROVISIONS ON THE FLAMMABLE FABRICS ACT AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACT FILED WITH THE FEDERAL TRADE COMMISSION. ADDITIONALLY, WE HEREBY CERTIFY THAT ALL GOODS AND SERVICES COVERED BY THIS INVOICE WERE PRODUCED AND FURNISHED IN COMPLIANCE WITH THE REQUIREMENTS OF THE FAIR LABOR STANDARDS ACT OF 1938 AS AMENDED, AND ANY REGULATIONS AND ORDERS ISSUED THEREUNDER. NO OTHER EXPRESS WARRANTY IS MADE IN RESPECT TO THE GOODS.
3. ALL CLAIMS FOR ERRORS RELATING TO GOODS DELIVERED BY SELLER TO BUYER UNDER THIS CONTRACT SHALL BE MADE BY BUYER WITHIN A PERIOD OF FIVE(5) DAYS AFTER THE GOODS ARE DELIVERED TO BUYER. FAILURE TO MAKE ANY CLAIM WITHIN FIVE(5) DAYS SHALL CONSTITUTE AN IRREVOCABLE ACCEPTANCE OF THE GOODS AND AN ADMISSION THAT THEY FULLY COMPLY WITH ALL TERMS, CONDITIONS, AND SPECIFICATIONS OF THIS CONTRACT.
4. BUYER SHALL PAY THE PRICE WITHIN THE TERM SPECIFICALLY SET FORTH ON THIS INVOICE FROM THE DATE OF THE INVOICE. SELLER RESERVES THE RIGHT TO CHARGE BUYER REASONABLE FINANCE CHARGES ON PAST DUE BALANCES OR ON PAYMENTS MADE NOT WITHIN THE SPECIFIED TERM. FURTHER, WHERE PERMITTED BY APPLICABLE STATE LAW, BUYER SHALL PAY TO SELLER REASONABLE COST OF COLLECTION OF MONEY DUE AND UNPAID INCLUDING REASONABLE ATTORNEY’S FEES.
5. MERCHANDISE CANNOT BE RETURNED WITHOUT WRITTEN PERMISSION.
6. HANESBRANDS INC. PRODUCTS IRREGULARS AND CLOSE-OUTS ARE SOLD ON THE CONDITION THAT ITS BRAND NAME(S) WILL NOT BE USED IN ADVERTISING THEIR SALE. A DESCRIPTION SUCH AS “FAMOUS BRAND” OR “GOODS OF NATIONALLY ADVERTISED BRAND” MAY BE USED.

HbI
HANESbrandsINC

P.O.Box 1550
1000 E. Hanes Mill Rd
Winston-Salem, NC 27102

INVOICE

INVOICE NO.

PLEASE REMIT TO :
HANESBRANDS INC.
23130 NEWTWORK PLACE
CHICAGO IL 60673-1231

REMITTANCE MUST INCLUDE ACCOUNT NO. AND INVOICE NO.

ACCOUNT NUMBER	INVOICE DATE	DUE DATE

SOLD TO

SHIP TO

PRO NO.	BILL of LADING	TERMS	STORE	CARTONS	CARRIER

Customer P.O.	Department	SLS	Shipped	Shipped V.I.A.	Shipped from

CHAMPION STOCK NO.	STYLE	COLOR SIZE	UNITS ORDERED	UNITS SHIPPED	UNIT PRICE	AMOUNT

A late payment charge of 1 1/2 % per month (in no case will it be in excess of the rate permitted by state law) will be added to all past due invoices.

Terms and conditions as specified in your order acknowledgement apply.

Claims must be made within 90 days of invoice date.

Continuing guaranties under the Textile Fiber Products Identification Act and under the Flammable Fabrics Act Files with the Federal Trade Commission.

We guarantee that the Textile Fiber Products specified herein are not misbranded nor falsely nor deceptively advertised or invoiced under the provisions of the Textile Fiber Products Identification Act and rules and regulations thereunder.

"This is to certify that the merchandise listed in this invoice has been produced in accordance with the Fair Labor Standards Act of 1938, as amended".

HbI
HANESbrandsINC

DISTRIBUTION CENTER: 219 COMMERCE BLVD., KINGS MNT., NC 28086
CUSTOMER SERVICE: P.O. BOX 1309, KINGS MNT., NC 28086

PAY THIS INVOICE TO:
HANESBRANDS INC. / BALI
P.O. BOX 93566
CHICAGO, IL 60673
10 349 2930

SHIP TO	DIV	CTL NO.	BATCH
	DEPT.	CUSTOMER P.O. NO.	TERMS
SOLD TO	INVOICE DATE / CODE	EVENT	ORDER DATE
	DATE SHIPPED	SHIPPED VIA	B OF L NUMBER
	A/R NUMBER	SHIPPED FROM	**INVOICE NO.**

STYLE	CLR	CUP	1 2 3 4	32 P 4 M	34 S 5 L	36 M 6 XL	38 L 7 34	40 XL 8 36	42 XX 9 38	44 3X 10 40	46 4X 11	48 5X 12	50 6X 13	52 7X 14	54 8X 15	TOTAL UNITS	COST PER UNIT	TOTAL COST

REFERENCE	SALESMAN	CARTONS / WGT.	TOTAL UNITS		MDSE TOTAL	

THIS INVOICE FROM SELLER TO BUYER IS EXPRESSLY SUBJECT TO THE TERMS AND CONDITIONS AS SET FORTH ON THE REVERSE HEREOF.

NO RETURNS WILL BE ACCEPTED WITHOUT OUR EXCHANGE AUTHORIZATION LABEL

PLEASE RETURN INVOICE COPY WITH REMITTANCE OR INDICATE INVOICE NUMBER

SHIPPING CHARGES	
INSURANCE	
GRAND TOTAL	

ORIGINAL

HbI

HANESbrands INC

475 Corporate Square Drive
Winston Salem, NC 27105
D-U-N-S 321-9367

Bill To

Ship To

Invoice No.

Invoice Date

Order Received

Ship Date

BILL TO

SHIP TO

REMIT TO

Hanesbrands Inc / HFA
22680 Network Place
Chicago, IL 60673-1226

Cases

Weight

Sold To	Customer Purchase Order	Sales Order	Department	Salesman	WH	ST	Frt	Terms

Customer Style	Size	Color	Prs/Unit	Qual	Product No.	Total Units	Price	Amount

Continuing Guarantee under the Flammable Fabrics act filed with the U.S. Consumer Product Safety Commission.

We hereby certify that the goods and services covered by this invoice were produced and furnished in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended, and any regulations and orders issued there under.

No Returns Accepted Without Authorization And Shipping Instructions

All Claims For Lost Shipments Must Be Filed Within 60 Days From Date Of Shipment

Please Pay Last Amount in This Column

INVOICE

REGINV HbI

HANESbrandsINC

- INVOICE -

PAGE

WINSTON-SALEM, NC 27102

DUNS: 321-3188

SOLD TO

SHIP TO

PLEASE REMIT TO:

HANESBRANDS INC
ATTN: ROPS
21692 NETWORK PLACE
CHICAGO IL

INVOICE NO.

INVOICE DATE

DUE DATE

ORDER NO.

CARRIER:

CUSTOMER PO	DEPT.	CLASS	SHIPPED	TERMS - NO ANTICIPATION	SALES REP.	DIST.	FOB

	CUSTOMER SKU (UPC)	SIZE	COLOR		VENDOR SKU	U-O-M	QUANTITY	PRICE	AMOUNT

APPT NO.		B.O.L. NO.	NO. CASES	TOT WEIGHT

CONTINUING GUARANTEES UNDER THE FLAMMABLE FABRICS ACT AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACT FILED WITH FED. TRADE COM.

Hanesbrands Inc. Irregulars and close-outs are sold on the condition that its Brand Name(s) will not be used in advertising their sale. A description such as "Famous Brand" or "Goods of Nationally Advertised Brand" may be used.

CLAIMS MUST BE MADE UPON RECEIPT OF GOODS. MERCHANDISE CANNOT BE RETURNED WITHOUT WRITTEN PERMISSION. PLEASE CONTACT YOUR ASSIGNED SERVICE REP.

STYLE	------PRODUCT DESCRIPTION------ PACKAGE CONFIG. | -----COLOR-----	PAGE 1 PROMOTION 00	HANESBRANDS INC VENDOR1 REPLNSH	UNITS SHIPPED APPEAR UNDER SIZE DESCRIPTION	QUANTITY		COST	COST-EXT

INVOICE

1 TRANS# 0000000 01

CARTONS ▲ / POUNDS ▼	THE PRODUCTION OF THE GOODS COVERED BY THIS ORDER COMPLIES WITH THE FAIR LABOR STANDARDS ACT OF 1938. A CONTINUING GUARANTY UNDER THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACT HAS BEEN FILED WITH THE FEDERAL TRADE COMMISSION. F.O.B. SHIPPING POINT. NO ANTICIPATION ALLOWED. DISCOUNT IS ALLOWED ON THE MERCHANDISETOTAL ONLY. THIS INVOICE FROM SELLER TO BUYER IS EXPRESSLE SUBJECT TO THE TERMS AND CONDITIONS AS SET FORTH TO THE REVERSE HEREOF.	TOTAL: QUANTITY	DISCOUNT AMOUNT $ IF PAID BY ◄ DUE DATE	MERCHANDISE TOTAL	
				SHIPPING CHARGES	
			SHIP DATE | INVOICE DATE | INVOICE NO.	INVOICE TOTAL ►	

F.O.B. SHIPPING POINT BUYER PAYS FREIGHT FROM:	SHIPPING POINT	FREIGHT INFORMATION	CARRIER	TERMS (FROM INVOICE DATE)	DEPT.	PURCHASE ORDER NUMBER	ORDER DATE
KINGS MTN	KINGS MTN PLAYTEK INTIMATES			DAYS-NET DAYS			

	NC		VENDOR NO.	ACCOUNT NUMBER: ST.	CL.	CUST. NO.	CTY.	OUTLET NUMBER: STORE NO.	DEPT.	T.O.	TERR.NO.	SEQ. NO.	SW
PO BOX 1309 KINGS MTN NC 28086													

REMIT TO: P.O. BOX 730754
DALLAS, TX 75373-0754

INVOICE TO:

SHIP TO:

TO ENSURE PROPER CREDIT SEND PAYMENT TO ►

REMIT TO

P.O. BOX 730754
DALLAS, TX 75373-0754

▼ DUNS NO. ▼

DUNS000000000

FORM NO. 724 (01/06)

HbI
HANESbrandsINC

CORRESPOND TO:

PAY THIS INVOICE TO:

SHIP TO	DEPT		ORDER NO.
	INVOICE DATE	TERMS NO ANTICIPATION ALLOWED	
SOLD TO	DATE SHIPPED	BOL NUMBER SHIPPED VIA	
	A/R NUMBER	SHIPPED FROM	INVOICE NO.

STYLE	COLOR	AB 8½	CD 9	EF 9½	10	10½	11	11½	12 OR 8	TOTAL UNITS	TOTAL DOZEN	SUGGESTED RETAIL	COST PER DOZ.	
		A/1	B/2	C/3	D/4	E/5	F/6	7	8					

	REFERENCE NO	SALESMAN	PAGE NO. OF	NO CTNS	TOTAL UNITS	TOTAL DOZENS	TOTAL RETAIL	SUBTOTAL MDSE AMOUNT	

INTERNAL USE ONLY

THIS INVOICE FROM BUYER TO SELLER IS EXPRESSLY SUBJECT TO THE TERMS AND CONDITIONS AS SET FORTH ON THE REVERSE HEREOF

NO RETURNS WILL BE ACCEPTED WITHOUT OUR EXCHANGE AUTHORIZATION LABEL

PLEASE RETURN INVOICE COPY WITH REMITTANCE OR MENTION INVOICE NUMBER

SHIPPING CHARGES

INSURANCE

GRAND TOTAL

ORIGINAL INVOICE
CUSTOMER COPY

HbI
HANESbrandsINC

P.O.Box 1550
1000 E. Hanes Mill Rd
Winston-Salem, NC 27102

INVOICE

INVOICE NO.

PLEASE REMIT TO :
HANESBRANDS INC. 23130 NETWORK PLACE CHICAGO IL 60673-1231

REMITTANCE MUST INCLUDE ACCOUNT NO. AND INVOICE NO.

ACCOUNT NUMBER	INVOICE DATE	DUE DATE

SOLD TO

SHIP TO

PRO NO.	BILL of LADING	TERMS	STORE	CARTONS	CARRIER

Customer P.O.	Department	SLS	Shipped	Shipped V.I.A.	Shipped from

CHAMPION STOCK NO.	STYLE	COLOR SIZE	UNITS ORDERED	UNITS SHIPPED	UNIT PRICE	AMOUNT

A late payment charge of 1 1/2 % per month (in no case will it be in excess of the rate permitted by state law) will be added to all past due invoices.

Terms and conditions as specified in your order acknowledgement apply.

Claims must be made within 50 days of invoice date.

Continuing guaranties under the Textile Fiber Products Identification Act and under the Flammable Fabrics Act Files with the Federal Trade Commission.

We guarantee that the Textile Fiber Products specified herein are not misbranded nor falsely nor deceptively advertised or invoiced under the provisions of the Textile Fiber Products Identification Act and rules and regulations thereunder.

"This is to certify that the merchandise listed in this invoice has been produced in accordance with the Fair Labor Standards Act of 1938, as amended".

HbI
HANESbrandsINC

1000 E. Hanes Mill Rd.
Winston-Salem, NC 27102

INVOICE

INVOICE NO.

PLEASE REMIT TO :
HANESBRANDS INC. 21692 NETWORK PLACE CHICAGO, IL 60673-1216

REMITTANCE MUST INCLUDE ACCOUNT NO. AND INVOICE NO.

ACCOUNT NUMBER	INVOICE DATE	DUE DATE	ORDER NR

SOLD TO

SHIP TO

PRO NO.	BILL of LADING	TERMS	STORE	CARTONS	CARRIER

Customer P.O.	Department	SLS	Shipped	Shipped V.I.A.	Shipped from

CASUALWEAR STOCK NO.	STYLE	COLOR SIZE	UNITS ORDERED	UNITS SHIPPED	UNIT PRICE	AMOUNT

Terms and conditions as specified in your order acknowledgement apply.

Claims must be made within 30 days of invoice date.

Continuing guaranties under the Textile Fiber Products Identification Act and under the Flammable Fabrics Act Files with the Federal Trade Commission.

We guarantee that the Textile Fiber Products specified herein are not misbranded nor falsely nor deceptively advertised or invoiced under the provisions of the Textile Fiber Products Identification Act and rules and regulations thereunder.

"This is to certify that the merchandise listed in this invoice has been produced in accordance with the Fair Labor Standards Act of 1938, as amended".

EXHIBIT X

FORM OF WEEKLY REPORT

(Attached.)

HBI Receivables LLC

Weekly Settlement Report

Report as of: ______________________

Weekly Period: ______________________ **thru** ______________________

I. RECEIVABLES ROLLFORWARD	
Beginning Receivables Balance	0
+ Gross Sales	0
+ Debit Adjustments	0
- Cash Collections	0
- Credit Adjustments, Write-Offs, and Recoveries	0
Ending Receivables Balance	**0**
II. RECEIVABLES AGING SCHEDULE	
Total Agings	
Current	0
1-30 dpd	0
31-60 dpd	0
61-90 dpd	0
91+ dpd	0
Credit Memos and Unapplied Cash	0
Total Receivables Balance	**0**
III. ELIGIBLE RECEIVABLES	
Per Most Recent Monthly Report:	
Total Receivables Balance	0
Eligible Receivables Balance	0
Ineligible Receivables	0
Ineligible Receivables Percentage	0.00%
Per This Weekly Report:	
Total Receivables Balance	0
Ineligible Receivables Percentage (calculated above)	0.00%
Eligible Receivables Balance	**0**
IV. OBLIGOR CONCENTRATION LIMITS	
Per Most Recent Monthly Report:	
Eligible Receivables Balance	0
Excess Obligor Concentrations	0
Excess Other Concentrations	0
Excess Concentration Percentage	0.00%
Per This Weekly Report:	
Eligible Receivables Balance	0
Excess Concentration Percentage (calculated above)	0.00%
Excess Concentrations	**0**
V. FUNDING AVAILABILITY	
Eligible Receivables Balance	0
- Excess Concentrations	0
Net Receivables Balance	**0**
- Loss Reserve Percentage per last Monthly Report	0.00%
- Dilution Reserve Percentage per last Monthly Report	0.00%
- Yield & Servicing Reserves per last Monthly Report	0.00%
Total Reserve Requirement	**0**
Available Funding Amount	**0**
VI. INCREASE / DECREASE IN CAPITAL	
Maximum Funding Amount	250,000
Amount Available for Funding Under the Facility	0
Beginning Capital Outstanding	0
Remaining Available Capital	0
Required Capital Paydown	0
Requested Increase / Purchase Amount	0
Required / Optional Repayment (min. equals Required Paydown)	0
Ending Capital Outstanding	**0**
VII. COMPLIANCE	
Purchaser Interest	
Outstanding Capital	0
Net Receivables Balance	0
Aggregate Reserves	0
Purchaser Interest	0.00%
Compliance?	Yes

The undersigned hereby represents and warrants that the foregoing is true and correct as of the date hereof in accordance with the Receivables Purchase Agreement dated November 27, 2007 (and as may be amended and otherwise modified from time to time).

Signed By: ______________________________

Title: ______________________________

EXHIBIT XI

FORM OF SETTLEMENT REPORT

(Attached.)

HBI Receivables LLC

Monthly Settlement Report

Report Period: ____________________
Report as of: ____________________

I. RECEIVABLES ROLLFORWARD	
Beginning Receivables Balance	**0**
+ Gross Sales	0
+ Debit Adjustments	0
- Cash Collections	0
- Bad Debt Write-Offs	0
+ Recoveries	0
- Credit Adjustments and Customer Deduction Write-Offs	0
Ending Receivables Balance	**0**
II. RECEIVABLES AGING SCHEDULE	
Debit Only	
Current	0
1-30 dpd	0
31-60 dpd	0
61-90 dpd	0
91+ dpd	0
Total Debit Receivables Balance	**0**
Credit Only	
Current	0
1-30 dpd	0
31-60 dpd	0
61-90 dpd	0
91+ dpd	0
Total Credit Receivables Balance	**0**
Total Agings	
Current	0
1-30 dpd	0
31-60 dpd	0
61-90 dpd	0
91+ dpd	0
Credit Memos and Unapplied Cash	0
Total Receivables Balance	**0**
III. ELIGIBLE RECEIVABLES	
Total Receivables Balance	**0**
- Delinquent Receivables (> 60 dpd)	0
- Intercompany / Affiliated Receivables	0
- Foreign Receivables	0
- Receivables from Bankrupt Obligors	0
- Contra Accounts	0
- Cross-Age (25% for Top 15 Obligors)	0
- Aged Customer Credits	0
- Unprocessed Credit Memos	0
- Duplicated Sock Sales	0
- Posting Differences to G/L Account	0
- Payment Terms of 31-60 Days > 20%	0
- Payment Terms of 61-90 Days > 3%	0
- Payment Terms of 91-120 Days > 3%	0
- Dating Receivables > 3%	0
- Extended Payment Terms or Payment Terms > 120 days	0
- Receivables with COD or CIA Payment Terms	0
- Unapplied Cash Not Applied to the Aging	0
- Trade Receivables Converted to Notes	0
- Other Ineligibles	0
Eligible Receivables Balance	**0**

HBI Receivables LLC

Monthly Settlement Report

Report Period: ______________________________

IV. CONCENTRATION LIMITS

Obligor Concentration Limits	Eligible A/R Balance	% of Eligible Receivables	Concentration Limit	Excess Concentrations
1. Obligor A	0	0.00%	0.00%	0
2. Obligor B	0	0.00%	0.00%	0
3. Obligor C	0	0.00%	0.00%	0
4. Obligor D	0	0.00%	0.00%	0
5. Obligor E	0	0.00%	0.00%	0
6. Obligor F	0	0.00%	0.00%	0
7. Obligor G	0	0.00%	0.00%	0
8. Obligor H	0	0.00%	0.00%	0
9. Obligor I	0	0.00%	0.00%	0
10. Obligor J	0	0.00%	0.00%	0
Total	**0**	**0.00%**		**0**

Other Concentration Limits	Eligible A/R Balance	% of Eligible Receivables	Concentration Limit	Excess Concentrations
1. U.S. Government Receivables	0	0.00%	0.00%	0
2. Foreign Receivables	0	0.00%	0.00%	0
Total	**0**	**0.00%**		**0**

V. FUNDING AVAILABILITY

Eligible Receivables Balance	0	
- Excess Obligor Concentrations	0	
- Excess Other Concentrations	0	
Net Receivables Balance	**0**	
- Loss Reserves	0	0.00%
- Dilution Reserves	0	0.00%
- Yield & Servicing Reserves	0	0.00%
Total Reserve Requirement	**0**	
Available Funding Amount	**0**	

VI. INCREASE / DECREASE IN CAPITAL

Maximum Funding Amount	250,000
Amount Available for Funding Under the Facility	0
Beginning Capital Outstanding	0
Remaining Available Capital	0
Required Capital Paydown	0
Requested Increase / Purchase Amount	0
Required / Optional Repayment (min. equals Required Paydown)	0
Ending Capital Outstanding	**0**

HBI Receivables LLC

Monthly Settlement Report

Report Period: ______________________________

VII. RECEIVABLES PERFORMANCE TRIGGERS

3-Month Delinquency Ratio

Current Month	Previous Month	2-Months Ago	3-Month Avg.	Trigger
0.00%	0.00%	0.00%	0.00%	4.00%

Compliance? Yes

3-Month Average Loss-to-Liquidation Ratio

Current Month	Previous Month	2-Months Ago	3-Month Avg.	Trigger
0.00%	0.00%	0.00%	0.00%	2.25%

Compliance? Yes

3-Month Average Dilution Ratio

Current Month	Previous Month	2-Months Ago	3-Month Avg.	Trigger
0.00%	0.00%	0.00%	0.00%	13.50%

Compliance? Yes

Purchaser Interest	
Outstanding Capital	0
Net Receivables Balance	0
Aggregate Reserves	0
Purchaser Interest	0.00%

Compliance? Yes

The undersigned hereby represents and warrants that the foregoing is true and correct as of the date hereof in accordance with the Receivables Purchase Agreement dated November 27, 2007 (and as may be amended and otherwise modified from time to time).

Signed By: ______________________________

Title: ______________________________

EXHIBIT XII[47]

~~FINANCIAL COVENANT DEFINITIONS~~[Reserved.]

~~"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~~

47 Amendment No. 4 amended and restated Exhibit XII in its entirety.

~~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.~~

EXHIBIT XIII

FORM OF DAILY REPORT

(Attached.)

HBI Receivables LLC
Daily Settlement Report

Report as of: __________
Daily Period: __________

I. RECEIVABLES AGING SCHEDULE	
Total Agings	
Current	0
1-30 dpd	0
31-60 dpd	0
61-90 dpd	0
91+ dpd	0
Credit Memos and Unapplied Cash	0
Total Receivables Balance	**0**
II. ELIGIBLE RECEIVABLES	
Per Most Recent Monthly Report:	
Total Receivables Balance	0
Eligible Receivables Balance	0
Ineligible Receivables	0
Ineligible Receivables Percentage	0.00%
Per This Daily Report:	
Total Receivables Balance	0
Ineligible Receivables Percentage (calculated above)	0.00%
Eligible Receivables Balance	**0**
III. OBLIGOR CONCENTRATION LIMITS	
Per Most Recent Monthly Report:	
Eligible Receivables Balance	0
Excess Obligor Concentrations	0
Excess Other Concentrations	0
Excess Concentration Percentage	0.00%
Per This Daily Report:	
Eligible Receivables Balance	0
Excess Concentration Percentage (calculated above)	0.00%
Excess Concentrations	**0**
IV. FUNDING AVAILABILITY	
Eligible Receivables Balance	0
• Excess Concentrations	0
Net Receivables Balance	**0**
• Loss Reserve Percentage per last Monthly Report	0.00%
• Dilution Reserve Percentage per last Monthly Report	0.00%
•Yield & Servicing Reserves per last Monthly Report	0.00%
Total Reserve Requirement	**0**
Available Funding Amount	**0**
V. INCREASE / DECREASE IN CAPITAL	
Maximum Funding Amount	250,000
Amount Available for Funding Under the Facility	0
Beginning Capital Outstanding	0
Remaining Available Capital	0
Required Capital Paydown	0
Requested Increase / Purchase Amount	0
Required / Optional Repayment (min. equals Required Paydown)	0
Ending Capital Outstanding	**0**
VI. COMPLIANCE	
Purchaser Interest	
Outstanding Capital	0
Net Receivables Balance	0
Aggregate Reserves	0
Purchaser Interest	0.00%
Compliance?	Yes

The undersigned hereby represents and warrants that the foregoing is true and correct as of the date hereof in accordance with the Receivables Purchase Agreement dated November 27, 2007 (and as may be amended and otherwise modified from time to time).

Signed By: ______________________________

Title: ______________________________

SCHEDULE A[48]

PURCHASE GROUPS; COMMITMENTS; GROUP PURCHASE LIMITS

HSBC Purchase Group

Group Purchase Limit:	$~~125,000,000~~75,000,000[49]
Managing Agent:	HSBC Securities (USA) Inc.
Conduit Purchaser:	Bryant Park Funding LLC
Committed Purchaser:	HSBC Bank ~~USA, National Association~~PLC
Commitment:	$~~125,000,000~~75,000,000

PNC Purchase Group

Group Purchase Limit:	$~~125,000,000~~75,000,000
Managing Agent:	PNC Bank, N.A.
Conduit Purchaser:	Market Street Funding LLC
Committed Purchaser:	PNC Bank, N.A.
Commitment:	$~~125,000,000~~75,000,000

48 Amendment No. 2 deleted and replaced this Schedule in its entirety.

49 The Purchase Limit Reduction Notice, dated January 29, 2010, reduced the aggregate Purchase Limit to $150,000,000 and thereby reduced the Commitments of each Committed Purchaser to $75,000,000.

SCHEDULE B

LIST OF CLOSING DOCUMENTS

(Attached.)

Schedule B to Receivables Purchase Agreement
Schedule A to Receivbles Sale Agreement

RECEIVABLES PURCHASE FACILITY

among

HANESBRANDS INC.,
as Originator and Servicer,

HBI RECEIVABLES LLC,
as Seller,

THE COMMITTED PURCHASERS PARTY THERETO,

THE CONDUCT PURCHASERS PARTY THERETO,

THE MANAGING AGENTS PARTY THERETO,

and

JPMORGAN CHASE BANK, N.A.,
as Agent

November 27, 2007

DOCUMENT

A. SELLER DOCUMENTATION

1. Receivables Purchase Agreement among HBI Receivables LLC (the "Seller"), Hanesbrands Inc. (the "Company"), as Servicer, JPMorgan Chase Bank, N.A. ("JPMorgan"), as a Committed Purchaser and as a Managing Agent, HSBC Bank USA, National Association ("HSBC"), as a Committed Purchaser, HSBC Securities (USA) Inc., as a Managing Agent, Falcon Asset Securitization Company LLC, as a Conduct Purchaser, Bryant Park Funding LLC, as a Conduct Purchaser and JPMorgan as agent for the "Purchasers" thereunder (together with its successors and assigns the "Agent").

Exhibit I	Definitions
Exhibit II	Form of Purchase Notice
Exhibit III	Places of Business of the Seller Parties; Location(s) of Records; Federal Employer Identification Number(s)
Exhibit IV	Form of Reduction Notice
Exhibit V	Form of Compliance Certificate
Exhibit VI	Form of Collection Account Agreement
Exhibit VII	Form of Assignment Agreement
Exhibit VIII	Credit and Collection Policy
Exhibit IX	Form of Contract(s)
Exhibit X	Form of Weekly Report
Exhibit XI	Form of Settlement Report
Exhibit XII	Financial Covenant Definitions
Exhibit XIII	Form of Daily Report
Schedule A	Commitments
Schedule B	Closing Documents
Schedule C	Special Concentration Limits

DOCUMENT

Schedule D	Calendar Months

2. Good Standing Certificates issued in respect of the Seller by the Secretary of State of North Carolina. (Post Closing)

3. Certificate of the Secretary of the Seller certifying (i) a copy of the Certificate of Formation of the Seller (attached thereto), (ii) a copy of the Limited Liability Company Agreement of the Seller (attached thereto), (iii) a copy of the resolutions of the Board of Directors of the Seller (attached thereto) authorizing the execution, delivery and performance of each Transaction Document to which the Seller is party, (iv) the names and signatures of the officers authorized on its behalf to execute each Transaction Document to which the Seller is party and (v) a good standing certificate issued in respect of the Seller by the Secretary of State of the State of Delaware.

B. COMPANY DOCUMENTATION

4. Receivables Sale Agreement between the Company, as originator, and Seller, as buyer.

Exhibit I	Definitions
Exhibit II	Chief Executive Office; Places of Business; Locations of Records; Federal Employer Identification Number(s); Other Names (s)
Exhibit III	Reserved
Exhibit IV	Form of Compliance Certificate
Exhibit V	Credit and Collection Policy
Exhibit VI	Form of Subordinated Note
Schedule A	List of Documents to be Delivered to Buyer Prior to the Purchase

5. Certificate of the Secretary of the Company certifying (i) a copy of the Articles of Incorporation of the Company (attached thereto), (ii) a copy of the Bylaws of the Company (attached thereto), (iii) a copy of the resolutions of the Board of Directors of the Company (attached thereto) authorizing the execution, delivery and performance of each Transaction Document to which the Company is party, (iv) the names and signatures of the officers authorized on its behalf to execute each Transaction Document to which the Company is party and (v) good standing certificates for the Company issued by the Department of Assessments and Taxation of the State of Maryland and the Secretary of State of the State of North Carolina.

C. UCC DOCUMENTATION

6. UCC Lien Search Report in respect of filings made against the Seller in the office of the Secretary of State of the State of Delaware.

7. UCC Lien Search Reports in respect of filings made against the Company in the office of the

DOCUMENT

Maryland Department of Assessments and Taxation.

8. Tax Lien and Judgment Search Reports in respect of filings made against the Company in the offices of North Carolina Secretary of State, (ii) Forsyth County Superior Court Clerk.

9. UCC-1 Financing Statement naming the Seller as debtor and the Agent as secured party filed in the office of the Secretary of State of the State of Delaware.

10. UCC-1 Financing Statement naming the Company as debtor/seller, the Seller as secured party/buyer/assignor and the Agent as assignee of the secured party/buyer/assignor filed in the office of the Department of Assessments and Taxation of the State of Maryland.

11. UCC-3 Financing Statements related to Credit Agreements (2).

12. Post-filing UCC Lien Search reports in respect of the filings listed in the immediately preceding two items. (Post Closing)

D. OPINION LETTERS

13. Opinion of Kirkland & Ellis LLP, counsel for the Seller and the Company, regarding corporate matters, enforceability and non-contravention of material agreements, New York law and the law of the United States of America.

14. Opinion of Kirkland & Ellis LLP, counsel for the Seller and the Company, regarding creation of security interests under New York law and perfection under Delaware law.

15. Opinion of Kirkland & Ellis LLP, counsel for the Seller and the Company, regarding “true sale” and “substantive nonconsolidation” issues.

16. Opinion of Venable LLC, special Maryland counsel, regarding, among other things, corporate matters and perfection of security interests under Maryland law.

E. MISCELLANEOUS

17. Fee Letter among the Seller, the Managing Agents and the Agent.

18. Subordinated Note made by Seller in favor of the Company.

19. Blocked Account Control Agreement among the Seller, the Agent and JPMorgan, as Depositary.

20. Asset Purchase Agreement between Falcon Asset Securitization Company LLC and JPMorgan.

21. Liquidity Asset Purchase Agreement between Bryant Park Funding LLC and HSBC.

22. Settlement Report for the month prior to the closing date.

23. Agent Authorized Signer Form

DOCUMENT

24. Collateral Release Agreement (First Lien Credit Agreement) among the Company, the Seller, JPMorgan, Citicorp USA, Inc., as administrative agent and Citibank, N.A., as collateral agent.

25. Collateral Release Agreement (Second Lien Credit Agreement) among the Company, HBI Branded Apparel Limited, Inc., the Seller, JPMorgan, Citicorp USA, Inc., as administrative agent, and Citibank, N.A., as collateral agent.

SCHEDULE C[~~49~~50]

SPECIAL CONCENTRATION PERCENTAGES

Obligor Name	Special Concentration Percentage
[****]	[****]%
[****]	[****]%
[****]	[****]%
[****]	[****]%
[****]	[****]%
[****]	[****]%

[~~49~~50] Schedule C was deleted and replaced in its entirety by Amendments No. 1, No. 2 and No. 5.

**** Omitted pursuant to a confidential treatment request

SCHEDULE D

CALENDAR MONTHS

(Attached.)

HANESbrandsINC

Calendar Year 2007
52 Weeks Ending 12/29/2007

PERIOD 1 - JANUARY
12/31/2006 - 02/03/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
31	**1**	2	3	4	5	6
7	8	9	10	11	12	13
14	**15**	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3

PERIOD 2 - FEBRUARY
02/04/2007 - 03/03/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	1	2	3

PERIOD 3 - MARCH
03/04/2007 - 03/31/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

PERIOD 4 - APRIL
04/01/2007 - 05/05/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	**6**	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	1	2	3	4	5

PERIOD 5 - MAY
05/06/2007 - 06/02/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	**28**	29	30	31	1	2

PERIOD 6 - JUNE
6/03/2007 - 06/30/2007

Sun	Mon	Tue	Web	Thu	Fri	Sat
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

PERIOD 7 - JULY
07/01/2007 - 08/04/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	**4**	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

PERIOD 8 - AUGUST
08/05/2007 - 09/01/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

PERIOD 9 - SEPTEMBER
09/02/2007 - 09/29/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
2	**3**	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

PERIOD 10 - OCTOBER
09/30/2007 - 11/03/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3

PERIOD 11 - NOVEMBER
11/04/2007 - 12/01/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	**22**	**23**	24
25	26	27	28	29	30	1

PERIOD 12 - DECEMBER
12/02/2007 - 12/29/2007

Sun	Mon	Tue	Wed	Thu	Fri	Sat
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	**25**	26	27	28	29

LEGEND

HOLIDAY

HANESbrandsINC

Calendar Year 2008
53 Weeks Ending 1/3/2009

PERIOD 1 - JANUARY
12/30/2007 - 02/02/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
30	31	**1**	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	**21**	22	23	24	25	26
27	28	29	30	31	1	2

PERIOD 2 - FEBRUARY
02/03/2008 - 03/01/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
3	4	5	6	7	8	9
11	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	1

PERIOD 3 - MARCH
03/02/2008 - 03/29/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	**21**	22
23	24	25	26	27	28	29

PERIOD 4 - APRIL
03/30/2008 - 05/03/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3

PERIOD 5 - MAY
05/04/2008 - 05/31/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	**26**	27	28	29	30	31

PERIOD 6 - JUNE
6/01/2008 - 06/28/2008

Sun	Mon	Tue	Web	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

PERIOD 7 - JULY
06/29/2008 - 08/02/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
29	30	1	2	3	**4**	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2

PERIOD 8 - AUGUST
08/03/20008 - 08/30/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

PERIOD 9 - SEPTEMBER
08/31/2008 - 9/27/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
31	**1**	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27

PERIOD 10 - OCTOBER
09/28/2008 - 11/01/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

PERIOD 11 - NOVEMBER
11/02/2008 - 11/29/2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	**27**	**28**	29

PERIOD 12 - DECEMBER
11/30/2008 - 1/3/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	**25**	26	27
28	29	30	31	**1**	2	3

LEGEND

HOLIDAY

HANESbrandsINC

Calendar Year 2009
52 Weeks Ending 01/02/2010

PERIOD 1 - JANUARY
1/04/2009 - 02/07/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
1	2	3	4	5	6	7

PERIOD 2 - FEBRUARY
02/08/2009 - 03/07/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
1	2	3	4	5	6	7

PERIOD 3 - MARCH
03/08/2009 - 04/04/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
8	9	10	11	13	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

PERIOD 4 - APRIL
04/05/2009 - 05/09/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2
3	4	5	6	7	8	9

PERIOD 5 - MAY
05/10/2009 - 06/06/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

PERIOD 6 - JUNE
06/07/2009 - 07/04/2009

Sun	Mon	Tue	Web	Thu	Fri	Sat
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	1	2	3	4

PERIOD 7 - JULY
07/05/2009 - 08/08/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3	4	5	6	7	8

PERIOD 8 - AUGUST
08/09/20009 - 09/05/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

PERIOD 9 - SEPTEMBER
09/06/2009 - 10/03/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3

PERIOD 10 - OCTOBER
10/04/2009 - 11/07/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
1	2	3	4	5	6	7

PERIOD 11 - NOVEMBER
11/08/2009 - 12/05/2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	1	2	3	4	5

PERIOD 12 - DECEMBER
12/06/2009 - 01/02/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31	1	2

HANESbrandsINC

Calendar Year 2010
52 Weeks Ending 01/01/2011

PERIOD 1 - JANUARY
1/03/2010 - 02/06/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

PERIOD 2 - FEBRUARY
02/07/2010 - 03/06/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	1	2	3	4	5	6

PERIOD 3 - MARCH
03/07/2010 - 04/03/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	1	2	3

PERIOD 4 - APRIL
04/04/2010 - 05/08/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1
2	3	4	5	6	7	8

PERIOD 5 - MAY
05/09/2010 - 06/05/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

PERIOD 6 - JUNE
06/06/2010 - 07/03/2010

Sun	Mon	Tue	Web	Thu	Fri	Sat
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3

PERIOD 7 - JULY
07/04/2010 - 08/07/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31
1	2	3	4	5	6	7

PERIOD 8 - AUGUST
08/08/20010 - 09/04/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

PERIOD 9 - SEPTEMBER
09/05/2010 - 10/02/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

PERIOD 10 - OCTOBER
10/03/20010- 11/06/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

PERIOD 11 - NOVEMBER
11/07/2010 - 12/04/2010

Sun	Mon	Tue	Wed	Thu	Fri	Sat
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	1	2	3	4

PERIOD 12 - DECEMBER
12/05/2010 - 01/01/2011

Sun	Mon	Tue	Wed	Thu	Fri	Sat
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1

Exhibit 12.1

Hanesbrands Inc.
Ratio of Earnings to Fixed Charges
(Dollars in thousands)
(Unaudited)

	Years Ended January 1, 2011	Years Ended January 2, 2010	Years Ended January 3, 2009	Years Ended December 29, 2007	Six Months Ended December 30, 2006	Year Ended July 1, 2006
Earnings, as defined:						
Income from continuing operations before income tax expense, noncontrolling interest and income/loss from equity investees	$ 234,534	$ 59,449	$ 163,195	$ 185,321	$ 112,830	$ 417,543
Fixed charges	174,520	191,442	179,003	223,395	90,168	44,366
Amortization of capitalized interest	3,824	3,722	3,632	3,676	2,024	4,227
Distributed income of equity investees	—	—	—	—	—	—
Interest capitalized	(2,190)	(6,559)	(4,047)	(2,184)	(1,904)	(4,656)
Noncontrolling interest in pre-tax income	(1,019)	(1,173)	(158)	(1,195)	(910)	(1,224)
Total earnings, as defined	$ 409,669	$ 246,881	$ 341,625	$ 409,013	$ 202,208	$ 460,256
Fixed charges, as defined:						
Interest expense	$ 139,923	$ 159,222	$ 155,280	$ 201,131	$ 78,692	$ 26,075
Amortized premiums, discounts and capitalized expenses related to indebtedness	12,739	10,967	6,032	6,475	2,279	—
Interest factor in rental expenses	21,858	21,253	17,691	15,789	9,197	18,291
Total fixed charges, as defined	$ 174,520	$ 191,442	$ 179,003	$ 223,395	$ 90,168	$ 44,366
Ratio of earnings to fixed charges	2.35	1.29	1.91	1.83	2.24	10.37

Note: The Ratio of Earnings to Fixed Charges should be read in conjunction with our consolidated financial statements and Management’s Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference 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
CC Products, LLC	Delaware
Ceibena Del, Inc.	Delaware
Event 1, LLC	Kansas
GearCo, Inc.	Delaware
GFSI Holdings, Inc.	Delaware
GFSI, 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

Name of Subsidiary	Jurisdiction of Formation
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
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	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
GFSI Canada Company	Canada
GFSI Southwest, S. de R.L. de C.V.	Mexico
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 International (Thailand) Ltd.	Thailand
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 Poland sp. z o.o.	Poland
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

Name of Subsidiary	Jurisdiction of Formation
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
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
Yoctogenix (Proprietary) Limited	South Africa

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 the Registration Statement on Form S-8 (No. 333-137143) of Hanesbrands Inc. of our report dated February 15, 2011 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 15, 2011

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 15, 2011

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.
Chief Financial Officer and Executive Vice President

Date: February 15, 2011

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 1, 2011 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 15, 2011

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Annual Report on Form 10-K for the fiscal year ended January 1, 2011 (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 1, 2011 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.
Chief Financial Officer and Executive Vice President

Date: February 15, 2011

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Annual Report on Form 10-K for the fiscal year ended January 1, 2011 (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.