UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended October 3, 2009

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

(336) 519-8080
(Registrant's telephone number including area code)

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

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

Indicate by check mark 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 November 2, 2009, there were 95,149,727 shares of the registrant's common stock outstanding.

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Trademarks, Trade Names and Service Marks

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

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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. 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 "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. More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the year ended January 3, 2009, particularly under the caption "Risk Factors."

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report on Form 10-Q or our Annual Report on Form 10-K for the year ended January 3, 2009, particularly under the caption "Risk Factors." We undertake no obligation to update or revise forward-looking statements 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 special reports, proxy statements and other information with the SEC. You can inspect, read and copy these reports, proxy statements and other information at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information regarding the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site at www.sec.gov that makes available reports, proxy statements and other information regarding issuers that file electronically.

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

PART I

Item 1. ***Financial Statements***

HANESBRANDS INC.

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

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Net sales	$ 1,058,673	$ 1,153,635	$ 2,902,536	$ 3,213,653
Cost of sales	701,993	811,851	1,960,589	2,145,949
Gross profit	356,680	341,784	941,947	1,067,704
Selling, general and administrative expenses	248,267	255,228	702,204	776,267
Restructuring	15,104	28,355	46,319	32,355
Operating profit	93,309	58,201	193,424	259,082
Other expenses	2,423	—	6,537	—
Interest expense, net	42,941	37,253	124,548	115,282
Income before income tax expense	47,945	20,948	62,339	143,800
Income tax expense	6,807	5,028	9,974	34,512
Net income	$ 41,138	$ 15,920	$ 52,365	$ 109,288
Earnings per share:				
Basic	$ 0.43	$ 0.17	$ 0.55	$ 1.16
Diluted	$ 0.43	$ 0.17	$ 0.55	$ 1.14
Weighted average shares outstanding:				
Basic	95,247	93,992	94,880	94,283
Diluted	96,422	95,018	95,469	95,483

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	October 3, 2009	January 3, 2009
Assets		
Cash and cash equivalents	$ 38,617	$ 67,342
Trade accounts receivable less allowances of $25,392 at October 3, 2009 and $21,897 at January 3, 2009	538,540	404,930
Inventories	1,137,077	1,290,530
Deferred tax assets and other current assets	324,352	347,523
Total current assets	2,038,586	2,110,325
Property, net	612,911	588,189
Trademarks and other identifiable intangibles, net	138,891	147,443
Goodwill	322,002	322,002
Deferred tax assets and other noncurrent assets	379,523	366,090
Total assets	$ 3,491,913	$ 3,534,049
Liabilities and Stockholders' Equity		
Accounts payable	$ 292,843	$ 325,518
Accrued liabilities	319,580	315,392
Notes payable	62,158	61,734
Accounts Receivable Securitization Facility	249,043	45,640
Total current liabilities	923,624	748,284
Long-term debt	1,793,680	2,130,907
Other noncurrent liabilities	481,425	469,703
Total liabilities	3,198,729	3,348,894
Stockholders' equity:		
Preferred stock (50,000,000 authorized shares; $.01 par value)		
Issued and outstanding — None	—	—
Common stock (500,000,000 authorized shares; $.01 par value)		
Issued and outstanding — 95,141,595 at October 3, 2009 and 93,520,132 at January 3, 2009	951	935
Additional paid-in capital	282,794	248,167
Retained earnings	269,887	217,522
Accumulated other comprehensive loss	(260,448)	(281,469)
Total stockholders' equity	293,184	185,155
Total liabilities and stockholders' equity	$ 3,491,913	$ 3,534,049

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008
Operating activities:		
Net income	$ 52,365	$ 109,288
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	57,476	68,930
Amortization of intangibles	9,293	8,683
Restructuring	6,978	(5,591)
Loss on early extinguishment of debt	2,423	—
Charges incurred for amendments of credit facilities	4,114	—
Amortization of debt issuance costs	7,951	4,523
Stock compensation expense	27,637	23,052
Deferred taxes and other	(8,422)	(6,329)
Changes in assets and liabilities:		
Accounts receivable	(128,636)	11,565
Inventories	159,432	(242,711)
Other assets	21,380	(17,068)
Accounts payable	(33,863)	32,808
Accrued liabilities and other	32,679	(5,771)
Net cash provided by (used in) operating activities	210,807	(18,621)
Investing activities:		
Purchases of property, plant and equipment	(99,709)	(123,319)
Acquisition of business	—	(10,011)
Proceeds from sales of assets	15,814	24,329
Other	10	(643)
Net cash used in investing activities	(83,885)	(109,644)
Financing activities:		
Borrowings on notes payable	1,169,301	316,958
Repayments on notes payable	(1,168,799)	(265,195)
Payments to amend credit facilities	(22,165)	(69)
Borrowings on revolving loan facility	1,353,525	524,000
Repayments on revolving loan facility	(1,353,525)	(524,000)
Repayment of debt under credit facility	(140,250)	—
Borrowings on Accounts Receivable Securitization Facility	176,616	20,944
Repayments on Accounts Receivable Securitization Facility	(170,190)	(20,944)
Proceeds from stock options exercised	376	2,200
Stock repurchases	—	(30,275)
Transaction with Sara Lee Corporation	—	18,000
Other	(824)	(843)
Net cash provided by (used in) financing activities	(155,935)	40,776
Effect of changes in foreign exchange rates on cash	288	(535)
Decrease in cash and cash equivalents	(28,725)	(88,024)
Cash and cash equivalents at beginning of year	67,342	174,236
Cash and cash equivalents at end of period	$ 38,617	$ 86,212

See accompanying notes to Condensed Consolidated Financial Statements

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements
(dollars and shares in thousands, except per share data)
(unaudited)

(1) Basis of Presentation

These statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and, in accordance with those rules and regulations, do not include all information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Management believes that the disclosures made are adequate for a fair statement of the results of operations, financial condition and cash flows of Hanesbrands Inc., a Maryland corporation, and its consolidated subsidiaries (the "Company" or "Hanesbrands"). In the opinion of management, the condensed consolidated interim financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the results of operations, financial condition and cash flows for the interim periods presented herein. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amounts and disclosures. Actual results may vary from these estimates. The Company has also evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 5, 2009, the day the financial statements were issued.

These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's most recent Annual Report on Form 10-K. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year.

(2) Recent Accounting Pronouncements

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

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

Fair Value Measurements

In September 2006, the FASB issued new accounting guidance for fair value measurements, which defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. In February 2008, the FASB approved a one-year deferral of the adoption of the guidance as it relates to certain non-financial assets and liabilities. The Company adopted the provisions for its financial assets and liabilities effective December 30, 2007 and adopted the provisions for its non-financial assets and liabilities effective January 4, 2009. Neither the adoption in the first quarter ended March 29, 2008 for financial assets and liabilities nor the adoption in the first quarter ended April 4, 2009 for non-financial assets and liabilities had a material impact on the financial condition, results of operations or cash flows of the Company, but both adoptions resulted in certain additional disclosures reflected in Note 9.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB issued new accounting guidance on business combinations and noncontrolling interests in consolidated financial statements. The new guidance improves the relevance,

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
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comparability and transparency of the financial information that a company provides in its consolidated financial statements. The new guidance requires a company to clearly identify and present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company's equity. It also requires that the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income; that changes in ownership interest be accounted for similarly, as equity transactions; and when a subsidiary is deconsolidated, that any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary be measured at fair value. The Company adopted the new accounting guidance in the first quarter ended April 4, 2009. The adoption did not have a material impact on the Company's financial condition, results of operations or cash flows.

Disclosures About Derivative Instruments and Hedging Activities

In March 2008, the FASB issued new accounting guidance which expands the disclosure requirements about an entity's derivative instruments and hedging activities. The Company adopted the new accounting guidance in the first quarter ended April 4, 2009. The adoption did not have a material impact on the Company's financial condition, results of operations or cash flows but resulted in certain additional disclosures reflected in Note 8.

Interim Disclosures about Fair Value of Financial Instruments

In April 2009, the FASB issued new accounting guidance for financial instruments. The new accounting guidance requires disclosures about fair value of financial instruments in interim financial statements. These disclosures were previously only required in annual financial statements. The guidance is effective for interim and annual periods ending after June 15, 2009. Since the new guidance only requires additional disclosures, the adoption of the guidance had no material impact on the Company's financial condition, results of operations or cash flows but resulted in certain additional disclosures reflected in Note 9.

Subsequent Events

In May 2009, the FASB issued guidance for subsequent events which provides direction on the Company's assessment and disclosure of subsequent events, and clarifies that the Company must evaluate, as of each reporting period, events or transactions that occur after the balance sheet date through the date that the financial statements are issued or are available to be issued for both interim and annual financial reporting periods. The guidance is effective prospectively for the Company's interim and annual periods ending after June 15, 2009. The adoption of the guidance did not have an impact on the Company's financial condition, results of operations or cash flows but resulted in certain additional disclosures reflected in Note 1.

Employers' Disclosures about Postretirement Benefit Plan Assets

In December 2008, the FASB issued guidance on the disclosure of postretirement benefit plan assets. The guidance expands the disclosure requirements to include more detailed disclosures about an employers' plan assets, including employers' investment strategies, major categories of plan assets, concentrations of risk within plan assets, and valuation techniques used to measure the fair value of plan assets. The guidance is effective for fiscal years ending after December 15, 2009. Since the guidance only requires additional disclosures, adoption of the guidance is not expected to have a material impact on the Company's financial condition, results of operations or cash flows.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
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Accounting for Transfers of Financial Assets

In June 2009, the FASB issued new accounting guidance for transfers of financial assets. The new guidance requires 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 guidance is effective for financial asset transfers occurring after the beginning of the Company's first fiscal year that begins after November 15, 2009. The Company is evaluating the impact of adoption of this new guidance on the financial condition, results of operations and cash flows of the Company.

Consolidation — Variable Interest Entities

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

(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 quarters and nine months ended October 3, 2009 and September 27, 2008. Diluted EPS was calculated to give effect to all potentially dilutive shares of common stock using the treasury stock method. The reconciliation of basic to diluted weighted average shares for the quarters and nine months ended October 3, 2009 and September 27, 2008 is as follows:

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Basic weighted average shares	95,247	93,992	94,880	94,283
Effect of potentially dilutive securities:				
Stock options	205	151	—	383
Restricted stock units	970	871	589	812
Employee stock purchase plan and other	—	4	—	5
Diluted weighted average shares	96,422	95,018	95,469	95,483

Options to purchase 4,612 and 2,454 shares of common stock were excluded from the diluted earnings per share calculation because their effect would be anti-dilutive for the quarters ended October 3, 2009 and September 27, 2008, respectively. Options to purchase 5,871 and 1,458 shares of common stock and 43 and 0 restricted stock units were excluded from the diluted earnings per share calculation because their effect would be anti-dilutive for the nine months ended October 3, 2009 and September 27, 2008, respectively.

(4) Restructuring

Since becoming an independent company, the Company has undertaken a variety of restructuring efforts in connection with its consolidation and globalization strategy designed to improve operating efficiencies and lower costs. As a result of this strategy, the Company expected to incur approximately $250,000 in restructuring and related charges over the three year period following the spin off from Sara Lee Corporation ("Sara Lee") on September 5, 2006, of which approximately half was expected to be noncash. As of October 3, 2009, the Company has recognized approximately $262,000 and announced approximately $253,000 in restructuring and related charges related to this strategy since September 5, 2006, of which approximately half

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

have been noncash. Of the amounts recognized, approximately $100,000 relates to employee termination and other benefits, approximately $87,000 relates to accelerated depreciation of buildings and equipment for facilities that have been or will be closed, approximately $27,000 relates to noncancelable lease and other contractual obligations, approximately $22,000 relates to write-offs of stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate, approximately $16,000 relates to impairments of fixed assets and approximately $10,000 relates to other exit costs such as equipment moving costs. Accelerated depreciation related to the Company's manufacturing facilities and distribution centers that have been or will be closed is reflected in the "Cost of sales" and "Selling, general and administrative expenses" lines of the Condensed Consolidated Statements of Income. The write-offs of stranded raw materials and work in process inventory are reflected in the "Cost of sales" line of the Condensed Consolidated Statements of Income.

The reported results for the quarters and nine months ended October 3, 2009 and September 27, 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:

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Restructuring programs:				
Year ending January 2, 2010 restructuring actions	$ 12,278	$ —	$ 31,522	$ —
Year ended January 3, 2009 restructuring actions	2,116	46,633	15,991	52,069
Year ended December 29, 2007 restructuring actions	800	691	4,441	7,719
Six months ended December 30, 2006 and prior restructuring actions	480	(3,418)	811	(3,470)
	$ 15,674	$ 43,906	$ 52,765	$ 56,318

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

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Cost of sales	$ 387	$ 18,038	$ 5,908	$ 25,229
Selling, general and administrative expenses	183	(2,487)	538	(1,266)
Restructuring	15,104	28,355	46,319	32,355
	$ 15,674	$ 43,906	$ 52,765	$ 56,318

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

Components of the restructuring actions are as follows:

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Accelerated depreciation	$ 301	$ 1,524	$ 2,930	$ 9,936
Inventory write-offs	269	14,027	3,516	14,027
Fixed asset impairments	5,482	—	6,448	—
Employee termination and other benefits	5,649	21,283	20,859	25,203
Noncancelable lease and other contractual obligations and other	3,973	7,072	19,012	7,152
	$ 15,674	$ 43,906	$ 52,765	$ 56,318

Rollforward of accrued restructuring is as follows:

	Nine Months Ended October 3, 2009
Beginning accrual	$ 21,793
Restructuring expenses	39,355
Cash payments	(36,242)
Adjustments to restructuring expenses	(2,611)
Ending accrual	$ 22,295

The accrual balance as of October 3, 2009 is comprised of $18,606 in current accrued liabilities and $3,689 in other noncurrent liabilities. The $18,606 in current accrued liabilities consists of $11,530 for employee termination and other benefits and $7,076 for noncancelable lease and other contractual obligations. The $3,689 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 Condensed Consolidated Statements of Income.

Year Ending January 2, 2010 Actions

During the nine months ended October 3, 2009, the Company approved actions to close five manufacturing facilities, two distribution centers, a yarn warehouse and a cotton warehouse in the Dominican Republic, the United States, Honduras, Puerto Rico and Canada, and eliminate an aggregate of approximately 3,100 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 $12,278 and $31,522 in the quarter and nine months ended October 3, 2009, respectively, related to these actions. In the quarter and nine months ended October 3, 2009, the Company recognized $5,639 and $21,881, respectively, for employee termination and other benefits recognized in accordance with benefit plans previously communicated to the affected employee group, $2,615 and $3,983, respectively, for noncancelable lease and other contractual obligations related to the closure of certain manufacturing facilities, $3,461 in both periods for fixed asset impairments related to the closure of certain manufacturing facilities, $254 and $1,112, respectively, 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, $86 and $663, respectively, for other exit costs and $223 and $422, respectively, for accelerated depreciation of buildings and equipment. These charges are reflected in the "Restructuring," "Cost of sales" and "Selling, general and administrative expenses" lines of the Condensed Consolidated Statements of Income. All actions are expected to be completed within a 12-month period.

(dollars and shares in thousands, except per share data)

In September 2009, the Company announced that it will cease making its own yarn and that it will source 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 reflected 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 the nine months ended October 3, 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 the year ended January 3, 2009, resulting in a decrease of $2,116 and $15,991 to income before income tax expense for the quarter and nine months ended October 3, 2009, respectively. In the quarter and nine months ended October 3, 2009, the Company recognized charges of $321 and $7,578, respectively, for noncancelable lease and other contractual obligations associated with plant closures announced in the year ended January 3, 2009, charges of $278 and $4,264, respectively, for other exit costs, charges of $15 and $2,404, respectively, 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 charges of $1,502 and $1,745, respectively, for fixed asset impairments related to the closure of certain manufacturing facilities. These charges are reflected in the "Restructuring" and "Cost of sales" lines of the Condensed Consolidated Statements of Income.

(5) Inventories

Inventories consisted of the following:

	October 3, 2009	January 3, 2009
Raw materials	$ 157,742	$ 172,494
Work in process	103,942	116,800
Finished goods	875,393	1,001,236
	$ 1,137,077	$ 1,290,530

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

(6) Allowances for Trade Accounts Receivable

The changes in the Company's allowance for doubtful accounts and allowance for chargebacks and other deductions for the quarter and nine months ended October 3, 2009 are as follows:

	Allowance for Doubtful Accounts	Allowance for Chargebacks and Other Deductions	Total
Balance at January 3, 2009	$ 12,555	$ 9,342	$ 21,897
Charged to expenses	1,301	(481)	820
Deductions and write-offs	(634)	(822)	(1,456)
Balance at April 4, 2009	13,222	8,039	21,261
Charged to expenses	594	2,669	3,263
Deductions and write-offs	33	(908)	(875)
Balance at July 4, 2009	13,849	9,800	23,649
Charged to expenses	393	2,887	3,280
Deductions and write-offs	(10)	(1,527)	(1,537)
Balance at October 3, 2009	$ 14,232	$ 11,160	$ 25,392

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 Condensed Consolidated Statements of Income. Deductions and write-offs, which do not increase or decrease income, represent write-offs of previously reserved accounts receivables and allowed customer chargebacks and deductions against gross accounts receivable.

(7) Debt

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

	Interest Rate as of October 3, 2009	Principal Amount October 3, 2009	Principal Amount January 3, 2009	Maturity Date
Senior Secured Credit Facility:				
Term A	5.00%	$ 139,000	$ 139,000	September 2012
Term B	5.25%	711,000	851,250	September 2013
Revolving Loan Facility	6.75%	—	—	September 2011
Second Lien Credit Facility	4.25%	450,000	450,000	March 2014
Floating Rate Senior Notes	4.59%	493,680	493,680	December 2014
Accounts Receivable Securitization Facility	4.15%	249,043	242,617	April 2010
		2,042,723	2,176,547	
Less current maturities		249,043	45,640	
		$ 1,793,680	$ 2,130,907	

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As of October 3, 2009, the Company had $0 outstanding under the Senior Secured Credit Facility's $500,000 Revolving Loan Facility and $26,104 of standby and trade letters of credit issued and outstanding under this facility.

Availability of funding under the Accounts Receivable Securitization Facility depends primarily upon the eligible outstanding receivables balance. The total amount of receivables used as collateral for the Accounts Receivable Securitization Facility was $458,248 and $331,470 at October 3, 2009 and January 3, 2009, respectively, and is reported on the Company's Condensed Consolidated Balance Sheets in "Trade accounts receivable, less allowances."

On March 10, 2009, the Company entered into a Third Amendment (the "Third Amendment") to the Senior Secured Credit Facility dated as of September 5, 2006. Pursuant to the Third Amendment, the ratio of debt to EBITDA (earnings before interest, taxes, depreciation expense and amortization) for the preceding four quarters, or leverage ratio, was increased from 3.75 to 1 in the first quarter of 2009 to 4.25 to 1, from 3.5 to 1 in the second quarter of 2009 to 4.2 to 1, from 3.25 to 1 in the third quarter of 2009 to 3.95 to 1, and from 3.0 to 1 in the fourth quarter of 2009 to 3.6 to 1. After 2009, the leverage ratio will decrease from 3.6 to 1 until it reaches 3.0 to 1 in the third quarter of 2011. In addition, pursuant to the Third Amendment, the ratio of EBITDA for the preceding four quarters to consolidated interest expense for such period, or interest coverage ratio, was decreased from 3.0 to 1 in the second and third quarters of 2009 to 2.5 to 1 and from 3.25 to 1 in the fourth quarter of 2009 to 2.5 to 1. After 2009, the interest coverage ratio will increase from 2.5 to 1 until it reaches 3.25 to 1 in the third quarter of 2011.

At the Company's option, borrowings under the Senior Secured Credit Facility may be maintained from time to time as (a) "Base Rate" loans, which bear interest at the higher of (i) 1/2 of 1% in excess of the federal funds rate and (ii) the rate published in the Wall Street Journal as the "prime rate" (or equivalent), in each case in effect from time to time, plus the applicable margin in effect from time to time, or (b) LIBOR-based loans, which bear interest at the "LIBO Rate" (as defined in the Senior Secured Credit Facility and adjusted for maximum reserves), for the respective interest period plus the applicable margin in effect from time to time. Pursuant to the Third Amendment, the applicable margins for the Senior Secured Credit Facility were increased by 300 basis points.

The Third Amendment also provides for certain other amendments to the Senior Secured Credit Facility, including increasing the percentage of "Excess Cash Flow" as calculated pursuant to the Senior Secured Credit Facility, which is used to determine whether, and the extent to which, the Company is required in certain circumstances to make certain mandatory prepayments. The Company paid $20,570 in debt amendment fees in connection with entering into the Third Amendment of which $16,792 will be amortized over the term of the Senior Secured Credit Facility.

On March 16, 2009, the Company and HBI Receivables LLC ("HBI Receivables"), a wholly-owned bankruptcy-remote subsidiary of Hanesbrands, entered into Amendment No. 1 (the "First Amendment") to the Accounts Receivable Securitization Facility dated as of November 27, 2007. The Accounts Receivable Securitization Facility contains the same leverage ratio and interest coverage ratio provisions as the Senior Secured Credit Facility. The First Amendment effects the same changes to the leverage ratio and the interest coverage ratio that are effected by the Third Amendment described above. Pursuant to the First Amendment, the rate that would be payable to the conduit purchasers or the committed purchasers party to the Accounts Receivable Securitization Facility in the event of certain defaults is increased from 1% over the prime rate to 3% over the greatest of (i) the one-month LIBO rate plus 1%, (ii) the weighted average rates on federal funds transactions plus 0.5%, or (iii) the prime rate. Also pursuant to the First Amendment, several of the factors that contribute to the overall availability of funding have been amended in a manner that would be expected to generally reduce the amount of funding that will be available under the Accounts Receivable Securitization

Facility. The First Amendment also provides for certain other amendments to the Accounts Receivable Securitization Facility, including changing the termination date for the Accounts Receivable Securitization Facility from November 27, 2010 to March 15, 2010, and requiring that HBI Receivables 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 Company paid $145 in debt amendment fees in connection with entering into the First Amendment, which will be amortized over the term of the Accounts Receivable Securitization Facility, and wrote off $168 of unamortized debt issuance costs.

On April 13, 2009, the Company and HBI Receivables entered into Amendment No. 2 (the “Second Amendment”) to the Accounts Receivable Securitization Facility. Pursuant to the Second Amendment, several of the factors that contribute to the overall availability of funding have been amended in a manner that is expected to generally increase over time the amount of funding that will be available under the Accounts Receivable Securitization Facility as compared to the amount that would be available pursuant to the First Amendment. The Second Amendment also provides for certain other amendments to the Accounts Receivable Securitization Facility, including changing the termination date for the Accounts Receivable Securitization Facility from March 15, 2010 to April 12, 2010. In addition, HSBC Securities (USA) Inc. replaced JPMorgan Chase Bank, N.A. as agent under the Accounts Receivable Securitization Facility, PNC Bank, N.A. replaced JPMorgan Chase Bank, N.A. as a managing agent, and PNC Bank, N.A. and an affiliate of PNC Bank, N.A. replaced affiliates of JPMorgan Chase Bank, N.A. as a committed purchaser and a conduit purchaser, respectively. The Company paid $1,450 in debt amendment fees in connection with entering into the Second Amendment, which will be amortized over the term of the Accounts Receivable Securitization Facility, and wrote off $168 of unamortized debt issuance costs. On August 17, 2009, the Company and HBI Receivables entered into Amendment No. 3 to the to the Accounts Receivable Securitization Facility, pursuant to which certain definitions were amended to clarify the calculation of certain ratios that impact reporting under the Accounts Receivable Securitization Facility.

As of October 3, 2009, the Company was in compliance with all covenants under its credit facilities.

During the quarter and nine months ended October 3, 2009, the Company recognized $2,423 of loss on early extinguishment of debt related to unamortized debt issuance costs on the Senior Secured Credit Facility as a result of the prepayment of $140,250 of principal in September 2009. This loss is reflected in the “Other expenses” line of the Condensed Consolidated Statements of Income.

During the quarter and nine months ended October 3, 2009, the Company recognized charges of $0 and $4,114, respectively, in the “Other expenses” line of the Condensed Consolidated Statements of Income, which represent certain costs related to the amendments of the Senior Secured Credit Facility and the Accounts Receivable Securitization Facility.

(8) 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 Condensed 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.

Each of the Company's derivative contracts is governed by the International Swaps and Derivatives Association master agreement. If the Company were to default on or be unable to perform its responsibilities with respect to a counterparty under this agreement, the counterparty could request immediate payment on any derivative instruments in net liability positions. As of October 3, 2009, all of the counterparties to the Company's derivative instruments in net liability positions are lenders under the Senior Secured Credit Facility. Consistent with the terms of the Senior Secured Credit Facility, derivative instruments with a counterparty that is also a lender under the Senior Secured Credit Facility are secured by the same collateral that secures the Company's obligations under the Senior Secured Credit Facility.

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 Condensed Consolidated Statements of Cash Flows as cash flow from operating activities. As of October 3, 2009, the U.S. dollar equivalent of commitments to purchase and sell foreign currencies in our foreign currency mark to market hedge derivative portfolio is $53,888 and $28,915, respectively, using the exchange rate at the reporting date.

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 Condensed 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 income (loss) is reported on the same line in the Condensed Consolidated Statements of Income as the hedged item.

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Cash Flow Hedges — Interest Rate Derivatives

The Company has executed certain interest rate cash flow hedges in the form of swaps and caps in order to mitigate the Company's exposure to variability in cash flows for the future interest payments on a designated portion of borrowings. Given the recent turmoil in the financial and credit markets, the Company expanded its interest rate hedging portfolio at what the Company believes to be advantageous rates that are expected to minimize the Company's overall interest rate risk. In addition, until September 5, 2009, the Company was required under the Senior Secured Credit Facility and the Second Lien Credit Facility to hedge a portion of its floating rate debt to reduce interest rate risk caused by floating rate debt issuance. 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 Condensed Consolidated Statements of Cash Flows.

At October 3, 2009 and January 3, 2009, the Company had outstanding interest rate hedging arrangements whereby it has capped the LIBOR interest rate component on $400,000 of its floating rate debt at 3.50% and has fixed the LIBOR interest rate component on $1,393,680 of its floating rate debt at a weighted average rate of 4.16%. Approximately 88% and 82% of the Company's total debt outstanding at October 3, 2009 and January 3, 2009, respectively, was at a fixed or capped LIBOR rate. There have been no changes in the Company's interest rate derivative portfolio during the quarter and nine months ended October 3, 2009.

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 Condensed 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. As of October 3, 2009, the U.S. dollar equivalent of commitments to sell foreign currencies in the Company's foreign currency cash flow hedge derivative portfolio was $7,910, using the exchange rate at the reporting date.

Cash Flow Hedges — Commodity Derivatives

Cotton is the primary raw material the Company uses to manufacture many of its products and is purchased at market prices. From time to time, the Company uses commodity financial instruments to hedge the price of cotton, for which there is a high correlation between the hedged item and the hedge instrument. Gains and losses on these contracts are intended to offset losses and gains on the hedged transactions in an effort to reduce the earnings volatility resulting from fluctuating commodity prices. The effective portion of commodity hedge gains and losses deferred in "Accumulated other comprehensive loss" is reclassified into earnings as the underlying inventory is sold, using historical inventory turnover rates. The settlement of commodity hedge derivative contracts related to the purchase of inventory is reported in the Condensed

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Consolidated Statements of Cash Flows as cash flow from operating activities. There were no amounts outstanding under cotton futures or cotton option contracts at October 3, 2009 and January 3, 2009.

Fair Values of Derivative Instruments

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

	Balance Sheet Location	Fair Value October 3, 2009	Fair Value January 3, 2009
Derivative assets — hedges			
Interest rate contracts	Other current assets	$ —	$ 46
Foreign exchange contracts	Other current assets	43	1,209
Total derivative assets — hedges		43	1,255
Derivative assets — non-hedges			
Foreign exchange contracts	Other current assets	2,690	3,286
Total derivative assets		$ 2,733	$ 4,541
Derivative liabilities — hedges			
Interest rate contracts	Accrued liabilities	$ (571)	$ (6,084)
Interest rate contracts	Other noncurrent liabilities	(64,696)	(76,927)
Foreign exchange contracts	Accrued liabilities	(252)	(1,347)
Total derivative liabilities — hedges		(65,519)	(84,358)
Derivative liabilities — non-hedges			
Foreign exchange contracts	Accrued liabilities	(1,774)	(533)
Total derivative liabilities		$ (67,293)	$ (84,891)
Net derivative liability		$ (64,560)	$ (80,350)

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Net Derivative Gain or Loss

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

	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (Effective Portion) Quarter Ended		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion) Quarter Ended	
	October 3, 2009	September 27, 2008		October 3, 2009	September 27, 2008
Interest rate contracts	$ (541)	$ (5,821)	Interest expense, net	$ 219	$ 946
Foreign exchange contracts	(898)	1,003	Cost of sales	(127)	652
Commodity contracts	—	—	Cost of sales	—	(115)
Total	$ (1,439)	$ (4,818)		$ 92	$ 1,483

	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (Effective Portion) Nine Months Ended		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion) Nine Months Ended	
	October 3, 2009	September 27, 2008		October 3, 2009	September 27, 2008
Interest rate contracts	$ 17,471	$ (6,269)	Interest expense, net	$ 348	$ 1,317
Foreign exchange contracts	(1,768)	(196)	Cost of sales	(1,240)	2,225
Commodity contracts	—	(208)	Cost of sales	96	(579)
Total	$ 15,703	$ (6,673)		$ (796)	$ 2,963

The Company expects to reclassify into earnings during the next 12 months a net loss from Accumulated Other Comprehensive Loss of approximately $2,099.

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 Condensed Consolidated Statements of Income. The Company recognized gains related to ineffectiveness of hedging relationships for the quarter ended October 3, 2009 of $102, consisting of $75 for interest rate contracts and $27 for foreign exchange contracts. The Company recognized gains (losses) related to ineffectiveness of hedging relationships for the quarter ended September 27, 2008 of $9, consisting of $9 for foreign exchange contracts. The Company recognized gains related to ineffectiveness of hedging relationships for the nine months ended October 3, 2009 of $246, consisting of $227 for interest rate contracts and $19 for foreign exchange contracts. The Company recognized losses related to ineffectiveness of hedging relationships for the nine months ended September 27, 2008 of $178, consisting of $12 for interest rate contracts and $166 for foreign exchange contracts.

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

	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income			
		Quarter Ended		Nine Months Ended	
		October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Foreign exchange contracts	Selling, general and administrative expenses	$ 4,365	$ (2,062)	$ 3,189	$ (1,706)
Total		$ 4,365	$ (2,062)	$ 3,189	$ (1,706)

(9) 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 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.

Assets and Liabilities Measured on a Recurring Basis

As of October 3, 2009, the Company held certain financial assets and liabilities that are required to be measured at fair value on a recurring basis. These consisted of the Company's derivative instruments related to interest rates and foreign exchange rates. 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

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from information available in publicly quoted markets and are categorized as Level 2. The Company does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during the quarter and nine months ended October 3, 2009. There were no changes during the quarter and nine months ended October 3, 2009 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis. As of October 3, 2009, 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 October 3, 2009		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative contracts, net	$ —	$ (64,560)	$ —
Total	$ —	$ (64,560)	$ —

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

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 October 3, 2009 and January 3, 2009. The fair value of debt was $1,970,286 and $1,753,885 as of October 3, 2009 and January 3, 2009 and had a carrying value of $2,042,723 and $2,176,547, respectively. The fair values were estimated using quoted market prices as provided in secondary markets which consider the Company's credit risk and market related conditions. The carrying amounts of the Company's notes payable approximated fair value as of October 3, 2009 and January 3, 2009, primarily due to the short-term nature of these instruments.

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(10) Comprehensive Income

The Company's comprehensive income is as follows:

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Net income	$ 41,138	$ 15,920	$ 52,365	$ 109,288
Translation adjustments	8,047	(8,196)	16,303	(5,506)
Net unrealized gain (loss) on qualifying cash flow hedges, net of tax expense (benefit) of $(524), $(1,297), $5,800 and $(1,443), respectively	(823)	(2,038)	9,108	(2,267)
Recognition of loss from pension plan curtailment, net of tax benefit of $(547)	—	859	—	859
Recognition of loss from pension plan settlement, net of tax benefit of $(1,227)	1,928	—	1,928	—
Amounts amortized into net periodic cost:				
Prior service cost, net of tax $(3), $(4), $(9) and $(12), respectively	4	6	12	18
Actuarial loss, net of tax of $(888), $(15), $(2,508) and $(45), respectively	1,396	24	3,938	72
Comprehensive income	$ 51,690	$ 6,575	$ 83,654	$ 102,464

(11) Income Taxes

The difference in the effective income tax rates of 14% and 16% for the quarter and nine months ended October 3, 2009, respectively, and 24% for the quarter and nine months ended September 27, 2008 and the U.S. statutory rate of 35% is primarily attributable to unremitted earnings of foreign subsidiaries taxed at rates lower than the U.S. statutory rate. The Company's estimated annual effective tax rate reflects its strategic initiative to make substantial capital investments outside the United States in its global supply chain in 2009.

The Company and Sara Lee entered into a tax sharing agreement in connection with the spin off of the Company from Sara Lee on September 5, 2006. Under the tax sharing agreement, within 180 days after Sara Lee filed its final consolidated tax return for the period that included September 5, 2006, Sara Lee was required to deliver to the Company a computation of the amount of deferred taxes attributable to the Company's United States and Canadian operations that would be included on the Company's opening balance sheet as of September 6, 2006 ("as finally determined") which has been done. The Company has the right to participate in the computation of the amount of deferred taxes. Under the tax sharing agreement, if substituting the amount of deferred taxes as finally determined for the amount of estimated deferred taxes that were included on that balance sheet at the time of the spin off causes a decrease in the net book value reflected on that balance sheet, then Sara Lee will be required to pay the Company the amount of such decrease. If such substitution causes an increase in the net book value reflected on that balance sheet, then the Company will be required to pay Sara Lee the amount of such increase. For purposes of this computation, the Company's deferred taxes are the amount of deferred tax benefits (including deferred tax consequences attributable to deductible temporary differences and carryforwards) that would be recognized as assets on the Company's balance sheet computed in accordance with GAAP, but without regard to valuation allowances, less the amount of deferred tax liabilities (including deferred tax consequences attributable to taxable temporary differences)

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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.

The Company's computation of the final amount of deferred taxes for the Company's opening balance sheet as of September 6, 2006 is as follows:

Estimated deferred taxes subject to the tax sharing agreement included in opening balance sheet on September 6, 2006	$ 450,683
Final calculation of deferred taxes subject to the tax sharing agreement	360,460
Decrease in deferred taxes as of opening balance sheet on September 6, 2006	90,223
Preliminary cash installment received from Sara Lee	18,000
Amount due from Sara Lee	$ 72,223

The amount that is expected to be collected from Sara Lee based on the Company's computation of $72,223 is included as a receivable in "Deferred tax assets and other current assets" in the Condensed Consolidated Balance Sheet as of October 3, 2009. The Company and Sara Lee have exchanged information in connection with this matter, but Sara Lee has disagreed with the Company's computation. In accordance with the dispute resolution provisions of the tax sharing agreement, on August 3, 2009, the Company submitted the dispute to binding arbitration. The arbitration process is ongoing, and the Company will continue to prosecute its claim. The Company does not believe that the resolution of this dispute will have a material impact on the Company's financial position, results of operations or cash flows.

(12) 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, International and Other. These segments are organized principally by product category and geographic location. Management of each segment is responsible for the operations of these segments' businesses but shares a common supply chain and media and marketing platforms.

The types of products and services from which each reportable segment derives its revenues are as follows:

- Innerwear sells basic branded products that are replenishment in nature under the product categories of women's intimate apparel, men's underwear, kids' underwear, socks and thermals. The Company's direct-to-consumer retail operations are included within the Innerwear segment.
- Outerwear sells basic branded products that are seasonal in nature under the product categories of casualwear and activewear.
- Hosiery sells products in categories such as pantyhose and knee highs.
- International relates to the Latin America, Asia, Canada and Europe geographic locations which sell products that span across the Innerwear, Outerwear and Hosiery reportable segments.
- Other is primarily comprised of sales of yarn to third parties in the United States and Latin America in order to maintain asset utilization at certain manufacturing facilities and are intended to generate approximate break even margins.

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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 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended January 3, 2009.

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Net sales:				
Innerwear	$ 585,327	$ 650,372	$ 1,710,920	$ 1,830,437
Outerwear	329,721	348,467	776,282	880,809
Hosiery	43,944	50,197	139,300	166,672
International	107,399	116,581	294,674	352,120
Other	3,745	4,769	12,022	20,064
Total segment net sales(1)	1,070,136	1,170,386	2,933,198	3,250,102
Intersegment(2)	(11,463)	(16,751)	(30,662)	(36,449)
Total net sales	$ 1,058,673	$ 1,153,635	$ 2,902,536	$ 3,213,653

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Segment operating profit (loss):				
Innerwear	$ 69,325	$ 71,097	$ 210,443	$ 204,714
Outerwear	35,369	19,243	23,269	55,587
Hosiery	13,834	13,081	42,678	52,944
International	9,217	14,010	28,089	47,662
Other	(1,712)	314	(4,395)	304
Total segment operating profit	126,033	117,745	300,084	361,211
Items not included in segment operating profit:				
General corporate expenses	(13,938)	(12,593)	(44,602)	(37,128)
Amortization of trademarks and other identifiable intangibles	(3,112)	(3,045)	(9,293)	(8,683)
Restructuring	(15,104)	(28,355)	(46,319)	(32,355)
Inventory write-offs included in cost of sales	(269)	(14,027)	(3,516)	(14,027)
Accelerated depreciation included in cost of sales	(118)	(4,011)	(2,392)	(11,202)
Accelerated depreciation included in selling, general and administrative expenses	(183)	2,487	(538)	1,266
Total operating profit	93,309	58,201	193,424	259,082
Other expenses	(2,423)	—	(6,537)	—
Interest expense, net	(42,941)	(37,253)	(124,548)	(115,282)
Income before income tax expense	$ 47,945	$ 20,948	$ 62,339	$ 143,800

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Depreciation and amortization expense:				
Innerwear	$ 9,879	$ 10,610	$ 31,101	$ 32,642
Outerwear	5,602	5,652	16,655	18,461
Hosiery	930	1,441	3,141	4,626
International	519	583	1,505	1,755
Other	59	198	190	793
	16,989	18,484	52,592	58,277
Corporate	4,151	4,169	14,177	19,336
Total depreciation and amortization expense	$ 21,140	$ 22,653	$ 66,769	$ 77,613

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Additions to long-lived assets:				
Innerwear	$ 9,879	$ 25,377	$ 43,495	$ 51,880
Outerwear	9,857	21,217	49,634	53,357
Hosiery	137	9	539	327
International	380	724	905	1,866
Other	—	16	28	30
	20,253	47,343	94,601	107,460
Corporate	1,640	2,426	5,108	15,859
Total additions to long-lived assets	$ 21,893	$ 49,769	$ 99,709	$ 123,319

(1) Includes sales between segments. Such sales are at transfer prices that are at cost plus markup or at prices equivalent to market value.

(2) Intersegment sales included in the segments' net sales are as follows:

	Quarter Ended		Nine Months Ended	
	October 3, 2009	September 27, 2008	October 3, 2009	September 27, 2008
Innerwear	$ 1,290	$ 4,270	$ 3,156	$ 6,468
Outerwear	6,612	8,538	17,407	19,303
Hosiery	3,169	3,603	9,256	9,293
International	392	340	843	1,385
Other	—	—	—	—
Total	$ 11,463	$ 16,751	$ 30,662	$ 36,449

(13) Consolidating Financial Information

In accordance with the indenture governing the Company's $500,000 Floating Rate Senior Notes issued on December 14, 2006, certain of the Company's subsidiaries have guaranteed the Company's obligations under the Floating Rate Senior Notes. The following presents the condensed consolidating financial information separately for:

(i) Parent Company, the issuer of the guaranteed obligations. Parent Company includes Hanesbrands Inc. and its 100% owned operating divisions which are not legal entities, and excludes its subsidiaries which are legal entities;

(ii) Guarantor subsidiaries, on a combined basis, as specified in the indenture governing the Floating Rate Senior Notes;

(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 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 Company's Consolidated Financial Statements included in its Annual Report on Form 10-K for the year ended January 3, 2009, except for the use by the Parent Company and guarantor subsidiaries of the equity method of accounting to reflect ownership interests in subsidiaries which are eliminated upon consolidation.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

	Condensed Consolidating Statement of Income Quarter Ended October 3, 2009				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$ 1,054,178	$ 115,094	$ 675,167	$ (785,766)	$ 1,058,673
Cost of sales	857,175	42,714	592,759	(790,655)	701,993
Gross profit	197,003	72,380	82,408	4,889	356,680
Selling, general and administrative expenses	194,025	23,060	30,374	808	248,267
Restructuring	14,236	—	868	—	15,104
Operating profit (loss)	(11,258)	49,320	51,166	4,081	93,309
Equity in earnings (loss) of subsidiaries	88,536	7,515	—	(96,051)	—
Other expenses	2,423	—	—	—	2,423
Interest expense, net	32,145	5,285	5,523	(12)	42,941
Income (loss) before income tax expense	42,710	51,550	45,643	(91,958)	47,945
Income tax expense	1,572	461	4,774	—	6,807
Net income (loss)	$ 41,138	$ 51,089	$ 40,869	$ (91,958)	$ 41,138

	Condensed Consolidating Statement of Income Quarter Ended September 27, 2008				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$ 1,253,006	$ 112,281	$ 770,153	$ (981,805)	$ 1,153,635
Cost of sales	953,856	42,439	683,669	(868,113)	811,851
Gross profit	299,150	69,842	86,484	(113,692)	341,784
Selling, general and administrative expenses	205,633	17,566	32,146	(117)	255,228
Restructuring	24,036	139	4,180	—	28,355
Operating profit (loss)	69,481	52,137	50,158	(113,575)	58,201
Equity in earnings (loss) of subsidiaries	(32,753)	45,678	—	(12,925)	—
Interest expense, net	24,964	7,733	4,543	13	37,253
Income (loss) before income tax expense (benefit)	11,764	90,082	45,615	(126,513)	20,948
Income tax expense (benefit)	(4,156)	3,938	5,246	—	5,028
Net income (loss)	$ 15,920	$ 86,144	$ 40,369	$ (126,513)	$ 15,920

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

	Condensed Consolidating Statement of Income Nine Months Ended October 3, 2009				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$ 2,986,315	$ 317,083	$ 2,061,233	$ (2,462,095)	$ 2,902,536
Cost of sales	2,469,249	115,549	1,827,681	(2,451,890)	1,960,589
Gross profit	517,066	201,534	233,552	(10,205)	941,947
Selling, general and administrative expenses	558,119	67,120	75,403	1,562	702,204
Restructuring	42,260	—	4,059	—	46,319
Operating profit (loss)	(83,313)	134,414	154,090	(11,767)	193,424
Equity in earnings (loss) of subsidiaries	231,881	81,693	—	(313,574)	—
Other expenses	6,537	—	—	—	6,537
Interest expense, net	93,824	17,523	13,202	(1)	124,548
Income (loss) before income tax expense (benefit)	48,207	198,584	140,888	(325,340)	62,339
Income tax expense (benefit)	(4,158)	3,320	10,812	—	9,974
Net income (loss)	$ 52,365	$ 195,264	$ 130,076	$ (325,340)	$ 52,365

	Condensed Consolidating Statement of Income Nine Months Ended September 27, 2008				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$ 3,362,897	$ 321,419	$ 2,176,844	$ (2,647,507)	$ 3,213,653
Cost of sales	2,626,383	125,794	1,910,886	(2,517,114)	2,145,949
Gross profit	736,514	195,625	265,958	(130,393)	1,067,704
Selling, general and administrative expenses	651,345	56,566	67,911	445	776,267
Restructuring	23,942	266	8,147	—	32,355
Operating profit (loss)	61,227	138,793	189,900	(130,838)	259,082
Equity in earnings (loss) of subsidiaries	132,451	125,829	—	(258,280)	—
Interest expense, net	76,750	24,595	13,931	6	115,282
Income (loss) before income tax expense	116,928	240,027	175,969	(389,124)	143,800
Income tax expense	7,640	9,453	17,419	—	34,512
Net income (loss)	$ 109,288	$ 230,574	$ 158,550	$ (389,124)	$ 109,288

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

	Condensed Consolidating Balance Sheet October 3, 2009				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 5,338	$ 1,531	$ 31,748	$ —	$ 38,617
Trade accounts receivable less allowances	(5,809)	6,501	539,339	(1,491)	538,540
Inventories	858,982	61,939	340,930	(124,774)	1,137,077
Deferred tax assets and other current assets	272,269	11,858	41,917	(1,692)	324,352
Total current assets	1,130,780	81,829	953,934	(127,957)	2,038,586
Property, net	176,396	18,232	418,283	—	612,911
Trademarks and other identifiable intangibles, net	22,187	111,066	5,638	—	138,891
Goodwill	232,882	16,935	72,185	—	322,002
Investments in subsidiaries	873,805	775,249	—	(1,649,054)	—
Deferred tax assets and other noncurrent assets	(4,826)	546,937	(55,532)	(107,056)	379,523
Total assets	$ 2,431,224	$ 1,550,248	$ 1,394,508	$ (1,884,067)	$ 3,491,913
Liabilities and Stockholders' Equity					
Accounts payable	$ 110,553	$ 4,325	$ 92,317	$ 85,648	$ 292,843
Accrued liabilities	229,441	26,267	63,872	—	319,580
Notes payable	—	—	62,158	—	62,158
Accounts Receivable Securitization Facility	—	—	249,043	—	249,043
Total current liabilities	339,994	30,592	467,390	85,648	923,624
Long-term debt	1,343,680	450,000	—	—	1,793,680
Other noncurrent liabilities	454,366	3,648	18,649	4,762	481,425
Total liabilities	2,138,040	484,240	486,039	90,410	3,198,729
Stockholders' equity	293,184	1,066,008	908,469	(1,974,477)	293,184
Total liabilities and stockholders' equity	$ 2,431,224	$ 1,550,248	$ 1,394,508	$ (1,884,067)	$ 3,491,913

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

	Condensed Consolidating Balance Sheet January 3, 2009				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 16,210	$ 2,355	$ 48,777	$ —	$ 67,342
Trade accounts receivable less allowances	(4,956)	6,096	406,305	(2,515)	404,930
Inventories	1,078,048	49,581	295,946	(133,045)	1,290,530
Deferred tax assets and other current assets	288,208	10,158	49,734	(577)	347,523
Total current assets	1,377,510	68,190	800,762	(136,137)	2,110,325
Property, net	208,844	13,914	365,431	—	588,189
Trademarks and other identifiable intangibles, net	27,199	114,630	5,614	—	147,443
Goodwill	232,882	16,934	72,186	—	322,002
Investments in subsidiaries	545,866	649,513	—	(1,195,379)	—
Deferred tax assets and other noncurrent assets	91,401	397,802	(37,980)	(85,133)	366,090
Total assets	$ 2,483,702	$ 1,260,983	$ 1,206,013	$ (1,416,649)	$ 3,534,049
Liabilities and Stockholders' Equity					
Accounts payable	$ 161,734	$ 3,980	$ 74,157	$ 85,647	$ 325,518
Accrued liabilities	229,631	30,875	57,555	(2,669)	315,392
Notes payable	—	—	61,734	—	61,734
Accounts Receivable Securitization Facility	—	—	45,640	—	45,640
Total current liabilities	391,365	34,855	239,086	82,978	748,284
Long-term debt	1,483,930	450,000	196,977	—	2,130,907
Other noncurrent liabilities	423,252	7,344	34,968	4,139	469,703
Total liabilities	2,298,547	492,199	471,031	87,117	3,348,894
Stockholders' equity	185,155	768,784	734,982	(1,503,766)	185,155
Total liabilities and stockholders' equity	$ 2,483,702	$ 1,260,983	$ 1,206,013	$ (1,416,649)	$ 3,534,049

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Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

	Condensed Consolidating Statement of Cash Flows Nine Months Ended October 3, 2009				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 557,032	$ 27,338	$ (64,672)	$ (308,891)	$ 210,807
Investing activities:					
Purchases of property, plant and equipment	(15,010)	(7,344)	(77,355)	—	(99,709)
Proceeds from sales of assets	11,896	—	3,918	—	15,814
Other	(601)	10	—	601	10
Net cash provided by (used in) investing activities	(3,715)	(7,334)	(73,437)	601	(83,885)
Financing activities:					
Borrowings on notes payable	—	—	1,169,301	—	1,169,301
Repayments on notes payable	—	—	(1,168,799)	—	(1,168,799)
Payments to amend credit facilities	(20,570)	—	(1,595)	—	(22,165)
Borrowings on revolving loan facility	1,353,525	—	—	—	1,353,525
Repayments on revolving loan facility	(1,353,525)	—	—	—	(1,353,525)
Repayment of debt under credit facility	(140,250)	—	—	—	(140,250)
Borrowings on Accounts Receivable Securitization Facility	—	—	176,616	—	176,616
Repayments on Accounts Receivable Securitization Facility	—	—	(170,190)	—	(170,190)
Proceeds from stock options exercised	376	—	—	—	376
Other	(800)	—	(24)	—	(824)
Net transactions with related entities	(402,945)	(20,828)	115,483	308,290	—
Net cash provided by (used in) financing activities	(564,189)	(20,828)	120,792	308,290	(155,935)
Effect of changes in foreign exchange rates on cash	—	—	288	—	288
Decrease in cash and cash equivalents	(10,872)	(824)	(17,029)	—	(28,725)
Cash and cash equivalents at beginning of year	16,210	2,355	48,777	—	67,342
Cash and cash equivalents at end of period	$ 5,338	$ 1,531	$ 31,748	$ —	$ 38,617

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)

	Condensed Consolidating Statement of Cash Flows Nine Months Ended September 27, 2008				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ (28,878)	$ 133,333	$ 136,650	$ (259,726)	$ (18,621)
Investing activities:					
Purchases of property, plant and equipment	(25,211)	(8,852)	(89,256)	—	(123,319)
Acquisition of business	—	—	(10,011)	—	(10,011)
Proceeds from sales of assets	20,059	38	4,232	—	24,329
Other	(89)	—	—	(554)	(643)
Net cash used in investing activities	(5,241)	(8,814)	(95,035)	(554)	(109,644)
Financing activities:					
Borrowings on notes payable	—	—	316,958	—	316,958
Repayments on notes payable	—	—	(265,195)	—	(265,195)
Payments to amend credit facilities	(48)	(10)	(11)	—	(69)
Borrowings on revolving loan facility	524,000	—	—	—	524,000
Repayments on revolving loan facility	(524,000)	—	—	—	(524,000)
Borrowings on Accounts Receivable Securitization Facility	—	—	20,944	—	20,944
Repayments on Accounts Receivable Securitization Facility	—	—	(20,944)	—	(20,944)
Proceeds from stock options exercised	2,200	—	—	—	2,200
Stock repurchases	(30,275)	—	—	—	(30,275)
Transaction with Sara Lee Corporation	18,000	—	—	—	18,000
Other	(836)	—	(7)	—	(843)
Net transactions with related entities	(4,438)	(129,118)	(126,724)	260,280	—
Net cash provided by (used in) financing activities	(15,397)	(129,128)	(74,979)	260,280	40,776
Effect of changes in foreign exchange rates on cash	—	—	(535)	—	(535)
Decrease in cash and cash equivalents	(49,516)	(4,609)	(33,899)	—	(88,024)
Cash and cash equivalents at beginning of year	84,476	6,329	83,431	—	174,236
Cash and cash equivalents at end of period	$ 34,960	$ 1,720	$ 49,532	$ —	$ 86,212

Item 2. ***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" 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 Quarterly Report on Form 10-Q. The unaudited condensed consolidated financial statements and notes included herein should be read in conjunction with our audited consolidated financial statements and notes for the year ended January 3, 2009, which were included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission. 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 included elsewhere in this Quarterly Report on Form 10-Q and those included in the "Risk Factors" section and elsewhere in our Annual Report on Form 10-K.

Overview

We are a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion*, *C9 by Champion*, *Playtex*, *Bali*, *L'eggs*, *Just My Size*, *barely there*, *Wonderbra*, *Stedman*, *Outer Banks*, *Zorba*, *Rinbros* and *Duofold.* We design, manufacture, source and sell a broad range of apparel essentials such as t-shirts, bras, panties, men's underwear, kids' underwear, casualwear, activewear, socks and hosiery.

Our operations are managed in five operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, International and Other. These segments are organized principally by product category and geographic location. Management of each segment is responsible for the operations of these segments' businesses but shares a common supply chain and media and marketing platforms.

- *Innerwear.* The Innerwear segment focuses on core apparel essentials, and consists of products such as women's intimate apparel, men's underwear, kids' underwear, socks and thermals, 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*, *Champion*, *C9 by Champion* and *Polo Ralph Lauren* brand names. Our direct-to-consumer retail operations are included within the Innerwear segment. The retail operations include our value-based ("outlet") stores, internet operations and catalogs which sell products from our portfolio of leading brands. As of October 3, 2009 and January 3, 2009, we had 228 and 213 outlet stores, respectively. Net sales for the nine months ended October 3, 2009 from our Innerwear segment were $1.71 billion, representing approximately 58% of total segment net sales.
- *Outerwear.* We are a leader in the casualwear and activewear markets through our *Hanes*, *Champion* and *Just My Size* 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 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, sportshirts 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. Net sales for the nine months ended October 3, 2009 from our Outerwear segment were $776 million, representing approximately 26% of total segment 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. Net sales for the nine months ended October 3, 2009 from our Hosiery segment were $139 million, representing approximately 5% of total segment 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.

- *International.* International includes products that span across the Innerwear, Outerwear and Hosiery reportable segments and are primarily marketed under the *Hanes*, *Wonderbra*, *Champion*, *Stedman*, *Playtex*, *Zorba*, *Rinbros*, *Kendall*, *Sol y Oro*, *Ritmo* and *Bali* brands. Net sales for the nine months ended October 3, 2009 from our International segment were $295 million, representing approximately 10% of total segment net sales and included sales in Latin America, Asia, Canada and Europe. Canada, Europe, Japan and Mexico are our largest international markets, and we also have sales offices in India and China.
- *Other.* Our Other segment primarily consists of sales of yarn to third parties in the United States and Latin America that maintain asset utilization at certain manufacturing facilities and are intended to generate approximate break even margins. Net sales for the nine months ended October 3, 2009 in our Other segment were $12 million, representing less than 1% of total segment net sales. Net sales from our Other segment are expected to continue to be insignificant to us as we complete the implementation of our consolidation and globalization efforts. In September 2009, we announced that we will cease making our own yarn and that we will source all of our yarn requirements from large-scale yarn suppliers, which is expected to further reduce net sales of our Other segment.

Consolidation and Globalization Strategy

We expect to continue our restructuring efforts through the end of 2009 as we continue to execute our consolidation and globalization strategy. 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.

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

We have restructured our supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance our production capability between the Western Hemisphere and Asia. With our global supply chain restructured, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. We are focused on optimizing the working capital needs of our supply chain through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership relationships.

In addition to the actions discussed above relating to our yarn operations, during the nine months ended October 3, 2009, in furtherance of our consolidation and globalization strategy, we approved actions to close four manufacturing facilities and two distribution centers in the Dominican Republic, the United States, Honduras, Puerto Rico and Canada, and eliminate an aggregate of approximately 2,925 positions in those countries and El Salvador. In addition, approximately 300 management and administrative positions were eliminated, with the majority of these positions based in the United States. We also have recognized accelerated depreciation with respect to owned or leased assets associated with manufacturing facilities and distribution centers which closed during 2009 or we anticipate closing in the next year as part of our consolidation and globalization strategy. While we believe that this strategy has had and will continue to have a beneficial impact on our operational efficiency and cost structure, we have incurred significant costs to implement these initiatives. In particular, we have recorded charges for severance and other employment-related obligations relating to workforce reductions, as well as payments in connection with lease and other contract terminations. In addition, we incurred charges for one-time write-offs of stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate related to the closure of manufacturing facilities. These amounts are included in the “Cost of sales,” “Restructuring” and “Selling, general and administrative expenses” lines of our statements of income.

We have made significant progress in our multiyear goal of generating gross savings that could approach or exceed $200 million. As a result of the restructuring actions taken since our spin off from Sara Lee Corporation (“Sara Lee”) on September 5, 2006, our cost structure has been reduced and efficiencies improved, generating savings of $62 million during the nine months ended October 3, 2009. In addition to the savings generated from restructuring actions, we benefited from $21 million in savings related to other cost reduction initiatives during the nine months ended October 3, 2009.

Seasonality and Other Factors

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

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

Inflation and Changing Prices

Inflation can have a long-term impact on us because increasing costs of materials and labor may impact our ability to maintain satisfactory margins. For example, a significant portion of our products are manufactured in other countries and declines in the value of the U.S. dollar may result in higher manufacturing costs. Similarly, the cost of the materials that are used in our manufacturing process, such as oil-related commodity prices, rose during the summer of 2008 as a result of inflation and other factors. In addition, inflation often is accompanied by higher interest rates, which could have a negative impact on spending, in which case our margins could decrease. Moreover, increases in inflation may not be matched by rises in income, which also could have a negative impact on spending. If we incur increased costs that we are unable to recoup, or if consumer spending continues to decrease generally, our business, results of operations, financial condition and cash flows may be adversely affected. In an effort to mitigate the impact of these incremental costs on our operating results, we raised domestic prices effective February 2009. We implemented an average gross price increase of four percent in our domestic product categories. The range of price increases varies by individual product category.

Our costs for cotton yarn and cotton-based textiles vary based upon the fluctuating cost of cotton, which is affected by weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. While we do enter into short-term supply agreements and hedges from time to time in an attempt to protect our business from the volatility of the market price of cotton, our business can be affected by dramatic movements in cotton prices, although cotton historically represents only 8% of our cost of sales. The cotton prices reflected in our results were 58 cents per pound for the nine months ended October 3, 2009 and 62 cents per pound for the nine months ended September 27, 2008. After taking into consideration the cotton costs currently included in inventory, we expect our cost of cotton to average 55 cents per pound for the full year of 2009 compared to 65 cents per pound for 2008. In addition, during the summer of 2008 we experienced a spike in oil-related commodity prices and other raw materials used in our products, such as dyes and chemicals, and increases in other costs, such as fuel, energy and utility costs. Costs incurred for materials and labor are capitalized into inventory and impact our results as the inventory is sold. Our results in the nine months of 2009 were impacted by higher costs for cotton and oil-related materials, however we started to benefit in the second quarter of 2009 from lower cotton costs and in the third quarter of 2009 from lower oil-related material costs and other manufacturing costs.

Highlights from the Third Quarter and Nine Months Ended October 3, 2009

- Total net sales in the third quarter of 2009 were $1.06 billion, compared with $1.15 billion in the same quarter of 2008. Total net sales in the nine-month period in 2009 were $2.90 billion, compared with $3.21 billion in the same nine-month period of 2008.
- Operating profit was $93 million in the third quarter of 2009, compared with $58 million in the same quarter of 2008. Operating profit was $193 million in the nine-month period in 2009, compared with $259 million in the same nine-month period of 2008.
- Diluted earnings per share were $0.43 in the third quarter of 2009, compared with $0.17 in the same quarter of 2008. Diluted earnings per share were $0.55 in the nine-month period in 2009, compared with $1.14 in the same nine-month period of 2008.
- During the first nine months of 2009, we approved actions to close five manufacturing facilities, two distribution centers and two warehouses in the Dominican Republic, the United States, Honduras, Puerto Rico and Canada, and eliminate an aggregate of approximately 3,100 positions in those countries and El Salvador. In addition, approximately 300 management and administrative positions were eliminated, with the majority of these positions based in the United States. In addition, we completed several such actions in 2009 that were approved in 2008.
- We announced that we will cease making our own yarn and that we will 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 also entered into a yarn purchase agreement with Parkdale. Under this agreement, which has an initial term of six years, Parkdale will produce and sell to us a substantial amount of our Western Hemisphere yarn requirements. During the first two years of the term, Parkdale will also produce and sell to us a substantial amount of the yarn requirements of our Nanjing, China textile facility.
- Gross capital expenditures were $100 million during the first nine months of 2009 as we continued to build out our textile and sewing network in Asia, Central America and the Caribbean Basin and were lower by $24 million compared to the nine months of 2008.

- In September 2009, we made a prepayment of $140 million of principal on the Senior Secured Credit Facility.
- We ended the third quarter of 2009 with $474 million of borrowing availability under our $500 million revolving loan facility (the “Revolving Loan Facility”), $39 million in cash and cash equivalents and $71 million of borrowing availability under our international loan facilities.
- In March 2009, we amended our Senior Secured Credit Facility and Accounts Receivable Securitization Facility to provide for additional cushion for the leverage ratio and interest coverage ratio covenant requirements.

Condensed Consolidated Results of Operations — Third Quarter Ended October 3, 2009 Compared with Third Quarter Ended September 27, 2008

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
		(dollars in thousands)		
Net sales	$ 1,058,673	$ 1,153,635	$ (94,962)	(8.2)%
Cost of sales	701,993	811,851	(109,858)	(13.5)
Gross profit	356,680	341,784	14,896	4.4
Selling, general and administrative expenses	248,267	255,228	(6,961)	(2.7)
Restructuring	15,104	28,355	(13,251)	(46.7)
Operating profit	93,309	58,201	35,108	60.3
Other expenses	2,423	—	2,423	NM
Interest expense, net	42,941	37,253	5,688	15.3
Income before income tax expense	47,945	20,948	26,997	128.9
Income tax expense	6,807	5,028	1,779	35.4
Net income	$ 41,138	$ 15,920	$ 25,218	158.4%

Net Sales

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
		(dollars in thousands)		
Net sales	$ 1,058,673	$ 1,153,635	$ (94,962)	(8.2)%

Consolidated net sales were lower by $95 million or 8% in the third quarter of 2009 compared to the third quarter of 2008 which reflects the second consecutive quarter of improved sales declines compared to double-digit sales decline rates in the previous two consecutive quarters. Overall retail sales for apparel continued to decline quarter over quarter at most of our larger customers as the continuing recession constrained consumer spending. Our sales incentives were higher in the third quarter of 2009 compared to the third quarter of 2008 as we made significant investments, especially in back-to-school programs and promotions, in this recessionary environment to support retailers and position ourselves for future sales opportunities. Excluding the cost of these investments, our net sales would have declined by 6%. Net sales were also impacted by a shift of approximately $5 million in our back-to-school shipments from July to June in 2009 as compared to 2008.

Innerwear, Outerwear, Hosiery and International segment net sales were lower by $65 million (10%), $19 million (5%), $6 million (12%) and $9 million (8%), respectively, in the third quarter of 2009 compared to the third quarter of 2008.

Innerwear segment net sales were lower (10%) in the third quarter of 2009 compared to the third quarter of 2008, primarily due to lower net sales of intimate apparel (16%), socks (15%), thermals (68%) and male underwear (1%) primarily due to weak sales at retail in this difficult economic environment.

Outerwear segment net sales were lower (5%) in the third quarter of 2009 compared to the third quarter of 2008, primarily due to the lower casualwear net sales (31%) in the wholesale channel which has been highly price competitive especially in this recessionary environment. The lower net sales in the wholesale channel were partially offset by higher *Champion* brand activewear net sales (7%) and higher casualwear net sales (7%) in the retail channel.

Hosiery segment net sales were lower (12%) in the third quarter of 2009 compared to the third quarter of 2008. The third quarter decline rate was similar to the decline rate in our second quarter of 2009 and an improvement over the previous three consecutive quarters in each of which net sales declined by more than 20%. Hosiery products in all channels continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending.

International segment net sales were lower (8%) in the third quarter of 2009 compared to the third quarter of 2008, primarily attributable to an unfavorable impact of $7 million related to foreign currency exchange rates and weak demand globally primarily in Europe and Japan which are experiencing recessionary environments similar to that in the United States. Excluding the impact of foreign exchange rates on currency, International segment net sales declined by 2% in the third quarter of 2009 compared to the third quarter of 2008.

Gross Profit

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
		(dollars in thousands)		
Gross profit	$356,680	$341,784	$14,896	4.4%

As a percent of net sales, our gross profit was 33.7% in the third quarter of 2009 compared to 29.6% in the third quarter of 2008, increasing as a result of the items described below. Our results in the third quarter of 2009 benefited from lower costs for cotton and oil-related materials and lower other manufacturing costs.

Our gross profit was higher by $15 million in the third quarter of 2009 compared to the third quarter of 2008. Gross profit was higher due to higher product pricing of $28 million before increased sales incentives, lower other manufacturing costs of $17 million, primarily related to cost reductions, partially offset by lower volume at our manufacturing facilities, lower cotton costs of $14 million, savings from our prior restructuring actions of $13 million, lower on-going excess and obsolete inventory costs of $7 million and lower production costs of $2 million related to lower energy and oil-related costs, including freight costs. Accelerated depreciation was lower by $4 million in the third quarter of 2009 compared to the third quarter of 2008.

The higher product pricing is 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 varies by individual product category. The lower excess and obsolete inventory costs in the third quarter of 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 49 cents per pound in the third quarter of 2009 as compared to 69 cents per pound in the third quarter of 2008. After taking into consideration the cotton costs currently included in inventory, we expect our cost of cotton to average 55 cents per pound for the full year of 2009 compared to 65 cents per pound for 2008.

Our gross profit was negatively impacted by lower sales volume of $41 million, higher sales incentives of $23 million, an unfavorable product sales mix of $16 million, higher cost of finished goods sourced from third party manufacturers of $4 million primarily resulting from foreign exchange transaction losses and a $2 million unfavorable impact related to foreign currency exchange rates. Our sales incentives were higher as we made significant investments, especially in back-to-school programs and promotions, in this recessionary environment to support retailers and position ourselves for future sales opportunities. 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 and Brazilian real partially offset by the strengthening of the Japanese yen compared to the U.S. dollar during the third quarter of 2009 compared to the third quarter of 2008.

We incurred lower one-time restructuring related write-offs of $14 million in the third quarter of 2009 compared to the third quarter of 2008 for stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate.

Selling, General and Administrative Expenses

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
		(dollars in thousands)		
Selling, general and administrative expenses	$248,267	$255,228	$(6,961)	(2.7)%

Our selling, general and administrative expenses were $7 million lower in the third quarter of 2009 compared to the third quarter of 2008. Our continued focus on cost reductions resulted in lower expenses in the third quarter of 2009 compared to the third quarter of 2008 related to savings of $10 million from our prior restructuring actions for compensation and related benefits, lower bad debt expense of $7 million primarily due to a customer bankruptcy in the third quarter of 2008 and lower technology expenses of $2 million. In addition, our distribution expenses were lower by $4 million in the third quarter of 2009 compared to 2008, which was primarily attributable to lower sales volume that reduced our labor, postage and freight expenses and lower rework expenses in our distribution centers.

These lower expenses were partially offset by higher accelerated depreciation of $3 million due to a noncash credit impacting the third quarter of 2008 which did not reoccur in 2009, higher non-media related media, advertising and promotion (“MAP”) expenses of $2 million. In addition, we incurred 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 that had an original term of five or seven years to the tenth anniversary of the original grant date.

Our media related MAP expenses were flat in the third quarter of 2009 compared to the third quarter of 2008. 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 expense, which is noncash, was higher by $8 million in the third quarter of 2009 compared to the third quarter of 2008. The higher pension expense is primarily due to the lower funded status of our pension plans at the end of 2008, which resulted from a decline in the fair value of plan assets due to the stock market’s performance during 2008 and a higher discount rate at the end of 2008.

We also incurred higher expenses of $1 million in the third quarter of 2009 compared to the third quarter of 2008 as a result of opening retail stores. We opened two retail stores during the third quarter of 2009. 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 $2 million in the third quarter of 2009 compared to the third quarter of 2008.

Restructuring

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
		(dollars in thousands)		
Restructuring	$15,104	$28,355	$(13,251)	(46.7)%

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

During the third quarter of 2009, we also approved an action to close a manufacturing facility in Puerto Rico which will result in the elimination of approximately 125 positions.

During the third quarter of 2009, we recorded charges related to employee termination and other benefits of $6 million recognized in accordance with benefit plans previously communicated to the affected employee group, fixed asset impairment charges of $5 million, charges related to contract obligations of $3 million and other exit costs of $1 million primarily related to moving equipment and inventory from closed facilities. These actions, which are a continuation of our consolidation and globalization strategy, are expected to result in benefits of moving production to lower-cost manufacturing facilities, leveraging our large scale in high-volume products and consolidating production capacity.

During the third quarter of 2008, we incurred $28 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

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Operating profit	$93,309	$58,201	$35,108	60.3%

Operating profit was higher in the third quarter of 2009 compared to the third quarter of 2008 as a result of higher gross profit of $15 million, lower restructuring and related charges of $13 million and lower selling, general and administrative expenses of $7 million.

Other Expenses

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Other expenses	$ 2,423	$ —	$ 2,423	NM

During the third quarter of 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 in September 2009.

Interest Expense, Net

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Interest expense, net	$42,941	$37,253	$ 5,688	15.3%

Interest expense, net was higher by $6 million in the third quarter of 2009 compared to the third quarter of 2008. The amendments of our Senior Secured Credit Facility and Accounts Receivable Securitization Facility in March 2009, which increased our interest-rate margin by 300 basis points and 325 basis points, respectively, increased interest expense in the third quarter of 2009 compared to the third quarter of 2008 by $10 million, which was partially offset by a lower London Interbank Offered Rate, or “LIBOR,” and lower outstanding debt balances that reduced interest expense by $4 million. Our weighted average interest rate on our outstanding debt was 6.94% during the third quarter of 2009 compared to 5.80% in the third quarter of 2008.

At October 3, 2009, we had outstanding interest rate hedging arrangements whereby we have capped the LIBOR interest rate component on $400 million of our floating rate debt at 3.50% and have fixed the LIBOR interest rate component on $1.4 billion of our floating rate debt at approximately 4.16%. Approximately 88% of our total debt outstanding at October 3, 2009 was at a fixed or capped LIBOR rate.

Income Tax Expense

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
		(dollars in thousands)		
Income tax expense	$ 6,807	$ 5,028	$ 1,779	35.4%

Our effective income tax rate was 14% in the third quarter of 2009 compared to 24% in the third quarter of 2008. The lower effective income tax rate is attributable primarily to a higher proportion of our earnings attributed to foreign subsidiaries which are taxed at rates lower than the U.S. statutory rate. Our effective tax rate reflects our strategic initiative to make substantial capital investments outside the United States in our global supply chain in 2009.

Net Income

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
		(dollars in thousands)		
Net income	$41,138	$15,920	$25,218	158.4%

Net income for the third quarter of 2009 was higher than the third quarter of 2008 primarily due to higher operating profit of $35 million partially offset by higher interest expense of $6 million, higher other expenses of $2 million and higher income tax expense of $2 million.

Operating Results by Business Segment — Third Quarter Ended October 3, 2009 Compared with Third Quarter Ended September 27, 2008

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales:				
Innerwear	$ 585,327	$ 650,372	$ (65,045)	(10.0)%
Outerwear	329,721	348,467	(18,746)	(5.4)
Hosiery	43,944	50,197	(6,253)	(12.5)
International	107,399	116,581	(9,182)	(7.9)
Other	3,745	4,769	(1,024)	(21.5)
Total segment net sales	1,070,136	1,170,386	(100,250)	(8.6)
Intersegment	(11,463)	(16,751)	(5,288)	(31.6)
Total net sales	$ 1,058,673	$ 1,153,635	$ (94,962)	(8.2)%
Segment operating profit (loss):				
Innerwear	$ 69,325	$ 71,097	$ (1,772)	(2.5)%
Outerwear	35,369	19,243	16,126	83.8
Hosiery	13,834	13,081	753	5.8
International	9,217	14,010	(4,793)	(34.2)
Other	(1,712)	314	(2,026)	(645.2)
Total segment operating profit:	126,033	117,745	8,288	7.0
Items not included in segment operating profit:				
General corporate expenses	(13,938)	(12,593)	1,345	10.7
Amortization of trademarks and other intangibles	(3,112)	(3,045)	67	2.2
Restructuring	(15,104)	(28,355)	(13,251)	(46.7)
Inventory write-off included in cost of sales	(269)	(14,027)	(13,758)	(98.1)
Accelerated depreciation included in cost of sales	(118)	(4,011)	(3,893)	(97.1)
Accelerated depreciation included in selling, general and administrative expenses	(183)	2,487	2,670	107.4
Total operating profit	93,309	58,201	35,108	60.3
Other expenses	(2,423)	—	2,423	NM
Interest expense, net	(42,941)	(37,253)	5,688	15.3
Income before income tax expense	$ 47,945	$ 20,948	$ 26,997	128.9%

Innerwear

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 585,327	$ 650,372	$ (65,045)	(10.0)%
Segment operating profit	69,325	71,097	(1,772)	(2.5)

Overall net sales in the Innerwear segment were lower by $65 million or 10% in the third quarter of 2009 compared to the third quarter of 2008 as we continued to be negatively impacted by weak consumer demand related to the recessionary environment. Total intimate apparel net sales were $40 million lower in the third quarter of 2009 compared to the third quarter of 2008 and represents 62% of the total segment net sales decline. We believe the lower net sales in our *Hanes* brand of $13 million, our smaller brands (*barely there*, *Just My Size* and *Wonderbra*) of $13 million, our *Playtex* brand of $11 million and our *Bali* brand of $2 million were primarily attributable to weaker sales at retail as a result of the recessionary environment.

Net sales in our male underwear product category declined $3 million in the third quarter of 2009 compared to the third quarter of 2008. Lower net sales in our socks product category reflect a decline in *Hanes* brand net sales of $7 million and *Champion* brand net sales of $5 million in the third quarter of 2009 compared to the third quarter of 2008. Net sales in our thermals business were lower by $6 million in the third quarter of 2009 compared to the third quarter of 2008. Net sales in our direct-to-consumer retail business were slightly higher due to the addition of recently opened retail stores. Net sales were also impacted by a shift of approximately $5 million in our back-to-school shipments from July to June in 2009 as compared to 2008.

The Innerwear segment gross profit was lower by $5 million in the third quarter of 2009 compared to the third quarter of 2008. The lower gross profit was due to lower sales volume of $34 million, higher sales incentives of $11 million due to investments made with retailers and an unfavorable product sales mix of $6 million. Higher costs were partially offset by higher product pricing of $24 million before increased sales incentives, lower other manufacturing costs of $8 million primarily related to cost reductions at our manufacturing facilities, savings from our prior restructuring actions of $6 million, lower cotton costs of $5 million and lower on-going excess and obsolete inventory costs of $3 million.

As a percent of segment net sales, gross profit in the Innerwear segment was 37.5% in the third quarter of 2009 compared to 34.4% in the third quarter of 2008, increasing as a result of the items described above.

The lower Innerwear segment operating profit in the third quarter of 2009 compared to the third quarter of 2008 was primarily attributable to lower gross profit, higher pension expense of $5 million, higher other non-media related MAP expenses of $3 million and higher expenses of $1 million as a result of opening retail stores, partially offset by savings of $6 million from prior restructuring actions primarily for compensation and related benefits, lower bad debt expense of $4 million primarily due to a customer bankruptcy in the third quarter of 2008 and lower distribution expenses of $3 million.

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for the third quarter of 2009 is consistent with the third quarter of 2008. Our consolidated selling, general and administrative expenses before segment allocations was $7 million lower in the third quarter of 2009 compared to the third quarter of 2008.

Outerwear

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$329,721	$348,467	$(18,746)	(5.4)%
Segment operating profit	35,369	19,243	16,126	83.8

Net sales in the Outerwear segment were lower by $19 million or 5% in the third quarter of 2009 compared to the third quarter of 2008, primarily as a result of lower casualwear net sales of $32 million in our wholesale channel which has been highly price competitive especially in this recessionary environment. These lower net sales were partially offset by higher net sales of our *Champion* brand activewear of $8 million and higher casualwear net sales in our retail channel of $8 million. Our *Champion* brand sales continue to benefit from our marketing investment in the brand. The higher casualwear net sales in our retail channel were primarily attributed to additional sales in the third quarter of 2009 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.

The Outerwear segment gross profit was higher by $12 million in the third quarter of 2009 compared to the third quarter of 2008. The higher gross profit was due to lower cotton costs of $9 million, lower other manufacturing costs of $8 million primarily related to cost reductions at our manufacturing facilities, savings of $7 million from our prior restructuring actions and lower on-going excess and obsolete inventory costs of $5 million. Lower costs were partially offset by higher sales incentives of $8 million due to investments made with retailers, unfavorable product sales mix of $7 million and lower sales volume of $4 million.

As a percent of segment net sales, gross profit in the Outerwear segment was 25.9% in the third quarter of 2009 compared to 21.1% in the third quarter of 2008, increasing as a result of the items described above.

The higher Outerwear segment operating profit in the third quarter of 2009 compared to the third quarter of 2008 was primarily attributable to higher gross profit, savings of $3 million from our prior restructuring actions and lower bad debt expense of $2 million primarily due to a customer bankruptcy in the third quarter of 2008. Lower expenses were partially offset by higher pension expense of $2 million.

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for the third quarter of 2009 is consistent with the third quarter of 2008. Our consolidated selling, general and administrative expenses before segment allocations was $7 million lower in the third quarter of 2009 compared to the third quarter of 2008.

Hosiery

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$43,944	$50,197	$(6,253)	(12.5)%
Segment operating profit	13,834	13,081	753	5.8

Net sales in the Hosiery segment declined by $6 million or 12%, 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 third quarter decline rate was similar to the decline rate in our second quarter of 2009 and an improvement over the previous three consecutive quarters in each of which net sales declined by more than 20%. Hosiery products continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending, which contributes to weaker retail sales and lowering of inventory levels by retailers. We expect the trend of declining hosiery sales to continue consistent with the overall decline in the industry and with shifts in consumer preferences. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

The Hosiery segment gross profit was lower by $1 million in the third quarter of 2009 compared to the third quarter of 2008. The lower gross profit for the third quarter of 2009 compared to the third quarter of 2008 was the result of lower sales volume of $3 million and higher sales incentives of $2 million due to investments made with retailers but partially offset by lower other manufacturing costs of $2 million and higher product pricing of $2 million.

As a percent of segment net sales, gross profit in the Hosiery segment was 45.8% in the third quarter of 2009 compared to 42.4% in the third quarter of 2008, increasing as a result of the items described above.

The higher Hosiery segment operating profit in the third quarter of 2009 compared to the third quarter of 2008 is primarily attributable to lower distribution expenses of $1 million and savings of $1 million from our prior restructuring actions, partially offset by lower gross profit.

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for the third quarter of 2009 is consistent with the third quarter of 2008. Our consolidated selling, general and administrative expenses before segment allocations was $7 million lower in the third quarter of 2009 compared to the third quarter of 2008.

International

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$107,399	$ 116,581	$(9,182)	(7.9)%
Segment operating profit	9,217	14,010	(4,793)	(34.2)

Overall net sales in the International segment were lower by $9 million or 8% in the third quarter of 2009 compared to the third quarter of 2008 primarily attributable to an unfavorable impact of $7 million related to foreign currency exchange rates and weak demand globally primarily in Europe and Japan which are experiencing recessionary environments similar to that in the United States. Excluding the impact of foreign exchange rates on currency, International segment net sales declined by 2% in the third quarter of 2009 compared to the third quarter of 2008. 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 and Brazilian real partially offset by the strengthening of the Japanese yen compared to the U.S. dollar during the third quarter of 2009 compared to the third quarter of 2008. During the third quarter of 2009, we experienced lower net sales, in each case excluding the impact of foreign currency exchange rates, in our casualwear business in Europe of $7 million and in our male underwear and activewear businesses in Japan of $3 million, partially offset by higher net sales in our intimate apparel business in Mexico of $3 million and in our intimate apparel and male underwear businesses in Canada of $2 million.

The International segment gross profit was lower by $8 million in the third quarter of 2009 compared to the third quarter of 2008. The lower gross profit was a result of higher cost of finished goods sourced from third party manufacturers of $4 million primarily resulting from foreign exchange transaction losses, higher sales incentives of $2 million, an unfavorable impact related to foreign currency exchange rates of $2 million, an unfavorable product sales mix of $2 million and lower sales volume of $1 million. Higher costs were partially offset by higher product pricing of $3 million.

As a percent of segment net sales, gross profit in the International segment was 36.1% in the third quarter of 2009 compared to the third quarter of 2008 at 40.1%, declining as a result of the items described above.

The lower International segment operating profit in the third quarter of 2009 compared to the third quarter of 2008 is primarily attributable to the lower gross profit, partially offset by lower media related MAP expenses of $2 million. The changes in foreign currency exchange rates, which are included in the impact on gross profit above, had a similar impact on segment operating profit in the third quarter of 2009 and the third quarter of 2008.

Other

	Quarter Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 3,745	$ 4,769	$(1,024)	(21.5)%
Segment operating profit (loss)	(1,712)	314	(2,026)	(645.2)

Sales in our Other segment primarily consist of sales of yarn to third parties which are intended to maintain asset utilization at certain manufacturing facilities and generate approximate break even margins. We expect sales of our Other segment to continue to be insignificant to us as we complete the implementation of our consolidation and globalization efforts. In September 2009, we announced that we will cease making our own yarn and that we will source all of our yarn requirements from large-scale yarn suppliers, which is expected to further reduce net sales of our Other segment.

General Corporate Expenses

General corporate expenses were higher in the third quarter of 2009 compared to the third quarter of 2008 primarily due to 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 that had an original term of five or seven years to the tenth anniversary of the original grant date.

Condensed Consolidated Results of Operations — Nine Months Ended October 3, 2009 Compared with Nine Months Ended September 27, 2008

	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 2,902,536	$ 3,213,653	$ (311,117)	(9.7)%
Cost of sales	1,960,589	2,145,949	(185,360)	(8.6)
Gross profit	941,947	1,067,704	(125,757)	(11.8)
Selling, general and administrative expenses	702,204	776,267	(74,063)	(9.5)
Restructuring	46,319	32,355	13,964	43.2
Operating profit	193,424	259,082	(65,658)	(25.3)
Other expenses	6,537	—	6,537	NM
Interest expense, net	124,548	115,282	9,266	8.0
Income before income tax expense	62,339	143,800	(81,461)	(56.6)
Income tax expense	9,974	34,512	(24,538)	(71.1)
Net income	$ 52,365	$ 109,288	$ (56,923)	(52.1)%

Net Sales

	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 2,902,536	$ 3,213,653	$ (311,117)	(9.7)%

Consolidated net sales were lower by $311 million or 10% in the nine months of 2009 compared to 2008. The net sales decline in the nine months of 2009 was primarily attributed to the recessionary environment that continued into the first nine months of 2009. 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 the nine months of 2009 compared to 2008 as we made significant investments, especially in back-to-school programs and promotions, in this recessionary environment to support retailers and position ourselves for future sales opportunities. Excluding the cost of these investments, our net sales would have declined by 9%.

Innerwear, Outerwear, Hosiery and International segment net sales were lower by $120 million (7%), $105 million (12%), $27 million (16%) and $57 million (16%), respectively, in the nine months of 2009 compared to 2008. Our Other segment net sales were lower, as expected, by $8 million in the nine months of 2009 compared to 2008.

Innerwear segment net sales were lower (7%) in the nine months of 2009 compared to 2008, primarily due to lower net sales of intimate apparel (13%) and socks (12%) primarily due to weak sales at retail in this difficult economic environment, partially offset by stronger net sales (2%) in our male underwear product category.

Outerwear segment net sales were lower (12%) in the nine months of 2009 compared to 2008, primarily due to the lower casualwear net sales in both the retail (27%) and wholesale (21%) channels. The wholesale channel has been highly price competitive especially in this recessionary environment. The lower casualwear net sales in the retail and wholesale channels were partially offset by higher net sales (8%) 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 that are not impacting our results in the second half of 2009.

Hosiery segment net sales were lower (16%) in the nine months of 2009 compared to 2008. The net sales decline rate over the most recent two consecutive quarters has improved compared to the net sales decline rate for the second half of 2008 and the first quarter of 2009 in each of which net sales declined by more than 20%. Hosiery products in all channels continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending.

International segment net sales were lower (16%) in the nine months of 2009 compared to 2008, primarily attributable to an unfavorable impact of $31 million related to foreign currency exchange rates and weak demand globally primarily in Europe, Japan and Canada which are experiencing recessionary environments similar to that in the United States. Excluding the impact of foreign exchange rates on currency, International segment net sales declined by 8% in the nine months of 2009 compared to 2008.

Gross Profit

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
		(dollars in thousands)		
Gross profit	$941,947	$1,067,704	$(125,757)	(11.8)%

Our gross profit was lower by $126 million in the nine months of 2009 compared to 2008. As a percent of net sales, our gross profit was 32.5% in the nine months of 2009 compared to 33.2% in 2008, declining as a result of the items described below.

Gross profit was lower due to lower sales volume of $139 million, unfavorable product sales mix of $53 million and higher sales incentives of $31 million. Our sales incentives were higher as we made significant investments, especially in back-to-school programs and promotions, in this recessionary environment to support retailers and position ourselves for future sales opportunities. Other factors contributing to lower gross profit were higher production costs of $21 million related to higher energy and oil-related costs, including freight costs, higher other manufacturing costs of $16 million primarily related to lower volume partially offset by cost reductions at our manufacturing facilities, other vendor price increases of $13 million, higher cost of finished goods sourced from third party manufacturers of $12 million primarily resulting from foreign exchange transaction losses, an $11 million unfavorable impact related to foreign currency exchange rates and $3 million of higher start-up and shutdown costs associated with the consolidation and globalization of our supply chain. 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, Brazilian real and Euro partially offset by the strengthening of the Japanese yen compared to the U.S. dollar during the nine months of 2009 compared to 2008.

Our gross profit was positively impacted by higher product pricing of $91 million before increased sales incentives, savings from our prior restructuring actions of $38 million, lower on-going excess and obsolete inventory costs of $18 million and lower cotton costs of $8 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 varies by individual product category. The lower excess and obsolete inventory costs in the first nine months of 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 58 cents per pound in the nine months of 2009 as compared to 62 cents per pound in 2008. After taking into consideration the cotton costs currently included in inventory, we expect our cost of cotton to average 55 cents per pound for the full year of 2009 compared to 65 cents per pound for 2008. Energy and oil-related costs were higher due to a spike in oil-related commodity prices during the summer of 2008. Our results in the nine months of 2009 were impacted by higher costs for cotton and oil-related materials, however we started to benefit in the second quarter of 2009 from lower cotton costs and in the third quarter of 2009 from lower oil-related material costs and other manufacturing costs.

We incurred lower one-time restructuring related write-offs of $11 million in the nine months of 2009 compared to 2008 for stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate. Accelerated depreciation was lower by $9 million in the nine months of 2009 compared to 2008.

Selling, General and Administrative Expenses

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Selling, general and administrative expenses	$702,204	$776,267	$(74,063)	(9.5)%

Our selling, general and administrative expenses were $74 million lower in the nine months of 2009 compared to 2008. Our continued focus on cost reductions resulted in lower expenses in the nine months of 2009 compared to 2008 related to savings of $24 million from our prior restructuring actions for compensation and related benefits, lower technology expenses of $21 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 $1 million. In addition, our distribution expenses were lower by $12 million in the nine months of 2009 compared to 2008, which was primarily attributable to lower sales volume that reduced our labor, postage and freight expenses and lower rework expenses in our distribution centers.

Our media related MAP expenses were $34 million lower in the nine months of 2009 compared to 2008 as we chose to reduce our spending. 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 $24 million and $5 million, respectively, in the nine months of 2009 compared to 2008. The higher pension expense is primarily due to the lower funded status of our pension plans at the end of 2008, which resulted from a decline in the fair value of plan assets due to the stock market's performance during 2008 and a higher discount rate at the end of 2008.

We also incurred higher expenses of $4 million in the nine months of 2009 compared to 2008 as a result of opening retail stores. We opened 17 retail stores during the nine months of 2009. In addition, we incurred 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 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 $9 million in the nine months of 2009 compared to 2008.

Restructuring

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Restructuring	$46,319	$32,355	$ 13,964	43.2%

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

In addition to the actions discussed above, during the nine months of 2009 we approved actions to close four manufacturing facilities and two distribution centers in the Dominican Republic, the United States, Honduras, Puerto Rico and Canada which will result in the elimination of an aggregate of approximately 2,925 positions in those countries and El Salvador. The production capacity represented by the manufacturing facilities will be relocated to lower cost locations in Asia, Central America and the Caribbean Basin. The distribution capacity has been relocated to our West Coast distribution facility in California in order to expand capacity for goods we source from Asia. In addition, approximately 300 management and administrative positions were eliminated, with the majority of these positions based in the United States.

During the nine months of 2009, we recorded charges related to employee termination and other benefits of $21 million recognized in accordance with benefit plans previously communicated to the affected employee group, charges related to contract obligations of $12 million, other exit costs of $7 million related to moving equipment and inventory from closed facilities and fixed asset impairment charges of $6 million.

In the nine months of 2009, we recorded one-time write-offs of $4 million 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 $2 million and $11 million in nine months of 2009 and the nine months of 2008, respectively, in the "Cost of sales" line and a noncash charge of $1 million and a noncash credit of $1 million in the "Selling, general and administrative expenses" line in the nine months of 2009 and nine months of 2008, respectively, related to accelerated depreciation of buildings and equipment for facilities that have been closed or will be closed.

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

During the nine months of 2008, we incurred $32 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

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Operating profit	$193,424	$259,082	$(65,658)	(25.3)%

Operating profit was lower in the nine months of 2009 compared to 2008 as a result of lower gross profit of $126 million and higher restructuring and related charges of $14 million, partially offset by lower selling, general and administrative expenses of $74 million. Changes in foreign currency exchange rates had an unfavorable impact on operating profit of $2 million in the nine months of 2009 compared to 2008.

Other Expenses

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Other expenses	$ 6,537	$ —	$ 6,537	NM

During the nine months of 2009, we incurred costs of $4 million to amend the Senior Secured Credit Facility and the Accounts Receivable Securitization Facility. In March 2009, we amended these credit facilities to provide for additional cushion in our financial covenant requirements. These amendments delay the most restrictive debt-leverage ratio requirements from the fourth quarter of 2009 to the third quarter of 2011. In April 2009, we amended the Accounts Receivable Securitization Facility to generally increase over time the amount of funding that will be available under the facility as compared to the amount that would be available pursuant to the amendment to that facility that we entered into in March 2009. In addition, during the nine months of 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 in September 2009.

Interest Expense, Net

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Interest expense, net	$124,548	$115,282	$ 9,266	8.0%

Interest expense, net was higher by $9 million in the nine months of 2009 compared to 2008. The amendments of our Senior Secured Credit Facility and Accounts Receivable Securitization Facility, which increased our interest-rate margin by 300 basis points and 325 basis points, respectively, increased interest expense in the nine months of 2009 compared to 2008 by $24 million, which was partially offset by a lower LIBOR and lower outstanding debt balances that reduced interest expense by $15 million. Our weighted average interest rate on our outstanding debt was 6.84% during the nine months of 2009 compared to 6.17% in 2008.

At October 3, 2009, we had outstanding interest rate hedging arrangements whereby we have capped the LIBOR interest rate component on $400 million of our floating rate debt at 3.50% and have fixed the LIBOR interest rate component on $1.4 billion of our floating rate debt at approximately 4.16%. Approximately 88% of our total debt outstanding at October 3, 2009 was at a fixed or capped LIBOR rate.

Income Tax Expense

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Income tax expense	$ 9,974	$ 34,512	$(24,538)	(71.1)%

Our estimated annual effective income tax rate was 16% in the nine months of 2009 compared to 24% in 2008. The lower effective income tax rate is attributable primarily to a higher proportion of our earnings attributed to foreign subsidiaries which are taxed at rates lower than the U.S. statutory rate. Our estimated annual effective tax rate reflects our strategic initiative to make substantial capital investments outside the United States in our global supply chain in 2009.

Net Income

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net income	$ 52,365	$109,288	$(56,923)	(52.1)%

Net income for the nine months of 2009 was lower than 2008 primarily due to lower operating profit of $66 million, higher interest expense of $9 million and higher other expenses of $7 million, partially offset by lower income tax expense of $25 million.

Operating Results by Business Segment — Nine Months Ended October 3, 2009 Compared with Nine Months Ended September 27, 2008

	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales:				
Innerwear	$ 1,710,920	$ 1,830,437	$ (119,517)	(6.5)%
Outerwear	776,282	880,809	(104,527)	(11.9)
Hosiery	139,300	166,672	(27,372)	(16.4)
International	294,674	352,120	(57,446)	(16.3)
Other	12,022	20,064	(8,042)	(40.1)
Total segment net sales	2,933,198	3,250,102	(316,904)	(9.8)
Intersegment	(30,662)	(36,449)	(5,787)	(15.9)
Total net sales	$ 2,902,536	$ 3,213,653	$ (311,117)	(9.7)%
Segment operating profit (loss):				
Innerwear	$ 210,443	$ 204,714	$ 5,729	2.8%
Outerwear	23,269	55,587	(32,318)	(58.1)
Hosiery	42,678	52,944	(10,266)	(19.4)
International	28,089	47,662	(19,573)	(41.1)
Other	(4,395)	304	(4,699)	NM
Total segment operating profit	300,084	361,211	(61,127)	(16.9)
Items not included in segment operating profit:				
General corporate expenses	(44,602)	(37,128)	7,474	20.1
Amortization of trademarks and other intangibles	(9,293)	(8,683)	610	7.0
Restructuring	(46,319)	(32,355)	13,964	43.2
Inventory write-off included in cost of sales	(3,516)	(14,027)	(10,511)	(74.9)
Accelerated depreciation included in cost of sales	(2,392)	(11,202)	(8,810)	(78.6)
Accelerated depreciation included in selling, general and administrative expenses	(538)	1,266	1,804	142.5
Total operating profit	193,424	259,082	(65,658)	(25.3)
Other expenses	(6,537)	—	6,537	NM
Interest expense, net	(124,548)	(115,282)	9,266	8.0
Income before income tax expense	$ 62,339	$ 143,800	$ (81,461)	(56.6)%

Innerwear

	Nine Months Ended October 3, 2009	Nine Months Ended September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 1,710,920	$ 1,830,437	$ (119,517)	(6.5)%
Segment operating profit	210,443	204,714	5,729	2.8

Overall net sales in the Innerwear segment were lower by $120 million or 7% in the nine months of 2009 compared to 2008 as we continued to be negatively impacted by weak consumer demand related to the recessionary environment. Total intimate apparel net sales were $96 million lower in the nine months of 2009 compared to 2008 and represents 80% of the total segment net sales decline. We believe our lower net sales in our *Hanes* brand of $34 million, our smaller brands (*barely there*, *Just My Size* and *Wonderbra*) of $29 million and our *Playtex* brand of $28 million were primarily attributable to weaker sales at retail. Our *Bali* brand intimate apparel net sales in the nine months of 2009 were flat compared to 2008.

Total male underwear net sales were $13 million higher in the nine months of 2009 compared to 2008 which reflect higher net sales in our *Hanes* brand of $19 million, partially offset by lower net sales of our *Champion* brand of $6 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 the nine months of 2009 compared to 2008 reflect a decline in *Hanes* and *Champion* brand net sales in our men's and kids' product category. Net sales in our thermals business were lower by $2 million in the nine months of 2009 compared to 2008. Net sales in our direct-to-consumer retail business were flat due to higher sales at our outlet stores resulting from the addition of recently opened retail stores offset by lower internet sales.

The Innerwear segment gross profit was lower by $39 million in the nine months of 2009 compared to 2008. The lower gross profit was due to lower sales volume of $74 million, higher sales incentives of $19 million due to investments made with retailers, unfavorable product sales mix of $18 million, higher production costs of $12 million related to higher energy and oil-related costs, including freight costs, other vendor price increases of $9 million and higher other manufacturing costs of $3 million. Higher costs were partially offset by higher product pricing of $64 million before increased sales incentives, savings from our prior restructuring actions of $19 million, lower on-going excess and obsolete inventory costs of $11 million and lower cotton costs of $2 million.

As a percent of segment net sales, gross profit in the Innerwear segment was 37.4% in the nine months of 2009 compared to 37.1% in 2008, increasing as a result of the items described above.

The higher Innerwear segment operating profit in the nine months of 2009 compared to 2008 was primarily attributable to lower media related MAP expenses of $31 million, savings of $14 million from prior restructuring actions primarily for compensation and related benefits, lower technology expenses of $11 million, lower distribution expenses of $5 million and lower bad debt expense of $4 million primarily due to a customer bankruptcy in 2008, partially offset by lower gross profit, higher pension expense of $14 million, higher expenses of $4 million as a result of opening retail stores and higher other non-media related MAP expenses of $2 million.

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for the nine months of 2009 is consistent with 2008. Our consolidated selling, general and administrative expenses before segment allocations was $74 million lower in the nine months of 2009 compared to 2008.

Outerwear

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$776,282	$880,809	$(104,527)	(11.9)%
Segment operating profit	23,269	55,587	(32,318)	(58.1)

Net sales in the Outerwear segment were lower by $105 million or 12% in the nine months of 2009 compared to 2008, primarily as a result of lower casualwear net sales in our retail and wholesale channels of $66 million and $65 million, respectively. 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 sales 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. The wholesale channel has been highly price competitive especially in this recessionary environment. These decreases were partially offset by higher net sales of our *Champion* brand activewear of $25 million. Our *Champion* brand sales continue to benefit from our marketing investment in the brand.

The Outerwear segment gross profit was lower by $48 million in the nine months of 2009 compared to 2008. The lower gross profit is due to unfavorable product sales mix of $30 million, lower sales volume of $28 million, higher sales incentives of $13 million due to investments made with retailers, higher production costs of $9 million related to higher energy and oil-related costs, including freight costs, higher other manufacturing costs of $8 million and other vendor price increases of $4 million. Higher costs were partially offset by savings of $19 million from our prior restructuring actions, higher product pricing of $12 million before increased sales incentives, lower on-going excess and obsolete inventory costs of $7 million and lower cotton costs of $6 million.

As a percent of segment net sales, gross profit in the Outerwear segment was 20.0% in the nine months of 2009 compared to 23.1% in 2008, declining as a result of the items described above.

The lower Outerwear segment operating profit in the nine months of 2009 compared to 2008 was primarily attributable to lower gross profit and higher pension expense of $6 million, partially offset by savings of $7 million from our prior restructuring actions, lower technology expenses of $6 million, lower non-media related MAP expenses of $3 million, lower distribution expenses of $3 million and lower bad debt expense of $2 million primarily due to a customer bankruptcy in 2008.

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for the nine months of 2009 is consistent with 2008. Our consolidated selling, general and administrative expenses before segment allocations was $74 million lower in the nine months of 2009 compared to 2008.

Hosiery

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$139,300	$166,672	$(27,372)	(16.4)%
Segment operating profit	42,678	52,944	(10,266)	(19.4)

Net sales in the Hosiery segment declined by $27 million or 16%, 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. Hosiery products continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending, which contributes to weaker retail sales and lowering of inventory levels by retailers. We expect the trend of declining hosiery sales to continue consistent with the overall decline in the industry and with shifts in consumer preferences. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

The Hosiery segment gross profit was lower by $17 million in the nine months of 2009 compared to 2008. The lower gross profit for the nine months of 2009 compared to 2008 was the result of lower sales volume of $19 million and higher other manufacturing costs of $4 million, partially offset by higher product pricing of $8 million.

As a percent of segment net sales, gross profit in the Hosiery segment was 46.1% in the nine months of 2009 compared to 48.6% in 2008, declining as a result of the items described above.

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

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for the nine months of 2009 is consistent with 2008. Our consolidated selling, general and administrative expenses before segment allocations was $74 million lower in the nine months of 2009 compared to 2008.

International

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$294,674	$352,120	$(57,446)	(16.3)%
Segment operating profit	28,089	47,662	(19,573)	(41.1)

Overall net sales in the International segment were lower by $57 million or 16% in the nine months of 2009 compared to 2008 primarily attributable to an unfavorable impact of $31 million related to foreign currency exchange rates and weak demand globally primarily in Europe, Japan and Canada, which are experiencing recessionary environments similar to that in the United States. Excluding the impact of foreign exchange rates on currency, International segment net sales declined by 8% in the nine months of 2009 compared to 2008. 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, Brazilian real and Euro partially offset by the strengthening of the Japanese yen compared to the U.S. dollar during the nine months of 2009 compared to 2008. During the nine months of 2009, we experienced lower net sales, in each case excluding the impact of foreign currency exchange rates, in our casualwear business in Europe of $21 million, in our casualwear business in Puerto Rico of $7 million resulting from moving the distribution capacity to the United States, in our male underwear and activewear businesses in Japan of $6 million and in our intimate apparel business in Canada of $3 million. Lower segment net sales were partially offset by higher sales in our intimate apparel and male underwear businesses in Mexico of $6 million and in our male underwear business in Brazil of $2 million.

The International segment gross profit was lower by $32 million in the nine months of 2009 compared to 2008. The lower gross profit was a result of lower sales volume of $13 million, higher cost of finished goods sourced from third party manufacturers of $12 million primarily resulting from foreign exchange transaction losses, an unfavorable impact related to foreign currency exchange rates of $11 million and an unfavorable product sales mix of $6 million. Higher costs were partially offset by higher product pricing of $8 million.

As a percent of segment net sales, gross profit in the International segment was 37.9% in the nine months of 2009 compared to 2008 at 40.9%, declining as a result of the items described above.

The lower International segment operating profit in the nine months of 2009 compared to 2008 is primarily attributable to the lower gross profit, partially offset by lower selling and other marketing related expenses of $5 million, lower media related MAP expenses of $2 million, lower distribution expenses of $1 million, lower non-media related MAP of $1 million and savings of $1 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 $2 million in the nine months of 2009 compared to 2008.

Other

	Nine Months Ended			
	October 3, 2009	September 27, 2008	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$12,022	$20,064	$(8,042)	(40.1)%
Segment operating profit (loss)	(4,395)	304	(4,699)	NM

Sales in our Other segment primarily consist of sales of yarn to third parties which are intended to maintain asset utilization at certain manufacturing facilities and generate approximate break even margins. We expect sales of our Other segment to continue to be insignificant to us as we complete the implementation of our consolidation and globalization efforts. In September 2009, we announced that we will cease making our own yarn and that we will source all of our yarn requirements from large-scale yarn suppliers, which is expected to further reduce net sales of our Other segment.

General Corporate Expenses

General corporate expenses were $7 million higher in the nine months of 2009 compared to 2008 primarily due to higher start-up and shut-down costs of $5 million associated with our consolidation and globalization of our supply chain, $3 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 Hanesbrands Inc. Omnibus Incentive Plan of 2006 that had an original term of five or seven years to the tenth anniversary of the original grant date, partially offset by $3 million of higher gains on sales of assets.

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 and our international loan facilities. At October 3, 2009, we had $474 million of borrowing availability under our $500 million Revolving Loan Facility (after taking into account outstanding letters of credit), $39 million in cash and cash equivalents and $71 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 has or is expected to impact liquidity:

- we have principal and interest obligations under our long-term debt;
- we expect to continue to invest in efforts to improve operating efficiencies and lower costs;
- we expect to continue to add new lower-cost manufacturing capacity in Asia, Central America and the Caribbean Basin;
- 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 October 3, 2009 at a cost of $75 million), although we may choose not to repurchase any stock and instead focus on the repayment of our debt in the next 12 months in light of the current economic recession.

We have restructured our supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance our production capability between the Western Hemisphere and Asia. With our global supply chain restructured, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. We are focused on optimizing the working capital needs of our supply chain through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership relationships.

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

In the third quarter of 2009, we have not seen a sustained consistent rebound in consumer spending but rather mixed results. We expect the weak retail environment to continue and do not expect macroeconomic conditions to be conducive to growth in 2009. We also expect substantial pressure on profitability due to the economic climate, increased pension costs and increased costs associated with implementing our price increase which became effective in February 2009, including repackaging costs. Our results in the first nine months of 2009 were impacted by higher costs for cotton and oil-related materials incurred in 2008, however we started to benefit in the second quarter of 2009 from lower cotton costs and in the third quarter of 2009 from lower oil-related material costs and other manufacturing costs. In addition, hosiery products continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending, which contributes to weaker sales and lowering of inventory levels by retailers. The Hosiery segment comprised only 5% of our net sales in the first nine months of 2009; therefore the decline in the Hosiery segment has not had a significant impact on our net sales or cash flows. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

We expect to be able to manage our working capital levels and capital expenditure amounts to maintain sufficient levels of liquidity. Factors that could help us in these efforts include the domestic gross price increase of 4% which became effective in February 2009, lower commodity costs in the remainder of 2009, the ability to execute previously discussed discretionary spending cuts and the realization of additional cost benefits from previous restructuring and related actions. Depending on conditions in the capital markets and other factors, we will from time to time consider other financing transactions, the proceeds of which could be used to refinance current indebtedness or for other purposes. We continue to monitor the impact, if any, of the current conditions in the credit markets on our operations. Our access to financing at reasonable interest rates could become influenced by the economic and credit market environment.

On March 10, 2009, we entered into a Third Amendment (the “Third Amendment”) to the Senior Secured Credit Facility dated as of September 5, 2006. Pursuant to the Third Amendment, the ratio of debt to EBITDA (earnings before interest, taxes, depreciation expense and amortization) for the preceding four quarters, or leverage ratio, was increased from 3.75 to 1 in the first quarter of 2009 to 4.25 to 1, from 3.5 to 1 in the second quarter of 2009 to 4.2 to 1, from 3.25 to 1 in the third quarter of 2009 to 3.95 to 1, and from 3.0 to 1 in the fourth quarter of 2009 to 3.6 to 1. After 2009, the leverage ratio will decrease from 3.6 to 1 until it reaches 3.0 to 1 in the third quarter of 2011. In addition, pursuant to the Third Amendment, the ratio of EBITDA for the preceding four quarters to consolidated interest expense for such period, or interest coverage ratio, was decreased from 3.0 to 1 in the second and third quarters of 2009 to 2.5 to 1 and from 3.25 to 1 in the fourth quarter of 2009 to 2.5 to 1. After 2009, the interest coverage ratio will increase from 2.5 to 1 until it reaches 3.25 to 1 in the third quarter of 2011. We ended the second quarter of 2009 with a leverage ratio, as calculated under the Senior Secured Credit Facility, the Second Lien Credit Facility and the Accounts Receivable Securitization Facility, of 3.88 to 1.

At our option, borrowings under the Senior Secured Credit Facility may be maintained from time to time as (a) “Base Rate” loans, which bear interest at the higher of (i) 1/2 of 1% in excess of the federal funds rate and (ii) the rate published in the Wall Street Journal as the “prime rate” (or equivalent), in each case in effect from time to time, plus the applicable margin in effect from time to time, or (b) LIBOR-based loans, which bear interest at the “LIBO Rate” (as defined in the Senior Secured Credit Facility and adjusted for maximum reserves), for the respective interest period plus the applicable margin in effect from time to time. Pursuant to the Third Amendment, the applicable margins for the Senior Secured Credit Facility were increased by 300 basis points.

The Third Amendment also provides for certain other amendments to the Senior Secured Credit Facility, including increasing the percentage of “Excess Cash Flow” as calculated pursuant to the Senior Secured Credit Facility, which is used to determine whether, and the extent to which, we are required in certain circumstances to make certain mandatory prepayments.

On March 16, 2009, we and our wholly-owned bankruptcy remote subsidiary, HBI Receivables LLC ("HBI Receivables"), entered into Amendment No. 1 (the "First Amendment") to the Accounts Receivable Securitization Facility dated as of November 27, 2007. The Accounts Receivable Securitization Facility contains the same leverage ratio and interest coverage ratio provisions as the Senior Secured Credit Facility. The First Amendment effects the same changes to the leverage ratio and the interest coverage ratio that are effected by the Third Amendment described above. Pursuant to the First Amendment, the rate that would be payable to the conduit purchasers or the committed purchasers party to the Accounts Receivable Securitization Facility in the event of certain defaults is increased from 1% over the prime rate to 3% over the greatest of (i) the one-month LIBO rate plus 1%, (ii) the weighted average rates on federal funds transactions plus 0.5%, or (iii) the prime rate. Also pursuant to the First Amendment, several of the factors that contribute to the overall availability of funding have been amended in a manner that would be expected to generally reduce the amount of funding that will be available under the Accounts Receivable Securitization Facility. The First Amendment also provides for certain other amendments to the Accounts Receivable Securitization Facility, including changing the termination date for the Accounts Receivable Securitization Facility from November 27, 2010 to March 15, 2010, and requiring that HBI Receivables make certain payments to a conduit purchaser, a committed purchaser, or certain entities that provide funding to or are affiliated with them, in the event that assets and liabilities of a conduit purchaser are consolidated for financial and/or regulatory accounting purposes with certain other entities.

On April 13, 2009, we and HBI Receivables entered into Amendment No. 2 (the "Second Amendment") to the Accounts Receivable Securitization Facility. Pursuant to the Second Amendment, several of the factors that contribute to the overall availability of funding have been amended in a manner that is expected to generally increase over time the amount of funding that will be available under the Accounts Receivable Securitization Facility as compared to the amount that would be available pursuant to the First Amendment. The Second Amendment also provides for certain other amendments to the Accounts Receivable Securitization Facility, including changing the termination date for the Accounts Receivable Securitization Facility from March 15, 2010 to April 12, 2010. In addition, HSBC Securities (USA) Inc. replaced JPMorgan Chase Bank, N.A. as agent under the Accounts Receivable Securitization Facility, PNC Bank, N.A. replaced JPMorgan Chase Bank, N.A. as a managing agent, and PNC Bank, N.A. and an affiliate of PNC Bank, N.A. replaced affiliates of JPMorgan Chase Bank, N.A. as a committed purchaser and a conduit purchaser, respectively. On August 17, 2009, we and HBI Receivables entered into Amendment No. 3 to the to the Accounts Receivable Securitization Facility, pursuant to which certain definitions were amended to clarify the calculation of certain ratios that impact reporting under the Accounts Receivable Securitization Facility.

As of October 3, 2009, we were in compliance with all covenants under our credit facilities. We continue to monitor our debt covenant compliance carefully in this difficult economic environment. We expect to maintain compliance in the fourth quarter of 2009 with all of our covenant ratios. Maintaining future compliance with our leverage ratio covenant, which was amended earlier in 2009, requires generating sufficient EBITDA and reducing debt. As previously stated, it is our goal to reduce debt by approximately $300 million by the end of fiscal year 2009.

Given the recent turmoil in the financial and credit markets, we expanded our interest rate hedging portfolio at what we believe to be advantageous rates that are expected to minimize our overall interest rate risk. In addition, until September 5, 2009, we were required under the Senior Secured Credit Facility and the Second Lien Credit Facility to hedge a portion of our floating rate debt to reduce interest rate risk caused by floating rate debt issuance. At October 3, 2009, we have outstanding hedging arrangements whereby we capped the LIBOR interest rate component on $400 million of our floating rate debt at 3.50%. We also entered into interest rate swaps tied to the 3-month and 6-month LIBOR rates whereby we fixed the LIBOR interest rate component on an aggregate of $1.4 billion of our floating rate debt at a blended rate of approximately 4.16%. Approximately 88% of our total debt outstanding at October 3, 2009 is at a fixed or capped LIBOR rate. The table below summarizes our interest rate derivative portfolio with respect to our long-term debt as of October 3, 2009.

	Amount	LIBOR	Interest Rate Spreads	Hedge Expiration Dates
Debt covered by interest rate caps:				
Senior Secured and Second Lien Credit Facilities	$ 400,000	3.50%	3.75% to 4.75%	October 2009
Debt covered by interest rate swaps: Floating Rate Notes	493,680	4.26%	3.38%	December 2012
Senior Secured and Second Lien Credit Facilities	500,000	5.14% to 5.18%	3.75% to 4.75%	October 2009 - October 2011
Senior Secured and Second Lien Credit Facilities	400,000	2.80%	3.75% to 4.75%	October 2010
Unhedged debt:				
Accounts Receivable Securitization Facility	249,043	Not applicable	Not applicable	Not applicable
	$ 2,042,723			

Moody's Investors Service's ("Moody's") corporate credit rating for our company is Ba3 and Standard & Poor's Ratings Services' ("Standard & Poor's") corporate credit rating for us is BB-. In November 2009, Moody's changed our rating outlook to "stable" from "negative" and affirmed certain of our ratings, including the Ba3 corporate credit and probability of default ratings and the speculative grade liquidity rating of SGL-2. Moody's also upgraded its ratings on some of the Senior Secured Credit Facility and the Second Lien Credit Facility. Moody's indicated that the outlook revision reflects the progress we have made toward deleveraging our balance sheet. In September 2009, Standard & Poor's changed our current outlook to "negative" and placed our corporate credit rating and all issue-level ratings for us on "Creditwatch with negative implications." Standard & Poor's cited its concern that our operating performance and credit metrics had weakened materially through the second quarter of 2009.

Cash Requirements for Our Business

We rely on our cash flows generated from operations and the borrowing capacity under our Revolving Loan Facility and international loan facilities to meet the cash requirements of our business. The primary cash requirements of our business are payments to vendors in the normal course of business, restructuring costs, capital expenditures, maturities of debt and related interest payments, contributions to our pension plans and repurchases of our stock. We believe we have sufficient cash and available borrowings for our liquidity needs. In light of the current economic environment and our outlook for 2009, we expect to use excess cash flows to pay down long-term debt of approximately $300 million rather than to repurchase our stock or make discretionary contributions to our pension plans. In September 2009, we made a prepayment of $140 million of principal on the Senior Secured Credit Facility.

The implementation of our consolidation and globalization strategy, which is designed to improve operating efficiencies and lower costs, has resulted and is likely to continue to result in significant costs in the short-term and generate savings in future years. As further plans are developed and approved, we expect to recognize additional restructuring costs as we eliminate duplicative functions within the organization and transition a significant portion of our manufacturing capacity to lower-cost locations. We expect that restructuring charges related to our consolidation and globalization strategy will be completed by the end of 2009. During the nine months of 2009 we recognized $53 million in restructuring and related charges for our restructuring actions.

Capital spending has varied significantly from year to year as we have executed our supply chain consolidation and globalization strategy and completed the integration and consolidation of our technology systems. We spent $100 million on gross capital expenditures during the nine months of 2009 which represents approximately 80% of planned expenditures for the full year in 2009. We will place emphasis in the near term on careful management of our capital expenditures for the rest of 2009 as we complete our supply chain consolidation and globalization strategy. During 2010, we expect our annual gross capital spending to be relatively comparable to our annual depreciation and amortization expense.

In March 2009, the IRS published guidance regarding pension funding requirements for 2009, which allowed for the selection of a monthly discount rate from any month within a five-month lookback period prior to the pension plan year-end as compared to the use of the December 2008 monthly discount rate in the valuation of liabilities. Applying the October 2008 monthly discount rate in accordance with this new IRS guidance, the funded status of our U.S. qualified pension plans as of January 3, 2009, the date as of which pension contributions are determined for 2009, was 86% rather than 75% as calculated under the previous guidance and previously reported. 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 with respect to the National Textiles, L.L.C. Pension Plan. In September 2009, we entered an agreement with the PBGC under which we contributed $7 million to the plan in September 2009 and agreed to contribute an additional $7 million to the plan by September 2010. In addition, in September 2009 we made a voluntary contribution of $2 million to the plan to maintain a funding level sufficient to avoid certain benefit payment restrictions under the Pension Protection Act. We do not expect to make any more contributions to our plan in 2009.

There have been no other significant changes in the cash requirements for our business from those described in our Annual Report on Form 10-K for the year ended January 3, 2009.

Sources and Uses of Our Cash

The information presented below regarding the sources and uses of our cash flows for the nine months ended October 3, 2009 and September 27, 2008 was derived from our consolidated financial statements.

	Nine Months Ended	
	October 3, 2009	September 27, 2008
	(dollars in thousands)	
Operating activities	$ 210,807	$ (18,621)
Investing activities	(83,885)	(109,644)
Financing activities	(155,935)	40,776
Effect of changes in foreign currency exchange rates on cash	288	(535)
Decrease in cash and cash equivalents	(28,725)	(88,024)
Cash and cash equivalents at beginning of year	67,342	174,236
Cash and cash equivalents at end of period	$ 38,617	$ 86,212

Operating Activities

Net cash provided by operating activities was $211 million in the nine months of 2009 compared to net cash used in operating activities of $19 million in the nine months of 2008. The net increase in cash from operating activities of $230 million for the nine months of 2009 compared to the nine months of 2008 is primarily attributable to significantly lower uses of our working capital of $272 million, partially offset by lower net income of $57 million.

Net inventory decreased $159 million from January 3, 2009 primarily due to decreases in levels as we complete the execution of our supply chain consolidation and globalization strategy, lower input costs such as cotton, oil and freight and lower excess and obsolete inventory levels. We continually monitor our inventory levels to best balance current supply and demand with potential future demand that typically surges when consumers no longer postpone purchases in our product categories. The lower excess and obsolete inventory levels are attributable to both our continuous evaluation of inventory levels and simplification of our product category offerings. We realized these benefits by driving down obsolete inventory levels through aggressive management and promotions.

Accounts receivable increased $129 million from January 3, 2009 primarily due to higher sales in the third quarter of 2009 compared to the fourth quarter of 2008 and a longer collection cycle reflecting a more challenging retail environment.

With our global supply chain restructured, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. We are focused on optimizing the working capital needs of our supply chain through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership relationships. In September 2009, we announced that we will cease making our own yarn and that we will 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. We also entered into a yarn purchase agreement with Parkdale. Under this agreement, which has an initial term of six years, Parkdale will produce and sell to us a substantial amount of our Western Hemisphere yarn requirements. Exiting yarn production and entering into a supply agreement is expected to generate a $100 million of working capital improvements from reduced raw material requirements, reduced inventory, and sale proceeds. 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.

Investing Activities

Net cash used in investing activities was $84 million in the nine months of 2009 compared to $110 million in the nine months of 2008. The lower net cash used in investing activities of $26 million for the nine months of 2009 compared to the nine months of 2008 was primarily the result of lower net spending on capital expenditures in the nine months of 2009 compared to the nine months of 2008 and an acquisition of a sewing operation in Thailand for $10 million in the nine months of 2008. During the nine months of 2009, gross capital expenditures were $100 million as we continued to build out our textile and sewing network in Asia, Central America and the Caribbean Basin and approximated 80% of our planned spending for all of 2009.

Financing Activities

Net cash used in financing activities was $156 million in the nine months of 2009 compared to cash provided by financing activities of $41 million in the nine months of 2008. The lower net cash from financing activities of $197 million for the nine months of 2009 compared to the nine months of 2008 was primarily the result of the prepayment of $140 million of principal in September 2009 and payments of $22 million for debt amendment fees associated with the amendments of the Senior Secured Credit Facility and the Accounts Receivable Securitization Facility in 2009. Lower net borrowings on notes payable of $51 million partially offset by higher net borrowings of $6 million on the Accounts Receivable Securitization Facility also contributed to the higher net cash used in financing activities in the nine months of 2009 compared to the nine months of 2008. In addition, we received $18 million in cash from Sara Lee in the nine months of 2008 which was offset by stock repurchases of $30 million in the nine months of 2008.

Cash and Cash Equivalents

As of October 3, 2009 and January 3, 2009, cash and cash equivalents were $39 million and $67 million, respectively. The lower cash and cash equivalents as of October 3, 2009 was primarily the result of cash provided by operating activities of $211 million, partially offset by net cash used financing activities of $156 million and net cash used in investing activities of $84 million.

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 Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended January 3, 2009.

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 consolidated financial statements, or are the most sensitive to change from outside factors, are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended January 3, 2009. There have been no material changes in these policies during the nine months ended October 3, 2009.

Recently Issued Accounting Pronouncements

Employers' Disclosures about Postretirement Benefit Plan Assets

In December 2008, the FASB issued guidance on the disclosure of postretirement benefit plan assets. The guidance expands the disclosure requirements to include more detailed disclosures about an employers' plan assets, including employers' investment strategies, major categories of plan assets, concentrations of risk within plan assets, and valuation techniques used to measure the fair value of plan assets. The guidance is effective for fiscal years ending after December 15, 2009. Since the guidance only requires additional disclosures, adoption of the guidance is not expected to have a material impact on our financial condition, results of operations or cash flows.

Accounting for Transfers of Financial Assets

In June 2009, the FASB issued new accounting guidance for transfers of financial assets. The new guidance requires 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 guidance is effective for financial asset transfers occurring after the beginning of our first fiscal year that begins after November 15, 2009. We are evaluating the impact of adoption of this new guidance on our financial condition, results of operations and cash flows.

Consolidation — Variable Interest Entities

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

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

Given the recent turmoil in the financial and credit markets, we expanded our interest rate hedging portfolio at what we believe to be advantageous rates that are expected to minimize our overall interest rate risk. In addition, until September 5, 2009, we were required under the Senior Secured Credit Facility and the Second Lien Credit Facility to hedge a portion of our floating rate debt to reduce interest rate risk caused by floating rate debt issuance. At October 3, 2009, we have outstanding hedging arrangements whereby we capped the LIBOR interest rate component on $400 million of our floating rate debt at 3.50%. We also entered into interest rate swaps tied to the 3-month and 6-month LIBOR rates whereby we fixed the LIBOR interest rate component on an aggregate of $1.4 billion of our floating rate debt at a blended rate of approximately 4.16%. Approximately 88% of our total debt outstanding at October 3, 2009 is at a fixed or capped LIBOR rate. Due to the recent changes in the credit markets, the fair values of our interest rate hedging instruments have increased approximately $18 million during the nine months ended October 3, 2009. As these derivative instruments are accounted for as hedges, the change in fair value has been deferred into Accumulated Other Comprehensive Loss in our Condensed Consolidated Balance Sheets until the hedged transactions impact our earnings.

Cotton is the primary raw material we use to manufacture many of our products. While we attempt to protect our business from the volatility of the market price of cotton through short-term supply agreements and hedges from time to time, our business can be adversely affected by dramatic movements in cotton prices. The cotton prices reflected in our results were 58 cents per pound for the nine months ended October 3, 2009. After taking into consideration the cotton costs currently included in our inventory, we expect our cost of cotton to average 55 cents per pound for the full year of 2009 compared to 65 cents per pound for 2008. The ultimate effect of these pricing levels on our earnings cannot be quantified, as the effect of movements in cotton prices on industry selling prices are uncertain, but any dramatic increase in the price of cotton could have a material adverse effect on our business, results of operations, financial condition and cash flows.

There have been no other significant changes in our market risk exposures from those described in Item 7A of our Annual Report on Form 10-K for the year ended January 3, 2009.

Item 4. ***Controls and Procedures***

As required by Exchange Act Rule 13a-15(b), our management, including the 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, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

In connection with the evaluation required by Exchange Act Rule 13a-15(d), our management, including the 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 4T. ***Controls and Procedures***

Not applicable.

PART II

Item 1. ***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 or financial condition.

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

No updates to report.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

None.

Item 3. ***Defaults Upon Senior Securities***

None.

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

No matters were submitted to a vote of stockholders during the third quarter ended October 3, 2009.

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

The exhibits listed in the accompanying Exhibit Index are filed or furnished as part of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HANESBRANDS INC.

By: /s/ E. Lee Wyatt Jr.
E. Lee Wyatt Jr.
Executive Vice President,
Chief Financial Officer

Date: November 5, 2009

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.2	Articles Supplementary (Junior Participating Preferred Stock, Series A) (incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.3	Amended and Restated Bylaws of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2008).
3.4	Certificate of Formation of BA International, L.L.C. (incorporated by reference from Exhibit 3.4 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.5	Limited Liability Company Agreement of BA International, L.L.C. (incorporated by reference from Exhibit 3.5 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.6	Certificate of Incorporation of Caribesock, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.6 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.7	Bylaws of Caribesock, Inc. (incorporated by reference from Exhibit 3.7 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.8	Certificate of Incorporation of Caribetex, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.8 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.9	Bylaws of Caribetex, Inc. (incorporated by reference from Exhibit 3.9 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.10	Certificate of Formation of CASA International, LLC (incorporated by reference from Exhibit 3.10 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.11	Limited Liability Company Agreement of CASA International, LLC (incorporated by reference from Exhibit 3.11 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.12	Certificate of Incorporation of Ceibena Del, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.12 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.13	Bylaws of Ceibena Del, Inc. (incorporated by reference from Exhibit 3.13 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.14	Certificate of Formation of Hanes Menswear, LLC, together with Certificate of Conversion from a Corporation to a Limited Liability Company Pursuant to Section 18-214 of the Limited Liability Company Act and Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.14 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).

Exhibit Number	Description
3.15	Limited Liability Company Agreement of Hanes Menswear, LLC (incorporated by reference from Exhibit 3.15 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.16	Certificate of Incorporation of HPR, Inc., together with Certificate of Merger of Hanes Puerto Rico, Inc. into HPR, Inc. (now known as Hanes Puerto Rico, Inc.) (incorporated by reference from Exhibit 3.16 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.17	Bylaws of Hanes Puerto Rico, Inc. (incorporated by reference from Exhibit 3.17 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.18	Articles of Organization of Sara Lee Direct, LLC, together with Articles of Amendment reflecting the change of the entity's name to Hanesbrands Direct, LLC (incorporated by reference from Exhibit 3.18 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.19	Limited Liability Company Agreement of Sara Lee Direct, LLC (now known as Hanesbrands Direct, LLC) (incorporated by reference from Exhibit 3.19 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.20	Certificate of Incorporation of Sara Lee Distribution, Inc., together with Certificate of Amendment of Certificate of Incorporation of Sara Lee Distribution, Inc. reflecting the change of the entity's name to Hanesbrands Distribution, Inc. (incorporated by reference from Exhibit 3.20 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.21	Bylaws of Sara Lee Distribution, Inc. (now known as Hanesbrands Distribution, Inc.) (incorporated by reference from Exhibit 3.21 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.22	Certificate of Formation of HBI Branded Apparel Enterprises, LLC (incorporated by reference from Exhibit 3.22 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.23	Operating Agreement of HBI Branded Apparel Enterprises, LLC (incorporated by reference from Exhibit 3.23 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.24	Certificate of Incorporation of HBI Branded Apparel Limited, Inc. (incorporated by reference from Exhibit 3.24 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.25	Bylaws of HBI Branded Apparel Limited, Inc. (incorporated by reference from Exhibit 3.25 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.26	Certificate of Formation of HbI International, LLC (incorporated by reference from Exhibit 3.26 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.27	Limited Liability Company Agreement of HbI International, LLC (incorporated by reference from Exhibit 3.27 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.28	Certificate of Formation of SL Sourcing, LLC, together with Certificate of Amendment to the Certificate of Formation of SL Sourcing, LLC reflecting the change of the entity's name to HBI Sourcing, LLC (incorporated by reference from Exhibit 3.28 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).

Exhibit Number	Description
3.29	Limited Liability Company Agreement of SL Sourcing, LLC (now known as HBI Sourcing, LLC) (incorporated by reference from Exhibit 3.29 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.30	Certificate of Formation of Inner Self LLC (incorporated by reference from Exhibit 3.30 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.31	Limited Liability Company Agreement of Inner Self LLC (incorporated by reference from Exhibit 3.31 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.32	Certificate of Formation of Jasper-Costa Rica, L.L.C. (incorporated by reference from Exhibit 3.32 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.33	Amended and Restated Limited Liability Company Agreement of Jasper-Costa Rica, L.L.C. (incorporated by reference from Exhibit 3.33 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.34	Certificate of Formation of Playtex Dorado, LLC, together with Certificate of Conversion from a Corporation to a Limited Liability Company Pursuant to Section 18-214 of the Limited Liability Company Act (incorporated by reference from Exhibit 3.36 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.35	Amended and Restated Limited Liability Company Agreement of Playtex Dorado, LLC (incorporated by reference from Exhibit 3.37 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.36	Certificate of Incorporation of Playtex Industries, Inc. (incorporated by reference from Exhibit 3.38 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.37	Bylaws of Playtex Industries, Inc. (incorporated by reference from Exhibit 3.39 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.38	Certificate of Formation of Seamless Textiles, LLC, together with Certificate of Conversion from a Corporation to a Limited Liability Company Pursuant to Section 18-214 of the Limited Liability Company Act (incorporated by reference from Exhibit 3.40 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.39	Limited Liability Company Agreement of Seamless Textiles, LLC (incorporated by reference from Exhibit 3.41 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.40	Certificate of Incorporation of UPCR, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.42 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.41	Bylaws of UPCR, Inc. (incorporated by reference from Exhibit 3.43 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.42	Certificate of Incorporation of UPEL, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.44 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).

Exhibit Number	Description
3.43	Bylaws of UPEL, Inc. (incorporated by reference from Exhibit 3.45 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
10.1	Amendment No. 3 dated as of August 17, 2009 among HBI Receivables LLC and Hanesbrands Inc., HSBC Bank USA, National Association and PNC Bank, N.A., as committed purchasers, Bryant Park Funding LLC and Market Street Funding LLC, as conduit purchasers, HSBC Securities (USA) Inc. and PNC Bank, N.A., as managing agents, and HSBC Securities (USA) Inc., as assignee of JPMorgan Chase Bank, N.A., as agent, to the Receivables Purchase Agreement.
10.2	Hanesbrands Inc. Retirement Savings Plan, as amended.
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.

Exhibit 10.1

EXECUTION COPY

AMENDMENT NO. 3
TO
RECEIVABLES PURCHASE AGREEMENT

THIS AMENDMENT NO. 3 TO RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of August 17, 2009, is entered into among HBI RECEIVABLES LLC, as seller ("Seller"), HANESBRANDS INC., in its capacity as servicer (in such capacity, the "Servicer"), the Committed Purchasers party hereto, the Conduit Purchasers party hereto, the Managing Agents party hereto, and HSBC SECURITIES (USA) INC. ("HSBC"), as assignee of JPMORGAN CHASE BANK, N.A., as agent (in such capacity, the "Agent"). Capitalized terms used herein without definition shall have the meanings ascribed thereto in the "Purchase Agreement" referred to below.

PRELIMINARY STATEMENTS

A. Reference is made to that certain Receivables Purchase Agreement dated as of November 27, 2007 among Seller, Servicer, the Committed Purchasers, the Conduit Purchasers 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 definitions of "Default Ratio" and "Loss-to-Liquidation Ratio" and replace them with the following:

"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 during the Calendar Month ending three (3) Calendar Months prior to such Calendar Month.

"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.

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; Retroactive Effect. 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 each of this Amendment executed by each of the parties hereto. Notwithstanding anything to the contrary herein or in the Purchase Agreement, once this Amendment becomes effective, it shall be deemed effective as of November 27, 2007, and, for all purposes and for all periods from and after November 27, 2007, the terms "Default Ratio" and "Loss-to-Liquidation Ratio" shall be deemed to have been accurately calculated to the extent calculated as set forth herein.

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 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 AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF NEW YORK.

SECTION 7. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

SECTION 8. Fees and Expenses. Seller hereby confirms its agreement to pay on demand all reasonable costs and expenses of the Agent, the Managing Agents or Purchasers in connection with the preparation, execution and delivery of this Amendment and any of the other instruments, documents and agreements to be executed and/or delivered in connection herewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel to the Agent or Purchasers with respect thereto.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers as of the date first above written.

HBI RECEIVABLES LLC

By: /s/ Richard D. Moss
Name: Richard D. Moss
Title: President and Chief Executive Officer

HANESBRANDS INC., as Servicer

By: /s/ Richard D. Moss
Name: Richard D. Moss
Title: Senior Vice President and Treasurer

BRYANT PARK FUNDING LLC, as a Conduit Purchaser

By: /s/ Damian A. Perez
Name: Damian A. Perez
Title: Vice President

HSBC SECURITIES (USA) Inc., as a Managing Agent and Agent

By: /s/ Suzanna Baird
Name: Suzanna Baird
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION, as a Committed Purchaser

By: /s/ Catherine Dong
Name: Catherine Dong
Title: ID #15811

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/ Robyn A. Reeher
Name: Robyn A. Reeher
Title: Vice President

Signature Page
to
Amendment No. 3 to RPA

Exhibit 10.2

HANESBRANDS INC.

RETIREMENT SAVINGS PLAN

Conformed through Eighth Amendment

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HANESBRANDS INC.
RETIREMENT SAVINGS PLAN

(Effective as of July 24, 2006)

SECTION 1

1.01 Background; Purpose of Plan

The purpose of the Plan is to permit Eligible Employees of Hanesbrands Inc. (the "Company") and the other Employers to accumulate their retirement savings on a tax-favored basis. A portion of the Plan (that portion of the Plan invested in the Sara Lee Corporation Common Stock Fund prior to the Spin-Off date and that portion of the Plan invested in the Hanesbrands Inc. Common Stock Fund thereafter) is designed to invest primarily in qualifying employer securities and is intended to satisfy the requirements of an employee stock ownership plan (as defined in Section 4975(e)(7) of the Code) (the ESOP component); up to 100% of Plan assets may be invested in qualifying employer securities. The remaining portion of the Plan is a profit sharing plan intended to satisfy all requirements of Section 401(a) of the Code and includes a cash or deferred arrangement intended to satisfy the requirements of Section 401(k) of the Code (the 401(k) component). For each Plan Year, the 401(k) component shall include all of a Participant's Before-Tax Contributions, the Employers' Matching Contributions, the Additional Company Contribution and, for the 2006 Plan Year, the Transition Contribution allocable to the Participant with respect to that Plan Year, for all purposes of the Plan.

As of the Effective Date, the benefits of each Transferred Participant shall be transferred from the Sara Lee Plan, and continued in the form of, the Plan. As soon as administratively practicable on or after the Effective Date, (i) liabilities equal to the aggregate Account balances, as adjusted through the Effective Date, of each Transferred Participant shall be transferred from the Sara Lee Plan to the Plan and credited to the appropriate Plan accounts of each Transferred Participant and subject to the terms and conditions of the Plan, and (ii) the assets of the trust funding the Sara Lee Plan attributable to Transfer Participants' benefits shall be transferred (in kind) to the Trustee of the Trust. The transfer of the Transferred Participants' benefits from the Sara Lee Plan into the Plan and the transfer of assets to the Trust shall comply with Sections 401(a)(12), 411(d)(6), and 414(l) of the Code and the regulations thereunder.

After the Effective Date, if a Transferred Participant becomes entitled to an additional allocation under the Sara Lee Plan, then assets and liabilities equal to the additional amount so allocable shall be transferred from the Sara Lee Plan to the Plan as soon as administratively practicable after the allocable amount has been determined and shall be invested pursuant to the Transferred Participant's current investment elections. In addition, if a Transferred Participant transfers to employment with an Employer after the Effective Date but before the Spin-Off Date, then assets and liabilities equal to the Transferred Participant's account balance in the Sara Lee Plan shall be transferred to the Plan and invested in accordance with the Transferred Participant's current investment elections. The transfers described in this paragraph shall comply with Sections 401(a)(12), 411(d)(6) and 414(l) of the Code and the regulations thereunder.

1.02 Effective Date; Plan Year

Except as otherwise required to comply with applicable law or as specifically provided herein, the Plan is effective July 24, 2006 (the "Effective Date"). The first "Plan Year" is a short plan year beginning as of July 24, 2006 and ending December 31, 2006. Thereafter, the "Plan Year" shall be the twelve month period from each January 1 through December 31.

1.03 Plan Administration

As described in Subsection 17.01, the Committee shall be the administrator (as that term is defined in Section 3(16)(A) of ERISA) of the Plan and shall be responsible for the administration of the Plan; provided, however, that the Committee may delegate all or any part of its powers, rights, and duties under the Plan to such person or persons as it may deem advisable.

1.04 Plan Supplements

The provisions of the Plan may be modified by Supplements to the Plan. The terms and provisions of each Supplement are a part of the Plan and supersede the other provisions of the Plan to the extent necessary to eliminate inconsistencies between such other Plan provisions and such Supplement.

1.05 Trustee; Trust

Amounts contributed under the Plan are held and invested, until distributed, by the Trustee. The Trustee acts in accordance with the terms of the Trust, which implements and forms a part of the Plan. The provisions of and benefits under the Plan are subject to the terms and provisions of the Trust.

SECTION 2

Definitions

The following terms, when used herein, unless the context clearly indicates otherwise, shall have the following respective meanings:

2.01 Account

Except as may be stated elsewhere in the Plan, “Account” and “Accounts” mean all accounts and subaccounts maintained for a Participant (or for a Beneficiary after a Participant’s death or for an Alternate Payee).

2.02 Accounting Date

“Accounting Date” means each day the value of an Investment Fund is adjusted for contributions, withdrawals, distributions, earnings, gains, losses or expenses, any date designated by the Committee as an Accounting Date, and an Accounting Date occurring under SECTION 8. It is anticipated that each Investment Fund will be valued as of each day on which the New York Stock Exchange is open for trading and the Trustee is open for business.

2.03 Actual Deferral Percentage

“Actual Deferral Percentage” for a group of Eligible Employees for a Plan Year means the average of the deferral ratios (determined separately for each Eligible Employee in such group) of: (a) the Eligible Employee’s Before-Tax Contributions for the Plan Year; to (b) the Eligible Employee’s compensation (determined in accordance with Code Section 414(s)) for such Plan Year.

2.04 Adjusted Net Worth

“Adjusted Net Worth” of an Investment Fund as of any Accounting Date means the then net worth of that Investment Fund as determined by the Trustee in accordance with the provisions of the Trust Agreement.

2.05 After-Tax Account

“After-Tax Account” means an Account maintained pursuant to Subparagraph 8.01(d).

2.06 Alternate Payee

“Alternate Payee” means a spouse, former spouse, child or other dependent of a Participant entitled to receive payment of a portion of the Participant’s vested Plan benefits under a qualified domestic relations order, as defined in Section 414(p) of the Code.

2.07 Annual Addition

"Annual Addition" for any Limitation Year means the sum of annual additions to a Participant's Account for the Limitation Year. Notwithstanding any Plan provision to the contrary, a Participant's Annual Addition shall be determined in accordance with Code Section 415 and applicable Treasury regulations issued thereunder.

2.08 Annual Company Contribution

"Annual Company Contribution" means a contribution made by an Employer on behalf of each Annual Company Contribution Participant pursuant to Subsection 5.02.

2.09 Annual Company Contribution Account

"Annual Company Contribution Account" means an Account maintained pursuant to Subparagraph 8.01(c).

2.10 Appeal Committee

"Appeal Committee" means an ERISA Appeal Committee as described in Subsection 17.02 of the Plan.

2.11 Before-Tax Contribution

"Before-Tax Contribution" means the compensation deferrals under Code Section 401(k) a Participant elects to make pursuant to Subsection 4.01. Notwithstanding the foregoing, for purposes of implementing the required limitations of Code Sections 401(k), 402(g), and 415 contained in Subsections 6.01, 6.03 and 6.05, Before-Tax Contributions shall not include Catch-Up Contributions or deferrals made pursuant to Code Section 414(u) by reason of an Eligible Employee's qualified military service.

2.12 Before-Tax Contribution Account

"Before-Tax Contribution Account" means the Account maintained by the Committee pursuant to Subparagraph 8.01(a).

2.13 Beneficiary

"Beneficiary" means any person or persons (who may be designated contingently, concurrently or successively) to whom a Participant's Account balances are to be paid if the Participant dies before he or she receives his or her entire vested Account.

2.14 Catch-Up Contribution

"Catch-Up Contribution" means the deferrals of Compensation under Code Section 414(v) an eligible Participant elects to make pursuant to Subsection 4.02.

2.15 Code

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.16 Committee

"Committee" means the Committee appointed by the Company to administer the Plan as described in SECTION 17 of the Plan.

2.17 Company

"Company" means Hanesbrands Inc. or any successor organization or entity that assumes the Plan.

2.18 Compensation

"Compensation" for a Plan Year means the total wages (as defined in Section 3401(a) of the Code) paid to an individual by an Employer for the period in question for services rendered as an Employee of an Employer, which are subject to income tax withholding at the source, determined without regard to any exceptions to the withholding rules that limit the remuneration included in such wages and that are based on the nature or location of the employment or the services performed, determined in accordance with the following:

(a) Including (i) elective contributions made on behalf of the Employee pursuant to the Employee's salary reduction agreement under Sections 125, 401(k), and 132(f)(4) of the Code; and (ii) any differential wage payment (as defined in Section 3401(h)(2) of the Code).

(b) Excluding the following:

(i) Nonqualified stock option exercise income;

(ii) Stock awards;

(iii) Gains attributable to the sale of stock within the two (2) year period beginning on the date of grant under an employee stock purchase plan as described in Section 423 of the Code;

(iv) Reimbursements or other expense allowances;

(v) Fringe benefits (cash and non-cash);

(vi) Moving expenses;

(vii) Deferred compensation when earned or paid;

(viii) Welfare benefits; and

(ix) Severance pay.

For purposes of (A) determining and allocating contributions under Subsections 4.02, 5.02, 5.03 and 5.04, (B) applying the maximum percentage limitation specified in Subsection 4.01, and (C) applying the limitations of Subsections 6.01 and 6.02, the annual Compensation taken into account under the Plan for any Participant for a Plan Year shall not exceed $220,000 (as adjusted by the Secretary of the Treasury pursuant to Code Section 401(a)(17)(B)).

2.19 Contribution Percentage

"Contribution Percentage" of a group of Eligible Employees for a Plan Year means the average of the ratios (determined separately for each Eligible Employee in such group) of: (a) the Matching Contributions made on behalf of such Eligible Employee for such Plan Year; to (b) the Eligible Employee's compensation (determined in accordance with Code Section 414(s)) for such Plan Year.

2.20 Controlled Group Member

"Controlled Group Member" means the Company and any affiliated or related corporation that is a member of a controlled group of corporations (within the meaning of Section 1563(a) of the Code) that includes the Company or any trade or business (whether or not incorporated) which is under the common control of the Company (within the meaning of Section 414(b), (c) or (m) of the Code).

2.21 Covered Group

"Covered Group" means a group or class of Employees to which the Plan has been and continues to be extended by an Employer pursuant to Subsection 3.02. A listing of the Covered Groups under the Plan is included in Exhibit A to the Plan.

2.22 Direct Rollover

"Direct Rollover" means a payment by the Plan to an Eligible Retirement Plan specified by the Distributee.

2.23 Distributee

"Distributee" means a Participant (including a Participant described in Subsection 7.02 of the Plan) or Beneficiary. In addition, the Participant's surviving spouse and the Participant's spouse or former spouse who is an Alternate Payee are Distributees with regard to the interest of the spouse or former spouse.

2.24 Effective Date

"Effective Date" of the Plan means July 24, 2006 as defined in Subsection 1.02.

2.25 Elective Deferral

"Elective Deferral" means, with respect to any calendar year, each elective deferral as defined in Code Section 402(g).

2.26 Eligible Employee

"Eligible Employee" means an Employee who is a member of a Covered Group and is otherwise eligible to participate in the Plan pursuant to either Subsection 3.01 or Subsection 12.01.

2.27 Eligible Retirement Plan

"Eligible Retirement Plan" means the following:

(a) An individual retirement account described in Section 408(a) of the Code;

(b) An annuity contract described in Section 403(b) of the Code;

(c) An eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state or an agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred to such plan from this Plan;

(d) An individual retirement annuity described in Section 408(b) of the Code;

(e) An annuity plan described in Section 403(a) of the Code; or

(f) A qualified trust described in Section 401(a) of the Code that accepts the Distributee's Eligible Rollover Distribution.

2.28 Eligible Rollover Distribution

"Eligible Rollover Distribution" means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include the following:

(a) Any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten (10) years or more;

(b) Any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;

(c) Hardship withdrawals; and

(d) Any distribution excluded from the definition of "Eligible Rollover Distribution" under the Code or applicable Treasury Regulations.

A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion includes After-Tax Contributions that are not includible in gross income; provided, however, such portion may be transferred only to an individual retirement account or annuity described in Code Section 408(a) or (b), a qualified retirement plan (either a defined contribution plan or a defined benefit plan) described in Code Section 401(a) or 403(a), or an annuity contract described in Code Section 403(b) that agrees to separately account for amounts so transferred.

2.29 Employee

"Employee" means any person employed by one or more of the Employers who is on the regular payroll of an Employer and whose wages from the Employer are reported for Federal income tax purposes on Internal Revenue Service Form W-2 (or successor or equivalent form). Notwithstanding any provision of the Plan to the contrary, an individual who performs services for a Controlled Group Member but who is paid by an Employer under a common paymaster arrangement with such Controlled Group Member shall not be considered an Employee for purposes of the Plan. An Employer's classification as to whether an individual constitutes an Employee shall be determinative for purposes of an individual's eligibility under the Plan. An individual who is classified as an independent contractor (or other non-employee classification) shall not be considered an Employee and shall not be eligible for participation in the Plan, regardless of any subsequent reclassification of such individual as an Employee or employee of an Employer by an Employer, any government agency, court, or other third-party. Any such reclassification shall not have a retroactive effect for purposes of the Plan. Notwithstanding any other provision of the Plan to the contrary, nonresident alien individuals receiving no U.S.-source income from any Employer are not considered Employees under the Plan.

2.30 Employer

"Employer" means the Company and each Controlled Group Member that adopts the Plan in accordance with SECTION 18.

2.31 Employer Contributions

"Employer Contributions" means the following contributions made by an Employer on behalf of a Participant:

(a) Annual Company Contributions;

(b) Matching Contributions;

(c) Transition Contributions; and

(d) Any contributions that are made by an Employer in lieu of the contributions described in Subparagraphs (a), (b) or (c) above.

2.32 ERISA

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

2.33 Excess Contribution

"Excess Contribution" means the amount by which Before-Tax Contributions (determined without regard to the Participant's Catch-Up Contributions) for a Plan Year made by Highly Compensated Employees exceed the limitations of Subsection 6.01, as determined in accordance with Treasury Regulation Section 1.401(k)-2(b).

2.34 Excess Deferral

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

2.35 Excess Matching Contribution

"Excess Matching Contribution" means the amount by which Matching Contributions for a Plan Year made by or on behalf of Highly Compensated Employees exceed the limitations of Subsection 6.02, as determined in accordance with Treasury Regulation Section 1.401(m)-2(b).

2.36 Fair Market Value

"Fair Market Value" means (a) with respect to Sara Lee Stock or Hanesbrands Stock held in the Plan, the closing price per share on the New York Stock Exchange as of any date or (b) in the case of any other stock for which there is no generally recognized market, the value determined as of a particular date in accordance with Treasury Regulation Section 54.4975-11(d)(5) and based upon an evaluation by an independent appraiser meeting the requirements of the regulations prescribed under Section 401(a)(28)(C) of the Code or, in the absence of such regulations, requirements similar to the requirements of the regulations prescribed under Section 170(a)(1) of the Code and having expertise in rendering such evaluations.

2.37 Forfeiture

"Forfeiture" means the amount by which a Participant's Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account and Predecessor Company Account (or other Employer Contribution Account under any applicable Supplement to the Plan) is reduced under Subsections 6.01, 6.02, 6.03, 10.01 or any applicable Supplement.

2.38 Hanesbrands Stock

"Hanesbrands Stock" means shares of common stock of Hanesbrands Inc.; provided, however, that, after the Spin-Off Date, such term shall include only such shares as constitute both "employer securities" as defined in Section 409(l) of the Code and "qualifying employer securities" as defined in Section 407(d)(5) of ERISA.

2.39 Highly Compensated Employee

"Highly Compensated Employee" means a highly compensated employee as defined in Code Section 414(q) and the regulations thereunder. Generally, a Highly Compensated Employee means any Employee who: (a) during the immediately preceding Plan Year received annual compensation from the Employers (determined in accordance with Subsection 6.05 of the Plan) of more than $95,000 (or such greater amount as may be determined by the Commissioner of Internal Revenue) and, at the Company's discretion for such preceding year, was in the top-paid twenty percent (20%) of the Employees for that year; or (b) was a five percent (5%) owner of an Employer during the current Plan Year or the immediately preceding Plan Year.

A former Participant shall be treated as a Highly Compensated Employee if such Participant was a Highly Compensated Employee when such Participant separated from service from a Controlled Group Member or such Participant was a Highly Compensated Employee at any time after attaining age fifty-five (55) years.

2.40 Hour of Service

"Hour of Service" means any hour for which an Employee is compensated by an Employer, directly or indirectly, or is entitled to compensation from an Employer for the performance of duties and for reasons other than the performance of duties, and each previously uncredited hour for which back pay has been awarded or agreed to by an Employer, irrespective of mitigation of damages. Hours of Service shall be credited to the period for which duties are performed (or for which payment is made if no duties were performed), except that Hours of Service for which back pay is awarded or agreed to by an Employer shall be credited to the period to which the back pay award or agreement pertains. The rules for crediting Hours of Service set forth in Section 2530.200b-2 of Department of Labor regulations are incorporated by reference. References in this Subsection to an Employer shall include any Controlled Group Member.

2.41 Investment Committee

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

2.42 Leased Employee

"Leased Employee" means any person who is not an Employee of an Employer, but who has provided services to an Employer under the primary direction or control of the Employer, on a substantially full-time basis for a period of at least one year, pursuant to an agreement between the Employer and a leasing organization.

2.43 Leave of Absence

"Leave of Absence" for Plan purposes means an absence from work which is not treated by the Participant's Employer as a termination of employment or which is required by law to be treated as a Leave of Absence. A Totally Disabled Employee shall not be considered to be on a Leave of Absence for purposes of the Plan.

2.44 Limitation Year

"Limitation Year" means the Plan Year.

2.45 Matching Contributions

"Matching Contribution" means the amount of a Participant's Before-Tax Contributions for which a Matching Contribution is payable pursuant to Subsection 5.03. Notwithstanding the foregoing, for purposes of implementing the required limitations of Code Sections 401(m) and 415 contained in Subsections 6.02 and 6.05, Matching Contributions shall not include employer contributions made pursuant to Code Section 414(u) by reason of an Eligible Employee's qualified military service.

2.46 Matching Contribution Account

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

2.47 Maternity or Paternity Absence

"Maternity or Paternity Absence" means an Employee's absence from work because of the pregnancy of the Employee or birth of a child of the Employee, the placement of a child with the Employee, or for purposes of caring for the child immediately following such birth or placement. The Committee may require the Employee to furnish such information as the Committee considers necessary to establish that the Employee's absence was for one of the reasons specified above.

2.48 Normal Retirement Age

"Normal Retirement Age" means the date upon which a Participant attains age sixty-five (65) years.

2.49 One-Year Break in Service

"One-Year Break in Service" means each twelve (12) consecutive month period commencing on an Employee's or Participant's Separation Date and on each anniversary of such date during which the Employee or Participant does not perform an Hour of Service. In the case of a Maternity or Paternity Absence, the twelve (12) consecutive month periods beginning on the first day of such absence and the first anniversary thereof shall not constitute a One-Year Break in Service.

2.50 Participant

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

2.51 Period of Service

"Period of Service" means a period beginning on the date an Employee enters Service (or reenters Service) and ending on his or her Separation Date with respect to such period, subject to the following special rules:

(a) An Employee shall be deemed to enter Service on the date he or she first completes an Hour of Service.

(b) An Employee shall be deemed to reenter Service on the date following a Separation Date when he or she again completes an Hour of Service.

(c) An Employee shall be deemed to have continued in Service (and thus not to have incurred a Separation Date) for the following periods:

(i) Any period for which he or she is required to be given credit for Service under any laws of the United States; and

(ii) The period (referred to herein as "Medical Leave") prior to his or her Separation Date during which he or she is unable, by reason of physical or mental infirmity, or both, to perform satisfactorily the duties then assigned to him or her or which an Employer or Controlled Group Member is willing to assign to him or her, as determined by the Committee pursuant to a medical examination by a medical doctor selected or approved by the Committee. Such period shall end with the earlier of his or her Separation Date, or the date of cessation of such inability.

(d) Subject to the rehire rules of Subsection 12.02, all periods of Service of an Employee shall be aggregated in determining his or her Service.

(e) If an Employee is absent from work because he or she quits, is discharged or retires, and he or she reenters Service before the first anniversary of the date of such absence, such date shall not constitute a Separation Date and the period of such absence shall be included as Service.

2.52 Plan

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

2.53 Plan Year

The first "Plan Year" is a short plan year beginning as of July 24, 2006 and ending December 31, 2006. Thereafter, the "Plan Year" shall be the twelve (12) month period beginning each January 1 and ending on the next following December 31 as defined in Subsection 1.02.

2.54 Predecessor Company

"Predecessor Company" means any corporation or other entity (other than Sara Lee Corporation), the stock, assets or business of which was acquired by an Employer or another Controlled Group Member prior to the Effective Date, or is acquired by an Employer or another Controlled Group Member on or after the Effective Date, whether by merger, consolidation, purchase of assets or otherwise, and any predecessor thereto designated by the Plan or by the Committee.

2.55 Predecessor Company Account

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

2.56 Predecessor Plan

"Predecessor Plan" means a plan formerly maintained by a Controlled Group Member or a Predecessor Company (other than the Sara Lee Plan) that has been merged into and continued in the form of this Plan.

2.57 Required Commencement Date

"Required Commencement Date" means the April 1 of the calendar year next following the later of the calendar year in which the Participant attains age seventy and one-half (70-$^1/_2$) or the calendar year in which his or her Separation Date occurs; provided, however, that the Required Commencement Date of a Participant who is a five percent (5%) owner (as defined in Code Section 416) of an Employer or a Controlled Group Member with respect to the Plan Year ending in the calendar year in which he or she attains age seventy and one-half (70-$^1/_2$) shall be April 1 of the next following calendar year.

2.58 Rollover Contribution

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

2.59 Rollover Contribution Account

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

2.60 Sara Lee Plan

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

2.61 Sara Lee Stock

"Sara Lee Stock" means shares of common stock of Sara Lee Corporation.

2.62 Separation Date

"Separation Date" means the earlier of (a) the date on which an Employee or Participant is no longer employed by an Employer or a Controlled Group Member because he or she quits, retires, is discharged or dies; or (b) the first anniversary of the first day of any period during which an Employee or Participant remains absent from service with all Controlled Group Members for any reason other than quit, retirement, discharge or death.

2.63 Service

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

2.64 Spin-Off, Spin-Off Date

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

2.65 Totally Disabled or Total Disability

"Totally Disabled" or "Total Disability" when used in reference to a Participant means that condition of the Participant resulting from injury or illness which:

(a) Results in such Participant's entitlement to and receipt of monthly disability insurance benefits under the Federal Social Security Act; or

(b) Results in such Participant's entitlement to and receipt of (or would result in receipt of but for any applicable benefit waiting period) long-term disability benefits under a long-term disability income plan maintained or adopted by such Participant's Employer.

2.66 Transferred Participants

"Transferred Participant" means:

(a) any participant who has an account in the Sara Lee Plan and is employed by Hanesbrands Inc. or a Sara Lee Corporation division listed on Exhibit A on the Effective Date;

(b) any participant who (i) has an account in the Sara Lee Plan on the Effective Date, and (ii) after the Effective Date but before the Spin-Off Date is transferred from employment with Sara Lee Corporation (or a subsidiary) to employment as an Eligible Employee of Hanesbrands Inc. or of a Sara Lee Corporation division listed on Exhibit A; and

(c) any participant in the Sara Lee Plan who was not employed by any controlled group member of Sara Lee Corporation on the Effective Date but who was last employed by Hanesbrands Inc., the Sara Lee Branded Apparel division of Sara Lee Corporation, or a Sara Lee Corporation division listed in Exhibit A."

2.67 Trust Agreement

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

2.68 Trust Fund

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

2.69 Trustees

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

2.70 Year of Service

"Year of Service" means an Employee's continuous employment by one or more of the Employers or other Controlled Group Members for the twelve (12) month period beginning on the Employee's date of hire or on any anniversary of that date, subject to the provisions of Subsection 12.01 and the following:

(a) A period of concurrent Service with two (2) or more of the Employers and the other Controlled Group Members will be considered as employment with only one of them during that period.

(b) If an Employee is on a Leave of Absence authorized by his or her Employer, his or her period of continuous employment shall include such Leave of Absence, except for any portion thereof for which he or she is not granted rights as to reemployment by an Employer or a Controlled Group Member under any applicable statute.

(c) If and to the extent the Committee so provides, part or all of the last continuous period of employment of an Employee with an Employer or any Predecessor

Company prior to the date of coverage hereunder shall be included in determining Years of Service; except that:

(i) All service of a Transferred Participant that was recognized under the Sara Lee Plan as of the Effective Date shall be recognized and taken into account under the Plan to the same extent as if such service had been completed under the Plan, subject to any applicable break in service rules under the Sara Lee Plan and the Plan.

(ii) If an individual (A) was previously employed by the Sara Lee Corporation (referred to as the "prior employers" for purposes of this Subparagraph), and (B) subsequently becomes an Employee of an Employer or a Controlled Group Member; all of the individual's service with the prior employers shall be recognized and taken into account under the Plan to the same extent as if such service had been completed under the Plan, subject to any applicable break in service rules under the applicable prior employer's plans and the Plan.

(d) The foregoing provisions of this Subsection shall not be applied so as to allow an Employee to become a Participant in the Plan prior to the Employee's actual employment by an Employer and his or her becoming a member of a Covered Group of Employees.

SECTION 3

Participation

3.01 Eligibility to Participate

(a) Eligible Participants.

(i) Each Transferred Participant shall become a Participant on the Effective Date or, if later, on the date of a transfer of employment described in Subparagraph 2.66(b), subject to the terms and conditions of the Plan. Each other Eligible Employee hired prior to January 1, 2008 shall become a Participant on the first date of the first payroll period following the date he or she attains age twenty-one (21) or on January 1, 2008, if earlier; except that Eligible Employees hired prior to January 1, 2008 and described in Supplement B to the Plan shall become Participants on their dates of hire without regard to their then attained age. Notwithstanding the foregoing, each Eligible Employee hired prior to January 1, 2008 must have attained age twenty-one (21) before becoming eligible for Annual Company Contributions provided under Subsection 5.02. An Eligible Employee may become a Participant only if he or she is a member of a Covered Group.

(ii) Each Eligible Employee hired on or after January 1, 2008 shall become a Participant as follows:

(A) With respect to Before-Tax Contributions, Catch-Up Contributions, and Matching Contributions, immediately following the date the Eligible Employee has completed at least 30 days of Service; and

(B) With respect to Annual Company Contributions, upon his or her date of hire as an Eligible Employee or the date he or she attains age twenty-one (21), if later;

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

(b) Special Participation Rules. Notwithstanding any provision of the Plan to the contrary, the following special participation rules shall apply:

(i) "Participants" only for purposes of Subsection 4.04. For purposes of transferred amounts or Rollover Contributions made pursuant to Subsection 4.04, the term "Participant" shall include an Employee of an Employer who is not yet a Participant in the Plan, but such "Participant" may not make Before-Tax Contributions or receive any Employer Contributions before satisfying the requirements of this Section.

(ii) Transfer Between Covered Groups. In the event an Employee or Participant transfers employment from one Covered Group to a different Covered Group that is not eligible for the same contributions and benefits under the Plan, such individual shall be treated as terminating employment and simultaneously being reemployed under Subsection 12.01 solely for purposes of determining his or her eligibility for contributions and benefits under the Plan during his or her employment with the new Covered Group.

(iii) Inactive Transferred Participants. Transferred Participants who are not actively employed by an Employer in a Covered Group shall be treated as terminated or restricted participants under Subsection 7.02 of the Plan.

3.02 Covered Group

Designation of a Covered Group when made by the Company shall be effected by action of the Committee or by a person or persons authorized by said Committee. Designation of a Covered Group when made by any other Employer shall be effected by action of that Employer's Board of Directors or a person or persons so authorized by that Board. Notwithstanding the foregoing, Employees who are or who become members of a group or class of Employees included in a collective bargaining unit covered by a collective bargaining agreement between an Employer and the collective bargaining representative of such Employees and who, as a consequence of good faith bargaining between the Employer and such representative, are excluded from participation in the Plan shall not be considered as belonging to a Covered Group.

3.03 Leave of Absence

A Leave of Absence will not interrupt continuity of participation in the Plan. Leaves of Absence will be granted under an Employer's rules applied uniformly to all Participants similarly situated. Notwithstanding any provision of the Plan to the contrary, (i) contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code, and (ii) in the case of a Participant who dies while performing qualified military service (as defined in Section 414(u) of the Code) on or after January 1, 2007, the survivors of the Participant will be entitled to any benefits (other than benefit accruals relating to the period of qualified military service) provided under the plan had the Participant resumed and then terminated employment on account of death. In any case where a Participant is on a Leave of Absence or is a Totally Disabled Participant and his or her employment with an Employer and its Subsidiaries is terminated for any other reason, then his or her employment with the Employers for purposes of the Plan will be considered terminated on the same date and for the same reason.

3.04 Leased Employees

A Leased Employee shall not be eligible to participate in the Plan. The period during which a Leased Employee performs services for an Employer shall be taken into account for purposes of Subsection 10.01 of the Plan, unless (a) such Leased Employee is a participant in a money purchase pension plan maintained by the leasing organization which provides a non-integrated employer contribution rate of at least 10 percent (10%) of compensation, immediate participation for all employees and full and immediate vesting, and (b) Leased Employees do not constitute more than 20 percent (20%) of the Employers’ nonhighly compensated workforce.

SECTION 4

Before-Tax Contributions

4.01 Before-Tax Contributions

(a) Before-Tax Contribution Election. Each full-time and part-time, exempt and non-exempt salaried or hourly Participant may elect to defer a portion of his or her Compensation for any Plan Year by electing to have a percentage (in multiples of one percent (1%) not to exceed fifty percent (50%)) of his or her Compensation contributed to the Plan on his or her behalf by his or her Employer as Before-Tax Contributions. A Participant may elect to make such Before-Tax Contributions beginning as soon as administratively possible following the date he or she becomes a Participant, subject to Subparagraph (b) below. Notwithstanding any Plan provision to the contrary, a Participant may make a Before-Tax Contribution election only with respect to amounts that are compensation within the meaning of Code Section 415 and Treasury Regulations Section 1.415(c)-2.

(b) Automatic Deferral Election. Notwithstanding Subparagraph (a) above, each Participant as of January 1, 2008 who has not previously made an affirmative election under the Plan and each individual who becomes an Eligible Employee on or after January 1, 2008 will be deemed to have automatically elected to have four percent (4%) of his or her Compensation contributed to the Plan as Before-Tax Contributions beginning on January 1, 2008 or as soon as administratively possible after the Eligible Employee becomes a Participant under Subparagraph 3.01(a), if later. Each such Participant's deferral percentage shall increase automatically by one percent (1%) each Plan Year thereafter, up to six percent (6%) of Compensation; provided, however, that the automatic deferral percentage for an Eligible Employee who becomes a Participant during the last three months of a Plan Year shall not increase until the beginning of the second Plan Year following his or her participation date; and further provided that automatic increases under this Subparagraph shall not apply once a Participant has made an affirmative election to change his or her deferral percentage, including an affirmative election to cease all deferrals. Prior to the date an automatic deferral election is effective, the Committee shall provide the Eligible Employee with a notice that explains the automatic deferral feature, the Eligible Employee's right to elect not to have his or her Compensation automatically reduced and contributed to the Plan or to have another percentage contributed, and the procedure for making an alternate election. An automatic deferral election shall be treated for all purposes of the Plan as a voluntary deferral election.

(c) Reduction of Compensation. Before-Tax Contributions shall be made by a reduction of such items of the Participant's Compensation as each Employer shall determine (on a uniform basis) for each payroll period by the applicable percentage (not to exceed the maximum percentage determined by the Committee for any payroll period). The amount deferred by a Participant will be withheld from the Participant's Compensation and contributed to the Plan on the Participant's behalf by the Participant's Employer in accordance with Subsection 5.01.

4.02 Catch-Up Contributions

A Participant who has attained age fifty (50) years (or will attain age fifty (50) years by the end of the Plan Year) may elect to defer an additional amount of Compensation as Before-Tax Contributions for such Plan Year in accordance with and subject to the limitations of Section 414(v) of the Code ("Catch-Up Contributions"). Before-Tax Contributions shall not include Catch-Up Contributions for purposes of implementing the required limitations of Code Sections 401(k), 402(g), and 415 contained in Subsections 6.01, 6.03, and 6.05, respectively.

4.03 Change in Election

Each Participant who has made an election for any Plan Year pursuant to Subsection 4.01 or 4.02 (if applicable) may subsequently make an election to discontinue the deferral of his or her Compensation (but not retroactively) as of the beginning of any payroll period. If a Participant discontinues his or her deferrals, he or she may subsequently elect under Subsection 4.01 or 4.02 (if applicable) to have a deferral resumed as of any subsequent payroll period. A Participant also may elect to change (but not retroactively) the rate of his or her Tax-Deferred Contributions and the amount of his or her Catch-Up Contributions (if applicable) as of the beginning of any payroll period, within the limits specified in Subsection 4.01 and 4.02 (if applicable). Elections under this Subsection shall be made in such manner and in accordance with such rules as the Committee determines. If the Committee in its discretion determines that elections under this Subsection shall be made in a manner other than in writing, any Participant who makes an election pursuant to such method may receive written confirmation of such election; further, any such election and confirmation will be the equivalent of a writing for all purposes.

4.04 Direct Transfers and Rollovers

The Committee in its discretion may direct the Trustee to accept:

(a) From a trustee or insurance company a direct transfer (or an Eligible Rollover Distribution) of a Participant's benefit (or portion thereof) under any other Eligible Retirement Plan;

(b) From a Participant as a Rollover Contribution an amount (or portion thereof) received by the Participant as an Eligible Rollover Distribution from another Eligible Retirement Plan; or

(c) From a Participant as a Rollover Contribution the entire amount received by the Participant as a distribution from an individual retirement account or an individual retirement annuity where such amount is attributable to a rollover contribution of a qualified total distribution pursuant to Section 408(d)(3)(A) of the Code;

provided, however, that any such Rollover Contribution made by a Participant shall be in cash only and comply with the provisions of the Code and the rules and regulations thereunder applicable to tax-free rollovers and shall be exclusive of after-tax employee contributions. If after a Rollover Contribution has been made the Committee learns that such contribution did not meet those provisions, the Committee may direct the Trustee to make a distribution to the Participant of the entire amount of the Rollover Contribution received. Any amount so transferred or contributed to the Trustee will be credited to the Account of the Participant as determined by the Committee. If any portion of a Participant's benefits under the Plan is attributable to amounts which were transferred to the Plan, directly or indirectly (but not in a direct rollover as defined in Section 401(a)(31) of the Code), from a Plan which is subject to the requirements of Section 401(a)(11) of the Code, then the provisions of said Section 401(a)(11) shall apply to the benefits of such Participant. The Committee in its discretion may direct the Trustee to transfer Account balances of a group or class of Participants, by means of a trust-to-trust transfer, to the trustee (or insurance company) of any other individual account, profit sharing or stock bonus plan intended to meet the requirements of Section 401(a) of the Code.

SECTION 5

Employer Contributions

5.01 Before-Tax Contributions

Subject to the limitations of this SECTION 5, the Employers will contribute to the Trustee on behalf of each Participant the amount of such Participant's Before-Tax Contributions under Subsection 4.01. Such Before-Tax Contributions shall be paid to the Trustee as soon as practicable after being withheld, but no later than the fifteenth (15th) business day of the next following month, and allocated to Participants' Current Year Before-Tax Contribution Subaccounts.

5.02 Annual Company Contribution

For that portion of the first Plan Year that follows the Spin-Off Date and for each Plan Year thereafter, the Employers shall contribute to the Plan as follows:

(a) For Participants who are exempt and non-exempt salaried employees, an amount determined by the Company each year in its discretion, which amount shall not be in excess of four percent (4%) of such Participants' Compensation for that portion of the Plan Year during which he or she was a salaried employee and a Participant in the Plan.

(b) For Participants who are hourly, non-union employees or are New York-based sample department union Employees, an amount determined by the Company each year in its discretion, which amount shall not be in excess of two percent (2%) of such Participants' Compensation for that portion of the Plan Year during which he or she was an hourly employee and a Participant in the Plan.

For 2006, the Employers shall make an additional contribution on behalf of each Participant who is an exempt or non-exempt salaried employee. Such contribution shall equal two percent (2%) of the Participant's Compensation for that portion of the period beginning on January 1, 2006 (or the date the Participant was transferred to employment with Hanesbrands Inc. or a Sara Lee Corporation division listed on Exhibit A, if later) and ending on the Spin-Off Date during which the Participant was a salaried employee; provided that no contribution shall be made with respect to any period during which the employee was not a participant in the Plan or the Sara Lee Plan. For purposes of determining the amount of a Participant's contributions under this Subsection 5.02 for 2006, the Code Section 401(a)(17)(B) limit shall be applied to the sum of the Participant's Compensation paid from the Company and the Sara Lee Corporation during that year.

Annual Company Contributions under this Subsection 5.02 to be made for Plan Years beginning on or after January 1, 2008 shall be funded in either cash or shares of Hanesbrands Stock (which may be shares purchased in the open market or authorized-but-unissued shares), as determined by the Committee. If shares of Hanesbrands Stock are contributed, they shall be valued for allocation purposes at their Fair Market Value as of the date of allocation. The Annual Company Contributions under this Subsection 5.02 shall be immediately invested in accordance with the Participant's current investment election. Notwithstanding the foregoing, Participants shall be eligible to receive a contribution under this Subsection only if they are employed with the Employer on the last day of the Plan Year (and for this purpose, any Participant who is employed on the last business day of the Plan Year shall be considered to be employed on the last day of the Plan Year), or if their employment ended during the Plan Year as a result of retirement (Separation Date after age fifty-five (55) with ten (10) Years of Service, or after age sixty-five (65)), death or Total Disability.

5.03 Matching Contributions

(a) As of the end of each quarter (or on a more frequent basis as determined by the Employers), the Employers will make a Matching Contribution on behalf of each Participant equal to one hundred percent (100%) of the Participant's Before-Tax Contributions (including Catch-Up Contributions) made since the last Employer Matching Contribution that do not exceed four percent (4%) of the Participant's Compensation.

(b) As of the end of each calendar quarter (a "true up allocation date"), a "true up" Matching Contribution for each Participant who, as of the applicable true up allocation date, did not receive the full Matching Contribution provided under Subparagraph (a) and this Subparagraph (b), if applicable, based on the amount of his or her Before-Tax Contributions (including Catch-Up Contributions) for the Plan Year as of the applicable true up allocation date. Such true up Matching Contribution will be equal to the difference between the Matching Contribution actually made on behalf of such Participant for the Plan Year as of the true up allocation date, and the full Matching Contribution that the Participant would have been entitled to receive for the Plan Year as of the true up allocation date if such Matching Contributions were determined as of the true up allocation date instead of on a quarterly basis.

(c) Matching Contributions for Plan Years beginning in 2009 shall be made in either cash or shares of Hanesbrands Stock (which may be shares purchased in the open market or authorized-but-unissued shares), as determined by the Committee. If shares of Hanesbrands Stock are contributed, they shall be valued for allocation purposes at their Fair Market Value as of the date of allocation. The Matching Contributions under this Subsection 5.03 shall be immediately invested in accordance with the Participant's current investment election.

5.04 Transition Contribution

Subject to the conditions and limitations of the Plan, solely for the Plan Year ending on December 31, 2006, for any Participant who, on January 1, 2006:

(a) Was an exempt or non-exempt salaried employee of Sara Lee Corporation's Branded Apparel division; and

(b) Had attained age fifty (50) and completed ten (10) Years of Service; and

who is not eligible for a transition credit allocation under the Hanesbrands Inc. Supplemental Employee Retirement Plan (the "SERP") (other than the salaried employee transition credit set forth in Subsection 2.32 of the SERP); the Employers shall contribute, in cash, to the Annual Company Contribution Account of such Participant an amount equal to ten percent (10%) of such eligible Participant's Compensation for calendar year 2006 (including Compensation paid prior to the Effective Date); provided, however, that Participants shall be eligible to receive a contribution under this Subsection only if they are employed on the last business day of the Plan Year(and for this purpose, any Participant who is employed on the last business day of the Plan Year shall be considered to be employed on the last day of the Plan Year), or if their employment ended during the Plan Year as a result of retirement (Separation Date after age fifty-five (55) with ten (10) Years of Service, or after age sixty-five (65)), death or Total Disability.

5.05 Allocation of Annual Company Contribution

The amount of the contribution made by the Employers for each Plan Year pursuant to Subsection 5.02 for each eligible Participant in the amounts specified in Subparagraph 5.02(a) or 5.02(b) as the case may be, shall be allocated to each such Participant's Annual Company Contribution Account as of the last day of the Plan Year.

5.06 Payment of Matching Contributions

Matching Contributions under Subparagraph 5.03(a) of the Plan for any Plan Year shall be made each calendar quarter (or on a more frequent basis as determined by the Employers) based on the matchable Before-Tax Contributions that have been posted to the Participant's Accounts for such period. Matching Contributions under Subparagraph 5.03(b) of the Plan for any Plan Year shall be made as soon as practicable after the end of the Plan Year.

5.07 Allocation of Matching Contributions

Subject to Subsections 6.02 and 6.05, the Matching Contribution under Subparagraph 5.03(a) shall be allocated and credited to the Current Year Matching Contribution Subaccounts of those Participants entitled to share in such Matching Contributions, pro rata, according to the matchable Before-Tax Contributions made by them, respectively, during that period and posted to the Participants' Current Year Before-Tax Contribution Subaccount as of such Accounting Date. Matching Contributions under Subparagraph 5.03(b) of the Plan for any Plan Year shall be similarly allocated and credited as soon as practicable after the end of the Plan Year.

5.08 [RESERVED]

5.09 Limitations on Employer Contributions

The Employers' total contribution for a Plan Year is conditioned on its deductibility under Section 404 of the Code in that year, and shall comply with the contribution limitations set forth in Subsection 6.05 and the allocation limitations contained in Subsections 6.01 and 5.04 of the Plan, and shall not exceed an amount equal to the maximum amount deductible on account thereof by the Employers for that year for purposes of federal taxes on income.

5.10 Verification of Employer Contributions

If for any reason the Employer decides to verify the correctness of any amount or calculation relating to its contribution for any Plan Year, the certificate of an independent accountant selected by the Employer as to the correctness of any such amount or calculation shall be conclusive on all persons.

SECTION 6

Contribution Limits

6.01 Actual Deferral Percentage Limitations

In no event shall the Actual Deferral Percentage of the Highly Compensated Employees for any Plan Year exceed the greater of the:

(a) Actual Deferral Percentage of all other Eligible Employees for the Plan Year multiplied by 1.25; or

(b) Actual Deferral Percentage of all other Eligible Employees for the Plan Year multiplied by 2.0; provided that the Actual Deferral Percentage of the Highly Compensated Employees does not exceed that of all other Eligible Employees by more than two (2) percentage points.

From time to time during the Plan Year, the Committee shall determine whether the limitation of this Subsection will be satisfied and, to the extent necessary to ensure compliance with such limitation, may limit the Before-Tax Contributions to be withheld on behalf of Highly Compensated Employees or may refund Before-Tax Contributions previously withheld. If, at the end of the Plan Year, the limitation of this Subsection is not satisfied, the Committee shall refund Before-Tax Contributions previously withheld on behalf of Highly Compensated Employees. If Before-Tax Contributions made on behalf of Highly Compensated Employees must be refunded to satisfy the limitation of this Subsection, the Committee shall determine the amount of Excess Contributions and shall refund such amount on the basis of the Highly Compensated Employees' contribution amounts, beginning with the highest such contribution amounts. Excess Contributions previously withheld (and any income allocable thereto determined in accordance with Subsection 6.04) may be distributed within two and one-half (2-1/2) months after the close of the Plan Year to which such Excess Contributions relate, but in any event no later than the end of the Plan Year following the Plan Year in which such Excess Contributions were made. Matching Contributions attributable to Excess Contributions shall be treated as Forfeitures under Subsection 10.06. For Plan Years beginning on and after January 1, 2008, the Plan shall satisfy the nondiscrimination requirements of Code Section 401(k) in accordance with the safe harbor method based on Matching Contributions, as described in Code Section 401(k)(13)(D), and the foregoing provisions of this Subsection shall be inapplicable.

6.02 Limitation on Matching Contributions

In no event shall the Contribution Percentage of the Highly Compensated Employees for any Plan Year exceed the greater of the:

(a) Contribution Percentage of all other Eligible Employees for the Plan Year multiplied by 1.25; or

(b) Contribution Percentage of all other Eligible Employees for the Plan Year multiplied by two (2.0); provided that the Contribution Percentage of such Highly Compensated Employees does not exceed that of all other Participants by more than two (2) percentage points.

From time to time during the Plan Year, the Committee shall determine whether the limitation of this Subsection will be satisfied and, to the extent necessary to ensure compliance with such limitation, shall refund a portion of the Matching Contributions previously credited to Highly Compensated Employees. If Matching Contributions made on behalf of Highly Compensated Employees must be refunded to satisfy the limitation of this Subsection, the Committee shall determine the amount of Excess Matching Contributions and shall refund such amount on the basis of the Highly Compensated Employees' contribution amounts, beginning with the highest such contribution amounts. At the Committee's discretion, if the Excess Matching Contributions are attributable to non-vested Matching Contributions, such Excess Matching Contributions may be forfeited in accordance with Subsection 10.06 and applied in the same manner as any other Forfeiture under the Plan. Excess Matching Contributions previously credited (and any income allocable thereto determined in accordance with Subsection 6.04) may be distributed or forfeited within twelve (12) months after the close of the Plan Year to which such Excess Matching Contributions relate, but in any event no later than the end of the Plan Year following the Plan Year in which such Excess Matching Contributions were made. For Plan Years beginning on and after January 1, 2008, the Plan shall satisfy the nondiscrimination requirements of Code Section 401(m) in accordance with the safe harbor method based on Matching Contributions, as described in Code Section 401(m)(12), and the foregoing provisions of this Subsection shall be inapplicable.

6.03 Dollar Limitation

Notwithstanding the provisions of Subsection 6.01, no Participant shall make a Before-Tax Contribution election which will result in his or her Elective Deferrals for any calendar year exceeding $15,000 (or such greater amount as may be prescribed by the Secretary of Treasury to take into account cost-of-living increases pursuant to Code Section 402(g)), except to the extent permitted with respect to Catch-Up Contributions, if applicable. If a Participant's total Elective Deferrals under this Plan and any other plan of another employer for any calendar year exceed the annual dollar limit prescribed above, the Participant may notify the Committee, in writing on or before March 1 of the next following calendar year, of his or her election to have all or a portion of such Excess Deferrals (and the income allocable thereto determined in accordance with Subsection 6.04) allocated under this Plan and distributed in accordance with this Subsection. In such event, or in the event that the Committee otherwise becomes aware of any Excess Deferrals, the Committee shall, without regard to any other provision of the Plan, direct the Trustee to distribute to the Participant by the following April 15 the Participant's Excess Deferrals (and any income attributable thereto determined in accordance with Subsection 6.04) so allocated under the Plan. Distributions to be made in accordance with the preceding sentence shall be made as soon as is practicable following receipt by the Committee of written notification of Excess Deferrals, and the Committee shall make every effort to meet the April 15 distribution deadline for all written notifications received by the preceding March 1.

The amount of such Excess Deferrals distributed to a Participant in accordance with this Subsection shall be treated as a contribution for purposes of the limitations referred to under Subsection 6.05, and shall continue to be treated as Before-Tax Contributions for purposes of the Actual Deferral Percentage test described in Subsection 6.01; however, Excess Deferrals by non-Highly Compensated Employees shall not be taken into account under Subsection 6.01 to the extent such Excess Deferrals are made under this Plan or any other plan maintained by an Employer or Controlled Group Member. In addition, any Matching Contributions attributable to amounts distributed under this Subsection (and any income allocable thereto determined in accordance with Subsection 6.04) shall be forfeited in accordance with Subsection 10.06.

6.04 Allocation of Earnings to Distributions of Excess Deferrals, Excess Contributions and Excess Matching Contributions

The earnings allocable to distributions of Excess Deferrals under Subsection 6.03, Excess Contributions under Subsection 6.01, and Excess Matching Contributions under Subsection 6.02 shall be determined by multiplying the earnings attributable to the applicable excess amounts (for the calendar and/or Plan Year, whichever is applicable) by a fraction, the numerator of which is the applicable excess amount, and the denominator of which is the balance attributable to such contributions in the Participant's Account or Accounts, as of the beginning of such year, plus the contributions allocated to the applicable account for such year. Gap period income (*i.e.*, income allocable to Excess Contributions and Excess Matching Contributions for the period after the close of the Plan Year and prior to the distribution) shall be allocated as described in Treasury Regulation Sections 1.401(k)-2(b)(2)(iv) and 1.401(m)-2(b)(iv). Gap period income (*i.e.*, income allocable to Excess Deferrals, Excess Contributions and Excess Matching Contributions for the period after the close of the Plan Year and prior to the distribution) shall be allocated as described in Treasury Regulation Sections 1.402(g)-1(e)(5), 1.401(k)-2(b)(2)(iv) and 1.401(m)-2(b)(2)(iv), respectively.

6.05 Contribution Limitations

For each Limitation Year, the Annual Addition to a Participant's Accounts under the Plan and under any other defined contribution plan maintained by any Employer shall not exceed the lesser of $45,000 (as adjusted for cost-of-living increases under Code Section 415(d)) or 100% of the Participant's compensation for the Limitation Year. For purposes of this Subsection 6.05, "compensation" for a Limitation Year means a Participant's compensation within the meaning of Code Section 415(c)(3) and Treasury Regulations Section 1.415(c)-2(b) and (c) that is actually paid or made available during the Limitation Year, subject to the following:

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

(b) Compensation for a Limitation Year shall include compensation paid by the later of 2-1/2 months after a Participant's severance from employment with the Employers or the end of the Limitation Year that includes the date of the Participant's severance from employment with the Employers, if:

(i) The payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and absent a severance from employment, the payments would have been paid to the Participant while the Participant continued in employment with the Employers; or

(ii) The payment is for unused accrued bona fide sick, vacation or other leave that the Participant would have been able to use if employment had continued.

Any payment not described above shall not be considered compensation if paid after severance from employment, even if paid by the later of 2-1/2 months after the date of severance from employment or the end of the Limitation Year that includes the date of severance from employment, except for payments to an individual who does not currently perform services for the Employers by reason of qualified military service (within the meaning of Code Section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employers rather than entering qualified military service.

(c) A Participant's compensation for a Limitation Year shall not include compensation in excess of the limitation under Code Section 401(a)(17) in effect for the Limitation Year.

The Committee shall take any actions it deems advisable to avoid an Annual Addition in excess of Code Section 415 of the Code; provided, however, if a Participant's Annual Addition for a Limitation Year actually exceeds the limitations of this Subsection, the Committee shall correct such excess in accordance with applicable guidance issued by the Internal Revenue Service. Annual Additions shall be subject to Code Section 415 and applicable Treasury regulations issued thereunder, the requirements of which are incorporated herein by reference to the extent not specifically provided in this Subsection 6.05.

SECTION 7

Period of Participation

7.01 Separation Date

If a Participant is transferred from employment with an Employer to employment with a Controlled Group Member (other than an Employer), then, for the purpose of determining when his or her Separation Date occurs under this Subsection, his or her employment with such Controlled Group Member (or any Controlled Group Member to which he or she is subsequently transferred) shall be considered as employment with the Employers. If a Participant who was an Eligible Employee of an Employer becomes a Leased Employee of an Employer, then his or her change in status shall not be considered a termination of employment for purposes of determining when his or her Separation Date occurs under this Subsection. A Participant's termination of employment with all of the Employers at any age while Totally Disabled shall be deemed a termination on account of Total Disability.

7.02 Restricted Participation

When payment of all of a Participant's Account balances is not made at his or her Separation Date, or if a Participant transfers to the employ of a Controlled Group Member which is not an Employer or continues in the employ of an Employer but ceases to be employed in a Covered Group, the Participant or his or her Beneficiary will continue to be considered as a Participant for all purposes of the Plan, except as follows:

(a) He or she will not make any Before-Tax Contributions, and his or her Employer will not make any Employer Contributions on his or her behalf, for any period beginning after his or her Separation Date occurs or for any subsequent Plan Year unless he or she is reemployed and again becomes a Participant in the Plan; provided, however, that his or her Employer shall contribute:

  (i) His or her Before-Tax Contributions, as provided in Subsection 5.01, with respect to Compensation paid through his or her Separation Date; and

  (ii) If applicable, an Annual Company Contribution and/or a Transition Contribution for the Plan Year in which his or her Separation Date occurs, based on his or her Compensation paid during that portion of the Plan Year in which he or she was a Participant eligible for such contributions.

(b) He or she will not make any Before-Tax Contributions, and his or her Employer will not make any Employer Contributions on his or her behalf, for any period in which he or she is in the employ of an Employer but is not an Eligible Employee.

(c) He or she will not make any Before-Tax Contributions, and his or her Employer will not make any Employer Contributions on his or her behalf, for any period in which he or she is employed by a Controlled Group Member that is not an Employer under the Plan.

(d) The Participant may not apply for loans under Subsection 11.01.

(e) A Participant whose Separation Date occurs, or a Beneficiary or Alternate Payee of a Participant, may not apply for a withdrawal under Section 11.

SECTION 8

Accounting

8.01 Separate Accounts

The Committee will maintain the following Accounts in the name of each Participant:

(a) A “Before-Tax Contribution Account,” which will reflect his or her Before-Tax Contributions, if any, made under the Plan, and the income, losses, appreciation and depreciation attributable thereto. This Account shall include a “Current Year Before-Tax Contribution Subaccount,” which will reflect only the Before-Tax Contributions made by the Participant during the current Plan Year.

(b) A “Matching Contribution Account,” which will reflect his or her share of Matching Contributions, if any, made under the Plan, and the income, losses, appreciation and depreciation attributable thereto. This Account shall include a “Current Year Matching Contribution Subaccount,” which will reflect only the Matching Contributions allocated to the Participant during the current Plan Year.

(c) An “Annual Company Contribution Account,” which will reflect his or her share of the Annual Company Contributions under the Plan, and the income, losses, appreciation and depreciation attributable thereto. This Account shall include a “Current Year Annual Company Contribution Subaccount,” which will reflect only the Annual Company Contributions allocated to the Participant during the current Plan Year.

(d) An “After-Tax Account,” which will reflect his or her after-tax contributions, and the income, losses, appreciation and depreciation attributable to all after-tax contributions made to the Plan or a Predecessor Plan.

(e) A “Rollover Contribution Account,” which will reflect his or her Rollover Contributions to the Plan, and the income, losses, appreciation and depreciation attributable thereto.

(f) A “Predecessor Company Account,” which will reflect the contributions made by a Participant, or on his or her behalf, under a Predecessor Plan, and the income, losses, appreciation and depreciation attributable thereto.

8.02 Adjustment of Participants’ Accounts

As of each Accounting Date, the Accounts of Participants shall be adjusted to reflect the following:

(a) Transfers, if any, made between Investment Funds;

(b) Before-Tax Contributions, Employer Contributions and Rollover Contributions, if any, and payments of principal and interest on any loans made from a Participant's Account;

(c) Distributions and withdrawals that have been made but not previously charged to the Participant's Account; and

(d) Changes in the Adjusted Net Worth of the Investment Funds in which such Account is invested.

As of each Accounting Date, the Committee shall establish the value of each Participant's Account, which value shall reflect the transactions posted to the Participant's Account as they occurred during the preceding calendar month. As of the first day of each Plan Year, the balance in each Participant's Current Year Before-Tax Contribution Subaccount, Current Year Matching Contribution Subaccount, Current Year Annual Company Contribution Subaccount, Current Year Transition Contribution Subaccount, if any, shall be reflected in the Participant's Before-Tax Contribution Account, Matching Contribution Account, Annual Company Contribution Account, Transition Contribution Account, and After-Tax Account, respectively and the balances of such Current Year Before-Tax Contribution Subaccount, Current Year Matching Contribution Subaccount, Current Year Annual Company Contribution Subaccount and Current Year Transition Contribution Subaccount shall be reduced to zero. If a Special Accounting Date occurs, the accounting rules set forth above in this Subsection and elsewhere in this SECTION 8 shall be appropriately adjusted to reflect the resulting shorter accounting period ending on that Special Accounting Date.

Notwithstanding the foregoing, the Committee may establish separate rules to be applied on a uniform basis in adjusting any portion of Participants' Accounts that is invested in the Sara Lee Corporation Common Stock Fund or the Hanesbrands Inc. Common Stock Fund for such accounting period, including the treatment of any dividends or stock splits with respect to the securities held in such funds. Such rules may include provisions for (i) allocating earnings from short-term investments during an accounting period to the Subaccounts of Participants; (ii) allocating dividends or stock splits to Participants' Subaccounts invested in the applicable Fund (or to a separate Account or Subaccount, as applicable); (iii) allocating shares of Sara Lee Stock or Hanesbrands Stock to Participants' Subaccounts based on the average purchase price per share purchased by the Trustee during such accounting period; and (iv) allocating shares of stock (or other securities) to Participants' Subaccounts based on the applicable stock split or stock dividend factor or other similar basis.

8.03 Crediting of 401(k) Contributions

Subject to the provisions of SECTION 4, each Participant's Before-Tax Contributions will be credited to his or her Current Year Before-Tax Contribution Subaccount no later than the Accounting Date which ends the accounting period of the Plan during which such contributions were received by the Trustee.

8.04 Charging Distributions

All payments made to a Participant or his or her Beneficiary during the accounting period ending on each Accounting Date will be charged to the proper Accounts of the Participant in accordance with Subsection 8.02.

8.05 Statement of Account

At such times during each Plan Year as the Committee may determine, each Participant will be furnished with a statement reflecting the condition of his or her Account in the Trust Fund as of the most recent Accounting Date. No Participant shall have the right to inspect the records reflecting the Accounts of any other Participant.

SECTION 9

The Trust Fund and Investment of Trust Assets

9.01 The Trust Fund

The Trust Fund will consist of all money, stocks, bonds, securities and other property of any kind held and acquired by the Trustees in accordance with the Plan and the Trust Agreement.

9.02 The Investment Funds

The Investment Committee, in its discretion, may designate one or more funds, referred to collectively as “Investment Funds,” for the investment of Participants’ Accounts. The Investment Committee, in its discretion, may from time to time establish new Investment Funds or eliminate existing Investment Funds. The available Investment Funds shall include the “Hanesbrands Inc. Common Stock Fund,” the assets of which are primarily invested in shares of Hanesbrands Stock. A portion of each Investment Fund may be invested from time to time in the short-term investment fund (STIF) of a custodian bank.

9.03 Investment of Contributions

In accordance with rules established by the Committee, a Participant may elect to have contributions to his or her Accounts invested in one or more of the Investment Funds in even multiples of one percent (1%). If a Participant does not make such an election within such period as may be determined by the Committee, he or she shall be deemed to have elected that all eligible contributions to his or her Accounts be invested in the default investment arrangement specified by the Investment Committee in accordance with ERISA Section 404(c)(5) and accompanying regulations.

Elections under this Subsection and Subsections 9.04 and 9.05 shall be made in such manner and in accordance with such rules as the Committee determines. If the Committee determines in its discretion that elections under this Subsection and Subsections 9.04 and 9.05 shall be made in a manner other than in writing, any Participant who makes an election pursuant to such method may receive written confirmation of such request; further, any such request and confirmation shall be the equivalent of a writing for all purposes.

9.04 Change in Investment of Contributions

Effective as of any payroll period, a Participant may elect to change his or her investment election under Subsection 9.03. Such change shall apply only with respect to contributions made by or on behalf of the Participant that are received by the Trustee after the effective date of the change.

9.05 Elections to Transfer Balances Between Accounts; Diversification

On any Accounting Date, a Participant may elect to transfer or reallocate the balances in his or her Accounts in an Investment Fund to one or more other Investment Funds, subject to the trading restrictions of the Investment Fund; any such election shall be made in accordance with rules established by the Committee, and may include an election to automatically reallocate the Participant's Accounts on such dates as the Participant may specify in the election. The Participant's Accounts in the Investment Fund from which a fund transfer or reallocation is made will be charged, and his or her Accounts in the Investment Fund to which such fund transfer or reallocation is made will be credited, with the amount so transferred or reallocated in accordance with rules established by the Committee. Such transfers or reallocations shall be made as soon as administratively feasible following the Participant's election or, in the event of an automatic reallocation, on the date elected by the Participant in accordance with procedures established by the Committee. The foregoing provisions of this Subsection are contingent upon the availability of fund transfers and reallocations between Investment Funds under the terms of the investments made by each Investment Fund. A Participant's Account may be charged a redemption fee for frequent transfers into and out of an Investment Fund within a restricted time period established by the Investment Fund. Additionally, Participants may be restricted from initiating fund transfers or reallocations into or out of an Investment Fund if the Committee or an Investment Fund determines that the Participant's transfer activity would be detrimental to that Investment Fund.

9.06 Voting of Stock; Tender Offers

With respect to Hanesbrands Stock (and Sara Lee Stock for as long as it is held in the Plan), the Committee shall notify Participants of each meeting of the shareholders of Sara Lee Corporation or Hanesbrands Inc. and shall furnish to them copies of the proxy statements and other communications distributed to shareholders in connection with any such meeting. The Committee also shall notify the Participants that they are entitled to give the Trustee voting instructions as to Sara Lee Stock or Hanesbrands Stock credited to their Accounts. If a Participant furnishes timely instructions to the Trustee, the Trustee (in person or by proxy) shall vote the Sara Lee Stock or Hanesbrands Stock (including fractional shares) credited to the Participant's Accounts in accordance with the directions of the Participant. The Trustee shall vote the Sara Lee Stock or Hanesbrands Stock for which it has not received timely direction, in the same proportion as directed shares are voted.

Similarly, the Committee shall notify Participants of any tender offer for, exchange of, or a request or invitation for tenders of Sara Lee Stock or Hanesbrands Stock and shall request from each Participant instructions for the Trustee as to the tendering of Sara Lee Stock or Hanesbrands Stock credited to his or her Accounts. The Trustee shall tender or exchange such Sara Lee Stock or Hanesbrands Stock as to which it receives (within the time specified in the notification) instructions to tender or exchange. Any Sara Lee Stock or Hanesbrands Stock credited to the Accounts of Participants as to which instructions not to tender or exchange are received and as to which no instructions are received shall not be tendered or exchanged.

9.07 Confidentiality of Participant Instructions

The instructions received by the Trustee from Participants or Beneficiaries with respect to purchase, sale, voting or tender of Sara Lee Stock or Hanesbrands Stock credited to such Participants' or Beneficiaries' Accounts shall be held in confidence and shall not be divulged or released to any person, including the Committee, officers or Employees of the Company or any Controlled Group Member.

SECTION 10

Payment of Account Balances

10.01 Payments to Participants

(a) Vesting.

(i) Before-Tax Contribution, After-Tax, and Rollover Contribution Accounts. A Participant shall at all times be fully vested in and have a nonforfeitable right to the balance in his or her Before-Tax Contribution Account and his or her After-Tax and Rollover Contribution Accounts, if any.

(ii) Annual Company Contribution and Transition Contribution Account. If a Participant's Separation Date occurs on or after his or her Normal Retirement Age, on the date he or she dies, or on or after the date he or she becomes Totally Disabled, then the Participant shall be fully vested in his or her Annual Company Contribution Account and Transition Contribution Account. If a Participant's Separation Date occurs under any other circumstances, the balances in his or her Annual Company Contribution Account and Transition Contribution Account shall be calculated in accordance with the vesting schedule outlined below:

If the Participant's Number of Years of Service is:	The Vested Percentage of His or Her Applicable Accounts will be:
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

The resulting balance in his or her Annual Company Contribution Account and Transition Contribution Account will be distributable to him or her, or, in the event of his or her death, to his or her Beneficiary, in accordance with this Subsection and Subsection 10.02.

(iii) Matching Contribution Account. If a Participant's Separation Date occurs on or after his or her Normal Retirement Age, on the date he or she dies, or on or after the date he or she becomes Totally Disabled, then the

Participant shall be fully vested in his or her Matching Contribution Account. If a Participant's Separation Date occurs under any other circumstances on or after January 1, 2008, the Participant shall be fully vested in his or her Matching Contribution Account balance provided he or she has completed at least two Years of Service. Notwithstanding the foregoing, if the Participant is an active employee and has a Matching Contribution Account balance on December 31, 2007, he or she shall be fully vested in his or her Matching Contribution Account (including future contributions thereto) on and after January 1, 2008. If a Participant's Separation Date occurs prior to January 1, 2008, he or she shall be vested in his or her Matching Contribution Account balance to the same extent that he or she was vested at his or her Separation Date, subject to the provisions of Subparagraph 12.02(a)(i). The balance in the Participant's Matching Contribution Account after application of the foregoing vesting rules will be distributable to him or her, or, in the event of his or her death, to his or her Beneficiary, in accordance with this Subsection and Subsection 10.02

(iv) Special Provisions to Certain Participants. In addition, a Participant who was subject to special vesting rules under the Sara Lee Plan shall be fully vested in his or her Accounts to the extent provided in the Sara Lee Plan.

(b) Time of Payment. Except as provided in Subsection 10.03 below, payment of a Participant's benefits will be made or commence within the time determined by the Committee after his or her Separation Date, but not later than sixty (60) days after (i) the end of the Plan Year in which his or her Separation Date occurs, or (ii) such later date on which the amount of the payment can be ascertained by the Committee. In the event a Participant receives a lump sum distribution of his or her entire vested Accounts and additional contributions are subsequently credited to his or her Accounts, his or her entire remaining vested Account balance shall be distributed in an immediate lump sum to the extent such vested Account balance does not exceed $1,000 as of the date of such distribution. Except as provided in the preceding sentence or in Subparagraph 10.01(f) below, distributions may not be made to the Participant before his or her Normal Retirement Age without his or her consent.

(c) Method of Distribution. A Participant's vested Accounts will be distributed to him or her (or, in the event of his or her death, to his or her Beneficiary) in a lump sum unless the Participant (or, in the event of his or her death, the Participant's Beneficiary) elects, in accordance with procedures established by the Committee, to receive such distribution by any one or more of the following methods, if applicable:

(i) Partial Distributions. A Participant (or, in the event of his or her death, his or her Beneficiary) may elect to receive a partial distribution of the vested

Account balance (but not less than the lesser of his or her total Account balance or $250.00) as of any Accounting Date after the Participant's Separation Date. All partial distributions under this Subparagraph shall be made in cash only. Notwithstanding any Plan provision to the contrary, a partial distribution under this Subparagraph shall not be available once a Participant or his or her surviving spouse has begun to receive installments under Subparagraph (ii) below.

(ii) Installments. If the vested portion of a Participant's Accounts exceeds $5,000, the Participant (or, in the event of his or her death, his or her surviving spouse) may elect to receive substantially equal installments over a period not to exceed five (5) Plan Years, commencing in any year designated but no later than the applicable Required Commencement Date, with final distribution of all vested Accounts by the fifth year. All installment distributions shall be made in cash. A Participant or his or her surviving spouse who is receiving installments may subsequently elect to receive a lump sum distribution of all remaining installment payments. No Beneficiary other than a Participant's surviving spouse may elect to receive installments.

(iii) Special Distribution Provisions for Certain Participants. Notwithstanding the foregoing, a Participant who had an account balance in a Predecessor Plan may elect distribution under any other method available to such Participant to the extent provided in the Sara Lee Plan.

(iv) Order of Accounts. Distributions under this Subparagraph shall be charged to the Participant's vested Accounts (if applicable) in such order as shall be determined by the Committee and applied uniformly.

(v) Special Provisions Applicable to Dividends. Notwithstanding Subparagraph (a)(ii), dividends attributable to Sara Lee Stock or Hanesbrands Stock in a Participant's Accounts shall be one hundred percent (100%) vested.

(d) Fees. The Committee may, on an annual or more frequent basis, charge the Accounts of any Alternate Payee, any Beneficiary, or any Participant whose Separation Date has occurred for a reason other than Retirement, for reasonable and necessary administrative fees incurred in the ongoing maintenance of such Accounts in the Plan, in accordance with uniform rules and procedures applicable to all Participants similarly situated. "Retirement" means Separation from Service on or after the earlier of: (i) the attainment of age fifty-five (55) and ten (10) Years of Service, or (ii) Normal Retirement Age.

(e) No Payments Due to Spin-Off. Notwithstanding any Plan provision to the contrary, no Separation Date shall have occurred and no distribution of Accounts shall be made to a Participant solely on account of the Spin-Off.

(f) Vested Accounts Not in Excess of $1,000. Notwithstanding any Plan provision to the contrary, if the Participant's vested Accounts equal $1,000 or less on or after the Participant's Separation Date, the method of distribution as to that Participant shall be as a lump sum cash distribution of the Participant's vested Accounts. Such distribution shall be made as soon as practicable following the Participant's Separation Date. If the Participant's vested benefit under the Plan is zero, the Participant shall be deemed to have received a distribution of such vested benefit.

(g) Special Distribution Rules for Certain Military Service Leaves. Notwithstanding the foregoing, in accordance with Section 414(u)(12) of the Code, a Participant receiving a differential wage payment (as defined in Section 3401(h)(2) of the Code) shall be treated as having been severed from employment with the employer for purposes of taking a distribution of his pre-tax compensation deferral contributions account during any period the Participant performs service in the uniformed services while on active duty for a period of more than 30 days. If a Participant elects to receive a distribution pursuant to the preceding sentence, such Participant shall not be permitted to make pre-tax compensation deferral contributions under Section 3 of the Plan during the six-month period beginning on the date of the distribution.

10.02 Distributions in Shares

Distributions of amounts invested in the Hanesbrands Inc. Common Stock Fund (or the Sara Lee Corporation Common Stock Fund while such fund is maintained under the Plan) may be made in cash or in shares, as elected by the Participant, provided such shares are distributed at their Fair Market Value, as determined by the Trustee. If a Participant elects a stock distribution of amounts invested in the Hanesbrands Inc. Common Stock Fund or the Sara Lee Corporation Common Stock Fund and the Participant subsequently has additional contributions allocated to either of said funds, the Participant shall receive such additional contributions, to the extent vested, in shares of stock in accordance with Subsection 10.01, unless such additional contributions do not exceed $1,000 as of the date of distribution. If an election is made by the Participant to direct the Trustee to distribute the balance of his or her Accounts invested in the Sara Lee Corporation Common Stock Fund or the Hanesbrands Inc. Common Stock Fund in cash, the Participant shall receive cash equal to the Fair Market Value of the balance of his or her Accounts. For purposes of this Subsection, the rights extended to a Participant hereunder shall also apply to any Beneficiary or Alternate Payee of such Participant. All other distributions shall be made in cash.

10.03 Beneficiary

(a) Designation of Beneficiary. Each Participant from time to time, in accordance with procedures established by the Committee, may name or designate a Beneficiary. A Beneficiary designation will be effective only when properly provided to the Committee in accordance with its procedures while the Participant is alive and, when effective, will cancel all earlier Beneficiary designations made by the Participant. Notwithstanding the foregoing, a deceased Participant's surviving spouse will be his or her sole, primary Beneficiary unless: (i) the spouse had consented in writing to the Participant's election to designate another person or persons as a primary Beneficiary or Beneficiaries, (ii) such election designates a Beneficiary which may not be changed without spousal consent (or the consent of the spouse expressly permits designations by the Participant without any further consent by the spouse) and (iii) the spouse's consent acknowledges the effect of such election and is witnessed by a notary public.

(b) No Beneficiary Designation at Death. If a deceased Participant failed to name or designate a Beneficiary, if the Participant's Beneficiary designation is ineffective for any reason, or if all of the Participant's Beneficiaries die before the

Participant, the Committee will direct the Trustee to pay the Participant's Account balance in accordance with the following:

(i) To the Participant's surviving spouse;

(ii) If the Participant does not have a surviving spouse, to the Participant's beneficiary or beneficiaries (if any) designated by the Participant under the Hanesbrands Inc. Life Insurance Plan;

(iii) If the Participant does not have a surviving spouse and failed to designate a beneficiary under the Hanesbrands Inc. Life Insurance Plan, to or for the benefit of the legal representative or representatives of the Participant's estate; and

(iv) If the appropriate payee is not identified pursuant to Subparagraphs (i) through (iii) above, then to or for the benefit of one or more of the Participant's relatives by blood, adoption or marriage in such proportions as the Committee (or its delegate) determines.

(c) Death of Beneficiary Prior to Participant's Death. In the event that the Participant has named multiple Beneficiaries, and one of the Beneficiaries dies before the Participant, the remaining Beneficiaries shall be entitled to the deceased Beneficiary's share, pro rata in accordance with their share of the Account balance as of the date of the Participant's death (or such other date as the Committee may determine is administratively practicable), subject to the Participant's right to change his or her beneficiary designation at any time in accordance with Subparagraph (a). The Committee reserves the right, on a uniform basis for similarly situated Beneficiaries, to make distribution of a Beneficiary's Account balance in whole or in part at any time notwithstanding any election to the contrary by the Beneficiary.

(d) Death of Beneficiary After Participant's Death. Each Beneficiary, in accordance with procedures established by the Committee, may name or designate an individual to receive the Beneficiary's share of the Account balance (a 'Recipient') any time after the Participant's death. In the event a Beneficiary dies before complete payment of his or her share of the Account balance, such Beneficiary's share shall be paid to the Recipient designated by the Beneficiary. If a deceased Beneficiary failed to name or designate a Recipient, if the Beneficiary's designation is ineffective for any reason, or if the Recipient dies before the Beneficiary or before complete payment of the Beneficiary's share of the Account balance, the Committee will direct the Trustee to pay the Beneficiary's share in accordance with the following:

(i) To the Beneficiary's surviving spouse;

(ii) If the Beneficiary does not have a surviving spouse, to or for the benefit of the legal representative or representatives of the Beneficiary's estate;

(iii) If the Beneficiary does not have a surviving spouse and an estate is not opened on behalf of the Beneficiary, to or for the benefit of one or more of the Beneficiary's relatives by blood, adoption or marriage in such proportions as the Committee (or its delegate) determines.

Notwithstanding anything contained herein to the contrary, all payments under this Subparagraph shall comply with the requirements of Code Section 401(a)(9).

10.04 Missing Participants and Beneficiaries

While a Participant is alive, he or she must file with the Committee from time to time his or her own and each of his or her named Beneficiaries' post office addresses and each change of post office address. After the Participant's death, the Participant's Beneficiary or Beneficiaries shall be responsible for filing such information with the Committee. A communication, statement or notice addressed to a Participant or Beneficiary at his or her last post office address filed with the Committee, or if no address is filed with the Committee, then at his or her last post office address as shown on the Employer's records, will be binding on the Participant and his or her Beneficiary for all purposes of the Plan. Neither the Trustee nor any of the Employers is required to search for or locate a Participant or Beneficiary. If the Committee notifies a Participant or Beneficiary that he or she is entitled to a payment and also notifies him or her of the effect of this Subsection, and the Participant or Beneficiary fails to claim his or her Account balances or make his or her whereabouts known to the Committee within three (3) years after the notification, the Account balances of the Participant or Beneficiary may be disposed of in an equitable manner permitted by law under rules adopted by the Committee, including the Forfeiture of such balances, if the value of the Account is equal to or less than the administrative fees, if any, applicable to the Participant's or Beneficiary's Account balance pursuant to Subsection 10.01.

10.05 Rollovers

(a) General Rule. Notwithstanding any Plan provision to the contrary, a Distributee under the Plan who receives an Eligible Rollover Distribution may elect, at the time and in the manner prescribed by the Committee, to have any portion of the distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

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

(c) Qualified Rollover Contributions to Roth IRAs. Effective as of January 1, 2008, solely to the extent permitted in Code Sections 408A(c)(3)(B), (d)(3) and (e) and the regulations and other guidance issued thereunder, an eligible Distributee may elect to roll over any portion of an Eligible Rollover Distribution to a Roth IRA (as defined by Code Section 408A) in a qualified rollover contribution (as defined in Code Section 408A(e)), provided that the requirements of Code Section 402(c) are met. Notwithstanding any provisions of the Plan to the contrary, a Distributee under the Plan who receives an Eligible Rollover Distribution may elect, at the time and in the manner prescribed by the Committee, to have any portion of the distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

10.06 Forfeitures

A Forfeiture shall be treated as a separate Account (which is not subject to adjustment under Subsection 8.02) until the next following Accounting Date on which Forfeitures will be allocated. On that date, all Forfeitures arising during the period preceding the Accounting Date which have not been previously allocated shall be allocated among and credited to the Accounts of Participants reemployed to the extent required under Subsection 12.01, shall be used to reduce Employer Matching Contributions required by Subsection 5.03 or any applicable Supplement to the Plan for the current Plan Year or succeeding Plan Years, or shall be used to reduce administrative expenses of the Plan, as determined by the Committee.

The portion of a Participant's Annual Company Contribution, Transition Contribution and Matching Contribution Accounts that is not distributable by reason of the provisions of Subsection 10.01 shall be credited to a Forfeiture Account established and caused to be maintained by the Trustee in the Participant's name as of the Accounting Date coincident with or next following his Separation Date (before adjustments then required under the Plan have been made). If the Participant does not return to employment with an Employer or a related Company by the last day of the month following sixty (60) days from his Separation Date or upon the earlier distribution of his or vested Accounts, the balance in his Forfeiture Account (after all adjustments then required under the Plan have been made) will be a Forfeiture.

If a Participant returns to employment with an Employer or a Related Company before incurring five consecutive One Year Breaks in Service, the amount previously forfeited from his Forfeiture Account, if any, will be restored to his Forfeiture Account out of Forfeitures occurring in the year of restoration or out of a restoration contribution made by the Employer for restoration purposes only.

10.07 Recovery of Benefits

In the event a Participant or Beneficiary receives a benefit payment under the Plan which is in excess of the benefit payment which should have been made, the Committee shall have the right to recover the amount of such excess from such Participant or Beneficiary on behalf of the Plan, or from the person that received such benefit payments. The Committee may, however, at its option, deduct the amount of such excess from any subsequent benefits payable to, or for, the Participant or Beneficiary.

10.08 Dividend Pass-Through Election

With respect to a Participant's interest in the ESOP component of the Plan (as defined in Subsection 1.01 from time to time) , each Participant has the right to elect either (a) to have dividends paid on such shares reinvested in shares of Sara Lee Stock or Hanesbrands Stock (as applicable), or (b) to receive a distribution in cash of such dividends in accordance with procedures established by the Committee. To the extent such dividends are reinvested, they shall be one hundred percent (100%) vested. Such distributions shall be made as soon as administratively practicable following each March 31, June 30, September 30 and December 31 Plan Year quarter, and shall not constitute Eligible Rollover Distributions. Notwithstanding the foregoing, on and after the Spin-Off Date, dividends attributable to Sara Lee Stock shall be fully vested and shall automatically be reinvested in the Sara Lee Common Stock Fund.

10.09 Minimum Distributions

Distribution of a Participant's benefits shall be made or commence by his or her Required Commencement Date. Notwithstanding the foregoing, the Committee may establish procedures to begin minimum distribution payments in the calendar year in which the Participant attains age seventy and one-half (70-$^1/_2$). Distributions to a Participant after his or her Required Commencement Date shall be made in installment payments equal to the minimum amount necessary to meet the requirements of Section 401(a)(9) of the Code. All distributions under the Plan shall comply with the requirements of Section 401(a)(9) of the Code and the regulations thereunder, and shall further comply with the rules described below:

(a) The Participant's Accounts will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Commencement Date. If the Participant dies before distributions begin, the Participant's Accounts will be distributed, or begin to be distributed, no later than as follows:

- (i) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age seventy and one-half (70-$^1/_2$), if later;
- (ii) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died;
- (iii) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire

interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death; or

(iv) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse have begun, this Subparagraph (a), other than Subparagraph (a)(i), will apply as if the surviving spouse were the Participant.

For purposes of this Subparagraph (a) and Subparagraph (c), unless Subparagraph (a)(iv) applies, distributions will be considered to have begun on the Participant's Required Commencement Date. If Subparagraph (a)(iv) applies, distributions will be considered to have begun on the date distributions are required to begin to the surviving spouse under Subparagraph (a)(i). Unless the Participant's interest is distributed in a single sum on or before the Required Commencement Date, distributions will be made as of the first Distribution Calendar Year in accordance with Subparagraphs (b) and (c) below.

(b) Required Minimum Distributions During Participant's Lifetime. During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of: (i) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or (ii) if the Participant's sole Designated Beneficiary for the Distribution Calendar Year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the Distribution Calendar Year. Required minimum distributions will be determined under this Subparagraph (b) beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

(c) Required Minimum Distributions After Participant's Death.

(i) Death on or After Date Distributions Begin. If the Participant dies on or after the date distributions have begun and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as follows:

(A) The Participant’s remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year;

(B) The Participant’s surviving spouse is the Participant’s sole Designated Beneficiary, the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Participant’s death using the surviving spouse’s age as of the spouse’s birthday in that year. For Distribution Calendar Years after the year of the surviving spouse’s death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse’s birthday in the calendar year of the spouse’s death, reduced by one for each subsequent calendar year; and

(C) The Participant’s surviving spouse is not the Participant’s sole Designated Beneficiary, the Designated Beneficiary’s remaining Life Expectancy is calculated using the age of the beneficiary in the year following the year of the Participant’s death, reduced by one for each subsequent year.

If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Participant’s death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant’s death is the quotient obtained by dividing the Participant’s Account Balance by the Participant’s remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death Before Date Distributions Begin. If the Participant dies before the date distributions have begun and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant’s death is the quotient obtained by dividing the Participant’s Account Balance by the remaining Life Expectancy of the Participant’s Designated Beneficiary, determined as provided in Subparagraph (c)(i). If the Participant dies before the date distributions have begun and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant’s death, distribution of the Participant’s entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant’s death. If the Participant dies before the date distributions have begun, the Participant’s surviving spouse is the Participant’s sole Designated Beneficiary, and the surviving spouse dies before distributions are required to have begun to the surviving spouse under Subparagraph (a)(i), this Subparagraph will apply as if the surviving spouse were the Participant.

(d) Definitions. For purposes of this Subsection, the following definitions shall apply:

(i) "Designated Beneficiary" means the Participant's Beneficiary who is the designated beneficiary for purposes of Code Section 401(a)(9).

(ii) "Distribution Calendar Year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year that contains the Participant's Required Commencement Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Subparagraph (a). The required minimum distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Commencement Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Commencement Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

(iii) "Life Expectancy" means life expectancy as computed by use of the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9.

(iv) "Participant's Account Balance" means the balance of the Participant's Accounts as of the Valuation Calendar Year, increased by the amount of any contributions made and allocated to the Participant's Accounts as of dates in the Valuation Calendar Year after the valuation date and decreased by distributions made in the Valuation Calendar Year after the valuation date. The balance of the Participant's Accounts for the Valuation Calendar Year includes any amounts rolled over or transferred to the Plan either in the Valuation Calendar Year or in the Distribution Calendar Year if distributed or transferred in the Valuation Calendar Year.

(v) "Valuation Calendar Year" means the last valuation date in the calendar year immediately preceding the Distribution Calendar Year.

SECTION 11

11.01 Loans to Participants

While the primary purpose of the Plan is to allow Participants to accumulate funds for retirement, it is recognized that under some circumstances it is in the best interests of Participants to permit loans to be made to them while they continue in the active service of the Employers. Accordingly, the Committee, pursuant to such rules as it may from time to time establish, and upon application by a Participant supported by such evidence as the Committee requests, may direct the Trustee to make a loan from the Participant's Accounts under the Trust Fund (with the exception of the Participant's Matching Contribution Account, Annual Company Contribution Account and Transition Contributions Account) to a Participant who is actively at work in the employ of an Employer subject to the following:

(a) Amount of loans. The principal amount of any loan made to a Participant shall not be less than $500 and, when added to the outstanding balance of all other loans made to the Participant from all qualified plans maintained by the Employers, shall not exceed the lesser of:

(i) $50,000, reduced by the excess (if any) of the highest outstanding balance under the Plan and all other qualified employer plans during the one (1) year period ending on the day before the date of the loan, over the outstanding balance on the date of the loan; or

(ii) One-half (1/2) of the Participant's vested Account balances under the Plan.

(b) Terms and conditions of loans. Each loan must be evidenced by a written note in a form approved by the Committee, shall bear interest at a reasonable fixed rate, and shall require substantially level amortization (with payments at least quarterly) over the term of the loan. Interest rates shall be determined monthly and shall be based on the prevailing prime rate as published in The Wall Street Journal; provided, however, that the rate shall not exceed six percent (6%) during any period that the Participant is on military leave, in accordance with the Service Members Civil Relief Act ("SCRA") if the service member provides notification that he or she will be entering military service as required under SCRA.

(c) Repayment of loans. Each loan for a purpose other than to purchase a principal residence (a "General Purpose Loan") shall specify a repayment period of not less than six (6) months nor more than five (5) years, unless the proceeds of the loan are used to purchase the Participant's principal place of residence (a "Principal Residence Loan"), in which case such loan must be repaid within ten (10) years after the date the loan is made.

(d) Loans to Participants shall be made as soon as administratively feasible after the Committee has received the Participant's loan request and such information and documents from the Participant as the Committee shall deem necessary. A Participant's Accounts may be charged a fee for processing each loan request. The Participant's loan request shall be made in such manner and in accordance with such rules as the Committee determines. If the Committee determines in its discretion that loan requests under this Subparagraph shall be made in a manner other than in writing, any Participant who makes a request pursuant to such method may receive written confirmation of such request; further, any such request and confirmation shall be the equivalent of a writing for all purposes.

(e) Each loan shall be secured by a pledge of the Participant's Accounts (with the exception of the Participant's Annual Company Contribution Account, Transition Contribution Account, and Matching Contribution Account). A Participant's Annual Company Contribution Account, Transition Contribution Account and Matching Contribution Account shall be taken into account for purposes of determining the amount of the loan available under Subparagraphs 11.01(a)(i) and 11.01(a)(ii), but shall not be available for liquidation and conversion to cash as described in Subparagraph 11.01(f) below.

(f) A loan granted under this Subsection to a Participant from any Account maintained in his or her name shall be made by liquidating and converting to cash his or her appropriate Accounts, with the exception of his or her Annual Company Contribution Account, Transition Contribution Account and Matching Contribution Account (and the appropriate subaccounts, pro rata, in the various Investment Funds), in such order as shall be determined by the Committee and applied uniformly.

(g) A Participant may have only two (2) loans outstanding at a time; provided that a Participant may not have two (2) loans of the same type (Principal Residence or General Purpose) outstanding at any given time. A Participant shall not be entitled to take a second loan if the Participant is in default on a prior loan of the same type and has not repaid the defaulted amount to the Plan.

(h) If, in connection with the granting of a loan to a Participant, a portion or all of any of his or her Accounts has been liquidated, the Committee shall establish temporary "Counterpart Loan Accounts" (not subject to adjustment under Subsection 8.02) corresponding to each such liquidated or partially liquidated Account to reflect the current investment of that Before-Tax Contribution Account or Rollover Contribution Account, for example, in such loan. In general, the initial credit balance in any such Counterpart Loan Account shall be the amount by which the corresponding Account was liquidated in order to make the loan. Interest accruing on such a loan shall be allocated among and credited to the Participant's Counterpart Loan Accounts established in connection with the loan, in proportion to the then net credit balances in such Counterpart Loan Accounts, as such interest accrues. Each repayment of principal and interest shall be allocated among and charged to such Counterpart Loan Accounts, and shall be allocated among and credited to the corresponding Accounts, on the same proportionate basis; provided that all such repayments shall be credited in accordance with the investment elections in effect on the date each repayment is credited. The Committee may adopt rules and procedures for loan accounting and repayment which differ from the foregoing provisions of this Subparagraph (h), but which are consistent with the general principle that a loan to a Participant under this Subsection constitutes an investment of his or her Accounts rather than a general investment of the Trust Fund. Repayments shall be required to be invested during the month in which received or within such longer period as the Committee may reasonably determine, but in any event within the time required by Subsection 5.01. Any such repayment shall be made by payroll deduction unless otherwise permitted by the Committee.

(i) The Committee may establish uniform rules to apply where Participants fail to repay any portion of loans made to them pursuant to this Subsection and accrued interest thereon in accordance with the terms of the loans, or where any portion of any loan and accrued interest thereon remains unpaid on a Participant's Separation Date. To the extent consistent with Internal Revenue Service rules and regulations, such rules may include charging unpaid amounts against a Participant's Accounts (in such order as the Committee decides), and treating the amounts so charged as a payment to the Participant for purposes of SECTION 10. The Committee may charge a Participant's Account for reasonable and necessary administrative fees incurred in administering any loan under this Subsection in accordance with uniform rules and procedures applicable to all Participants similarly situated. Loan repayments will be suspended under the Plan as permitted under Section 414(u)(4) of the Code.

(j) Any loan which was being administered under a Predecessor Plan and which was transferred to this Plan shall be governed by the applicable terms of this Plan on and after the transfer date.

11.02 After-Tax Withdrawals

A Participant may withdraw all or a portion of his or her After-Tax Account, if any. The timing of such withdrawals shall be established by the Committee.

11.03 Hardship Withdrawals

In the event a Participant suffers a serious financial hardship, such Participant may withdraw a portion of the vested balance in his or her Accounts (excluding his or her Annual Company Contribution Account, his or her Transition Contribution Account, any portion of his or her Before-Tax Contribution Account attributable to qualified non-elective contributions (if applicable), any portion of his or her Matching Contribution Account attributable to Matching Contributions made on or after February 24, 2009, and any earnings credited to his or her Before-Tax Contribution Account on or after January 1, 1989), provided that the amount of the withdrawal is at least $250.00 and does not exceed the amount required to meet the immediate financial need created by the serious financial hardship.

(a) Immediate and Heavy Need. A hardship shall be deemed on account of immediate and heavy financial need only if the withdrawal is on account of:

(i) Tuition, related educational fees, and room and board expenses, for up to the next twelve (12) months of post-secondary education for the Participant or his or her spouse, children or dependents (determined under Code Section 152 without regard to Section 152(b)(1), (b)(2) and (d)(1)(B));

(ii) Costs directly related to the purchase of a primary residence for the Participant (not including mortgage payments);

(iii) Unreimbursed medical expenses that would be deductible by the Participant for federal income tax purposes pursuant to Code Section 213, and that are incurred by the Participant, the Participant's spouse or any dependent (as defined in Code Section 152 without regard to the change in the definition under the Working Families Tax Relief Act of 2004) including any non-custodial child who is subject to the special rule of Code Section 152(e); or amounts necessary to obtain medical care or medically necessary equipment or services for the Participant, the Participant's spouse or a dependent described in this Subparagraph (iii);

(iv) The need to prevent eviction of the Participant from his or her primary residence or foreclosure on the mortgage of the Participant's principal residence;

(v) Payment for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in Code Section 152 without regard to Section 152(d)(1)(B)); or

(vi) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

(b) Necessary amount. A determination of whether the requirement that the withdrawal not exceed the amount required to meet the immediate financial need created by the serious financial hardship is satisfied shall be made on the basis of all relevant facts and circumstances in a consistent and nondiscriminatory manner; provided, however, that the Participant must provide the Committee with a statement on which the Committee may reasonably rely, unless it has actual knowledge to the contrary, certifying that the Participant's financial need cannot be relieved by all of the following means:

(i) Through reimbursement or compensation by insurance or otherwise,

(ii) By reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need,

(iii) By cessation of elective contributions under this Plan, or other distributions from this Plan, and

(iv) By other distributions, such as the distribution of dividends which are currently available to the Participant, or nontaxable (at the time of the loan) loans from Plans maintained by the Employer or by any other employer, or by borrowing from commercial sources on reasonable commercial terms.

For purposes of this Subsection, the Participant's resources shall be deemed to include those assets of his or her spouse and minor children that are reasonably available to the Participant. Property owned by the Participant and the Participant's spouse, whether as community property, joint tenants, tenants by the entirety, or tenants in common, will be deemed a resource of the Participant. However, property held for the Participant's child under an irrevocable trust or under the Uniform Gifts to Minors Act will not be treated as a resource of the Participant.

(c) A Participant may not request more than two (2) withdrawals per calendar year under this Subsection.

(d) To obtain a hardship withdrawal, a Participant must submit his withdrawal request in accordance with procedures and within such time periods as may be determined by the Committee. Hardship withdrawals shall be made as soon as administratively feasible after the Committee has received the Participant's withdrawal request and such information and documents from the Participant as the Committee shall deem necessary.

11.04 Age 59-$^1/_2$ Withdrawals

Upon making an application to the Committee, a Participant who has attained the age of fifty-nine and one-half (59-$^1/_2$) may withdraw part or all of his or her vested Account balances (excluding his or her Annual Company Contribution Account and his or her Transition Contribution Account). The form and timing of such applications and withdrawals shall be established by the Committee.

11.05 Additional Rules for Withdrawals

Withdrawals made pursuant to Subsections 11.02, 11.03 and 11.04 shall be made in cash and shall be charged to the Participant's vested Accounts (if applicable) in such order as shall be determined by the Committee and applied uniformly. Requests for a withdrawal shall be made in such manner and in accordance with such rules as the Committee determines. If the Committee determines in its discretion that a withdrawal under this Subsection shall be made in a manner other than in writing, any Participant who makes a request pursuant to such method may receive written confirmation of such request; further, any such request and confirmation shall be the equivalent of a writing for all purposes.

SECTION 12

Reemployment

12.01 Reemployed Participants

Except as provided below, if a Participant is reemployed by an Employer following a termination of employment, such Participant shall resume participation in the Plan for all purposes on the first day of the first payroll period following his rehire date that he is a member of a Covered Group. If a former Employee or Eligible Employee is reemployed by an Employer, Service he or she had accrued prior to his or her termination of employment will be reinstated for purposes of determining his or her eligibility to participate in the Plan, and he or she shall become eligible to participate in the Plan in accordance with the provisions of Subsection 3.01.

12.02 Calculation of Service Upon Reemployment

(a) Reemployment with Vested Interest in Plan Accounts. If at the time the Participant terminated employment, he or she had either (A) a vested interest in his or her Before-Tax Contribution Account, Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account or Predecessor Company Account, or (B) amounts credited to his or her Before-Tax Contribution Account, the following rules shall apply:

(i) If the Participant is reemployed by a Controlled Group Member before he or she incurs five (5) consecutive One-Year Breaks In Service, the Participant may repay to the Trustee, within five (5) years of his or her Reemployment Date, the total amount previously distributed to him or her from his or her Plan Accounts subject to vesting as a result of his or her earlier termination of employment. If a Participant makes such a repayment to the Trustee, both the amount of the repayment and the Forfeiture that resulted from the previous termination of employment shall be credited to his or her Accounts as of the Accounting Date coincident with or next following the date of repayment and he or she shall continue to vest in such amounts in accordance with the vesting schedule in effect at the Participant's reemployment.

(ii) If a Participant is reemployed by a Controlled Group Member on or after he or she incurs five (5) consecutive One-Year Breaks in Service, his or her pre-break Service shall count as Service for purposes of vesting in amounts credited to his or her Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account or Predecessor Company Account, as applicable, on or after such reemployment. However, pre-break Forfeitures will not be restored to such Participant's Accounts and such Participant's post-break Service shall be disregarded for purposes of vesting in his or her pre-break Annual

Company Contribution Account, Transition Contribution Account, Matching Contribution Account or Predecessor Company Account, as applicable.

(b) Reemployment with No Vested Interest in Plan Accounts. If at the time the Participant terminated employment, he or she did not have either (A) a vested interest in his or her Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account, or Predecessor Company Account, or (B) amounts credited to his or her Before-Tax Contribution Account, the following rules shall apply:

(i) If the Participant is reemployed by a Controlled Group Member before he or she incurs five (5) consecutive One-Year Breaks In Service, the amount of the Forfeiture that resulted from the previous termination of employment shall be credited to his or her Accounts as of the Accounting Date coincident with or next following the date of his or her reemployment or as soon as administrative feasible thereafter and he or she shall continue to vest in such amounts.

(ii) If the Participant is reemployed by a Controlled Group Member before he or she incurs five (5) consecutive One-Year Breaks In Service, pre-break Forfeitures shall not be restored to his or her Accounts. In addition, if the Participant's number of consecutive One-Year Breaks In Service exceeds the greater of five (5) of the aggregate number of such Participant's pre-break Service, such pre-break Service shall be disregarded for purposes of vesting in amounts credited to his or her Employer Contribution Accounts after such employment.

(c) Forfeitures. Forfeitures that are credited to a Participant's Accounts under this Subsection shall be allocated from amounts forfeited under Subsection 10.01 or the applicable Supplement or, in the absence of such amounts, shall reduce income and gains of the Fund to be credited under Subsection 8.02.

(d) Transferred Participants. Notwithstanding any Plan provision to the contrary, all service of a Transferred Participant that was recognized under the Sara Lee Plan as of the Effective Date (or as of a subsequent transfer of employment described in Subparagraph 2.66(b), if applicable) shall be recognized and taken into account under the Plan to the same extent as if such service had been completed under the Plan, subject to the provisions of this Section and any applicable break in service rules under this Plan and the Sara Lee Plan.

(e) Former NTX and Sara Lee Employees. If an individual (i) was previously employed by the Sara Lee Corporation (referred to as the "prior employers" for purposes of this Subparagraph), and (ii) subsequently becomes an Employee of an Employer or a Controlled Group Member; all of the individual's service with the prior employers shall be recognized and taken into account under the Plan to the same extent as of such service had been completed under the Plan, subject to the provisions of this Section and any applicable break in service rules under the applicable prior employer’s plans.

SECTION 13

Special Rules for Top-Heavy Plans

13.01 Purpose and Effect

The purpose of this SECTION 13 is to comply with the requirements of Code Section 416. The provisions of this SECTION 13 shall be effective for each Plan Year in which the Plan is a "Top-Heavy Plan" within the meaning of Code Section 416(g).

13.02 Top Heavy Plan

In general, the Plan will be a Top-Heavy Plan for any Plan Year if, as of the last day of the preceding Plan Year (the "Determination Date"), the aggregate Account balances of Participants in this Plan who are Key Employees (as defined in Section 416(i)(1) of the Code) exceed sixty percent (60%) of the aggregate Account balances of all Participants in the Plan. In making the foregoing determination, the following special rules shall apply:

(a) A Participant's Account balance shall be increased by the aggregate distributions, if any, made with respect to the Participant during the one (1) year period ending on the Determination Date (including distributions under a terminated plan which, had it not been terminated, would have been aggregated with this Plan under Section 416(g)(2)(A)(i) of the Code). In the case of a distribution made for a reason other than separation from service, death or Total Disability, the one (1) year period shall be replaced with a five (5) year period.

(b) The Account balance of, and distributions to, a Participant who was previously a Key Employee, but who is no longer a Key Employee, shall be disregarded.

(c) The Account of a Beneficiary of a Participant shall be considered the Account of a Participant.

(d) The Account balances of a Participant who did not perform any services for the Employers during the one (1) year period ending on the Determination Date shall be disregarded.

13.03 Key Employee

In general, a "Key Employee" is an Employee who, at any time during the Plan Year that includes the Determination Date was:

(a) An officer of an Employer receiving annual Compensation greater than $140,000 (as adjusted under Section 416(i)(l) of the Code);

(b) A five percent (5%) owner of an Employer; or

(c) A one percent (1%) owner of an Employer receiving annual Compensation from any of the Employers and the Controlled Group Members of more than $150,000.

13.04 Minimum Employer Contribution

For any Plan Year in which the Plan is a Top-Heavy Plan, an Employer's contribution, if any, credited to each Participant who is not a Key Employee shall not be less than three percent (3%) of such Participant's Compensation for that year. For purposes of the foregoing, contributions under Subsection 5.01 shall not be considered Employer contributions. In no event, however, shall an Employer contribution credited in any year to a Participant who is not a Key Employee (expressed as a percentage of such Participant's Compensation) exceed the maximum Employer contribution credited in that year to a Key Employee (expressed as a percentage of such Key Employee's Compensation).

13.05 Aggregation of Plans

Each other defined contribution plan and defined benefit plan maintained by the Employers that covers a "Key Employee" as a Participant or that is maintained by the Employers in order for a Plan covering a Key Employee to qualify under Section 401(a)(4) and 410 of the Code shall be aggregated with this Plan in determining whether this Plan is Top-Heavy. In addition, any other defined contribution or defined benefit plan of the Employers may be included if all such plans which are included when aggregated will continue to qualify under Section 401(a)(4) and 410 of the Code.

13.06 No Duplication of Benefits

If an Employer maintains more than one plan, the minimum Employer contribution otherwise required under Subsection 13.04 above may be reduced in accordance with regulations of the Secretary of the Treasury to prevent inappropriate duplications of minimum contributions or benefits.

13.07 Compensation

For purposes of this Section 13, "Compensation" shall mean compensation as defined in Subsection 6.05 of the Plan.

SECTION 14

General Provisions

14.01 Committee's Records

The records of the Committee as to an Employee's age, Separation Date, Leave of Absence, reemployment and Compensation will be conclusive on all persons unless determined to the Committee's satisfaction to be incorrect.

14.02 Information Furnished by Participants

Participants and their Beneficiaries must furnish to the Committee such evidence, data or information as the Committee considers desirable to carry out the Plan. The benefits of the Plan for each person are on the condition that he or she furnish promptly true and complete evidence, data and information requested by the Committee.

14.03 Interests Not Transferable

Except as otherwise provided in Subsection 14.04 and as may be required by application of the tax withholding provisions of the Code or of a state's income tax act, benefits under the Plan are not in any way subject to the debts or other obligations of the persons entitled to such benefits and may not be voluntarily or involuntarily sold, transferred, alienated, assigned, or encumbered.

14.04 Domestic Relations Orders

If the Committee receives a domestic relations order issued by a court pursuant to a state's domestic relations law, the Committee will direct the Trustee to make such payment of the Participant's vested benefits to an Alternate Payee or Payees as such order specifies, provided the Committee first determines that such order is a qualified domestic relations order ("QDRO") within the meaning of Section 414(p) of the Code. The Committee will establish reasonable procedures for determining whether or not a domestic relations order is a QDRO. Upon receiving a domestic relations order, the Committee shall promptly notify the Participant and any Alternate Payee named in the order that the Committee has received the order and any procedures for determining whether the order is a QDRO. If, within eighteen (18) months after receiving the order, the Committee makes a determination that the order is a QDRO, any direction to the Trustee to pay the benefits to an Alternate Payee as specified in the QDRO will include a direction to pay any amounts that were to be paid during the period prior to the date the Committee determines that the order is a QDRO. If during the eighteen (18) month period the Committee determines that the order is not a QDRO or no determination is made with respect to whether the order is a QDRO, the Committee will direct the Trustee to pay the amounts that would have been paid to the Alternate Payee pursuant to the terms of the order to the Participant if such amounts otherwise would have been payable to the Participant under the terms of the Plan. The Committee in its discretion may maintain an Account for an Alternate Payee to which any amount that is to be paid to such Alternate Payee from a Participant's Accounts will be credited. The Alternate Payee for whom such Account is maintained may exercise the same elections with respect to the fund or funds in which the Account will be invested as would be permissible for a Participant in the Plan. Further, the Alternate Payee may name a Beneficiary, in the manner provided in Subsection 10.03 to whom the balance in the Account is to be paid in the event the Alternate Payee should die before complete payment of the Account has been made. Distribution of the Alternate Payee's Account shall be made in accordance with Subsections 10.01 and 10.02, and the Alternate Payee may exercise the same elections with respect to requesting a distribution or partial distribution of his or her Account as would be permissible for a Participant in the Plan; provided that the Alternate Payee's Required Commencement Date shall be the date on which the Participant attains (or, in the event of the Participant's death, would have attained) the Participant's Required Commencement Date. The Committee may direct the Trustee to distribute benefits to an Alternate Payee on the earliest date specified in a QDRO, without regard to whether such distribution is made or commences prior to the Participant's earliest retirement age (as defined in Section 414(p)(4)(B) of the Code) or the earliest date that the Participant could commence receiving benefits under the Plan.

14.05 Facility of Payment

When, in the Committee's opinion, a Participant or Beneficiary is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Committee may direct the Trustee to make payments to his or her legal representative, or to a relative or friend of the Participant or Beneficiary for his or her benefit, or the Committee may direct the Trustee to apply the payment for the benefit of the Participant or Beneficiary in any way the Committee considers advisable.

14.06 No Guaranty of Interests

Neither the Trustee nor the Employers in any way guarantee the Trust Fund from loss or depreciation. The Employers do not guarantee any payment to any person. The liability of the Trustee and the Employers to make any payment is limited to the available assets of the Trust Fund.

14.07 Rights Not Conferred by the Plan

The Plan is not a contract of employment, and participation in the Plan will not give any Employee the right to be retained in an Employer's employ, nor any right or claim to any benefit under the Plan, unless the right or claim has specifically accrued under the Plan.

14.08 Gender and Number

Where the context admits, words denoting men include women, the plural includes the singular and vice versa.

14.09 Committee's Decisions Final

An interpretation of the Plan and a decision on any matter within the Committee's discretion made by it in good faith is binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known, and the Committee shall make such adjustment as it considers equitable and practicable.

14.10 Litigation by Participants

If a legal action begun against the Trustee, the Committee or any of the Employers by or on behalf of any person results adversely to that person, or if a legal action arises because of conflicting claims to a Participant's or Beneficiary's benefits, the cost to the Trustee, the Committee or any of the Employers of defending the action will be charged to such extent as possible to the sums, if any, involved in the action or payable to the Participant or Beneficiary concerned.

14.11 Evidence

Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

14.12 Uniform Rules

In managing the Plan, the Committee will apply uniform rules to all Participants similarly situated.

14.13 Law That Applies

Except to the extent superseded by laws of the United States, the laws of North Carolina (without regard to any state's conflict of laws principles) shall be controlling in all matters relating to the Plan.

14.14 Waiver of Notice

Any notice required under the Plan may be waived by the person entitled to such notice.

14.15 Successor to Employer

The term "Employer" includes any entity that agrees to continue the Plan under Subparagraph 16.02(c).

14.16 Application for Benefits

Each Participant or Beneficiary eligible for benefits under the Plan shall apply for such benefits according to procedures and deadlines established by the Committee. In the event of denial of any application for benefits, the procedure set forth in Subsection 14.17 shall apply.

14.17 Claims Procedure

Claims for benefits under the Plan shall be made in such manner as the Committee shall prescribe. Claims for benefits and the appeal of denied claims under the Plan shall be administered in accordance with Section 503 of ERISA, the regulations thereunder (and any other law that amends, supplements or supersedes said Section of ERISA), and the claims and appeals procedures adopted by the Committee and/or the Appeal Committee, as appropriate, for that purpose. The Plan shall provide adequate notice to any claimant whose claim for benefits under the Plan has been denied, setting forth the reasons for such denial, and shall afford a reasonable opportunity to such claimant for a full and fair review by the Appeal Committee of the decision denying the claim. No action at law or in equity shall be brought to recover benefits under the Plan until the appeal rights described in this Subsection have been exercised and the Plan benefits requested in such appeal have been denied in whole or in part. Any legal action subsequent to a denial of a benefit appeal taken by a Participant against the Plan or its fiduciaries must be filed in a court of law no later than ninety (90) days after the Appeal Committee's final decision on review of an appealed claim. All decisions and communications relating to claims by Participants, denials of claims or claims appeals under this SECTION 14 shall be held strictly confidential by the Participant, the Committees and the Employers during and at all times after the Participant's claim has been submitted in accordance with this Section.

14.18 Action by Employers

Any action required or permitted under the Plan of an Employer shall be by resolution of its Board of Directors or by a duly authorized Committee of its Board of Directors, or by a person or persons authorized by resolution of its Board of Directors or such Committee.

SECTION 15

No Interest in Employers

The Employers shall have no right, title or interest in the Trust Fund, nor will any part of the Trust Fund at any time revert or be repaid to an Employer, unless:

(a) The Internal Revenue Service initially determines that the Plan does not meet the requirements of Section 401(a) of the Code, in which event the assets of the Trust Fund attributable to the contributions made to the Plan by the Employer or Employers with respect to whom such determination is made shall be returned to them; or

(b) Any portion of a contribution is made by an Employer by mistake of fact and such portion is returned to the Employer within one year after payment to the Trustee; or

(c) A contribution conditioned on the deductibility thereof is disallowed as an expense for federal income tax purposes and such contribution (to the extent disallowed) is returned to the Employer within one year after the disallowance of the deduction.

The amount of any contribution that may be returned to an Employer pursuant to Subparagraph (b) or (c) above must be reduced by any portion thereof previously distributed from the Trust Fund to Participants or their Beneficiaries and by any losses of the Trust Fund allocable thereto, and in no event may the return of such amount cause any Participant’s Account balance to be less than the amount that such balance would have been had the contribution not been made under the Plan.

SECTION 16

Amendment or Termination

16.01 Amendment

While the Employers expect to continue the Plan, the Company reserves the right, subject to SECTION 15, to amend the Plan from time to time, by resolution of the Board of Directors in accordance with Subsection 14.18, or by resolution of a committee authorized to amend the Plan by resolution of the Board of Directors of the Company. Notwithstanding the foregoing, no amendment will reduce a Participant's Account balance to less than an amount he or she would be entitled to receive if he or she had terminated his or her association with the Employers on the day of the amendment.

16.02 Termination

The Plan will terminate as to all Employers on any date specified by the Company, by resolution of the Board of Directors in accordance with Subsection 14.18, if advance written notice of the termination is given to the Trustee and the other Employers. The Plan will terminate as to an individual Employer on the first to occur of the following:

(a) The date it is terminated by that Employer, by resolution of its Board of Directors in accordance with Subsection 14.18, if advance written notice of the termination is given to the Company and the Trustee;

(b) The date the Employer permanently discontinues its contributions under the Plan; and

(c) The dissolution, merger, consolidation or reorganization of that Employer, or the sale by that Employer of all or substantially all of its assets; provided, however, that upon the occurrence of any of the foregoing events, arrangements may be made whereby the Plan will be continued by a successor to such Employer, in which case the successor will be substituted for such Employer under the Plan.

16.03 Effect of Termination

On termination or partial termination of the Plan, the date of termination will be an Accounting Date, and, after all adjustments then required have been made, each Participant's Account balance will be vested in him or her and distributed to him or her by one or more of the methods described in Subsection 10.01 as the Committee decides. All appropriate accounting provisions of the Plan will continue to apply until the Account balances of all Participants have been distributed under the Plan.

16.04 Notice of Amendment or Termination

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

16.05 Plan Merger, Consolidation, Etc.

In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other Plan, each Participant's benefits if the Plan terminated immediately after such merger, consolidation or transfer shall be equal to or greater than the benefits he or she would have been entitled to receive if the Plan had terminated immediately before the merger, consolidation or transfer.

SECTION 17

Relating to the Plan Administrator and Committees

17.01 The Employee Benefits Administrative Committee

The Board of Directors of the Company has appointed the Committee, consisting of three (3) or more individuals, to consolidate the powers and duties of administration of the employee benefit plans and programs maintained by the Company. Each appointee to the Committee shall serve for as long as is mutually agreeable to the Company and to the appointee. A majority of the members of the Committee have the power to act on behalf of the Committee. The Committee may delegate any of its responsibilities hereunder, by designating in writing other persons to advise it with regard to any such responsibilities. Any person to whom the Committee has delegated any of its responsibilities also may delegate any of its responsibilities hereunder, subject to the approval of the Committee, by designating in writing other persons to carry out its responsibilities under the Plan, and may retain other persons to advise it with regard to any of such responsibilities. The Committee and any delegate of the Committee hereunder may serve in more than one fiduciary capacity. The Committee and its delegates may allocate fiduciary responsibilities among themselves in any reasonable and appropriate fashion, subject to the approval of the Committee. Except as otherwise specifically provided and in addition to the powers, rights and duties specifically given to the Committee elsewhere in the Plan and the Trust Agreement, the Committee shall have the following **discretionary** powers, rights and duties:

(a) To approve the appointment and removal of the members of the Appeal Committee, who shall have such powers, rights and duties as are specifically provided elsewhere in the Plan in addition to those delegated by the Committee.

(b) To act as "Plan Administrator" of the Plan, and to adopt such regulations and rules of procedure as in its opinion may be necessary for the proper and efficient administration of the Plan and as are consistent with the Plan and Trust Agreement. The Committee shall be the fiduciary responsible for ensuring that procedures safeguarding the confidentiality of all Participant decisions and directions relating to purchase, sale, tendering and voting (as described in Subsection 9.06) of shares of Sara Lee Stock and Hanesbrands credited to such Participants' Accounts are sufficient and are being followed.

(c) To determine all questions arising under the Plan other than those determinations that have been delegated to the Appeal Committee or the Investment Committee, including the power to determine the rights or eligibility of Employees or Participants and any other persons, and the amounts of their benefits under the Plan**,** and to remedy ambiguities, inconsistencies or omissions**,** and to make factual findings; such determinations shall be binding on all parties. Benefits under this Plan will be paid only if the Committee decides in its discretion that the applicant is entitled to them.

(d) To enforce the Plan in accordance with its terms and the terms of the Trust Agreement and in accordance with the rules and regulations adopted by the Committee.

(e) To construe and interpret the Plan and Trust Agreement, to reconcile and correct any errors or inconsistencies and to make adjustments for any mistakes or errors made in the administration of the Plan.

(f) To furnish the Employers with such information as may be required by them for tax or other purposes.

(g) To employ agents, attorneys, accountants, actuaries or other organizations or persons (who also may be employed by the Employers) and allocate or delegate to them any of the powers, rights and duties of the Committee as the Committee may consider necessary or advisable to properly administer the Plan. To the extent that the Committee delegates to any person or entity the discretionary authority to manage and control the administration of the Plan, such person or entity shall be a fiduciary as defined in ERISA. As appropriate, references to the Committee herein with respect to any delegated powers, rights and duties shall be considered references to the applicable delegate.

17.02 The ERISA Appeal Committee

The Committee has appointed the Appeal Committee primarily for the purpose of reviewing decisions denying benefits under the Plan and reviewing requests for hardship withdrawals under Subsection 11.03 of the Plan. The Appeal Committee shall consist of five (5) or more individuals, and each such appointee shall serve for as long as is mutually agreeable to the Committee and to the appointee. A majority of the members of the Appeal Committee will have the power to act on behalf of the Appeal Committee. Except as otherwise specifically provided and in addition to the powers, rights and duties specifically given to the Appeal Committee elsewhere in the Plan and the Trust Agreement, the Appeal Committee shall have the following powers, rights and duties:

(a) To adopt such regulations and rules of procedure as in its opinion may be necessary for the proper and efficient administration of the Plan and as are consistent with the Plan and Trust Agreement.

(b) To have final review of appeals of decisions by the Committee or its delegates denying benefits under the Plan, and to have final review of decisions by the Committee or its delegates denying requests for hardship withdrawals under Subsection 11.03 of the Plan, including the power to determine the rights or eligibility of Employees or Participants and any other persons, and to remedy ambiguities, inconsistencies or omissions.

(c) To enforce the Plan in accordance with its terms and the terms of the Trust Agreement, and in accordance with the rules and regulations adopted by the Committee.

(d) To construe the Plan and Trust Agreement, to reconcile and correct any errors or inconsistencies and to make adjustments for any mistakes or errors made in the administration of the Plan.

The Committee and the Appeal Committee are sometimes referred to herein collectively as the "Committees."

17.03 Secretary of the Committee

Each of the Committees may appoint a secretary to act upon routine matters connected with the administration of the Plan, to whom the Committee or the Appeal Committee, as the case may be, may delegate such authorities and duties as it deems expedient.

17.04 Manner of Action

During any period in which two (2) or more members of any of the Committees are acting, the following provisions apply where the context admits:

(a) A member of the Committee or the Appeal Committee, as applicable, by writing may delegate any or all of such member's rights and duties to any other member, with the consent of the latter.

(b) The Committee or the Appeal Committee, as applicable may act by meeting or by writing signed without meeting, and may sign any document by signing one document or concurrent documents.

(c) An action or a decision of a majority of the members of the Committee or the Appeal Committee, as the case may be, as to a matter shall be effective as if taken or made by all members of the Committee or the Appeal Committee, as applicable.

(d) If, because of the number qualified to act, there is an even division of opinion among the members of the Committee or the Appeal Committee, as the case may be, as to a matter, a disinterested party selected by the Committee or the Appeal Committee, as applicable, may decide the matter and such party's decision shall control.

(e) The certificate of the secretary of the Committee or the Appeal Committee, as applicable, of a majority of the members that the Committee or the Appeal Committee, as the case may be, has taken or authorized any action shall be conclusive in favor of any person relying on the certificate.

17.05 Interested Party

If any member of the Committee or the Appeal Committee, as applicable also is a Participant in the Plan, such individual may not decide or determine any matter or question concerning payments to be made to such individual unless such decision or determination could be made by such individual under the Plan if such individual were not a member of the applicable committees.

17.06 Reliance on Data

The Committee or the Appeal Committee, as applicable may rely upon data furnished by authorized officers of any Employer as to the age, Service and Compensation of any Employee of such Employer and as to any other information pertinent to any calculations or determinations to be made under the provisions of the Plan, and the Committees shall have no duty to inquire into the correctness thereof.

17.07 Committee Decisions

Subject to applicable law, any interpretation of the provisions of the Plan and any decisions on any matter within the discretion of the Committee or the Appeal Committee, as applicable made by such party in good faith shall be binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known, and the Committee or the Appeal Committee, as applicable shall make such adjustments on account thereof as they consider equitable and practicable.

SECTION 18

Adoption of Plan by Controlled Group Members

With the consent of the Company, any Controlled Group Member of the Company may adopt the Plan and become an Employer hereunder. The adoption of the Plan by any such Controlled Group Member shall be effected by resolution of its Board of Directors, and the Company's consent thereto shall be effected by resolution of the Committee.

SECTION 19

Supplements to the Plan

From time to time, the Company or the Committee may adopt Supplements to the Plan for the purpose of modifying the provisions of the Plan as they apply to certain or all Participants in a Covered Group or for the purpose of preserving benefits derived from another plan maintained by an Employer or a Predecessor Company to an Employer. Such Supplements will form a part of the Plan as applied to the Participants affected or covered thereby.

* * *

IN WITNESS WHEREOF, the Company has caused this Plan to be executed by the undersigned officer this 26th day of July, 2006.

HANESBRANDS INC.

By: /s/ Kevin W. Oliver
Its: Senior Vice President, Human Resources

EXHIBIT A

Accounts Transferred from the Sara Lee Plan

The assets and liabilities of the Sara Lee Plan attributable to participants employed by the following businesses/divisions were transferred from the Sara Lee Plan to the Plan as of the Effective Date:

Business /Division	Division Code
Champion Athleticwear	7800
Champion Jogbra	9501
Champion Jogbra (Vermont)	9500
Eden Yarn	9225
Harwood	9260
Hanes Printables	9250
Henson Kicknerick	9300
J. E. Morgan	9265
OuterBanks	9266
Playtex Apparel-Hourly	9401
Playtex Apparel-Salary	9400
Sara Lee Activewear/Hourly	9221
Sara Lee Business Services	9273 (except process level 12702)
Sara Lee Casualwear	9220 (except process level 19901 (Courtalds))
Sara Lee Direct	9271
Sara Lee Hosiery	9210
Sara Lee Intimate Apparel	9200 (except process level 19901 (Courtalds))
Sara Lee Sock Company (previously known as Adams-Millis Corporation)	7995
Sara Lee Underwear	9240
Sara Lee Underwear Weston	9260
Scotch Maid	7975
Socks Galore	9272
Spring City Knitting	9230

Covered Groups

The following lists the Covered Groups under the Plan as of the Effective Date

1. Employees of Hanesbrands Inc. other than (a) employees employed in Puerto Rico, and (b) employees covered by a collective bargaining agreement which agreement does not provide for participation in the Plan; provided that participation in the Plan was the subject of good faith bargaining.

SUPPLEMENT A
TO
HANESBRANDS INC.
RETIREMENT SAVINGS PLAN
Provisions Relating to the Merger of the
National Textiles, L.L.C. 401(k) Plan
into the
Hanesbrands Inc. Retirement Savings Plan

A-1. Purpose. The provisions of this Supplement A apply to: (a) participants in the National Textiles, L.L.C. 401(k) Plan (the "NTX Plan") as of January 1, 2007 and (b) all other individuals who are active employees of National Textiles, L.L.C. ("NTX") on January 1, 2007; and shall supersede the provisions of the Plan (except such Plan provisions as impose conditions or limitations required by applicable law) to the extent necessary to eliminate any inconsistency between the Plan and this Supplement A. Effective as of the close of business on January 1, 2007 (the "Merger Date"), the NTX Plan shall be merged into, and continued in the form of, this Plan. The purpose of this Supplement A is to reflect the merger and resulting transfer of accounts of participants in the NTX Plan as of the Merger Date ("NTX Plan Participants") and to set forth special provisions which shall apply with respect to NTX Plan Participants. The merger and the transfer of assets and liabilities from the NTX Plan to this Plan shall be in accordance with the applicable provisions of ERISA and Sections 401(a)(12), 411(d)(6), and 414(l) of the Code. In addition to providing for the merger of the NTX Plan into this Plan, this Supplement A provides a special vesting rule with respect to individuals who are not NTX Plan Participants but are active employees of NTX on the Merger Date.

A-2. Participation. Subject to the conditions and limitations of the Plan, each NTX Plan Participant on the Merger Date who is employed by NTX or Hanesbrands Inc. on and after the Merger Date shall automatically become a Participant in this Plan on the Merger Date and shall be covered by this Supplement A. Except as provided in this Supplement A, NTX Plan Participants described in the preceding sentence:

Shall be eligible to make Before-Tax Contributions in accordance with Subparagraph 4.01(a) (and Catch-Up Contributions, if applicable, in accordance with Subsection 4.02);

Shall not be deemed to have made an automatic deferral election under Subparagraph 4.01(b) until such time as otherwise determined by the Committee; and

Shall be eligible to receive Annual Company Contributions in accordance with Subsection 5.02, and Matching Contributions in accordance with Subsection 5.03.

Each other NTX Plan Participant shall, on and after the Merger Date, be treated as a restricted Participant or Beneficiary (as applicable) of the Plan pursuant to Subsection 7.02 and the conditions and limitations of the Plan. Notwithstanding any provision of the Plan to the contrary, NTX Plan Participants who have not met the requirements of Section 3.01 of the Plan prior to the Merger Date shall be permitted to continue making and receiving Plan contributions described in subparagraphs (a), (b) and (c) above on and after the Merger Date; provided, however, that any employee of NTX or Hanesbrands Inc. on and after the Merger Date who did not meet the requirements of Section 3.01 of the Plan as of the Merger Date and who was not an NTX Participant as of the Merger Date, must meet the requirements of Section 3.01 of the Plan on or after the Merger Date prior to becoming a Participant in the Plan.

A-3. Transfer of Assets. The assets of accounts held in the NTX Plan will be transferred into and become assets of this Plan and will be held, invested and administered by the Trustee with the other assets of the Trust Fund pursuant to the provisions of the Trust Agreement and Plan.

A-4. Transfer of Accounts. All accounts maintained for NTX Plan Participants under the NTX Plan on the Merger Date shall be adjusted as of that date in accordance with the provisions of the NTX Plan. As soon as administratively practicable following such adjustment, assets and liabilities of the NTX Plan equal to the net credit balances in such accounts, as adjusted, shall be transferred to the Plan and credited to corresponding accounts established for each NTX Plan Participant under the Plan as follows:

NTX Account	HBI Account
Tax-Deferred 401(k) Contribution Account	Before-Tax Contribution Account
After-Tax Account	After-Tax Account
Rollover Account	Rollover Contribution Account
Prior ESOP Account	Predecessor Company Account
Matching Contribution Account	Predecessor Company Account
Prior Company Account	Predecessor Company Account

Effective as of the Merger Date, NTX Plan Participants' accounts under the NTX Plan shall be paid from the Plan in accordance with the terms of the Plan.

A-5. Plan Benefits for Participants Who Terminated Employment Prior to the Merger Date. The benefits that would have been provided under the Plan with respect to any Participant who retired or whose employment otherwise terminated prior to the Merger Date will be provided from the Plan pursuant to the provisions thereof.

A-6. Vesting. As of the Merger Date, each NTX Plan Participant, employed by NTX or the Employer on the Merger Date, shall be 100% vested in and have a nonforfeitable interest in all contributions made to the Plan prior to the Merger Date and on and after the Merger Date. Each other NTX Plan Participant who was not employed by NTX, the Employer or a Controlled Group Member on the Merger Date shall be vested in his Account balance to the same extent that he was vested at his Separation Date, subject to Section 12 of the Plan. Each individual who is actively employed by NTX on the Merger Date but is not then an NTX Plan Participant shall be 100% vested in and have a nonforfeitable interest in all contributions made to the Plan on his behalf on and after the Merger Date.

A-7. Loans. Any loans from the NTX Plan to NTX Plan Participants that are outstanding as of the Merger Date shall be transferred to the Plan and will be held and administered hereunder pursuant to the terms of such loans, regulations under the Code and ERISA, and rules established by the Committee.

A-8. Transfer of Records. On or as soon as practicable after the Merger Date, the administrator of the NTX Plan shall transfer to the Plan Administrator all administrative records maintained with respect to NTX Plan Participants.

A-9. Use of Terms. The provisions of this Supplement A shall supersede the provisions of the Plan (except such Plan provisions that impose conditions or limitations required by applicable law) to the extent necessary to eliminate any inconsistency between this Supplement A and the Plan. Terms used in this Supplement A shall, unless defined in this Supplement A or otherwise noted, have the meanings given to those terms elsewhere in the Plan.

SUPPLEMENT B
TO
HANESBRANDS INC.
RETIREMENT SAVINGS PLAN
Special Participation Provisions

The following individuals shall become Participants pursuant to Subsection 3.01(a)(i) of the Plan without regard to age (except for purposes of the Annual Company Contribution):

EMPLOYEE ID	BIRTHDATE	STATUS DATE
150720	2/26/1989	10/2/2007
150703	6/28/1987	9/30/2007
150710	11/12/1987	10/2/2007
150712	6/4/1988	10/2/2007
150575	9/10/1988	9/19/2007
150627	1/16/1987	9/23/2007
150574	10/21/1987	9/19/2007
150578	12/26/1988	9/19/2007
150637	10/24/1987	9/24/2007
150462	8/22/1987	9/11/2007
150401	9/17/1987	9/4/2007
150436	12/5/1987	9/11/2007
150468	5/26/1989	9/5/2007
150125	4/12/1989	8/28/2007
149971	6/17/1988	8/17/2007
149981	11/17/1987	8/19/2007
149953	11/10/1987	8/14/2007
150453	5/13/1989	9/10/2007
149540	5/18/1988	7/10/2007
149571	2/20/1988	7/9/2007
149337	3/15/1988	6/15/2007
149265	4/29/1988	6/11/2007
149263	8/12/1987	6/11/2007
149194	5/2/1987	5/31/2007
148964	4/29/1988	517/2007
148879	9/2/1987	4/30/2007
148830	10/14/1988	4/24/2007
148666	8/12/1988	12/27/2007
148669	3/12/1988	3/30/2007
148461	11/20/1988	2/27/2007
148508	5/29/1988	3/7/2007
148461	11/20/1988	2/27/2007

EMPLOYEE ID	BIRTHDATE	STATUS DATE
148391	12/1/1988	2/15/2007
148203	7/5/1988	1/24/2007
148332	12/1/1990	2/6/2007
135548	5/5/1989	9/20/2006
135163	4/28/1988	8/28/2006

Exhibit 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 Quarterly Report on Form 10-Q 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: November 5, 2009

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 Quarterly Report on Form 10-Q of Hanesbrands Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ E. Lee Wyatt Jr.
E. Lee Wyatt Jr.
Executive Vice President,
Chief Financial Officer

Date: November 5, 2009

**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 Quarterly Report of Hanesbrands Inc. (“Hanesbrands”) on Form 10-Q for the fiscal quarter ended October 3, 2009 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: November 5, 2009

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 3, 2009 (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.

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 Quarterly Report of Hanesbrands Inc. (“Hanesbrands”) on Form 10-Q for the fiscal quarter ended October 3, 2009 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, E. Lee Wyatt, Jr., Chief Financial Officer of Hanesbrands, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Hanesbrands.

/s/ E. Lee Wyatt Jr.
E. Lee Wyatt Jr.
Executive Vice President,
Chief Financial Officer

Date: November 5, 2009

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 3, 2009 (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.