
**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 March 30, 2013
or

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

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

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

As of April 19, 2013, there were 98,543,948 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 may appear in this Quarterly Report on Form 10-Q include the *Hanes*, *Champion*, *C9 by Champion*, *Bali*, *Playtex*, *Just My Size*, *L'eggs*, *barely there*, *Wonderbra*, *Gear for Sports*, *Zorba*, *Sol y Oro* and *Rinbros* 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, statements under the heading “Outlook” and other information appearing under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” include 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, expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the expectation or belief will result or will 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 December 29, 2012, particularly under the caption “Risk Factors,” as well in the “Investors” section of the company’s corporate website, www.hanesbrands.com.

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 December 29, 2012, particularly under the caption “Risk Factors.” We undertake no obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

WHERE YOU CAN FIND MORE INFORMATION

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

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

PART I

Item 1. Financial Statements

HANESBRANDS INC.
Condensed Consolidated Statements of Income (Loss)
(in thousands, except per share amounts)
(unaudited)

	Quarter Ended	
	March 30, 2013	March 31, 2012
Net sales	\$ 945,461	\$ 973,133
Cost of sales	618,162	718,019
Gross profit	327,299	255,114
Selling, general and administrative expenses	242,156	244,469
Operating profit	85,143	10,645
Other expenses	464	645
Interest expense, net	25,623	36,995
Income (loss) from continuing operations before income tax expense (benefit)	59,056	(26,995)
Income tax expense (benefit)	7,677	(2,724)
Income (loss) from continuing operations	51,379	(24,271)
Loss from discontinued operations, net of tax	—	(2,559)
Net income (loss)	<u>\$ 51,379</u>	<u>\$ (26,830)</u>
Earnings (loss) per share — basic:		
Continuing operations	\$ 0.52	\$ (0.25)
Discontinued operations	—	(0.03)
Net income (loss)	<u>\$ 0.52</u>	<u>\$ (0.27)</u>
Earnings (loss) per share — diluted:		
Continuing operations	\$ 0.51	\$ (0.25)
Discontinued operations	—	(0.03)
Net income (loss)	<u>\$ 0.51</u>	<u>\$ (0.27)</u>

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands)
(unaudited)

	Quarter Ended	
	March 30, 2013	March 31, 2012
Net income (loss)	\$ 51,379	\$ (26,830)
Other comprehensive income, net of tax of \$1,496 and \$1,722, respectively	1,356	4,924
Comprehensive income (loss)	\$ 52,735	\$ (21,906)

See accompanying notes to Condensed Consolidated Financial Statements.

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

	March 30, 2013	December 29, 2012
Assets		
Cash and cash equivalents	\$ 68,545	\$ 42,796
Trade accounts receivable, net	550,650	506,278
Inventories	1,346,985	1,253,136
Deferred tax assets	168,093	166,189
Other current assets	63,285	59,126
Total current assets	<u>2,197,558</u>	<u>2,027,525</u>
Property, net	582,382	596,158
Trademarks and other identifiable intangibles, net	117,091	120,114
Goodwill	433,321	433,300
Deferred tax assets	414,789	397,529
Other noncurrent assets	61,984	57,074
Total assets	<u>\$ 3,807,125</u>	<u>\$ 3,631,700</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 419,302	\$ 403,644
Accrued liabilities	266,686	271,972
Notes payable	29,827	26,216
Accounts Receivable Securitization Facility	159,747	173,836
Total current liabilities	<u>875,562</u>	<u>875,668</u>
Long-term debt	1,435,000	1,317,500
Pension and postretirement benefits	423,567	446,267
Other noncurrent liabilities	124,442	105,399
Total liabilities	<u>2,858,571</u>	<u>2,744,834</u>
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 — 98,530,883 and 98,269,868, respectively	985	983
Additional paid-in capital	300,980	292,029
Retained earnings	962,846	911,467
Accumulated other comprehensive loss	(316,257)	(317,613)
Total stockholders' equity	<u>948,554</u>	<u>886,866</u>
Total liabilities and stockholders' equity	<u>\$ 3,807,125</u>	<u>\$ 3,631,700</u>

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Quarter Ended	
	March 30, 2013	March 31, 2012
Operating activities:		
Net income (loss)	\$ 51,379	\$ (26,830)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization of long-lived assets	23,221	23,330
Amortization of debt issuance costs	1,679	2,476
Amortization of loss on interest rate hedge	—	1,114
Stock compensation expense	2,510	1,772
Deferred taxes and other	(1,551)	(1,448)
Changes in assets and liabilities:		
Accounts receivable	(44,661)	(51,829)
Inventories	(95,192)	(8,647)
Other assets	(12,545)	5,012
Accounts payable	19,087	(49,645)
Accrued liabilities and other	(22,998)	10,580
Net cash used in operating activities	<u>(79,071)</u>	<u>(94,115)</u>
Investing activities:		
Capital expenditures	(6,530)	(9,016)
Net cash used in investing activities	<u>(6,530)</u>	<u>(9,016)</u>
Financing activities:		
Borrowings on notes payable	34,210	20,671
Repayments on notes payable	(30,571)	(42,217)
Borrowings on Accounts Receivable Securitization Facility	51,382	56,802
Repayments on Accounts Receivable Securitization Facility	(65,471)	(60,365)
Borrowings on Revolving Loan Facility	953,000	804,000
Repayments on Revolving Loan Facility	(835,500)	(676,000)
Proceeds from stock options exercised	4,406	323
Other	347	(1,070)
Net cash provided by financing activities	<u>111,803</u>	<u>102,144</u>
Effect of changes in foreign exchange rates on cash	(453)	242
Increase (decrease) in cash and cash equivalents	25,749	(745)
Cash and cash equivalents at beginning of year	42,796	35,345
Cash and cash equivalents at end of period	<u>\$ 68,545</u>	<u>\$ 34,600</u>

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, which consist only of normal recurring adjustments, necessary to state 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.

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.

In May 2012, the Company sold its European imagewear business and completed the discontinuation of its private-label and Outer Banks domestic imagewear operations which served wholesalers that sell to the screen-print industry. As a result of these actions, the prior-year disclosures reflect these operations as discontinued operations.

(2) Recent Accounting Pronouncements***Presentation of Comprehensive Income***

In February 2013, the Financial Accounting Standards Board (the “FASB”) issued a final rule related to the reporting of amounts reclassified out of accumulated other comprehensive income that requires entities to report, either on their income statement or in a footnote to their financial statements, the effects on earnings from items that are reclassified out of other comprehensive income. The new accounting rules were effective for the Company in the first quarter of 2013. The adoption of the new accounting rules did not have a material effect on the Company’s financial condition, results of operations or cash flows.

Disclosures About Offsetting Assets and Liabilities

In December 2011, the FASB issued new accounting rules related to new disclosure requirements regarding the nature of an entity’s rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The new rules are effective for the Company in the first quarter of 2014 with retrospective application required. The Company does not expect the adoption of the new accounting rules to have a material effect on the Company’s financial condition, results of operations or cash flows.

(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. Diluted EPS was calculated to give effect to all potentially dilutive shares of common stock using the treasury stock method. The reconciliation of basic to diluted weighted average shares outstanding is as follows:

	Quarter Ended	
	March 30, 2013	March 31, 2012
Basic weighted average shares outstanding	99,369	98,533
Effect of potentially dilutive securities:		
Stock options	1,564	—
Restricted stock units	527	—
Diluted weighted average shares outstanding	101,460	98,533

HANESBRANDS INC.

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

For the quarters ended March 30, 2013 and March 31, 2012, options to purchase 0 and 5,297 shares of common stock and 0 and 691 restricted stock units, respectively, were excluded from the diluted earnings per share calculation because their effect would be anti-dilutive. Because the Company reported a net loss for the quarter ended March 31, 2012, all restricted stock units and stock options were excluded from the computation of diluted loss per share as their effect would have been anti-dilutive.

(4) Inventories

Inventories consisted of the following:

	March 30, 2013	December 29, 2012
Raw materials	\$ 181,616	\$ 167,883
Work in process	139,466	143,713
Finished goods	1,025,903	941,540
	<u>\$ 1,346,985</u>	<u>\$ 1,253,136</u>

(5) Debt

Debt consisted of the following:

	Interest Rate as of March 30, 2013	Principal Amount		Maturity Date
		March 30, 2013	December 29, 2012	
Revolving Loan Facility	2.57%	\$ 185,000	\$ 67,500	July 2017
6.375% Senior Notes	6.38%	1,000,000	1,000,000	December 2020
8% Senior Notes	8.00%	250,000	250,000	December 2016
Accounts Receivable Securitization Facility	1.27%	159,747	173,836	March 2014
		<u>1,594,747</u>	<u>1,491,336</u>	
Less current maturities		159,747	173,836	
		<u>\$ 1,435,000</u>	<u>\$ 1,317,500</u>	

As of March 30, 2013, the Company had \$402,305 of borrowing availability under the \$600,000 revolving credit facility (the "Revolving Loan Facility") under the senior secured credit facility after taking into account outstanding borrowings and \$12,695 of standby and trade letters of credit issued and outstanding under this facility.

In March 2013, the Company amended the accounts receivable securitization facility that it entered into in November 2007 (the "Accounts Receivable Securitization Facility"). This amendment decreased certain fee rates and extended the termination date to March 2014.

As of March 30, 2013, the Company was in compliance with all financial covenants under its credit facilities.

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

(6) Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) (“AOCI”) are as follows:

	Cumulative Translation Adjustment	Foreign Exchange Contracts	Defined Benefit Plans	Income Taxes	Accumulated Other Comprehensive Income (Loss)
Balance at December 29, 2012	\$ (8,340)	\$ 853	\$ (512,558)	\$ 202,432	\$ (317,613)
Amounts reclassified from accumulated other comprehensive loss	—	42	3,862	(1,557)	2,347
Current-period other comprehensive income (loss) activity	(901)	(151)	—	61	(991)
Balance at March 30, 2013	\$ (9,241)	\$ 744	\$ (508,696)	\$ 200,936	\$ (316,257)

The Company had the following reclassifications out of accumulated other comprehensive income (loss):

Component of AOCI	Amount of Reclassification from AOCI		Location of Reclassification into Income
	Quarter Ended		
	March 30, 2013	March 31, 2012	
Gain (loss) on foreign exchange contracts	\$ (42)	\$ (33)	Cost of sales
	17	13	Income tax benefit
	\$ (25)	\$ (20)	Net of tax
Amortization of loss on interest rate hedge	\$ —	\$ (1,114)	Interest expense, net
	—	444	Income tax benefit
	\$ —	\$ (670)	Net of tax
Amortization of deferred actuarial loss and prior service cost	\$ (3,862)	\$ (3,989)	Selling, general and administrative expenses
	1,540	1,590	Income tax benefit
	\$ (2,322)	\$ (2,399)	Net of tax
Total reclassifications	\$ (2,347)	\$ (3,089)	

(7) Financial Instruments and Risk Management

The Company uses forward foreign exchange contracts to manage its exposures to movements in foreign exchange rates. As of March 30, 2013, the notional U.S. dollar equivalent of commitments to sell and purchase foreign currencies within the Company's derivative portfolio was \$104,284 and \$10,025 respectively, primarily consisting of contracts hedging exposures to the Mexican peso, Canadian dollar, Australian dollar, Brazilian real and Japanese yen.

HANESBRANDS INC.
Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)
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	
		March 30, 2013	December 29, 2012
Hedges	Other current assets	\$ 592	\$ 708
Non-hedges	Other current assets	217	380
Total derivative assets		\$ 809	\$ 1,088
Hedges	Accrued liabilities	\$ (538)	\$ (184)
Non-hedges	Accrued liabilities	(336)	(84)
Total derivative liabilities		\$ (874)	\$ (268)
Net derivative asset (liability)		\$ (65)	\$ 820

Cash Flow Hedges

The Company uses forward foreign exchange 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 Company expects to reclassify into earnings during the next 12 months a net loss from Accumulated other comprehensive loss of approximately \$190.

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 (Loss).

The effect of cash flow hedge derivative instruments on the Condensed Consolidated Statements of Income (Loss) and Accumulated other comprehensive loss is as follows:

	Location of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (Effective Portion)	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (Effective Portion)	
		Quarter Ended	
		March 30, 2013	March 31, 2012
Foreign exchange contracts		\$ (151)	\$ (793)

	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	
		March 30, 2013	March 31, 2012
Interest rate contracts	Interest expense, net	\$ —	\$ (1,114)
Foreign exchange contracts	Cost of sales	(42)	(33)
Total		\$ (42)	\$ (1,147)

HANESBRANDS INC.
Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)
Derivative Contracts Not Designated As Hedges

The Company uses foreign exchange derivative contracts as economic hedges against the impact of foreign exchange fluctuations on anticipated intercompany purchase and lending transactions denominated in foreign currencies. Gains or losses on these contracts largely offset the net remeasurement gains or losses on the related assets and liabilities.

The effect of derivative contracts not designated as hedges on the Condensed Consolidated Statements of Income (Loss) is as follows:

	Location of Loss Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income	
		Quarter Ended	
		March 30, 2013	March 31, 2012
Foreign exchange contracts	Selling, general and administrative expenses	\$ (1,786)	\$ (2,607)

(8) 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.

As of March 30, 2013, the Company held certain financial assets and liabilities related to foreign exchange derivative contracts that are required to be measured at fair value on a recurring basis. The fair values of foreign currency derivatives are determined using the cash flows of the foreign exchange contract, discount rates to account for the passage of time and current foreign exchange market data and are categorized as Level 2. The Company's defined benefit pension plan investments are not required to be measured at fair value on a recurring basis.

There were no changes during the quarter ended March 30, 2013 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis. There were no transfers between the three level categories and there were no Level 3 assets or liabilities measured on a quarterly basis during the quarter ended March 30, 2013. As of March 30, 2013, the Company did not have any non-financial assets or liabilities that were required to be measured at fair value on a recurring or non-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 March 30, 2013		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign exchange derivative contracts	\$ —	\$ 809	\$ —
Foreign exchange derivative contracts	—	(874)	—
Total	\$ —	\$ (65)	\$ —

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

	Assets (Liabilities) at Fair Value as of December 29, 2012		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign exchange derivative contracts	\$ —	\$ 1,088	\$ —
Foreign exchange derivative contracts	—	(268)	—
Total	\$ —	\$ 820	\$ —

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 March 30, 2013 and December 29, 2012. The carrying amount of trade accounts receivable includes allowance for doubtful accounts, chargebacks and other deductions of \$14,879 and \$14,940 as of March 30, 2013 and December 29, 2012, respectively. The fair value of debt, which is classified as a Level 2 liability, was \$1,703,397 and \$1,609,114 as of March 30, 2013 and December 29, 2012 and had a carrying value of \$1,594,747 and \$1,491,336, 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, which is classified as a Level 2 liability, approximated fair value as of March 30, 2013 and December 29, 2012, primarily due to the short-term nature of these instruments.

(9) Income Taxes

The Company's effective income tax rate was 13% and 10% for the quarters ended March 30, 2013 and March 31, 2012, respectively. The higher effective income tax rate for the quarter ended March 30, 2013 compared to the quarter ended March 31, 2012 was primarily attributable to a higher proportion of earnings attributed to domestic subsidiaries, which are taxed at rates higher than foreign subsidiaries, partially offset by an income tax benefit of approximately \$6,000 in the quarter ended March 30, 2013 related to the retroactive application of the American Taxpayer Relief Act of 2012 that was signed into law in January 2013.

(10) Discontinued Operations
European Imagewear

In May 2012, the Company sold its European imagewear business to Smartwares, B.V. for €15,000 (approximately \$13,000, net of fees and other transaction related costs) in cash proceeds, resulting in a pre-tax loss of approximately \$33,000. The European imagewear business was previously reported within the International segment.

Domestic Imagewear

In 2012, the Company completed the discontinuation of its private-label and Outer Banks domestic imagewear operations that served wholesalers that sell to the screen-print industry. During 2012, the Company incurred pre-tax charges of approximately \$63,000, substantially all noncash, for the write-down of intangibles, inventory markdowns and other related items. The private-label and Outer Banks domestic imagewear operations were previously reported within the Activewear segment.

The operating results of these discontinued operations only reflect revenues and expenses that are directly attributable to these businesses and that will be eliminated from ongoing operations. The key components from discontinued operations related to the European and domestic imagewear businesses were as follows:

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

	Quarter Ended
	March 31,
	2012
Net sales	\$ 35,201
Cost of sales	35,952
Gross profit loss	(751)
Selling, general and administrative expenses	3,816
Operating loss	(4,567)
Interest expense, net	3
Loss from discontinued operations before income tax benefit	(4,570)
Income tax benefit	(2,011)
Loss from discontinued operations, net of tax	\$ (2,559)

(11) Business Segment Information

The Company's operations are managed and reported in four operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Activewear, Direct to Consumer and International. In the first quarter of 2013, the Company renamed the Outerwear segment to Activewear to reflect the trend of this category becoming a part of consumers' active lifestyles and more aptly describe the competitive space of this business. These segments are organized principally by product category, geographic location and distribution channel. Each segment has its own management that is responsible for the operations of the segment's businesses, but the segments share a common supply chain and media and marketing platforms.

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 men's underwear, kids' underwear, socks and intimates, which includes bras, panties, hosiery and shapewear.
- Activewear sells basic branded products that are primarily seasonal in nature under the product categories of branded printwear and retail activewear, as well as licensed logo apparel in collegiate bookstores and other channels.
- Direct to Consumer includes the Company's value-based ("outlet") stores and Internet operations which sell products from the Company's portfolio of leading brands. The Company's Internet operations are supported by its catalogs.
- International primarily relates to the Asia, Latin America, Canada and Australia geographic locations that sell products that span across the Innerwear and Activewear reportable segments.

The Company evaluates the operating performance of its segments based upon segment operating profit, which is defined as operating profit before general corporate expenses and amortization of intangibles. 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 December 29, 2012. The Company decided in the first quarter of 2013 to revise the manner in which the Company allocates certain selling, general and administrative expenses. Certain prior-year segment operating profit disclosures have been revised to conform to the current-year presentation.

	Quarter Ended	
	March 30,	March 31,
	2013	2012
Net sales:		
Innerwear	\$ 497,025	\$ 509,038
Activewear	267,186	272,564
Direct to Consumer	80,083	84,713
International	101,167	106,818
Total net sales	\$ 945,461	\$ 973,133

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

	Quarter Ended	
	March 30, 2013	March 31, 2012
Segment operating profit (loss):		
Innerwear	\$ 89,742	\$ 53,208
Activewear	21,309	(18,678)
Direct to Consumer	132	(761)
International	2,282	4,899
Total segment operating profit	113,465	38,668
Items not included in segment operating profit:		
General corporate expenses	(24,951)	(24,596)
Amortization of intangibles	(3,371)	(3,427)
Total operating profit	85,143	10,645
Other expenses	(464)	(645)
Interest expense, net	(25,623)	(36,995)
Income (loss) from continuing operations before income tax expense (benefit)	\$ 59,056	\$ (26,995)

(12) Consolidating Financial Information

In accordance with the indenture governing the Company's \$250,000 8% Senior Notes issued on December 10, 2009 and the indenture governing the Company's \$1,000,000 6.375% Senior Notes issued on November 9, 2010 (together, the "Indentures"), certain of the Company's subsidiaries have guaranteed the Company's obligations under the 8% Senior Notes and the 6.375% Senior Notes, respectively. The following presents the condensed consolidating financial information separately for:

- (i) Parent Company, the issuer of the guaranteed obligations. Parent Company includes Hanesbrands Inc. and its 100% owned operating divisions which are not legal entities, and excludes its subsidiaries which are legal entities;
- (ii) Guarantor subsidiaries, on a combined basis, as specified in the Indentures;
- (iii) Non-guarantor subsidiaries, on a combined basis;
- (iv) Consolidating entries and eliminations representing adjustments to (a) eliminate intercompany transactions between or among Parent Company, the guarantor subsidiaries and the non-guarantor subsidiaries, (b) eliminate intercompany profit in inventory, (c) eliminate the investments in our subsidiaries and (d) record consolidating entries; and
- (v) The Company, on a consolidated basis.

The 8% Senior Notes and the 6.375% Senior Notes are fully and unconditionally guaranteed on a joint and several basis by each guarantor subsidiary, each of which is wholly owned, directly or indirectly, by Hanesbrands Inc. A guarantor subsidiary's guarantee can be released in certain customary circumstances. Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements, except for the use by the Parent Company and guarantor subsidiaries of the equity method of accounting to reflect ownership interests in subsidiaries which are eliminated upon consolidation.

As previously reported, the Condensed Consolidating Statements of Comprehensive Income for all periods presented have been revised to correct the net sales and cost of sales amounts for intercompany transactions related to the Parent Company and Non-Guarantor Subsidiaries. These revisions reduced net sales and cost of sales for the Parent Company and Non-Guarantor Subsidiaries and reduced the eliminations amounts for the total of the two by \$11,067 and \$260,100, respectively, for the quarter ended March 31, 2012.

The impact on net sales and cost of sales within each specified column is the same amount for all periods and these revisions did not impact consolidated or guarantor results.

HANESBRANDS INC.
Notes to Condensed Consolidated Financial Statements — (Continued)
(dollars and shares in thousands, except per share data)
(unaudited)
Condensed Consolidating Statement of Comprehensive Income (Loss)
Quarter Ended March 30, 2013

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	\$ 860,755	\$ 132,706	\$ 544,301	\$ (592,301)	\$ 945,461
Cost of sales	683,857	63,478	438,987	(568,160)	618,162
Gross profit	176,898	69,228	105,314	(24,141)	327,299
Selling, general and administrative expenses	173,948	38,308	31,097	(1,197)	242,156
Operating profit	2,950	30,920	74,217	(22,944)	85,143
Equity in earnings of subsidiaries	75,860	49,819	—	(125,679)	—
Other expenses	464	—	—	—	464
Interest expense, net	24,153	—	1,470	—	25,623
Income from continuing operations before income tax expense	54,193	80,739	72,747	(148,623)	59,056
Income tax expense	2,814	1,375	3,488	—	7,677
Income from continuing operations	51,379	79,364	69,259	(148,623)	51,379
Income (loss) from discontinued operations, net of tax	—	—	—	—	—
Net income	\$ 51,379	\$ 79,364	\$ 69,259	\$ (148,623)	\$ 51,379
Comprehensive income (loss)	\$ 52,735	\$ 79,364	\$ (965)	\$ (78,399)	\$ 52,735

Condensed Consolidating Statement of Comprehensive Income (Loss)
Quarter Ended March 31, 2012

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	\$ 872,060	\$ 140,138	\$ 527,700	\$ (566,765)	\$ 973,133
Cost of sales	742,381	64,696	461,507	(550,565)	718,019
Gross profit	129,679	75,442	66,193	(16,200)	255,114
Selling, general and administrative expenses	176,623	35,163	33,885	(1,202)	244,469
Operating profit (loss)	(46,944)	40,279	32,308	(14,998)	10,645
Equity in earnings of subsidiaries	43,628	21,137	—	(64,765)	—
Other expenses	645	—	—	—	645
Interest expense, net	34,506	(4)	2,455	38	36,995
Income (loss) from continuing operations before income tax expense (benefit)	(38,467)	61,420	29,853	(79,801)	(26,995)
Income tax expense (benefit)	(12,563)	6,754	3,085	—	(2,724)
Income (loss) from continuing operations	(25,904)	54,666	26,768	(79,801)	(24,271)
Loss from discontinued operations, net of tax	(926)	—	(4,969)	3,336	(2,559)
Net income (loss)	\$ (26,830)	\$ 54,666	\$ 21,799	\$ (76,465)	\$ (26,830)
Comprehensive income (loss)	\$ (21,906)	\$ 54,666	\$ 23,751	\$ (78,417)	\$ (21,906)

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

	Condensed Consolidating Balance Sheet March 30, 2013				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$ 4,278	\$ 1,751	\$ 62,516	\$ —	\$ 68,545
Trade accounts receivable, net	109,543	31,105	410,110	(108)	550,650
Inventories	965,027	112,999	434,404	(165,445)	1,346,985
Deferred tax assets	164,532	1,015	2,546	—	168,093
Other current assets	37,588	10,010	15,899	(212)	63,285
Total current assets	1,280,968	156,880	925,475	(165,765)	2,197,558
Property, net	85,398	39,910	457,074	—	582,382
Trademarks and other identifiable intangibles, net	9,659	91,936	15,496	—	117,091
Goodwill	232,882	124,247	76,192	—	433,321
Investments in subsidiaries	2,319,130	1,310,298	—	(3,629,428)	—
Deferred tax assets	241,242	154,325	19,222	—	414,789
Receivables from related entities	4,122,980	3,299,118	1,891,946	(9,314,044)	—
Other noncurrent assets	56,672	210	5,102	—	61,984
Total assets	\$ 8,348,931	\$ 5,176,924	\$ 3,390,507	\$ (13,109,237)	\$ 3,807,125
Liabilities and Stockholders' Equity					
Accounts payable	\$ 245,968	\$ 11,867	\$ 161,467	\$ —	\$ 419,302
Accrued liabilities	174,531	31,211	60,930	14	266,686
Notes payable	—	—	29,827	—	29,827
Accounts Receivable Securitization Facility	—	—	159,747	—	159,747
Total current liabilities	420,499	43,078	411,971	14	875,562
Long-term debt	1,435,000	—	—	—	1,435,000
Pension and postretirement benefits	411,347	—	12,220	—	423,567
Payables to related entities	5,033,249	2,654,884	1,373,003	(9,061,136)	—
Other noncurrent liabilities	100,282	10,912	13,248	—	124,442
Total liabilities	7,400,377	2,708,874	1,810,442	(9,061,122)	2,858,571
Stockholders' equity	948,554	2,468,050	1,580,065	(4,048,115)	948,554
Total liabilities and stockholders' equity	\$ 8,348,931	\$ 5,176,924	\$ 3,390,507	\$ (13,109,237)	\$ 3,807,125

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

	Condensed Consolidating Balance Sheet December 29, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$ 5,617	\$ 1,919	\$ 35,260	\$ —	\$ 42,796
Trade accounts receivable, net	39,379	32,199	434,825	(125)	506,278
Inventories	882,290	102,121	413,340	(144,615)	1,253,136
Deferred tax assets	161,935	1,015	3,239	—	166,189
Other current assets	30,692	11,917	16,563	(46)	59,126
Total current assets	1,119,913	149,171	903,227	(144,786)	2,027,525
Property, net	90,820	41,326	464,012	—	596,158
Trademarks and other identifiable intangibles, net	10,662	93,727	15,725	—	120,114
Goodwill	232,882	124,247	76,171	—	433,300
Investments in subsidiaries	2,220,706	1,284,516	—	(3,505,222)	—
Deferred tax assets	224,559	154,325	18,645	—	397,529
Receivables from related entities	3,967,079	3,198,153	1,785,466	(8,950,698)	—
Other noncurrent assets	51,686	271	5,117	—	57,074
Total assets	\$ 7,918,307	\$ 5,045,736	\$ 3,268,363	\$ (12,600,706)	\$ 3,631,700
Liabilities and Stockholders' Equity					
Accounts payable	\$ 217,645	\$ 8,209	\$ 177,790	\$ —	\$ 403,644
Accrued liabilities	145,962	57,375	68,666	(31)	271,972
Notes payable	—	—	26,216	—	26,216
Accounts Receivable Securitization Facility	—	—	173,836	—	173,836
Total current liabilities	363,607	65,584	446,508	(31)	875,668
Long-term debt	1,317,500	—	—	—	1,317,500
Pension and postretirement benefits	433,490	—	12,777	—	446,267
Payables to related entities	4,835,465	2,582,287	1,281,957	(8,699,709)	—
Other noncurrent liabilities	81,379	10,977	13,043	—	105,399
Total liabilities	7,031,441	2,658,848	1,754,285	(8,699,740)	2,744,834
Stockholders' equity	886,866	2,386,888	1,514,078	(3,900,966)	886,866
Total liabilities and stockholders' equity	\$ 7,918,307	\$ 5,045,736	\$ 3,268,363	\$ (12,600,706)	\$ 3,631,700

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 Quarter Ended March 30, 2013				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ (38,387)	\$ 24,958	\$ 60,034	\$ (125,676)	\$ (79,071)
Investing activities:					
Capital expenditures	(117)	(1,088)	(5,325)	—	(6,530)
Net cash provided by (used in) investing activities	(117)	(1,088)	(5,325)	—	(6,530)
Financing activities:					
Borrowings on notes payable	—	—	34,210	—	34,210
Repayments on notes payable	—	—	(30,571)	—	(30,571)
Borrowings on Accounts Receivable Securitization Facility	—	—	51,382	—	51,382
Repayments on Accounts Receivable Securitization Facility	—	—	(65,471)	—	(65,471)
Borrowings on Revolving Loan Facility	953,000	—	—	—	953,000
Repayments on Revolving Loan Facility	(835,500)	—	—	—	(835,500)
Proceeds from stock options exercised	4,406	—	—	—	4,406
Other	598	—	(247)	(4)	347
Net transactions with related entities	(85,339)	(24,038)	(16,303)	125,680	—
Net cash provided by (used in) financing activities	37,165	(24,038)	(27,000)	125,676	111,803
Effect of changes in foreign exchange rates on cash	—	—	(453)	—	(453)
Increase (decrease) in cash and cash equivalents	(1,339)	(168)	27,256	—	25,749
Cash and cash equivalents at beginning of year	5,617	1,919	35,260	—	42,796
Cash and cash equivalents at end of period	\$ 4,278	\$ 1,751	\$ 62,516	\$ —	\$ 68,545

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 Quarter Ended March 31, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$ 12,631	\$ (3,743)	\$ (38,267)	\$ (64,736)	\$ (94,115)
Investing activities:					
Capital expenditures	(1,368)	(2,181)	(5,467)	—	(9,016)
Net cash used in investing activities	(1,368)	(2,181)	(5,467)	—	(9,016)
Financing activities:					
Borrowings on notes payable	—	—	20,671	—	20,671
Repayments on notes payable	—	—	(42,217)	—	(42,217)
Borrowings on Accounts Receivable Securitization Facility	—	—	56,802	—	56,802
Repayments on Accounts Receivable Securitization Facility	—	—	(60,365)	—	(60,365)
Borrowings on Revolving Loan Facility	804,000	—	—	—	804,000
Repayments on Revolving Loan Facility	(676,000)	—	—	—	(676,000)
Proceeds from stock options exercised	323	—	—	—	323
Other	(823)	—	(247)	—	(1,070)
Net transactions with related entities	(137,964)	4,978	68,250	64,736	—
Net cash provided by (used in) financing activities	(10,464)	4,978	42,894	64,736	102,144
Effect of changes in foreign exchange rates on cash	—	—	242	—	242
Increase (decrease) in cash and cash equivalents	799	(946)	(598)	—	(745)
Cash and cash equivalents at beginning of year	8,330	2,726	24,289	—	35,345
Cash and cash equivalents at end of period	\$ 9,129	\$ 1,780	\$ 23,691	\$ —	\$ 34,600

(13) Subsequent Events

As part of the Company's cash deployment strategy, in April 2013 the Company's Board of Directors authorized a regular quarterly dividend of \$0.20 per share to be paid June 3, 2013 to stockholders of record at the close of business on May 20, 2013.

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" in this Quarterly Report on Form 10-Q 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 December 29, 2012, which were included in our Annual Report on Form 10-K filed with the SEC. 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 for the year ended December 29, 2012.

Overview

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

Our operations are managed and reported in four operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Activewear, Direct to Consumer and International. In the first quarter of 2013 we renamed the Outerwear segment to Activewear to reflect the trend of this category becoming a part of consumers' active lifestyles and more aptly describe the competitive space of this business. These segments are organized principally by product category, geographic location and distribution channel. Each segment has its own management that is responsible for the operations of the segment's businesses, but the segments share a common supply chain and media and marketing platforms. In the first quarter of 2013, we decided to revise the manner in which we allocate certain selling, general and administrative expenses. Certain prior-year segment operating profit disclosures have been revised to conform to the current-year presentation.

In May 2012, we sold our European imagewear business and completed the discontinuation of our private-label and Outer Banks domestic imagewear operations which served wholesalers that sell to the screen-print industry. As a result of these actions, the prior-year disclosures reflect these operations as discontinued operations.

1st Quarter Highlights

Key quarterly financial highlights include:

- Total net sales in the first quarter of 2013 were \$945 million, compared with \$973 million in the same quarter of 2012, representing a 3% decrease.
- Operating profit was \$85 million in the first quarter of 2013, compared with \$11 million in the same quarter of 2012. As a percentage of sales, operating profit was 9.0% in the first quarter of 2013 compared to 1.1% in the same quarter of 2012.
- Diluted earnings per share was \$0.51 in the first quarter of 2013, compared with diluted loss per share from continuing operations of \$(0.25) in the same quarter of 2012.

Net sales for the first quarter were hampered by a sluggish retail environment as a result of delayed U.S. federal income tax refunds and inclement weather, which reduced store traffic and overall consumer spending. We continue to secure net space gains at retailers through our Innovate-to-Elevate platforms, which integrate the strengths of our iconic brands, low-cost supply chain and product innovation. The quarter's operating profit margin expanded significantly, benefitting from an improved cotton-cost and product-pricing environment and our Innovate-to-Elevate margin-enhancement initiatives.

Outlook

For the full-year 2013, we expect net sales of approximately \$4.6 billion, operating profit of \$500 million to \$550 million, diluted earnings per share of \$3.25 to \$3.40 and operating cash flows of \$400 million to \$500 million. We intend to increase our overall media investment in 2013 by \$30 million to \$40 million, of which more than two-thirds will occur in the second half.

We typically use cash for the first half of the year and generate most of our cash flow in the second half of the year. In 2013, we expect to complete our planned debt reduction with the redemption of the remaining \$250 million of 8% Senior

Notes. We expect our cash deployment strategy in the future will include a mix of dividends, bolt-on acquisitions and share repurchases. For example, as part of our cash deployment strategy, in April 2013 our Board of Directors authorized a regular quarterly dividend of \$0.20 per share to be paid June 3, 2013 to stockholders of record at the close of business on May 20, 2013. The quarterly dividend is the first for us since our spinoff as an independent public company in 2006.

Seasonality and Other Factors

Our operating results are subject to some variability due to seasonality and other factors. Generally, our diverse range of product offerings helps mitigate the impact of seasonal changes in demand for certain items. We generally have higher sales during back-to-school shopping and holiday shopping seasons and during periods of cooler weather, which benefits certain product categories such as fleece. Sales levels in any period are also impacted by customers' decisions to increase or decrease their inventory levels in response to anticipated consumer demand. Our customers may cancel orders, change delivery schedules or change the mix of products ordered with minimal notice to us. Media, advertising and promotion expenses may vary from period to period during a fiscal year depending on the timing of our advertising campaigns for retail selling seasons and product introductions.

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

Changes in product sales mix can impact our gross profit as the percentage of our sales attributable to higher margin products, such as intimate apparel and men's underwear, and lower margin products, such as casualwear and activewear, fluctuate from time to time. In addition, sales attributable to higher and lower margin products within the same product category fluctuate from time to time. Our customers may change the mix of products ordered with minimal notice to us, which makes trends in product sales mix difficult to predict. However, certain changes in product sales mix are seasonal in nature, as sales of socks, hosiery and fleece products generally have higher sales during the last two quarters (July to December) of each fiscal year as a result of cooler weather, back-to-school shopping and holidays, while other changes in product mix may be attributable to customers' preferences and discretionary spending.

Condensed Consolidated Results of Operations — First Quarter Ended March 30, 2013 Compared with First Quarter Ended March 31, 2012

	Quarter Ended		Higher (Lower)	Percent Change
	March 30, 2013	March 31, 2012		
	(dollars in thousands)			
Net sales	\$ 945,461	\$ 973,133	\$ (27,672)	(2.8)%
Cost of sales	618,162	718,019	(99,857)	(13.9)
Gross profit	327,299	255,114	72,185	28.3
Selling, general and administrative expenses	242,156	244,469	(2,313)	(0.9)
Operating profit	85,143	10,645	74,498	699.8
Other expenses	464	645	(181)	(28.1)
Interest expense, net	25,623	36,995	(11,372)	(30.7)
Income (loss) from continuing operations before income tax expense (benefit)	59,056	(26,995)	86,051	NM
Income tax expense (benefit)	7,677	(2,724)	10,401	NM
Income (loss) from continuing operations	51,379	(24,271)	75,650	NM
Loss from discontinued operations, net of tax	—	(2,559)	2,559	NM
Net income (loss)	\$ 51,379	\$ (26,830)	\$ 78,209	NM

Net Sales

Net sales for the first quarter were hampered by a sluggish retail environment as a result of delayed U.S. federal income tax refunds and inclement weather, which reduced store traffic and overall consumer spending. We continue to secure net space gains at retailers through our Innovate-to-Elevate platforms, which integrate the strengths of our iconic brands, low-cost supply chain and product innovation. The lower net sales primarily resulted from the following:

- Lower net sales in our branded printwear product category from the planned reduction of commodity-oriented branded printwear sales to the screen-print industry.
- Lower net sales in our intimate apparel product category primarily due to lower net sales of panties and hosiery as a result of lower unit sales volume, partially offset by higher net sales of bras driven by space gains.
- Lower net sales in the International segment primarily due to an unfavorable impact of foreign exchange rates.
- Higher net sales in our retail activewear product category as a result of space gains and higher unit sales volume.

Gross Profit

As a percentage of net sales, our gross profit was 34.6% in the first quarter of 2013 compared to 26.2% in the first quarter of 2012. The higher gross margin resulted from an improved cotton-cost and product-pricing environment and efficiency savings from our supply chain, partially offset by lower sales volume.

Selling, General and Administrative Expenses

The lower selling, general and administrative expenses were primarily attributable to lower non-media related media, advertising and promotion (“MAP”) expenses and lower distribution expenses, partially offset by higher media related MAP expenses as we continue to restore spending to support our product innovations. As a percentage of net sales, our selling, general and administrative expenses were 25.6% in the first quarter of 2013 compared to 25.1% in the first quarter of 2012.

Other Highlights

Interest Expense - lower by \$11 million in the first quarter of 2013 compared to the first quarter of 2012 primarily due to lower outstanding debt balances and lower weighted average interest rate. Our weighted average interest rate on our outstanding debt was 5.46% during the first quarter of 2013, compared to 5.75% in the first quarter of 2012.

Income Tax Expense – our effective income tax rate for continuing operations was 13% and 10% for the first quarter of 2013 and the first quarter of 2012, respectively. The higher effective income tax rate was primarily attributable to a higher proportion of earnings attributed to domestic subsidiaries, which are taxed at rates higher than foreign subsidiaries, partially offset by an income tax benefit of approximately \$6 million in the quarter ended March 30, 2013 related to the retroactive application of the American Taxpayer Relief Act of 2012 that was signed into law in January 2013.

Operating Results by Business Segment — First Quarter Ended March 30, 2013 Compared with First Quarter Ended March 31, 2012

	Net Sales		Operating Profit (Loss)	
	Quarter Ended		Quarter Ended	
	March 30, 2013	March 31, 2012	March 30, 2013	March 31, 2012
	(dollars in thousands)			
Innerwear	\$ 497,025	\$ 509,038	\$ 89,742	\$ 53,208
Activewear	267,186	272,564	21,309	(18,678)
Direct to Consumer	80,083	84,713	132	(761)
International	101,167	106,818	2,282	4,899
Corporate	—	—	(28,322)	(28,023)
Total	\$ 945,461	\$ 973,133	\$ 85,143	\$ 10,645

Innerwear

	Quarter Ended		Higher (Lower)	Percent Change
	March 30, 2013	March 31, 2012		
	(dollars in thousands)			
Net sales	\$ 497,025	\$ 509,038	\$ (12,013)	(2.4)%
Segment operating profit	89,742	53,208	36,534	68.7

The lower net sales in our Innerwear segment primarily resulted from the following:

- Lower net sales in our intimate apparel product category (5%) primarily due to lower net sales of panties and hosiery, partially offset by higher net sales of bras driven by space gains. The lower net sales of panties and hosiery were primarily the result of lower unit sales volume.
- Lower net sales in our kids' underwear category (10%) primarily resulting from lower unit sales volume.
- Men's underwear category sales were slightly higher due to space gains and higher unit sales volume offset by a decrease in product pricing.
- Higher net sales in our socks category (5%), primarily due to space gains.

The higher Innerwear segment operating profit was primarily due to lower input costs, particularly cotton, and efficiency savings related to our supply chain optimization, partially offset by lower sales volume and lower media related MAP expenses.

Activewear

	Quarter Ended		Higher (Lower)	Percent Change
	March 30, 2013	March 31, 2012		
	(dollars in thousands)			
Net sales	\$ 267,186	\$ 272,564	\$ (5,378)	(2.0)%
Segment operating profit (loss)	21,309	(18,678)	39,987	NM

Activewear net sales declined 2% due to a \$15 million planned reduction of commodity-oriented branded printwear sales to the screen-print industry. Excluding the impact of the planned reduction, Activewear net sales increased 4%. Net sales were additionally impacted by the following:

- Higher net sales in our retail activewear category (6%), primarily due to space gains and higher unit sales volume. Retail *Hanes* net sales increased by 24% and retail *Champion* and *C9 by Champion* increased by 2%.
- Lower net sales in our Gear for Sports licensed apparel (3%), primarily due to lower unit sales volume.

The higher Activewear segment operating profit was primarily due to lower input costs, particularly cotton, and efficiency savings related to our supply chain optimization.

Direct to Consumer

	Quarter Ended		Higher (Lower)	Percent Change
	March 30, 2013	March 31, 2012		
	(dollars in thousands)			
Net sales	\$ 80,083	\$ 84,713	\$ (4,630)	(5.5)%
Segment operating profit (loss)	132	(761)	893	NM

Due to the sluggish retail environment as a result of delayed U.S. federal income tax refunds and inclement weather, traffic into our outlet stores was impacted resulting in lower net sales in these stores. Comparable store sales were 6% lower in the first quarter of 2013 compared to 2012.

The higher Direct to Consumer segment operating profit was primarily due to lower product costs, partially offset by lower sales volume.

International

	Quarter Ended		Higher (Lower)	Percent Change
	March 30, 2013	March 31, 2012		
	(dollars in thousands)			
Net sales	\$ 101,167	\$ 106,818	\$ (5,651)	(5.3)%
Segment operating profit	2,282	4,899	(2,617)	(53.4)

Lower net sales in the International segment were primarily due to the unfavorable impact of foreign exchange rates. Excluding the unfavorable impact of foreign exchange rates, International segment net sales were 1% higher, primarily due to space gains in Asia, partially offset by lower net sales in Canada which have been impacted by the transition in the retail landscape.

The lower International segment operating profit was primarily due to an unfavorable impact related to foreign currency exchange rates, converting our India business to a licensed business model and the retail landscape changes in Canada.

General Corporate Expenses

General corporate expenses were flat in the first quarter of 2013 compared to the first quarter of 2012.

Liquidity and Capital Resources**Trends and Uncertainties Affecting Liquidity**

Our primary sources of liquidity are cash generated by operations and availability under the \$600 million revolving credit facility (the "Revolving Loan Facility") under the senior secured credit facility (the "Senior Secured Credit Facility"), the accounts receivable securitization facility (the "Accounts Receivable Securitization Facility") and our international loan facilities. At March 30, 2013, we had \$402 million of borrowing availability under our Revolving Loan Facility (after taking into account outstanding letters of credit), \$113 million of borrowing availability under our international loan facilities, \$69 million in cash and cash equivalents and no borrowing availability under our Accounts Receivable Securitization Facility. 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.

In 2013, we expect to complete our planned debt reduction with the redemption of the remaining \$250 million of 8% Senior Notes. We expect our cash deployment strategy in the future will include a mix of dividends, share repurchases and bolt-on acquisitions which leverage our global supply chain, our consumer expertise and our Innovate-to-Elevate strategy. For example, as part of our cash deployment strategy, in April 2013 our Board of Directors authorized a regular quarterly dividend of \$0.20 per share to be paid June 3, 2013 to stockholders of record at the close of business on May 20, 2013. The quarterly dividend is the first for us since our spinoff as an independent public company in 2006.

Cash Requirements for Our Business

We rely on our cash flows generated from operations and the borrowing capacity under our Revolving Loan Facility, Accounts Receivable Securitization Facility and international loan facilities to meet the cash requirements of our business. The primary cash requirements of our business are payments to vendors in the normal course of business, capital expenditures, maturities of debt and related interest payments, contributions to our pension plans and repurchases of our stock. We believe we have sufficient cash and available borrowings for our foreseeable liquidity needs.

There have been no significant changes in the cash requirements for our business from those described in our Annual Report on Form 10-K for the year ended December 29, 2012.

Sources and Uses of Our Cash

The information presented below regarding the sources and uses of our cash flows for the quarters ended March 30, 2013 and March 31, 2012 was derived from our condensed consolidated financial statements.

	Quarter Ended	
	March 30, 2013	March 31, 2012
	(dollars in thousands)	
Operating activities	\$ (79,071)	\$ (94,115)
Investing activities	(6,530)	(9,016)
Financing activities	111,803	102,144
Effect of changes in foreign currency exchange rates on cash	(453)	242
Increase (decrease) in cash and cash equivalents	25,749	(745)
Cash and cash equivalents at beginning of year	42,796	35,345
Cash and cash equivalents at end of period	<u>\$ 68,545</u>	<u>\$ 34,600</u>

The lower net cash used in operating activities in the quarter ended March 30, 2013 is primarily attributable to higher net income, partially offset by higher working capital, primarily inventory compared to prior year. We typically build inventory unit levels in the first quarter to support the back-to-school shopping season. Inventory decreased 17% compared to the quarter ended March 31, 2012, which was the result of lower input costs and lower units from our continued focus on inventory management.

The lower net cash used in investing activities in the quarter ended March 30, 2013 resulted from lower net capital expenditures. The higher net cash from financing activities during the quarter was primarily the result of higher net borrowings on our loan facilities and proceeds from stock options exercised.

Financing Arrangements

In March 2013, we amended the Accounts Receivable Securitization Facility. This amendment decreased certain fee rates and extended the termination date to March 2014.

As of March 30, 2013, we were in compliance with all financial covenants under our credit facilities. We expect to maintain compliance with our covenants for the foreseeable future, however economic conditions or the occurrence of events discussed under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 29, 2012 or other SEC filings could cause noncompliance.

In February 2013, Moody's Investors Service ("Moody's") upgraded our corporate credit rating to Ba2 from Ba3. Moody's also raised the rating on our Revolving Loan Facility to Baa2 from Baa3, the 6.375% Senior Notes to Ba3 from B1 and the 8% Senior Notes to Ba3 from B1. Moody's indicated that the upgrade reflects our significant debt reduction efforts and our positive trends in operating performance in the second half of 2012 primarily reflecting improved gross margins. In April 2013, Standard & Poor's Ratings Services ("Standard & Poor's") raised our corporate credit rating to BB from BB-, in response to our declining debt levels and modest earnings growth. Standard & Poor's also raised the rating on the Revolving Loan Facility to BBB- from BB+, the 6.375% Senior Notes to BB from BB- and the 8% Senior Notes to BB from BB-.

There have been no other significant changes in the financing arrangements from those described in our Annual Report on Form 10-K for the year ended December 29, 2012.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

We have chosen accounting policies that we believe are appropriate to accurately and fairly report our operating results and financial condition in conformity with accounting principles generally accepted in the United States. We apply these accounting policies in a consistent manner. Our significant accounting policies are discussed in Note 2, titled "Summary of Significant Accounting Policies," to our financial statements included in our Annual Report on Form 10-K for the year ended December 29, 2012.

The application of critical accounting policies requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. These estimates and assumptions are based on

historical and other factors believed to be reasonable under the circumstances. We evaluate these estimates and assumptions on an ongoing basis and may retain outside consultants to assist in our evaluation. If actual results ultimately differ from previous estimates, the revisions are included in results of operations in the period in which the actual amounts become known. The critical accounting policies that involve the most significant management judgments and estimates used in preparation of our financial statements, or are the most sensitive to change from outside factors, are 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 December 29, 2012. There have been no material changes in these policies during the quarter ended March 30, 2013.

Recently Issued Accounting Pronouncements

Presentation of Comprehensive Income

In February 2013, the FASB issued a new rule related to the reporting of amounts reclassified out of accumulated other comprehensive income that requires entities to report, either on their income statement or in a footnote to their financial statements, the effects on earnings from items that are reclassified out of other comprehensive income. The new accounting rules were effective for us in the first quarter of 2013. The adoption of the new accounting rules did not have a material effect on our financial condition, results of operations or cash flows.

Disclosures About Offsetting Assets and Liabilities

In December 2011, the FASB issued new accounting rules related to new disclosure requirements regarding the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The new rules are effective for us in the first quarter of 2014 with retrospective application required. We do not expect the adoption of the new accounting rules to have a material effect on our financial condition, results of operations or cash flows.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no 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 December 29, 2012.

Item 4. Controls and Procedures

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

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

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, financial condition or cash flows.

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.*Mine Safety Disclosures*

Not applicable.

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/ Richard D. Moss

Richard D. Moss

Chief Financial Officer

(Duly authorized officer and principal financial officer)

Date: April 24, 2013

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
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).
10.1	Amendment No. 10 dated as of March 15, 2013 among Hanesbrands Inc., HBI Receivables LLC, Regency Assets Limited, as assignee of HSBC Bank PLC, and PNC Bank, N.A., as committed purchasers, Regency Assets Limited, as assignee of 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 dated as of November 27, 2007 (incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 19, 2013). †
10.2	Hanesbrands Inc. Omnibus Incentive Plan (As Amended and Restated) (incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 4, 2013).*
10.3	Form of Severance/Change in Control Agreement entered into by and between Hanesbrands Inc. and certain of its executive officers prior to December 2010 and schedule of all such agreements with current executive officers.*
10.4	Form of Severance/Change in Control Agreement entered into by and between Hanesbrands Inc. and certain of its executive officers after December 2010 and schedule of all such agreements with current executive officers*
31.1	Certification of Richard A. Noll, Chief Executive Officer.
31.2	Certification of Richard D. Moss, Chief Financial Officer.
32.1	Section 1350 Certification of Richard A. Noll, Chief Executive Officer.
32.2	Section 1350 Certification of Richard D. Moss, Chief Financial Officer.
101.INS XBRL	Instance Document
101.SCH XBRL	Taxonomy Extension Schema Document
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document
101.LAB XBRL	Taxonomy Extension Label Linkbase Document
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document

* Agreement relates to executive compensation.

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

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the “*Agreement*”), is made and entered into this ____ day of _____, by and between **Hanesbrands Inc.**, a Maryland corporation (the “*Company*”), and _____ (“*Executive*”).

WHEREAS, *Executive* is an employee of *Company*, *Company* desires to foster the continuous employment of *Executive* and has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of *Executive* to his duties free from distractions which could arise in anticipation of an involuntary termination of employment or a *Change in Control of Company*;

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, *Company* and *Executive* agree as follows:

1. Term and Nature of Agreement. This *Agreement* shall commence on the date it is fully executed (“*Execution Date*”) by all parties and shall continue in effect unless the *Company* gives at least eighteen (18) months prior written notice that this *Agreement* will not be renewed. In the event of such notice, this *Agreement* will expire on the next anniversary of the *Execution Date* that is at least eighteen (18) months after the date of such notice. Notwithstanding the foregoing, if a *Change in Control* occurs during any term of this *Agreement*, the term of this *Agreement* shall be extended automatically for a period of twenty-four (24) months after the end of the month in which the *Change in Control* occurs. Except to the extent otherwise provided, the parties intend for this *Agreement* to be construed and enforced as an unfunded welfare benefit plan under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), including without limitation the jurisdictional provisions of ERISA.

2. Involuntary Termination Benefits. *Executive* shall be eligible for severance benefits upon an involuntary termination of employment under the terms and conditions specified in this section 2.

(a) **Eligibility for Severance.**

(i) **Eligible Terminations.** Subject to subparagraph (a)(ii) below, *Executive* shall be eligible for severance payments and benefits under this section 2 if his employment terminates under one of the following circumstances:

(A) *Executive*’s employment is terminated involuntarily without *Cause* (defined in subparagraph 2(a)(ii) (A)); or

(B) *Executive* terminates his or her employment at the request of *Company*.

(ii) **Ineligible Terminations.** Notwithstanding subparagraph (a)(i) next above, *Executive* shall not be eligible for any severance payments or benefits under this section 2 if his employment terminates under any of the following circumstances:

- (A) A termination for *Cause*. For purposes of this *Agreement*, “*Cause*” means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;
 - (B) A termination as the result of *Disability*. For purposes of this *Agreement* “*Disability*” shall mean a determination under *Company*’s disability plan covering *Executive* that *Executive* is disabled;
 - (C) A termination due to death;
 - (D) A termination due to *Retirement*. For purposes of this *Agreement* “*Retirement*” shall mean *Executive*’s voluntary termination of employment on or after *Executive*’s attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the “*Retirement Plan*”);
 - (E) A voluntary termination of employment other than at the request of *Company*;
 - (F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;
 - (G) The transfer of *Executive*’s employment to a subsidiary or affiliate of *Company* with his consent;
 - (H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or
 - (I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).
- (iii) **Characterization of Termination.** The characterization of *Executive*’s termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.
 - (iv) **Termination Date.** For purposes of this section 2, *Executive*’s “*Termination Date*” shall mean the date specified in the separation and release agreement described under section 2(e) below.
- (b) **Severance Benefits Payable.** If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then

in lieu of any benefits payable under any other severance plan of the *Company* of any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

- (i) *Executive* shall be entitled to receive his *Base Salary* (the “*Salary Portion of Severance*”) during the “*Severance Period*,” payable as provided in section 2(c). The “*Severance Period*” shall mean the number of months determined by multiplying the number of *Executive*’s full years of employment with *Company* or any subsidiary or affiliate of *Company* (including periods of employment with Sara Lee Corporation) by two; provided, however, that in no event shall the *Severance Period* be less than twelve months or more than twenty-four months. “*Base Salary*” shall mean the annual salary in effect for *Executive* immediately prior to his *Termination Date*. At the discretion of the *Committee*, *Executive* may receive an additional salary portion in an amount equal to as much as 100% of *Executive*’s target bonus under the *Annual Incentive Plan*.

Executive shall receive a pro-rata amount (determined based upon the number of days from the first day of the *Company*’s current fiscal year to *Executive*’s *Termination Date* divided by the total number of days in the applicable performance period and based on actual performance and achievement of any performance goals) of:

- (J) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the “*Annual Incentive Portion of Severance*”). In this Agreement, “*Short Year*” means an incentive period of less than 12 months duration occurring immediately subsequent to the *Company*’s exit from the Sara Lee Corporation’s controlled group of corporations (within the meaning of Section 1563(a) of the Code)). “*Annual Incentive Plan*” means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and
- (K) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive*’s *Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive*’s *Termination Date* and which relates to the period of his service prior to his *Termination Date*. The “*Omnibus Plan*” means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section (“*Long-Term Cash Incentive Plan*”) includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

Such amounts shall be payable as provided in section 2(c). Treatment of stock options, RSUs, or other equity awards shall be determined pursuant to

the *Executive's* award agreement(s). *Executive* shall not be eligible for any new *Annual Incentive Plan* grants, *Long-Term Cash Incentive Plan* grants, or any other grants of stock options, RSUs, or other equity awards under the *Omnibus Plan* during the *Severance Period*.

- (ii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, he shall pay the entire COBRA premium charged for such continuation coverage during the *Severance Period*; provided, however, that during the *Severance Period* *Company* shall reimburse *Executive* for that portion of the COBRA premium paid that exceeds the amount payable by an active executive of *Company* for similar coverage, as adjusted from time to time. Such reimbursement shall be made to *Executive* on the 20th day of each calendar month during the *Severance Period*, or within ten (10) business days thereafter. The amount eligible for reimbursement under this subparagraph in any calendar year shall not affect any amounts eligible for reimbursement to be provided in any other calendar year. In addition, *Executive's* right to reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit. *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be the actuarially determined cost of the continuation coverage as determined by an actuary selected by the *Company* (in accordance with the requirements under COBRA, to the extent applicable). *Executive* shall not be entitled to reimbursement of any portion of the premium charged for such coverage after the end of the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;
- (iii) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans,

matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's Executive Life Insurance Plan* in accordance with its terms. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance.**

(i) **Salary Portion.** The *Salary Portion of Severance* shall be paid as follows:

- (A) That portion of the *Salary Portion of Severance* that exceeds the "*Separation Pay Limit*," if any, shall be paid to *Executive* in a lump sum payment as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of the termination of *Executive's* employment. The "*Separation Pay Limit*" shall mean two (2) times the lesser of (1) the sum of *Executive's* annualized compensation based upon the annual rate of pay for services provided to *Company* for the calendar year immediately preceding the calendar year in which the *Termination Date* occurs (adjusted for any increase during that calendar year that was expected to continue indefinitely if *Executive* had not terminated employment); and (2) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under Code Section 401(a)(17) for the year in which the *Termination Date* occurs. The payment to be made to *Executive* pursuant to this subparagraph (A) is intended to be exempt from Code Section 409A (as defined in section 15) under the exemption found in Regulation Section 1.409A-(b)(4) for short-term deferrals.
- (B) The remaining portion of the *Salary Portion of Severance* shall be paid during the *Severance Period* in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the remaining *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be paid to *Executive* as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of the termination of *Executive's* employment. Notwithstanding the foregoing, in no event shall such remaining portion of the *Salary Portion of Severance* be paid to *Executive* later than December 31 of the second calendar year following the calendar year in which *Executive's* *Termination Date* occurs. The payment(s) to be made to *Executive* pursuant to this

subparagraph (B) are intended to be exempt from *Code Section 409A* (as defined in section 15) under the exemption found in Regulation Section 1.409A-(b)(9)(iii) for separation pay plans (i.e., the so-called “two times” pay exemption).

- (ii) **Incentive Portion.** The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid.
- (iii) **Withholding.** All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.
- (d) **Termination of Benefits.** Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.
- (e) **Separation and Release Agreement.** No benefits under this section 2 shall be payable to *Executive* unless *Executive* and *Company* have executed a separation and release agreement within forty-five (45) days following the *Termination Date* and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.
- (f) **Death of Executive.** In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive*'s death.

3. Change in Control Benefits.

- (a) **Eligibility for Change in Control Benefits.**
 - (ii) **Eligible Terminations.** If (A) within three (3) months preceding a *Change in Control*, the *Executive*'s employment is terminated by the *Company* at the request of a third party in contemplation of a *Change in Control*, (B) within twenty-four (24) months following a *Change in Control*, *Executive*'s employment is terminated by *Company* other than on account of *Executive*'s death, disability or retirement and other than for *Cause*, or (C) within twenty-four (24) months following a *Change in Control* *Executive* voluntarily terminates his employment for *Good Reason*, *Executive* shall be entitled to the *Change in Control* benefits as described in section 3(b) below.

(iii) **Good Reason.** For purposes of this section 3, “*Good Reason*” means the occurrence of any one or more of the following (without *Executive’s* written consent after a *Change in Control*):

- (A) A material adverse change in *Executive’s* duties or responsibilities;
- (B) A reduction in *Executive’s* annual base salary except any reduction of not more than ten (10) percent;
- (C) A material reduction in *Executive’s* level of participation in any of *Company’s* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;
- (D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*; or
- (E) *Company’s* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*.

The existence of *Good Reason* shall not be affected by *Executive’s* temporary incapacity due to physical or mental illness not constituting a *Disability*. *Executive’s* retirement shall constitute a waiver of his or her rights with respect to any circumstance constituting *Good Reason*. *Executive’s* continued employment shall not constitute a waiver of his or her rights with respect to any circumstances which may constitute *Good Reason*; provided, however, that *Executive* may not rely on any particular action or event described in clause (A) through (E) above as a basis for terminating his employment for *Good Reason* unless he delivers a *Notice of Termination* based on that action or event within ninety (90) days after its occurrence and *Company* has failed to correct the circumstances cited by *Executive* as constituting *Good Reason* within thirty (30) days of receiving the *Notice of Termination*.

(iv) **Change in Control.** For purposes of this *Agreement*, a “*Change in Control*” will occur:

- (A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the “*Exchange Act*”)), of beneficial ownership (as defined in Rule 13d-3 promulgated under the *Exchange Act*), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally (“*Voting Stock*”); provided, however, that the following acquisitions shall not constitute a *Change in Control*:

- 1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);
 - 2) Any acquisition by *Company*;
 - 3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or
 - 4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or
- (B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:
- 1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without limitation, *Company* or an entity which as a result of such transaction owns *Company* or

all or substantially all of *Company's* property or assets, directly or indirectly) (the “*Resulting Entity*”) outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

- 2) No *Person* (other than any *Person* that beneficially owned, immediately prior to such reorganization, merger, consolidation, sale or other disposition, directly or indirectly, *Voting Stock* representing twenty (20) percent or more of the combined voting power of *Company's* then outstanding securities) beneficially owns, directly or indirectly, twenty (20) percent or more of the combined voting power of the then outstanding securities of the *Resulting Entity*; and
 - 3) At least a majority of the members of the board of directors of the entity resulting from such transaction were members of the board of directors of *Company* (the “*Board*”) at the time of the execution of the initial agreement or action of the *Board* authorizing such reorganization, merger, consolidation, sale or other disposition; or
- (C) Upon the consummation of a plan of complete liquidation or dissolution of *Company*; or
- (D) When the *Initial Directors* cease for any reason to constitute at least a majority of the *Board*. For this purpose, an “*Initial Director*” shall mean those individuals serving as the directors of *Company* immediately after *Company* ceased to be wholly-owned by Sara Lee Corporation; provided, however, that any individual who becomes a director of *Company* at or after the first annual meeting of stockholders of *Company* whose election, or nomination for election by the *Company's* stockholders, was approved by the vote of at least a majority of the *Initial Directors* then comprising the *Board* (or by the nominating committee of the *Board*, if such committee is comprised of *Initial Directors* and has such authority) shall be deemed to have been an *Initial Director*; and provided further, that no individual shall be deemed to be an *Initial Director* if such individual initially was elected as a director of *Company* as a result of: (1) an actual or threatened solicitation by a *Person* (other than the *Board*) made for the purpose of opposing a solicitation by the *Board* with respect to the election or removal of directors; or (2) any other actual or threatened solicitation of proxies or consents by or on behalf of any *Person* (other than the *Board*).

- (iv) **Termination Date.** For purposes of this section 3, “*Termination Date*” shall mean the date specified in the *Notice of Termination* as the date on which the conditions giving rise to *Executive’s* termination were first met.
- (b) **Change in Control Benefits.** In the event *Executive* becomes entitled to receive benefits under this section 3, the following shall apply:
- (i) In consideration of *Executive’s* covenant in section 4 below, *Executive* shall be entitled to receive the following amounts, payable as provided in section 3(j):
- (E) A lump sum payment equal to the unpaid portion of *Executive’s* annual *Base Salary* and vacation accrued through the *Termination Date*;
 - (F) A lump sum payment equal to *Executive’s* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above);
 - (G) A lump sum payment equal to *Executive’s* prorated *Long-Term Cash Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(B) above); and
 - (H) A lump sum payment equal to two times the sum of (1) *Executive’s* annual *Base Salary*; and (2) the greater of (i) *Executive’s* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive’s* average annual incentive calculated over the three (3) fiscal years immediately preceding the year in which the *Change in Control* occurs (including for this purpose any annual incentive received from Sara Lee Corporation); and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

Treatment of stock options, RSUs, or other equity awards shall be determined pursuant to the *Executive’s* award agreement(s). *Executive* shall not be eligible for any new *Annual Incentive Plan* grants, *Long-Term Cash Incentive Plan* grants, or any other grants of stock options, RSUs, or other equity awards under the *Omnibus Plan* with respect to the *CIC Severance Period* as defined immediately below.

- (iv) For a period of 24 months following *Executive’s Termination Date* (the “*CIC Severance Period*”), *Executive* shall have the right to elect continuation of the life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*. Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If

Executive elects continuation coverage for medical coverage, dental coverage or both, he shall pay the entire COBRA premium charged for such continuation coverage during the *CIC Severance Period*; provided, however, that during the *CIC Severance Period*, *Company* shall reimburse *Executive* for that portion of the COBRA premium paid that exceeds the amount payable by an active executive of *Company* for similar coverage, as adjusted from time to time. Such reimbursement shall be made to *Executive* on the 20th day of each calendar month during the *CIC Severance Period*, or within ten (10) business days thereafter. The amount eligible for reimbursement under this subparagraph in any calendar year shall not affect any amounts eligible for reimbursement to be provided in any other calendar year. In addition, *Executive's* right to reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit. *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and shall be the actuarially determined cost of the continuation coverage as determined by an actuary selected by the *Company* (in accordance with the requirements under COBRA, to the extent applicable). *Executive* shall not be entitled to reimbursement of any portion of the premium charged for such coverage after the end of the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *CIC Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

- (v) If the aggregate benefits accrued by *Executive* as of the *Termination Date* under the savings and retirement plans sponsored by *Company* are not fully vested pursuant to the terms of the applicable plan(s), the difference between the benefits *Executive* is entitled to receive under such plans and the benefits he would have received had he been fully vested will be provided to *Executive* under the Hanesbrands Inc. Supplemental Employee Retirement Plan (the "*Supplemental Plan*"). In addition, for purposes of determining *Executive's* benefits under the *Supplemental Plan* and *Executive's* right to post-retirement medical benefits under *Company's* retiree medical plan, additional years of age and service credits equivalent to the length of the *CIC Severance Period* shall be included. However, *Executive* will not be eligible to begin receiving

any retirement benefits under any such plans until the date he or she would otherwise be eligible to begin receiving benefits under such plans;

- (vi) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.
- (c) **Termination for Disability.** If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.
- (d) **Termination for Retirement or Death.** If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's* benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.
- (e) **Termination for Cause, or Other Than for Good Reason or Retirement.** If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.
- (f) **Separation and Release Agreement.** No benefits under this section 3 shall be payable to *Executive* unless *Executive* and *Company* have executed a "*Separation and Release Agreement*" (in substantially the form attached hereto as Exhibit A) within forty-five (45) days following the *Termination Date* and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.
- (g) **Deferred Compensation.** All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.
- (h) **Notice of Termination.** Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances

claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination*").

- (i) **Termination of Benefits.** All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.
- (j) **Form and Timing of Benefits.** Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid to *Executive* in cash in a single lump sum payment as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of the *Executive's* termination of employment. The *Change in Control* benefits payable to *Executive* pursuant to this subparagraph (j) are intended to be exempt from *Code Section 409A* (as defined in section 15) under the exemption found in Regulation Section 1.409A-(b)(4) for short-term deferrals.
- (k) **Excise Tax Equalization Payment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will be subject to the tax (the "*Excise Tax*") imposed by *Code Section 4999* (or any similar tax that may hereafter be imposed), *Company* shall pay to *Executive* in cash an additional amount (the "*Gross-Up Payment*") such that the net amount retained by *Executive* after deduction of any *Excise Tax* on the *Total Payments* and any federal, state and local income tax, penalties, interest and *Excise Tax* upon the *Gross-Up Payment* provided for by this section 3 (including FICA and FUTA), shall be equal to the *Total Payments*. Any such payment shall be made by *Company* to *Executive* as soon as practical following the *Termination Date*, but in no event beyond twenty (20) days from such date. Such payment is intended to be exempt from *Code Section 409A* (as defined in section 15) under the exemption found in Regulation Section 1.409A-(b)(4) for short-term deferrals. *Executive* shall only be entitled to a *Gross-Up Payment* under this section 3 if *Executive's* "parachute payments" (as such term is defined in *Code Section 280G*) exceed three hundred thirty percent (330%) (the "*Threshold*") of *Executive's* "base amount" (as determined under *Code Section 280G(b)*). In the event *Executive's* parachute payments do not exceed the *Threshold*, the benefits provided to such *Executive* under this *Agreement* that are classified as parachute payments shall be reduced such that the value of the *Total Payments* that *Executive* is entitled to receive shall be one dollar (\$1) less than the maximum amount which such *Executive* may receive without becoming subject to the tax imposed by *Code Section 4999*, or which *Company* may pay without loss of deduction under *Code Section 280G(a)*. For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, the amounts of such *Excise Tax* and the amount of any *Gross Up Payment*, the following shall apply:

- (i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Persons*) shall be treated as "parachute payments" within the meaning of *Code* Section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* Section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* Section 280G(b)(4) in excess of the base amount within the meaning of *Code* Section 280G(b)(3), or are otherwise not subject to the *Excise Tax*;
- (ii) The amount of the *Total Payments* which shall be treated as subject to the *Excise Tax* shall be equal to the lesser of (A) the total amount of the *Total Payments*; or (B) the amount of excess parachute payments within the meaning of *Code* Section 280G(b)(1) (after applying the provisions of this section 3(i) above);
- (iii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);
- (iv) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the *Gross-Up Payment* is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes;
- (v) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(j), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole as determined by the *Committee*. Any such payment shall be treated for *Section 409A* purposes as a payment separate from the payment made pursuant to this subparagraph (k) immediately following *Executive's* termination of employment and shall be made by *Company* to *Executive* within twenty (20) days of the date he remits the additional taxes as a result of such adjustment; and
- (vi) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* is not

required to pay the full amount of the excise tax assumed to have been owing in the determination of the *Gross-Up Payment* hereunder (or receives a refund of all or a portion of such excise tax), *Executive* shall repay to *Company* within twenty (20) days of the date the actual refund or credit of such portion has been made to *Executive* such portion of the *Gross-Up Payment* as shall exceed the amount of federal, state and local taxes actually determined to be owed together with such interest received or credited to him by such tax authority for the period he held such portion.

- (l) **Company's Payment Obligation.** Subject to the provisions of section 4, *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(k) above or in section 4.
- (m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.
- (n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall reimburse *Executive* for all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3. Such reimbursement shall be made within thirty (30) days following final resolution, in favor of *Executive*, of the conflict or dispute giving rise to such fees and expenses. In no event shall *Executive* be entitled to receive the reimbursements provided for in this subparagraph if he acts in bad faith or pursues a claim without merit, or if he fails to prevail in any action instituted by him or *Company*.
- (o) **Arbitration for Change in Control Benefits.** Any dispute or controversy arising under or in connection with the benefits provided under this section 3 shall promptly and expeditiously be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of

such arbitration proceeding utilizing a panel of three (3) arbitrators sitting in a location selected by *Executive* within fifty (50) miles from the location of his employment with *Company*. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The costs and expenses of both parties, including, without limitation, attorneys' fees shall be borne by *Company*. Pending the resolution of any such dispute, controversy or claim, *Executive* (and his beneficiaries) shall, except to the extent that the arbitrator otherwise expressly provides, continue to receive all payments and benefits due under this section 3.

4. **Remedies.** In the event of any actual or threatened breach of the provisions of this *Agreement* or any separation and release agreement, the party who claims such breach or threatened breach shall give the other party written notice and, except in the case of a breach which is not susceptible to being cured, ten calendar days in which to cure. In the event of a breach of any provision of this *Agreement* or any separation and release agreement by *Executive*, (i) *Executive* shall reimburse *Company*: the full amount of any payments made under section 2(b)(i) or (ii) or section 3(b)(i) of this *Agreement* (as the case may be), (ii) *Company* shall have the right, in addition to and without waiving any other rights to monetary damages or other relief that may be available to *Company* at law or in equity, to immediately discontinue any remaining payments due under subparagraph 2(b)(i) or (ii) or subparagraph 3(b)(i) of this *Agreement* (as the case may be) including but not limited to any remaining *Salary Portion of Severance* payments, and (iii) the *Severance Period* or the *CIC Severance Period* (as the case may be) shall thereupon cease, provided that *Executive's* obligations under, if applicable, any separation and release agreement shall continue in full force and effect in accordance with their terms for the entire duration of the *Severance Period* or *CIC Severance Period* as applicable. In addition, *Executive* acknowledges that *Company* will suffer irreparable injury in the event of a breach or violation or threatened breach or violation of the provisions of this *Agreement* or any separation and release agreement and agrees that in the event of an actual or threatened breach or violation of such provisions, in addition to the other remedies or rights available to under this *Agreement* or otherwise, *Company* shall be awarded injunctive relief in the federal or state courts located in North Carolina to prohibit any such violation or breach or threatened violation or breach, without necessity of posting any bond or security.

5. **Committee.** Except as specifically provided herein, this *Agreement* shall be administered by the Compensation and Benefits Committee of the *Board* (the "*Committee*"). The *Committee* may delegate any administrative duties, including, without limitation, duties with respect to the processing, review, investigation, approval and payment of severance/*Change in Control* benefits, to designated individuals or committees.

6. **Claims Procedure.** If *Executive* believes that he is entitled to receive severance benefits under this *Agreement*, he may file a claim in writing with the *Committee* within ninety (90) days after the date such *Executive* believes he or she should have received such benefits. No later than ninety (90) days after the receipt of the claim, the *Committee* shall either allow or deny the claim in writing. A denial of a claim, in whole or in part, shall be written in a manner calculated to be understood by *Executive* and shall include the specific reason or reasons for the denial; specific reference to the pertinent provisions of this *Agreement* on which the denial is based; a description of any additional material or information necessary for *Executive* to perfect the claim and an explanation of why such material or information is necessary; and an explanation of the claim review

procedure. *Executive* (or his duly authorized representative) may within sixty 60 days after receipt of the denial of his claim request a review upon written application to the *Committee*; review pertinent documents; and submit issues and comments in writing. The *Committee* shall notify *Executive* of its decision on review within sixty (60) days after receipt of a request for review unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one-hundred twenty (120) days after receipt of a request for review. Notice of the decision on review shall be in writing. The *Committee*'s decision on review shall be final and binding on *Executive* and any successor in interest. If *Executive* subsequently wishes to file a claim under Section 502(a) of ERISA, any legal action must be filed within ninety (90) days of the *Committee*'s final decision. *Executive* must exhaust the claims procedure provided in this section 6 before filing a claim under ERISA with respect to any benefits provided under section 2 of this *Agreement*.

7. **Notices.** Any notice required or permitted to be given under this *Agreement* shall be sufficient if in writing and either delivered in person or sent by first class, certified or registered mail, postage prepaid, if to *Company* at *Company*'s principal place of business, and if to *Executive*, at his home address most recently filed with *Company*, or to such other address as either party shall have designated in writing to the other party.

8. **Governing Law.** This *Agreement* shall be governed by and construed in accordance with the laws of the State of North Carolina without regard to any state's conflict of law principles.

9. **Severability and Construction.** If any provision of this *Agreement* is declared void or unenforceable or against public policy, such provision shall be deemed severable and severed from this *Agreement* and the balance of this *Agreement* shall remain in full force and effect. If a court of competent jurisdiction determines that any restriction in this *Agreement* is overbroad or unreasonable under the circumstances, such restriction shall be modified or revised by such court to include the maximum reasonable restriction allowed by law.

10. **Waiver.** Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition.

11. **Entire Agreement Modifications.** This *Agreement* (including all exhibits hereto) constitutes the entire agreement of the parties with respect to the subject matter hereof and supersede all prior agreements, oral and written, between the parties hereto with respect to the subject matter hereof. In the event of any inconsistency between any provision of this *Agreement* and any provision of any plan, employee handbook, personnel manual, program, policy, arrangement or agreement of *Company* or any of its subsidiaries or affiliates, the provisions of this *Agreement* shall control. This *Agreement* may be modified or amended only by an instrument in writing signed by both parties.

12. **Withholding.** All payments made to *Executive* pursuant to this *Agreement* will be subject to withholding of employment taxes and other lawful deductions, as applicable.

13. **Survivorship.** Except as otherwise set forth in this *Agreement*, to the extent necessary to carry out the intentions of the parties hereunder the respective rights and obligations of the parties hereunder shall survive any termination of *Executive*'s employment.

14. **Successors and Assigns.** This *Agreement* shall bind and shall inure to the benefit of *Company* and any and all of its successors and assigns. This *Agreement* is personal to *Executive* and shall not be assignable by *Executive*. *Company* may assign this *Agreement* to any entity which (i) purchases all or substantially all of the assets of *Company* or (ii) is a direct or indirect successor (whether by merger, sale of stock or transfer of assets) of *Company*. Any such assignment shall be valid so long as the entity which succeeds to *Company* expressly assumes *Company*'s obligations hereunder and complies with its terms.

15. **Compliance with Code Section 409A.** To the extent applicable, it is intended that the payment of benefits described in this *Agreement* comply with *Code Section 409A* and all guidance or regulations thereunder ("*Section 409A*"), including compliance with all applicable exemptions from *Section 409A* (e.g., the short-term deferral exception and the "two times" pay exemption applicable to severance payments). This *Agreement* will at all times be construed in a manner to comply with *Section 409A* and should any provision be found not in compliance with *Section 409A*, *Executive* hereby agrees to any changes to the terms of this *Agreement* deemed necessary and required by legal counsel for *Company* to achieve compliance with *Section 409A*, including any applicable exemptions. By signing a copy of this *Agreement*, *Executive* irrevocably waives any objections he may have to any changes that may be required by *Section 409A*. In no event will any payment that becomes payable pursuant to this *Agreement* that is considered "deferred compensation" within the meaning of *Section 409A*, if any, and does not satisfy any of the applicable exemptions under *Section 409A*, be accelerated in violation of *Section 409A*. If *Executive* is a "specified employee" as defined in *Section 409A*, any payment that becomes payable pursuant to this *Agreement* that is considered "deferred compensation" within the meaning of *Section 409A* and does not satisfy any of the applicable exemptions under *Section 409A* may not be made before the date that is six months after *Executive*'s separation from service (or death, if earlier). To the extent *Executive* becomes subject to the six-month delay rule, all payments that would have been made to *Executive* during the six months following his separation from service that are not otherwise exempt from *Section 409A*, if any, will be accumulated and paid to *Executive* during the seventh month following his separation from service, and any remaining payments due will be made in their ordinary course as described in this *Agreement*. *Company* will notify *Executive* should he become subject to the six month delay rule.

16. **Restatement of Prior Agreement.** This *Agreement* amends and restates, effective as of January 1, 2008, the Severance/Change in Control Agreement between the *Company* and *Executive* dated September 1, 2006 ("*Prior Agreement*"), to comply with *Section 409A* and to clarify certain other provisions of the *Prior Agreement*. This amended and restated *Agreement* does not preclude the *Prior Agreement* (as amended and restated by this *Agreement*) from qualifying for grandfather treatment under the transition rule set forth in Internal Revenue Service Revenue Ruling 2008-13 with respect to contracts in effect on February 21, 2008. Each of the parties hereto has relied on his or its own judgment in entering into this *Agreement*.

IN WITNESS WHEREOF, *Company* and *Executive* have duly executed and delivered this *Agreement* as of the day and year first above written.

EXECUTIVE

HANESBRANDS INC.

_____ By: _____

Title: _____

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc. (the "Company") and _____ ("Executive") enter into this Separation and Release Agreement which was received by Executive on the ___ day of _____, _____, signed by Executive on the ___ day of _____, and is effective on the ___ day of _____ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

WITNESSETH:

WHEREAS, Executive has been employed by the Company as a _____; and

WHEREAS, Executive's employment with the Company is terminated as of _____ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____ (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to the benefits described in the Change in Control Agreement provided Executive executes a separation and release agreement acceptable to Company; and

WHEREAS, this separation and release agreement (the "Agreement") is intended to satisfy the requirements of the Change in Control Agreement and to form a part of the Change in Control Agreement in such a manner that all the rights, duties and obligations arising between Executive and Company, including, but in no way limited to, any rights, duties and obligations that have arisen or might arise out of or are in any way related to Executive's employment with the Company and the conclusion of that employment are settled herein through the joinder of the Change in Control Agreement with this Agreement.

NOW, THEREFORE, in consideration of the obligations of the parties under the Change in Control Agreement and the additional covenants and mutual promises herein contained, it is further agreed as follows:

1. **Termination Date.** Executive agrees to resign Executive's employment and all appointments Executive holds with Company, and its subsidiaries and affiliates, on the Termination Date. Executive understands and agrees that Executive's employment with the Company will conclude on the close of business on the Termination Date.

2. **Termination Benefits.** Executive and Company agree that Executive shall receive the benefits described in the Change in Control Agreement, less all applicable withholding taxes and other customary payroll deductions, provided in the Change in Control Agreement.

3. **Receipt of Other Compensation.** Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the

Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's employment with Company, its subsidiaries or affiliates prior to the Termination Date), unpaid bonus, severance and accrued or unused vacation time or vacation pay from the Company or any of its subsidiaries or affiliates. Except as provided herein or in the Change in Control Agreement, Executive will not be eligible to participate in any of the benefit plans of the Company after Executive's Termination Date. However, Executive will be entitled to receive benefits which are vested and accrued prior to the Termination Date pursuant to the employee benefit plans of the Company. Any participation by Executive (if any) in any of the compensation or benefit plans of the Company as of and after the Termination Date shall be subject to and determined in accordance with the terms and conditions of such plans, except as otherwise expressly set forth in the Change in Control Agreement or this Agreement.

4. **Continuing Cooperation.** Following the Termination Date, Executive agrees to cooperate with all reasonable requests for information made by or on behalf of Company with respect to the operations, practices and policies of the Company. In connection with any such requests, the Company shall reimburse Executive for all out-of-pocket expenses reasonably and necessarily incurred in responding to such request(s).

5. **Executive's Representation and Warranty.** Executive hereby represents and warrants that, during Executive's period of employment with the Company, Executive did not willfully or negligently breach Executive's duties as an employee or officer of the Company, did not commit fraud, embezzlement, or any other similar dishonest conduct, and did not violate the Company's business standards.

6. **Non-Solicitation and Non-Compete.** In consideration of the benefits provided under this Agreement and in the Change in Control Agreement, Executive agrees that during Executive's employment and for the duration of the applicable Severance Period as determined pursuant to the terms of the Change in Control Agreement, Executive will not, without the prior written consent of Company, either alone or in association with others, solicit for employment or assist or encourage the solicitation for employment, any employee of Company, or any of its subsidiaries or affiliates; and will not, without the prior written consent of Company, directly or indirectly counsel, advise, perform services for, or be employed by, or otherwise engage or participate in any Competing Business (regardless of whether Executive receives compensation of any kind). For purposes of this Agreement, a "Competing Business" shall mean any commercial activity which competes or is reasonably likely to compete with any business that the Company conducts, or demonstrably anticipates conducting, at any time during Executive's employment.

7. **Confidentiality.** At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person,

except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

8. **Non-Disparagement.** At all times after the Effective Date, Executive will not disparage or criticize, orally or in writing, the business, products, policies, decisions, directors, officers or employees of Company or any of its subsidiaries or affiliates to any person. Company also agrees that none of its executive officers will disparage or criticize Executive to any person or entity. The obligations of this paragraph 8 shall survive the expiration of this Agreement.

9. **Breach of Agreement.** Any actual or threatened breach of this Agreement will be handled as provided in the Change in Control Agreement.

10. **Release.**

- (a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and

covenant not to sue, no agreement would have been reached by the parties and no benefits under the Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

- (b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 (“ADEA”). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE’S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE’S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE’S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.
- (c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.
- (d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive’s behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are released in this

paragraph 10; (iv) the same have not been transferred or assigned or caused to be transferred or assigned to any other person, firm, corporation or other legal entity; and (v) Executive has the full right and power to grant, execute, and deliver the releases, undertakings, and agreements contained in this Agreement.

- (e) The consideration offered herein is accepted by Executive as being in full accord, satisfaction, compromise and settlement of any and all claims or potential claims, and Executive expressly agrees that Executive is not entitled to and shall not receive any further payments, benefits, or other compensation or recovery of any kind from Company or any of the other Released Parties. Executive further agrees that in the event of any further proceedings whatsoever based upon any matter released herein, Company and each of the other Released Parties shall have no further monetary or other obligation of any kind to Executive, including without limitation any obligation for any costs, expenses and attorneys' fees incurred by or on behalf of Executive.

11. **Executive's Understanding.** Executive acknowledges by signing this Agreement that Executive has read and understands this document, that Executive has conferred with or had opportunity to confer with Executive's attorney regarding the terms and meaning of this Agreement, that Executive has had sufficient time to consider the terms provided for in this Agreement, that no representations or inducements have been made to Executive except as set forth in this Agreement, and that Executive has signed the same KNOWINGLY AND VOLUNTARILY.

12. **Non-Reliance.** Executive represents to Company and Company represents to Executive that in executing this Agreement they do not rely and have not relied upon any representation or statement not set forth herein made by the other or by any of the other's agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement, or otherwise.

13. **Severability of Provisions.** In the event that any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in this Agreement are held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law.

14. **Non-Admission of Liability.** Executive agrees that neither this Agreement nor the performance by the parties hereunder constitutes an admission by any of the Released Parties of any violation of any federal, state, or local law, regulation, common law, breach of any contract, or any other wrongdoing of any type.

15. **Assignability.** The rights and benefits under this Agreement are personal to Executive and such rights and benefits shall not be subject to assignment, alienation or transfer, except to the extent such rights and benefits are lawfully available to the estate or beneficiaries of Executive upon death. Company may assign this Agreement to any parent, affiliate or subsidiary or any entity which at any time whether by merger, purchase, or otherwise acquires all or substantially all of the assets, stock or business of Company.

16. **Choice of Law.** This Agreement shall be constructed and interpreted in accordance with the internal laws of the State of North Carolina without regard to any state's conflict of law principles.

17. **Entire Agreement.** This Agreement, together with the Change in Control Agreement, sets forth all the terms and conditions with respect to compensation, remuneration of payments and benefits due Executive from Company and supersedes and replaces any and all other agreements or understandings Executive may have or may have had with respect thereto. This Agreement may not be modified or amended except in writing and signed by both Executive and an authorized representative of Company.

18. **Notice.** Any notice to be given hereunder shall be in writing and shall be deemed given when mailed by certified mail, return receipt requested, addressed as follows:

To Executive at:

[add address]

To the Company at:

Hanesbrands Inc.
Attention: General Counsel
1000 East Hanes Mill Road
Winston-Salem, NC 27105

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

EXECUTIVE

HANESBRANDS INC.

_____ By: _____

Title: _____

Exhibit B

Schedule of Parties to Severance/Change in Control Agreement

Name	Date of Agreement
Gerald W. Evans Jr.	December 18, 2008
William J. Nictakis	December 18, 2008
Kevin W. Oliver	December 10, 2008
Joia M. Johnson	December 17, 2008
W. Howard Upchurch	December 16, 2008

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the “*Agreement*”), is made and entered into this ____ day of _____, by and between **Hanesbrands Inc.**, a Maryland corporation (the “*Company*”), and _____ (“*Executive*”).

WHEREAS, *Executive* is an employee of *Company*, *Company* desires to foster the continuous employment of *Executive* and has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of *Executive* to his duties free from distractions which could arise in anticipation of an involuntary termination of employment or a *Change in Control of Company*;

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, *Company* and *Executive* agree as follows:

1. Term and Nature of Agreement. This *Agreement* shall commence on the date it is fully executed (“*Execution Date*”) by all parties and shall continue in effect unless the *Company* gives at least eighteen (18) months prior written notice that this *Agreement* will not be renewed. In the event of such notice, this *Agreement* will expire on the next anniversary of the *Execution Date* that is at least eighteen (18) months after the date of such notice. Notwithstanding the foregoing, if a *Change in Control* occurs during any term of this *Agreement*, the term of this *Agreement* shall be extended automatically for a period of twenty-four (24) months after the end of the month in which the *Change in Control* occurs. Except to the extent otherwise provided, the parties intend for this *Agreement* to be construed and enforced as an unfunded welfare benefit plan under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), including without limitation the jurisdictional provisions of ERISA.

2. Involuntary Termination Benefits. *Executive* shall be eligible for severance benefits upon an involuntary termination of employment under the terms and conditions specified in this section 2.

(a) **Eligibility for Severance.**

(i) **Eligible Terminations.** Subject to subparagraph (a)(ii) below, *Executive* shall be eligible for severance payments and benefits under this section 2 if his employment terminates under one of the following circumstances:

(A) *Executive*’s employment is terminated involuntarily without *Cause* (defined in subparagraph 2(a)(ii) (A)); or

(B) *Executive* terminates his or her employment at the request of *Company*.

(ii) **Ineligible Terminations.** Notwithstanding subparagraph (a)(i) next above, *Executive* shall not be eligible for any severance payments or benefits under this section 2 if his employment terminates under any of the following circumstances:

- (A) A termination for *Cause*. For purposes of this *Agreement*, “*Cause*” means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;
 - (B) A termination as the result of *Disability*. For purposes of this *Agreement* “*Disability*” shall mean a determination under *Company*’s disability plan covering *Executive* that *Executive* is disabled;
 - (C) A termination due to death;
 - (D) A termination due to *Retirement*. For purposes of this *Agreement* “*Retirement*” shall mean *Executive*’s voluntary termination of employment on or after *Executive*’s attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the “*Retirement Plan*”);
 - (E) A voluntary termination of employment other than at the request of *Company*;
 - (F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;
 - (G) The transfer of *Executive*’s employment to a subsidiary or affiliate of *Company* with his consent;
 - (H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or
 - (I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).
- (iii) **Characterization of Termination.** The characterization of *Executive*’s termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.
 - (iv) **Termination Date.** For purposes of this section 2, *Executive*’s “*Termination Date*” shall mean the date specified in the separation and release agreement described under section 2(e) below.
- (b) **Severance Benefits Payable.** If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then

in lieu of any benefits payable under any other severance plan of the *Company* of any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

- (i) *Executive* shall be entitled to receive his *Base Salary* (the “*Salary Portion of Severance*”) during the “*Severance Period*,” payable as provided in section 2(c). The “*Severance Period*” shall mean the number of months determined by multiplying the number of *Executive*’s full years of employment with *Company* or any subsidiary or affiliate of *Company* (including periods of employment with Sara Lee Corporation) by two; provided, however, that in no event shall the *Severance Period* be less than twelve months or more than twenty-four months. “*Base Salary*” shall mean the annual salary in effect for *Executive* immediately prior to his *Termination Date*. At the discretion of the *Committee*, *Executive* may receive an additional salary portion in an amount equal to as much as 100% of *Executive*’s target bonus under the *Annual Incentive Plan*.
- (ii) *Executive* shall receive a pro-rata amount (determined based upon the number of days from the first day of the *Company*’s current fiscal year to *Executive*’s *Termination Date* divided by the total number of days in the applicable performance period and based on actual performance and achievement of any performance goals) of:
 - (A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the “*Annual Incentive Portion of Severance*”). “*Annual Incentive Plan*” means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and
 - (B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive*’s *Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive*’s *Termination Date* and which relates to the period of his service prior to his *Termination Date*. The “*Omnibus Plan*” means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section (“*Long-Term Cash Incentive Plan*”) includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

Such amounts shall be payable as provided in section 2(c). Treatment of stock options, RSUs, or other equity awards shall be determined pursuant to the *Executive*’s award agreement(s). *Executive* shall not be eligible for any new *Annual Incentive Plan* grants, *Long-Term Cash Incentive Plan* grants, or any other grants of stock options, RSUs, or other equity awards under the *Omnibus Plan* during the *Severance Period*.

- (iii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, he shall pay the entire COBRA premium charged for such continuation coverage during the *Severance Period*; provided, however, that during the *Severance Period* *Company* shall reimburse *Executive* for that portion of the COBRA premium paid that exceeds the amount payable by an active executive of *Company* for similar coverage, as adjusted from time to time. Such reimbursement shall be made to *Executive* on the 20th day of each calendar month during the *Severance Period*, or within ten (10) business days thereafter. The amount eligible for reimbursement under this subparagraph in any calendar year shall not affect any amounts eligible for reimbursement to be provided in any other calendar year. In addition, *Executive's* right to reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit. *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be the actuarially determined cost of the continuation coverage as determined by an actuary selected by the *Company* (in accordance with the requirements under COBRA, to the extent applicable). *Executive* shall not be entitled to reimbursement of any portion of the premium charged for such coverage after the end of the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;
- (iv) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance,

shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's Executive Life Insurance Plan* in accordance with its terms. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance.** Subject to section 15:

(i) **Salary Portion.** The *Salary Portion of Severance* shall be paid as follows:

- (C) That portion of the *Salary Portion of Severance* that exceeds the “*Separation Pay Limit*,” if any, shall be paid to *Executive* in a lump sum payment as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of the termination of *Executive's* employment. The “*Separation Pay Limit*” shall mean two (2) times the lesser of (1) the sum of *Executive's* annualized compensation based upon the annual rate of pay for services provided to *Company* for the calendar year immediately preceding the calendar year in which the *Termination Date* occurs (adjusted for any increase during that calendar year that was expected to continue indefinitely if *Executive* had not terminated employment); and (2) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under *Code Section 401(a)(17)* for the year in which the *Termination Date* occurs. The payment to be made to *Executive* pursuant to this subparagraph (A) is intended to be exempt from *Code Section 409A* (as defined in section 15) under the exemption found in Regulation Section 1.409A-(b)(4) for short-term deferrals.
- (D) The remaining portion of the *Salary Portion of Severance* shall be paid during the *Severance Period* in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the remaining *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be paid to *Executive* as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of the termination of *Executive's* employment. Notwithstanding the foregoing, in no event shall such remaining portion of the *Salary Portion of Severance* be paid to *Executive* later than December 31 of the second calendar year following the calendar year in which *Executive's* *Termination Date* occurs. The payment(s) to be made to *Executive* pursuant to this subparagraph (B) are intended to be exempt from *Code Section 409A* (as defined in section 15) under the exemption found in Regulation

Section 1.409A-1(b)(9)(iii) for separation pay plans (i.e., the so-called “two times” pay exemption).

- (ii) **Incentive Portion.** The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid.
- (iii) **Withholding.** All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.
- (d) **Termination of Benefits.** Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.
- (e) **Separation and Release Agreement.** No benefits under this section 2 shall be payable to *Executive* unless *Executive* and *Company* have executed a separation and release agreement within forty-five (45) days following the *Termination Date* and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.
- (f) **Death of Executive.** In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. Change in Control Benefits.

- (a) **Eligibility for Change in Control Benefits.**
 - (v) **Eligible Terminations.** If (A) within three (3) months preceding a *Change in Control*, the *Executive's* employment is terminated by the *Company* at the request of a third party in contemplation of a *Change in Control*, (B) within twenty-four (24) months following a *Change in Control*, *Executive's* employment is terminated by *Company* other than on account of *Executive's* death, disability or retirement and other than for *Cause*, or (C) within twenty-four (24) months following a *Change in Control* *Executive* voluntarily terminates his employment for *Good Reason*, *Executive* shall be entitled to the *Change in Control* benefits as described in section 3(b) below.
 - (vi) **Good Reason.** For purposes of this section 3, “*Good Reason*” means the occurrence of any one or more of the following (without *Executive's* written consent after a *Change in Control*):

- (A) A material adverse change in *Executive's* duties or responsibilities;
- (B) A reduction in *Executive's* annual base salary except any reduction of not more than ten (10) percent;
- (C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;
- (D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*; or
- (E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*.

The existence of *Good Reason* shall not be affected by *Executive's* temporary incapacity due to physical or mental illness not constituting a *Disability*. *Executive's* retirement shall constitute a waiver of his or her rights with respect to any circumstance constituting *Good Reason*. *Executive's* continued employment shall not constitute a waiver of his or her rights with respect to any circumstances which may constitute *Good Reason*; provided, however, that *Executive* may not rely on any particular action or event described in clause (A) through (E) above as a basis for terminating his employment for *Good Reason* unless he delivers a *Notice of Termination* based on that action or event within ninety (90) days after its occurrence and *Company* has failed to correct the circumstances cited by *Executive* as constituting *Good Reason* within thirty (30) days of receiving the *Notice of Termination*.

(vii) **Change in Control.** For purposes of this *Agreement*, a "*Change in Control*" will occur:

- (A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "*Exchange Act*")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the *Exchange Act*), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*"); provided, however, that the following acquisitions shall not constitute a *Change in Control*:
 - 1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or

exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

- 2) Any acquisition by *Company*;
 - 3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or
 - 4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or
- (B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:
- 1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company's* property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same

proportions relative to each other as their ownership immediately prior to such transaction;
and

2) No *Person* (other than any *Person* that beneficially owned, immediately prior to such reorganization, merger, consolidation, sale or other disposition, directly or indirectly, *Voting Stock* representing twenty (20) percent or more of the combined voting power of *Company's* then outstanding securities) beneficially owns, directly or indirectly, twenty (20) percent or more of the combined voting power of the then outstanding securities of the *Resulting Entity*;
and

3) At least a majority of the members of the board of directors of the entity resulting from such transaction were members of the board of directors of *Company* (the "*Board*") at the time of the execution of the initial agreement or action of the *Board* authorizing such reorganization, merger, consolidation, sale or other disposition; or

(C) Upon the consummation of a plan of complete liquidation or dissolution of *Company*; or

(D) When the *Initial Directors* cease for any reason to constitute at least a majority of the *Board*. For this purpose, an "*Initial Director*" shall mean those individuals serving as the directors of *Company* as of the date of this *Agreement*; provided, however, that any individual who becomes a director of *Company* at or after the first annual meeting of stockholders of *Company* whose election, or nomination for election by the *Company's* stockholders, was approved by the vote of at least a majority of the *Initial Directors* then comprising the *Board* (or by the nominating committee of the *Board*, if such committee is comprised of *Initial Directors* and has such authority) shall be deemed to have been an *Initial Director*; and provided further, that no individual shall be deemed to be an *Initial Director* if such individual initially was elected as a director of *Company* as a result of: (1) an actual or threatened solicitation by a *Person* (other than the *Board*) made for the purpose of opposing a solicitation by the *Board* with respect to the election or removal of directors; or (2) any other actual or threatened solicitation of proxies or consents by or on behalf of any *Person* (other than the *Board*).

(iv) **Termination Date.** For purposes of this section 3, "*Termination Date*" shall mean the date specified in the *Notice of Termination* as the date on which the conditions giving rise to *Executive's* termination were first met.

(b) **Change in Control Benefits.** In the event *Executive* becomes entitled to receive benefits under this section 3, the following shall apply:

- (i) In consideration of *Executive's* covenants hereunder, *Executive* shall be entitled to receive the following amounts, payable as provided in section 3(j):
- (A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;
 - (B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above);
 - (C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(B) above); and
 - (D) A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three (3) fiscal years immediately preceding the year in which the *Change in Control* occurs; and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

Treatment of stock options, RSUs, or other equity awards shall be determined pursuant to the *Executive's* award agreement(s). *Executive* shall not be eligible for any new *Annual Incentive Plan* grants, *Long-Term Cash Incentive Plan* grants, or any other grants of stock options, RSUs, or other equity awards under the *Omnibus Plan* with respect to the *CIC Severance Period* as defined immediately below.

- (iv) For a period of 24 months following *Executive's Termination Date* (the "*CIC Severance Period*"), *Executive* shall have the right to elect continuation of the life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*. Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, he shall pay the entire COBRA premium charged for such continuation coverage during the *CIC Severance Period*; provided, however, that during the *CIC Severance Period*, *Company* shall reimburse *Executive* for that portion of the COBRA premium paid that exceeds the amount payable by an active executive of *Company* for similar coverage, as adjusted from time to time. Such reimbursement shall be made to *Executive* on the 20th

day of each calendar month during the *CIC Severance Period*, or within ten (10) business days thereafter. The amount eligible for reimbursement under this subparagraph in any calendar year shall not affect any amounts eligible for reimbursement to be provided in any other calendar year. In addition, *Executive's* right to reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit. *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and shall be the actuarially determined cost of the continuation coverage as determined by an actuary selected by the *Company* (in accordance with the requirements under COBRA, to the extent applicable). *Executive* shall not be entitled to reimbursement of any portion of the premium charged for such coverage after the end of the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *CIC Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

- (v) If the aggregate benefits accrued by *Executive* as of the *Termination Date* under the savings and retirement plans sponsored by *Company* are not fully vested pursuant to the terms of the applicable plan(s), the difference between the benefits *Executive* is entitled to receive under such plans and the benefits he would have received had he been fully vested will be provided to *Executive* under the Hanesbrands Inc. Supplemental Employee Retirement Plan (the "*Supplemental Plan*"). In addition, for purposes of determining *Executive's* benefits under the *Supplemental Plan* and *Executive's* right to post-retirement medical benefits under *Company's* retiree medical plan, additional years of age and service credits equivalent to the length of the *CIC Severance Period* shall be included. However, *Executive* will not be eligible to begin receiving any retirement benefits under any such plans until the date he or she would otherwise be eligible to begin receiving benefits under such plans;
- (vi) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.

- (c) **Termination for Disability.** If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.
- (d) **Termination for Retirement or Death.** If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's* benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.
- (e) **Termination for Cause, or Other Than for Good Reason or Retirement.** If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.
- (f) **Separation and Release Agreement.** No benefits under this section 3 shall be payable to *Executive* unless *Executive* and *Company* have executed a "*Separation and Release Agreement*" (in substantially the form attached hereto as Exhibit A) within forty-five (45) days following the *Termination Date* and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.
- (g) **Deferred Compensation.** All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.
- (h) **Notice of Termination.** Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination*").
- (i) **Termination of Benefits.** All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

- (j) **Form and Timing of Benefits.** Subject to the provisions of this section 3 and to section 15, the *Change in Control* benefits described herein shall be paid to *Executive* in cash in a single lump sum payment as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of the *Executive's* termination of employment. The *Change in Control* benefits payable to *Executive* pursuant to this subparagraph (j) are intended to be exempt from *Code Section 409A* (as defined in section 15) under the exemption found in Regulation Section 1.409A-(b)(4) for short-term deferrals.
- (k) **Excise Tax Adjustment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the “*Total Payments*”), if all or any part of the *Total Payments* will, as determined by *Company*, be subject to the tax (the “*Excise Tax*”) imposed by *Code Section 4999* (or any similar tax that may hereafter be imposed), then such payment shall be either: (i) provided to *Executive* in full, or (ii) provided to *Executive* to such lesser extent as would result in no portion of such payment being subject to such *Excise Tax*, whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, such *Excise Tax*, and any other applicable taxes, results in the receipt by *Executive*, on an after-tax basis, of the greatest amount of the payment, notwithstanding that all or some portion of such payment may be taxable under such *Excise Tax*. To the extent such payment needs to be reduced pursuant to the preceding sentence, reductions shall come from taxable amounts before non-taxable amounts and beginning with the payments otherwise scheduled to occur soonest. *Executive* agrees to cooperate fully with *Company* to determine the benefits applicable under this section. For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, and the amounts of such *Excise Tax*, the following shall apply:
- (i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Persons*) shall be treated as “parachute payments” within the meaning of *Code Section 280G(b)(2)*, and all “excess parachute payments” within the meaning of *Code Section 280G(b)(1)* shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code Section 280G(b)(4)* in excess of the base amount within the meaning of *Code Section 280G(b)(3)*, or are otherwise not subject to the *Excise Tax*;

- (ii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);
 - (iii) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes; and
 - (iv) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(k) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(k), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole as determined by the *Committee*. Any such payment shall be treated for *Section 409A* purposes as a payment separate from the payment made pursuant to this subparagraph (k) immediately following *Executive's* termination of employment and shall be made by *Company* to *Executive* within twenty (20) days of the date he remits the additional taxes as a result of such adjustment; provided, however, that no such payment shall be made following the calendar year after the calendar year in which such adjustment was made by the Internal Revenue Service.
- (l) **Company's Payment Obligation.** Subject to the provisions of section 4, *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(k) above or in section 4.
- (m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.
- (n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall reimburse *Executive* for all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict

(including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3. Such reimbursement shall be made within thirty (30) days following final resolution, in favor of *Executive*, of the conflict or dispute giving rise to such fees and expenses. In no event shall *Executive* be entitled to receive the reimbursements provided for in this subparagraph if he acts in bad faith or pursues a claim without merit, or if he fails to prevail in any action instituted by him or *Company*.

- (o) **Arbitration for Change in Control Benefits.** Any dispute or controversy arising under or in connection with the benefits provided under this section 3 shall promptly and expeditiously be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of such arbitration proceeding utilizing a panel of three (3) arbitrators sitting in a location selected by *Executive* within fifty (50) miles from the location of his employment with *Company*. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The costs and expenses of both parties, including, without limitation, attorneys' fees shall be borne by *Company*. Pending the resolution of any such dispute, controversy or claim, *Executive* (and his beneficiaries) shall, except to the extent that the arbitrator otherwise expressly provides, continue to receive all payments and benefits due under this section 3.

4. **Remedies.** In the event of any actual or threatened breach of the provisions of this *Agreement* or any separation and release agreement, the party who claims such breach or threatened breach shall give the other party written notice and, except in the case of a breach which is not susceptible to being cured, ten calendar days in which to cure. In the event of a breach of any provision of this *Agreement* or any separation and release agreement by *Executive*, (i) *Executive* shall reimburse *Company*: the full amount of any payments made under section 2(b)(i), (ii), or (iii) or section 3(b)(i) of this *Agreement* (as the case may be), (ii) *Company* shall have the right, in addition to and without waiving any other rights to monetary damages or other relief that may be available to *Company* at law or in equity, to immediately discontinue any remaining payments due under subparagraph 2(b)(i), (ii) or (iii) or subparagraph 3(b)(i) of this *Agreement* (as the case may be) including but not limited to any remaining *Salary Portion of Severance* payments, and (iii) the *Severance Period* or the *CIC Severance Period* (as the case may be) shall thereupon cease, provided that *Executive's* obligations under, if applicable, any separation and release agreement shall continue in full force and effect in accordance with their terms for the entire duration of the *Severance Period* or *CIC Severance Period* as applicable. In addition, *Executive* acknowledges that *Company* will suffer irreparable injury in the event of a breach or violation or threatened breach or violation of the provisions of this *Agreement* or any separation and release agreement and agrees that in the event of an actual or threatened breach or violation of such provisions, in addition to the other remedies or rights available to under this *Agreement* or otherwise, *Company* shall be awarded injunctive relief in the federal or state courts located in North Carolina to prohibit any such violation or breach or threatened violation or breach, without necessity of posting any bond or security.

5. **Committee.** Except as specifically provided herein, this *Agreement* shall be administered by the Compensation and Benefits Committee of the *Board* (the "*Committee*"). The *Committee* may delegate any administrative duties, including, without limitation, duties with respect to the processing, review, investigation, approval and payment of severance/*Change in Control* benefits, to designated individuals or committees.

6. **Claims Procedure.** If *Executive* believes that he is entitled to receive severance benefits under this *Agreement*, he may file a claim in writing with the *Committee* within ninety (90) days after the date such *Executive* believes he or she should have received such benefits. No later than ninety (90) days after the receipt of the claim, the *Committee* shall either allow or deny the claim in writing. A denial of a claim, in whole or in part, shall be written in a manner calculated to be understood by *Executive* and shall include the specific reason or reasons for the denial; specific reference to the pertinent provisions of this *Agreement* on which the denial is based; a description of any additional material or information necessary for *Executive* to perfect the claim and an explanation of why such material or information is necessary; and an explanation of the claim review procedure. *Executive* (or his duly authorized representative) may within sixty (60) days after receipt of the denial of his claim request a review upon written application to the *Committee*; review pertinent documents; and submit issues and comments in writing. The *Committee* shall notify *Executive* of its decision on review within sixty (60) days after receipt of a request for review unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one-hundred twenty (120) days after receipt of a request for review. Notice of the decision on review shall be in writing. The *Committee's* decision on review shall be final and binding on *Executive* and any successor in interest. If *Executive* subsequently wishes to file a claim under Section 502(a) of ERISA, any legal action must be filed within ninety (90) days of the *Committee's* final decision. *Executive* must exhaust the claims procedure provided in this section 6 before filing a claim under ERISA with respect to any benefits provided under section 2 of this *Agreement*.

7. **Notices.** Any notice required or permitted to be given under this *Agreement* shall be sufficient if in writing and either delivered in person or sent by first class, certified or registered mail, postage prepaid, if to *Company* at *Company's* principal place of business, and if to *Executive*, at his home address most recently filed with *Company*, or to such other address as either party shall have designated in writing to the other party.

8. **Governing Law.** This *Agreement* shall be governed by and construed in accordance with the laws of the State of North Carolina without regard to any state's conflict of law principles.

9. **Severability and Construction.** If any provision of this *Agreement* is declared void or unenforceable or against public policy, such provision shall be deemed severable and severed from this *Agreement* and the balance of this *Agreement* shall remain in full force and effect. If a court of competent jurisdiction determines that any restriction in this *Agreement* is overbroad or unreasonable under the circumstances, such restriction shall be modified or revised by such court to include the maximum reasonable restriction allowed by law.

10. **Waiver.** Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition.

11. **Entire Agreement Modifications.** This *Agreement* (including all exhibits hereto) constitutes the entire agreement of the parties with respect to the subject matter hereof and supersede all prior agreements, oral and written, between the parties hereto with respect to the subject matter hereof. In the event of any inconsistency between any provision of this *Agreement* and any provision of any plan, employee handbook, personnel manual, program, policy, arrangement or agreement of *Company* or any of its subsidiaries or affiliates, the provisions of this *Agreement* shall control. This *Agreement* may be modified or amended only by an instrument in writing signed by both parties. Each of the parties hereto has relied on his or its own judgment in entering into this *Agreement*.

12. **Withholding.** All payments made to *Executive* pursuant to this *Agreement* will be subject to withholding of employment taxes and other lawful deductions, as applicable.

13. **Survivorship.** Except as otherwise set forth in this *Agreement*, to the extent necessary to carry out the intentions of the parties hereunder the respective rights and obligations of the parties hereunder shall survive any termination of *Executive's* employment.

14. **Successors and Assigns.** This *Agreement* shall bind and shall inure to the benefit of *Company* and any and all of its successors and assigns. This *Agreement* is personal to *Executive* and shall not be assignable by *Executive*. *Company* may assign this *Agreement* to any entity which (i) purchases all or substantially all of the assets of *Company* or (ii) is a direct or indirect successor (whether by merger, sale of stock or transfer of assets) of *Company*. Any such assignment shall be valid so long as the entity which succeeds to *Company* expressly assumes *Company's* obligations hereunder and complies with its terms.

15. **Compliance with Code Section 409A.** To the extent applicable, it is intended that the payment of benefits described in this *Agreement* comply with *Code Section 409A* and all guidance or regulations thereunder ("*Section 409A*"), including compliance with all applicable exemptions from *Section 409A* (e.g., the short-term deferral exception and the "two times" pay exemption applicable to severance payments). This *Agreement* will at all times be construed in a manner to comply with *Section 409A* and should any provision be found not in compliance with *Section 409A*, *Executive* hereby agrees to any changes to the terms of this *Agreement* deemed necessary and required by legal counsel for *Company* to achieve compliance with *Section 409A*, including any applicable exemptions. By signing a copy of this *Agreement*, *Executive* irrevocably waives any objections he may have to any changes that may be required by *Section 409A*. In no event will any payment that becomes payable pursuant to this *Agreement* that is considered "deferred compensation" within the meaning of *Section 409A*, if any, and does not satisfy any of the applicable exemptions under *Section 409A*, be accelerated in violation of *Section 409A*. If *Executive* is a "specified employee" as defined in *Section 409A*, any payment that becomes payable pursuant to this *Agreement* that is considered "deferred compensation" within the meaning of *Section 409A* and does not satisfy any of the applicable exemptions under *Section 409A* may not be made before the date that is six months after *Executive's* separation from service (or death, if earlier). To the extent *Executive* becomes subject to the six-month delay rule, all payments that would have been made to *Executive* during the six months following his separation from service that are not otherwise exempt from *Section 409A*, if any, will be accumulated and paid to *Executive* during the seventh month following his separation from service, and any remaining payments due will be made in their ordinary course as described in this *Agreement*. *Company* will notify *Executive* should he become subject to the six month delay rule.

IN WITNESS WHEREOF, *Company* and *Executive* have duly executed and delivered this *Agreement* as of the day and year first above written.

EXECUTIVE: **HANESBRANDS INC.**

Signature: _____ By: _____

Title: _____

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc. (the "Company") and _____ (the "Executive") enter into this Separation and Release Agreement which was received by Executive on the ___ day of _____, signed by Executive on the ___ day of _____, and is effective on the ___ day of _____ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

WITNESSETH:

WHEREAS, Executive has been employed by the Company as a _____; and

WHEREAS, Executive's employment with the Company is terminated as of _____, _____ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____ (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to the benefits described in the Change in Control Agreement provided Executive executes a separation and release agreement acceptable to Company; and

WHEREAS, this separation and release agreement (the "Agreement") is intended to satisfy the requirements of the Change in Control Agreement and to form a part of the Change in Control Agreement in such a manner that all the rights, duties and obligations arising between Executive and Company, including, but in no way limited to, any rights, duties and obligations that have arisen or might arise out of or are in any way related to Executive's employment with the Company and the conclusion of that employment are settled herein through the joinder of the Change in Control Agreement with this Agreement.

NOW, THEREFORE, in consideration of the obligations of the parties under the Change in Control Agreement and the additional covenants and mutual promises herein contained, it is further agreed as follows:

1. **Termination Date.** Executive agrees to resign Executive's employment and all appointments Executive holds with Company, and its subsidiaries and affiliates, on the Termination Date. Executive understands and agrees that Executive's employment with the Company will conclude on the close of business on the Termination Date.

2. **Termination Benefits.** Executive and Company agree that Executive shall receive the benefits described in the Change in Control Agreement, less all applicable withholding taxes and other customary payroll deductions, provided in the Change in Control Agreement.

3. **Receipt of Other Compensation.** Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the

Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's employment with Company, its subsidiaries or affiliates prior to the Termination Date), unpaid bonus, severance and accrued or unused vacation time or vacation pay from the Company or any of its subsidiaries or affiliates. Except as provided herein or in the Change in Control Agreement, Executive will not be eligible to participate in any of the benefit plans of the Company after Executive's Termination Date. However, Executive will be entitled to receive benefits which are vested and accrued prior to the Termination Date pursuant to the employee benefit plans of the Company. Any participation by Executive (if any) in any of the compensation or benefit plans of the Company as of and after the Termination Date shall be subject to and determined in accordance with the terms and conditions of such plans, except as otherwise expressly set forth in the Change in Control Agreement or this Agreement.

4. **Continuing Cooperation.** Following the Termination Date, Executive agrees to cooperate with all reasonable requests for information made by or on behalf of Company with respect to the operations, practices and policies of the Company. In connection with any such requests, the Company shall reimburse Executive for all out-of-pocket expenses reasonably and necessarily incurred in responding to such request(s).

5. **Executive's Representation and Warranty.** Executive hereby represents and warrants that, during Executive's period of employment with the Company, Executive did not willfully or negligently breach Executive's duties as an employee or officer of the Company, did not commit fraud, embezzlement, or any other similar dishonest conduct, and did not violate the Company's business standards.

6. **Non-Solicitation and Non-Compete.** In consideration of the benefits provided under this Agreement and in the Change in Control Agreement, Executive agrees that during Executive's employment and for the duration of the applicable Severance Period as determined pursuant to the terms of the Change in Control Agreement, Executive will not, without the prior written consent of Company, either alone or in association with others, solicit for employment or assist or encourage the solicitation for employment, any employee of Company, or any of its subsidiaries or affiliates; and will not, without the prior written consent of Company, directly or indirectly counsel, advise, perform services for, or be employed by, or otherwise engage or participate in any Competing Business (regardless of whether Executive receives compensation of any kind). For purposes of this Agreement, a "Competing Business" shall mean any commercial activity which competes or is reasonably likely to compete with any business that the Company conducts, or demonstrably anticipates conducting, at any time during Executive's employment.

7. **Confidentiality.** At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person,

except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

8. **Non-Disparagement.** At all times after the Effective Date, Executive will not disparage or criticize, orally or in writing, the business, products, policies, decisions, directors, officers or employees of Company or any of its subsidiaries or affiliates to any person. Company also agrees that none of its executive officers will disparage or criticize Executive to any person or entity. The obligations of this paragraph 8 shall survive the expiration of this Agreement.

9. **Breach of Agreement.** Any actual or threatened breach of this Agreement will be handled as provided in the Change in Control Agreement.

10. **Release.**

- (a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and

covenant not to sue, no agreement would have been reached by the parties and no benefits under the Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

- (b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 (“ADEA”). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE’S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE’S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE’S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.
- (c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.
- (d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive’s behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are released in this

paragraph 10; (iv) the same have not been transferred or assigned or caused to be transferred or assigned to any other person, firm, corporation or other legal entity; and (v) Executive has the full right and power to grant, execute, and deliver the releases, undertakings, and agreements contained in this Agreement.

- (e) The consideration offered herein is accepted by Executive as being in full accord, satisfaction, compromise and settlement of any and all claims or potential claims, and Executive expressly agrees that Executive is not entitled to and shall not receive any further payments, benefits, or other compensation or recovery of any kind from Company or any of the other Released Parties. Executive further agrees that in the event of any further proceedings whatsoever based upon any matter released herein, Company and each of the other Released Parties shall have no further monetary or other obligation of any kind to Executive, including without limitation any obligation for any costs, expenses and attorneys' fees incurred by or on behalf of Executive.

11. **Executive's Understanding.** Executive acknowledges by signing this Agreement that Executive has read and understands this document, that Executive has conferred with or had opportunity to confer with Executive's attorney regarding the terms and meaning of this Agreement, that Executive has had sufficient time to consider the terms provided for in this Agreement, that no representations or inducements have been made to Executive except as set forth in this Agreement, and that Executive has signed the same KNOWINGLY AND VOLUNTARILY.

12. **Non-Reliance.** Executive represents to Company and Company represents to Executive that in executing this Agreement they do not rely and have not relied upon any representation or statement not set forth herein made by the other or by any of the other's agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement, or otherwise.

13. **Severability of Provisions.** In the event that any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in this Agreement are held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law.

14. **Non-Admission of Liability.** Executive agrees that neither this Agreement nor the performance by the parties hereunder constitutes an admission by any of the Released Parties of any violation of any federal, state, or local law, regulation, common law, breach of any contract, or any other wrongdoing of any type.

15. **Assignability.** The rights and benefits under this Agreement are personal to Executive and such rights and benefits shall not be subject to assignment, alienation or transfer, except to the extent such rights and benefits are lawfully available to the estate or beneficiaries of Executive upon death. Company may assign this Agreement to any parent, affiliate or subsidiary or any entity which at any time whether by merger, purchase, or otherwise acquires all or substantially all of the assets, stock or business of Company.

16. **Choice of Law.** This Agreement shall be constructed and interpreted in accordance with the internal laws of the State of North Carolina without regard to any state's conflict of law principles.

17. **Entire Agreement.** This Agreement, together with the Change in Control Agreement, sets forth all the terms and conditions with respect to compensation, remuneration of payments and benefits due Executive from Company and supersedes and replaces any and all other agreements or understandings Executive may have or may have had with respect thereto. This Agreement may not be modified or amended except in writing and signed by both Executive and an authorized representative of Company.

18. **Notice.** Any notice to be given hereunder shall be in writing and shall be deemed given when mailed by certified mail, return receipt requested, addressed as follows:

To Executive at:

[add address]

To the Company at:

Hanesbrands Inc.
Attention: General Counsel
1000 East Hanes Mill Road
Winston-Salem, NC 27105

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

EXECUTIVE: HANESBRANDS INC.

_____ By: _____

Title: _____

Exhibit B

Schedule of Parties to Severance/Change in Control Agreement

Name

Date of Agreement

Richard D. Moss

November 3, 2011

**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: April 24, 2013

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Richard D. Moss, 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 D. Moss

Richard D. Moss
Chief Financial Officer

Date: April 24, 2013

**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 March 30, 2013 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: April 24, 2013

The foregoing certification is being furnished to accompany Hanesbrands Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2013 (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 March 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard D. Moss, 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/ Richard D. Moss

Richard D. Moss

Chief Financial Officer

Date: April 24, 2013

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2013 (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.