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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended October 2, 2010

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 001-32891

Hanesbrands Inc.
(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

As of October 25, 2010, there were 95,778,117 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*, *Playtex*, *Bali*, *L'eggs*, *Just My Size*, *barely there*, *Wonderbra*, *Stedman*, *Outer Banks*, *Zorba*, *Rinbros* and *Duofold* marks, which may be registered in the United States and other jurisdictions. We do not own any trademark, trade name or service mark of any other company appearing in this Quarterly Report on Form 10-Q.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as "may," "believe," "will," "expect," "project," "estimate," "intend," "anticipate," "plan," "continue" or similar expressions. In particular, information appearing under "Management's Discussion and Analysis of Financial Condition and Results of Operations" includes forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the year ended January 2, 2010, particularly under the caption "Risk Factors."

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report on Form 10-Q or our Annual Report on Form 10-K for the year ended January 2, 2010, 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 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 website, www.hanesbrands.com, we do not incorporate our 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
(in thousands, except per share amounts)
(unaudited)

	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Net sales	$ 1,173,362	$ 1,058,673	$ 3,177,054	$ 2,902,536
Cost of sales	809,487	701,993	2,110,943	1,960,589
Gross profit	363,875	356,680	1,066,111	941,947
Selling, general and administrative expenses	249,815	248,267	743,534	702,204
Restructuring	—	15,104	—	46,319
Operating profit	114,060	93,309	322,577	193,424
Other expenses	1,094	2,423	5,128	6,537
Interest expense, net	36,326	42,941	110,394	124,548
Income before income tax expense	76,640	47,945	207,055	62,339
Income tax expense	15,328	6,807	23,818	9,974
Net income	$ 61,312	$ 41,138	$ 183,237	$ 52,365
Earnings per share:				
Basic	$ 0.64	$ 0.43	$ 1.90	$ 0.55
Diluted	$ 0.63	$ 0.43	$ 1.87	$ 0.55
Weighted average shares outstanding:				
Basic	96,496	95,247	96,417	94,880
Diluted	97,752	96,422	97,790	95,469

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	October 2, 2010	January 2, 2010
Assets		
Cash and cash equivalents	$ 75,496	$ 38,943
Trade accounts receivable less allowances of $20,316 at October 2, 2010 and $25,776 at January 2, 2010	531,360	450,541
Inventories	1,377,286	1,049,204
Deferred tax assets and other current assets	270,870	283,869
Total current assets	2,255,012	1,822,557
Property, net	596,458	602,826
Trademarks and other identifiable intangibles, net	129,079	136,214
Goodwill	322,002	322,002
Deferred tax assets and other noncurrent assets	452,742	442,965
Total assets	$ 3,755,293	$ 3,326,564
Liabilities and Stockholders' Equity		
Accounts payable	$ 461,879	$ 351,971
Accrued liabilities	303,130	295,635
Notes payable	42,651	66,681
Current portion of debt	150,000	164,688
Total current liabilities	957,660	878,975
Long-term debt	1,871,672	1,727,547
Other noncurrent liabilities	387,434	385,323
Total liabilities	3,216,766	2,991,845
Stockholders' equity:		
Preferred stock (50,000,000 authorized shares; $.01 par value)		
Issued and outstanding — None	—	—
Common stock (500,000,000 authorized shares; $.01 par value)		
Issued and outstanding — 95,776,484 at October 2, 2010 and 95,396,967 at January 2, 2010	958	954
Additional paid-in capital	298,930	287,955
Retained earnings	452,043	268,805
Accumulated other comprehensive loss	(213,404)	(222,995)
Total stockholders' equity	538,527	334,719
Total liabilities and stockholders' equity	$ 3,755,293	$ 3,326,564

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	Nine Months Ended	
	October 2, 2010	October 3, 2009
Operating activities:		
Net income	$ 183,237	$ 52,365
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	54,232	57,476
Amortization of intangibles	9,046	9,293
Restructuring	—	6,978
Write-off on early extinguishment of debt	2,340	2,423
Charges incurred for amendments of credit facilities	—	4,114
Amortization of debt issuance costs	9,724	7,951
Amortization of loss on interest rate hedge	13,732	—
Stock compensation expense	8,320	27,637
Deferred taxes and other	(10,224)	(8,422)
Changes in assets and liabilities:		
Accounts receivable	(77,782)	(128,636)
Inventories	(333,132)	159,432
Other assets	9,112	21,380
Accounts payable	109,964	(31,923)
Accrued liabilities and other	(15,643)	30,739
Net cash provided by (used in) operating activities	(37,074)	210,807
Investing activities:		
Purchases of property, plant and equipment	(78,570)	(99,709)
Proceeds from sales of assets	45,469	15,814
Other	(519)	10
Net cash used in investing activities	(33,620)	(83,885)
Financing activities:		
Borrowings on notes payable	991,061	1,169,301
Repayments on notes payable	(1,015,338)	(1,168,799)
Payments to amend credit facilities	(1,688)	(22,165)
Borrowings on revolving loan facility	1,597,500	1,353,525
Repayments on revolving loan facility	(1,459,000)	(1,353,525)
Repayment of debt under 2009 Senior Secured Credit Facility	(59,063)	—
Repayment of debt under 2006 Senior Secured Credit Facility	—	(140,250)
Borrowings on Accounts Receivable Securitization Facility	191,424	176,616
Repayments on Accounts Receivable Securitization Facility	(141,424)	(170,190)
Proceeds from stock options exercised	3,437	376
Other	308	(824)
Net cash provided by (used in) financing activities	107,217	(155,935)
Effect of changes in foreign exchange rates on cash	30	288
Increase (decrease) in cash and cash equivalents	36,553	(28,725)
Cash and cash equivalents at beginning of year	38,943	67,342
Cash and cash equivalents at end of period	$ 75,496	$ 38,617

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

(1) Basis of Presentation

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

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.

To reflect a change previously made in the classification of freight expenses payable, a revision to the nine months ended October 3, 2009 Condensed Consolidated Statement of Cash Flows was made to reclassify changes in cash related to these payables from Accrued Liabilities and Other to Accounts Payable. This reclassification had no impact on the Company's previously reported total net cash flows from operating, investing or financing activities.

(2) Recent Accounting Pronouncements

Accounting for Transfers of Financial Assets

In June 2009, the Financial Accounting Standards Board ("FASB") issued new accounting rules for transfers of financial assets. The new rules require greater transparency and additional disclosures for transfers of financial assets and the entity's continuing involvement with them and changes the requirements for derecognizing financial assets. The new accounting rules are effective for financial asset transfers occurring after the beginning of the Company's first fiscal year that begins after November 15, 2009. The adoption of these new rules did not have a material impact on the financial condition, results of operations or cash flows of the Company.

Consolidation — Variable Interest Entities

In June 2009, the FASB issued new accounting rules related to the accounting and disclosure requirements for the consolidation of variable interest entities. The new accounting rules are effective for the Company's first fiscal year that begins after November 15, 2009. The adoption of these new rules did not have a material impact on the financial condition, results of operations or cash flows of the Company.

Fair Value Disclosures

In January 2010, the FASB issued new accounting rules related to the disclosure requirements for fair value measurements. The new accounting rules require new disclosures regarding significant transfers between Levels 1 and 2 of the fair value hierarchy and the activity within Level 3 of the fair value hierarchy. The new accounting rules also clarify existing disclosures regarding the level of disaggregation of assets or liabilities

HANESBRANDS INC.

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

and the valuation techniques and inputs used to measure fair value. The new accounting rules are effective for the Company's first interim fiscal period beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the disclosures effective for the Company's first interim fiscal period beginning after December 15, 2009 did not have a material impact on the Company's financial condition, results of operations or cash flows but resulted in certain additional disclosures reflected in Note 8.

(3) Earnings Per Share

Basic earnings per share ("EPS") was computed by dividing net income by the number of weighted average shares of common stock outstanding during the quarters and nine months ended October 2, 2010 and October 3, 2009. Diluted EPS was calculated to give effect to all potentially dilutive shares of common stock using the treasury stock method. The reconciliation of basic to diluted weighted average shares for the quarters and nine months ended October 2, 2010 and October 3, 2009 is as follows:

	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Basic weighted average shares	96,496	95,247	96,417	94,880
Effect of potentially dilutive securities:				
Stock options	664	205	781	—
Restricted stock units	589	970	591	589
Employee stock purchase plan and other	3	—	1	—
Diluted weighted average shares	97,752	96,422	97,790	95,469

For the quarters ended October 2, 2010 and October 3, 2009, options to purchase 606 and 4,612 shares of common stock, respectively, were excluded from the diluted earnings per share calculation because their effect would be anti-dilutive. For the nine months ended October 2, 2010 and October 3, 2009, 0 and 43 restricted stock units, respectively, and options to purchase 606 and 5,871 shares of common stock, respectively, were excluded from the diluted earnings per share calculation because their effect would be anti-dilutive.

(4) Inventories

Inventories consisted of the following:

	October 2, 2010	January 2, 2010
Raw materials	$ 130,573	$ 106,138
Work in process	126,674	100,686
Finished goods	1,120,039	842,380
	$ 1,377,286	$ 1,049,204

HANESBRANDS INC.

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

(5) Trade Accounts Receivable

Allowances for Trade Accounts Receivable

The changes in the Company’s allowance for doubtful accounts and allowance for chargebacks and other deductions for the quarter and nine months ended October 2, 2010 are as follows:

	Allowance for Doubtful Accounts	Allowance for Chargebacks and Other Deductions	Total
Balance at January 2, 2010	$ 15,502	$ 10,274	$ 25,776
Charged to expenses	(107)	6,026	5,919
Deductions and write-offs	(53)	(893)	(946)
Balance at April 3, 2010	15,342	15,407	30,749
Charged to expenses	(1,617)	(1,852)	(3,469)
Deductions and write-offs	(79)	(1,787)	(1,866)
Balance at July 3, 2010	13,646	11,768	25,414
Charged to expenses	914	(632)	282
Deductions and write-offs	(3,433)	(1,947)	(5,380)
Balance at October 2, 2010	$ 11,127	$ 9,189	$ 20,316

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

Sales of Accounts Receivable

In March 2010, the Company entered into an agreement to sell selected trade accounts receivable to a financial institution. After the sale, the Company does not retain any interests in the receivables and the financial institution services and collects these accounts receivable directly from the customer. Net proceeds of this accounts receivable sale program are recognized in the Condensed Consolidated Statement of Cash Flows as part of operating cash flows. The funding fees charged for this program are recorded in the “Other expenses” line in the Condensed Consolidated Statement of Income.

During the quarter and nine months ended October 2, 2010, the Company recognized funding fees of $1,094 and $2,557, respectively, for sales of accounts receivable to financial institutions in the “Other expenses” line in the Condensed Consolidated Statements of Income.

HANESBRANDS INC.

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

(6) Debt

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

	Interest Rate as of October 2, 2010	Principal Amount October 2, 2010	Principal Amount January 2, 2010	Maturity Date
2009 Senior Secured Credit Facility:				
Term Loan Facility	5.25%	$ 690,937	$ 750,000	December 2015
Revolving Loan Facility	4.76%	190,000	51,500	December 2013
8% Senior Notes	8.00%	500,000	500,000	December 2016
Floating Rate Senior Notes	4.12%	490,735	490,735	December 2014
Accounts Receivable Securitization Facility	2.82%	150,000	100,000	December 2010
		2,021,672	1,892,235	
Less current maturities		150,000	164,688	
		$ 1,871,672	$ 1,727,547	

As of October 2, 2010, the Company had $190,000 outstanding under the $600,000 revolving loan facility (the “Revolving Loan Facility”) under the senior secured credit facility that the Company entered into in 2006 (the “2006 Senior Secured Credit Facility”) and amended and restated in December 2009 (as amended and restated, the “2009 Senior Secured Credit Facility”), $17,046 of standby and trade letters of credit issued and outstanding under this facility and $392,954 of borrowing availability.

As previously disclosed in the Company’s Annual Report on Form 10-K for the year ended January 2, 2010, the 2009 Senior Secured Credit Facility permits the Company, at its option, to add one or more term loan facilities or increase the commitments under the Revolving Loan Facility in an aggregate amount of up to $300,000 so long as certain conditions are satisfied, including, among others, that no default or event of default is in existence and that the Company is in pro forma compliance with the financial covenants in the 2009 Senior Secured Credit Facility. In order to support its working capital needs and fund an acquisition, on September 1, 2010, as permitted by the 2009 Senior Secured Credit Facility, the Company increased the commitments under the Revolving Loan Facility by an aggregate amount of $200,000, increasing the borrowing availability under the Revolving Loan Facility from $400,000 to $600,000. During the quarter and nine months ended October 2, 2010, the Company incurred $1,688 in capitalized debt issuance costs in connection with increasing the borrowing availability under the Revolving Loan Facility. Debt issuance costs are amortized to interest expense over the life of the debt instrument.

On January 29, 2010, in recognition of the lower trade accounts receivable balance resulting from the sale by the Company of certain trade accounts receivable to a financial institution outside the accounts receivable securitization facility that the Company entered into in November 2007 (the “Accounts Receivable Securitization Facility”), HBI Receivables LLC, the Company’s wholly-owned bankruptcy-remote subsidiary that is a party to such facility, gave notice to the agent and the managing agents under the Accounts Receivable Securitization Facility that, as permitted by the terms of such facility, effective February 11, 2010, the amount of funding available under the Accounts Receivable Securitization Facility was being reduced from $250,000 to $150,000. During the quarter and nine months ended October 2, 2010, the Company recognized $0 and $686, respectively, of a write-off on early extinguishment of debt related to unamortized debt issuance costs on the Accounts Receivable Securitization Facility as a result of the reduction in borrowing capacity.

During the quarter and nine months ended October 2, 2010, the Company recognized $0 and $1,654, respectively, of a write-off on early extinguishment of debt related to unamortized debt issuance costs on the 2009 Senior Secured Credit Facility as a result of the prepayment of $57,188 of principal in April 2010. The Company also recognized $0 and $231 in additional charges related to the amendments of credit facilities in

2009 during the quarter and nine months ended October 2, 2010, respectively. These charges are reflected in the “Other expenses” line of the Condensed Consolidated Statements of Income.

During the quarter and nine months ended October 3, 2009, the Company recognized $2,423 of a write-off on early extinguishment of debt related to unamortized debt issuance costs on the 2006 Senior Secured Credit Facility as a result of the prepayment of $140,250 of principal in September 2009. This loss is reflected in the “Other expenses” line of the Condensed Consolidated Statements of Income.

During the quarter and nine months ended October 3, 2009, the Company recognized charges of $0 and $4,114, respectively, in the “Other expenses” line of the Condensed Consolidated Statements of Income, which represent certain costs related to amendments of the 2006 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility.

As of October 2, 2010, the Company was in compliance with all covenants under its credit facilities.

(7) Financial Instruments and Risk Management

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

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

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

Mark to Market Hedges

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

Mark to Market Hedges — Intercompany Foreign Exchange Transactions

The Company uses foreign exchange derivative contracts to reduce the impact of foreign exchange fluctuations on anticipated intercompany purchase and lending transactions denominated in foreign currencies.

Foreign exchange derivative contracts are recorded as mark to market hedges when the hedged item is a recorded asset or liability that is revalued in each accounting period. Mark to market hedge derivatives relating to intercompany foreign exchange contracts are reported in the Condensed Consolidated Statements of Cash Flows as cash flow from operating activities. As of October 2, 2010, the U.S. dollar equivalent of commitments to purchase and sell foreign currencies in the Company's foreign currency mark to market hedge derivative portfolio was is $12,550 and $38,501, respectively, using the exchange rate at the reporting date.

Cash Flow Hedges

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

Cash Flow Hedges — Interest Rate Derivatives

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

The Company is required under the 2009 Senior Secured Credit Facility to hedge a portion of its floating rate debt to reduce interest rate risk caused by floating rate debt issuance. To comply with this requirement, in the quarter ended April 3, 2010, the Company entered into hedging arrangements whereby it capped the LIBOR interest rate component on an aggregate of $490,735 of the floating rate debt under the Company's $500,000 Floating Rate Senior Notes due 2014 (the "Floating Rate Senior Notes") at 4.262%. The interest rate cap arrangements, with notional amounts of $240,735 and $250,000, expire in December 2011.

Cash Flow Hedges — Foreign Currency Derivatives

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

Historically, the principal currencies hedged by the Company include the Euro, Mexican peso, Canadian dollar and Japanese yen. Forward exchange contracts mature on the anticipated cash requirement date of the hedged transaction, generally within one year. As of October 2, 2010, the U.S. dollar equivalent of commitments to sell foreign currencies in the Company's foreign currency cash flow hedge derivative portfolio was $53,752, using the exchange rate at that date.

HANESBRANDS INC.

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

Cash Flow Hedges — Commodity Derivatives

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

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:

		Fair Value	
	Balance Sheet Location	October 2, 2010	January 2, 2010
Derivative assets — hedges			
Interest rate contracts	Other assets	$ 20	$ —
Foreign exchange contracts	Other current assets	—	407
Total derivative assets — hedges		20	407
Derivative assets — non-hedges			
Foreign exchange contracts	Other current assets	220	207
Total derivative assets		$ 240	$ 614
Derivative liabilities — hedges			
Foreign exchange contracts	Accrued liabilities	(1,351)	(107)
Total derivative liabilities — hedges		(1,351)	(107)
Derivative liabilities — non-hedges			
Foreign exchange contracts	Accrued liabilities	(1,408)	(432)
Total derivative liabilities		$ (2,759)	$ (539)
Net derivative asset (liability)		$ (2,519)	$ 75

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
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Net Derivative Gain or Loss

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

	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (Effective Portion) Quarter Ended		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion) Quarter Ended	
	October 2, 2010	October 3, 2009		October 2, 2010	October 3, 2009
Interest rate contracts	$ (82)	$ (541)	Interest expense, net	$ (4,214)	$ 219
Foreign exchange contracts	(2,387)	(898)	Cost of sales	(514)	(127)
Total	$ (2,469)	$ (1,439)		$ (4,728)	$ 92

	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (Effective Portion) Nine Months Ended		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion) Nine Months Ended	
	October 2, 2010	October 3, 2009		October 2, 2010	October 3, 2009
Interest rate contracts	$ (499)	$ 17,471	Interest expense, net	$ (13,836)	$ 348
Foreign exchange contracts	(2,096)	(1,768)	Cost of sales	(1,138)	(1,240)
Commodity contracts	—	—	Cost of sales	—	96
Total	$ (2,595)	$ 15,703		$ (14,974)	$ (796)

The Company expects to reclassify into earnings during the next 12 months a net loss from Accumulated Other Comprehensive Loss of approximately $11,287.

The changes in fair value of derivatives excluded from the Company's effectiveness assessments and the ineffective portion of the changes in the fair value of derivatives used as cash flow hedges are reported in the "Selling, general and administrative expenses" line in the Condensed Consolidated Statements of Income. The Company recognized gains (losses) for the quarter and nine months ended October 2, 2010 related to ineffectiveness of hedging relationships for foreign exchange contracts of $(1) and $6, respectively. The Company recognized gains related to ineffectiveness of hedging relationships for the quarter ended October 3, 2009 of $102, consisting of $75 for interest rate contracts and $27 for foreign exchange contracts. The Company recognized gains related to ineffectiveness of hedging relationships for the nine months ended October 3, 2009 of $246, consisting of $227 for interest rate contracts and $19 for foreign exchange contracts.

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

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

	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income Quarter Ended		Amount of Gain (Loss) Recognized in Income Nine Months Ended	
		October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Foreign exchange contracts	Selling, general and administrative expenses	$ (1,838)	$ 4,365	$ (1,309)	$ 3,189
Total		$ (1,838)	$ 4,365	$ (1,309)	$ 3,189

(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 October 2, 2010, the Company held certain financial assets and liabilities that are required to be measured at fair value on a recurring basis. These consisted of the Company’s derivative instruments related to interest rates and foreign exchange rates. The Company’s defined benefit pension plan investments are not required to be measured at fair value on a recurring basis. The fair values of interest rate derivatives are determined with pricing models using LIBOR interest rate curves, spreads, volatilities and other relevant information developed using market data and are categorized as Level 2. 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.

There were no changes during the quarter ended October 2, 2010 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 October 2, 2010. As of October 2, 2010, the Company did not have any non-financial assets or liabilities that are required to be measured at fair value on a recurring or non-recurring basis.

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Notes to Condensed Consolidated Financial Statements — (Continued)
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The following tables set forth by level within the fair value hierarchy the Company's financial assets and liabilities accounted for at fair value on a recurring basis.

	Assets (Liabilities) at Fair Value as of October 2, 2010		
	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	$ —	$ 220	$ —
Foreign exchange derivative contracts	—	(2,759)	—
Interest rate derivative contracts	—	20	—
Total	$ —	$ (2,519)	$ —

	Assets (Liabilities) at Fair Value as of January 2, 2010		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign exchange derivative contracts	$ —	$ 614	$ —
Foreign exchange derivative contracts	—	(539)	—
Total	$ —	$ 75	$ —

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, trade accounts receivable, notes receivable and accounts payable approximated fair value as of October 2, 2010 and January 2, 2010. The fair value of debt was $2,036,470 and $1,881,868 as of October 2, 2010 and January 2, 2010 and had a carrying value of $2,021,672 and $1,892,235, respectively. The fair values were estimated using quoted market prices as provided in secondary markets which consider the Company's credit risk and market related conditions. The carrying amounts of the Company's notes payable approximated fair value as of October 2, 2010 and January 2, 2010, primarily due to the short-term nature of these instruments.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
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(9) Comprehensive Income

The Company's comprehensive income is as follows:

	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Net income	$ 61,312	$ 41,138	$ 183,237	$ 52,365
Translation adjustments	8,399	8,047	2,079	16,303
Amortization of loss on interest rate hedge, net of tax of $1,672, $0, $5,476 and $0, respectively	2,519	—	8,256	—
Net derivative activity on qualifying cash flow hedges, net of tax of $(771), $(524), $(540) and $5,800, respectively	(1,162)	(823)	(814)	9,108
Recognition of loss from pension plan settlement, net of tax of $53, $1,227, $53 and $1,227, respectively	69	1,928	69	1,928
Amounts amortized into net periodic cost:				
Prior service cost, net of tax of $3, $3, $9 and $9, respectively	4	4	12	12
Actuarial loss, net of tax of $860, $888, $2,580 and $2,508, respectively	1,297	1,396	3,891	3,938
Comprehensive income	$ 72,438	$ 51,690	$ 196,730	$ 83,654

(10) Income Taxes

The Company's effective income tax rate was 20% and 12% for the quarter and nine months ended October 2, 2010, respectively, and 14% and 16% for the quarter and nine months ended October 3, 2009, respectively.

The higher effective income tax rate of 20% for the quarter ended October 2, 2010 compared to 14% for the quarter ended October 3, 2009 was primarily attributable to a lower proportion of the Company's earnings attributed to foreign subsidiaries in the quarter ended October 2, 2010 which are taxed at rates lower than the U.S. statutory rate. The lower effective income tax rate of 12% for the nine months ended October 2, 2010 compared to 16% for the nine months ended October 3, 2009 was primarily attributable to a discrete, non-recurring income tax benefit of approximately $20 million for the nine months ended October 2, 2010, partially offset by a lower proportion of the Company's earnings attributed to foreign subsidiaries in the quarter ended October 2, 2010 which are taxed at rates lower than the U.S. statutory rate. The income tax benefit resulted from a change in estimate associated with the remeasurement of unrecognized tax benefit accruals and the determination that certain tax positions had been effectively settled following the finalization of tax reviews and audits for amounts that were less than originally anticipated.

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

Based on the Company's computation of the final amount of deferred taxes for the Company's opening balance sheet as of September 6, 2006, the amount that is expected to be collected from Sara Lee based on the Company's computation of $72,223, which reflects a preliminary cash installment received from Sara Lee of $18,000, is included as a receivable in "Deferred tax assets and other current assets" in the Condensed Consolidated Balance Sheets as of October 2, 2010 and January 2, 2010. The Company and Sara Lee have exchanged information in connection with this matter, but Sara Lee has disagreed with the Company's computation. In accordance with the dispute resolution provisions of the tax sharing agreement, in August 2009, the Company submitted the dispute to binding arbitration. The arbitration process is ongoing, and the Company will continue to prosecute its claim. The Company does not believe that the resolution of this dispute will have a material impact on the Company's financial position, results of operations or cash flows.

(11) Business Segment Information

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

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

- Innerwear sells basic branded products that are replenishment in nature under the product categories of women's intimate apparel, men's underwear, kids' underwear and socks.
- Outerwear sells basic branded products that are primarily seasonal in nature under the product categories of casualwear and activewear.
- Hosiery sells products in categories such as pantyhose, knee highs and tights.
- Direct to Consumer includes the Company's value-based ("outlet") stores and Internet operations which sell products from the Company's portfolio of leading brands. The Company's Internet operations are supported by its catalogs.
- International primarily relates to the Latin America, Asia, Canada, Europe and South America geographic locations which sell products that span across the Innerwear, Outerwear and Hosiery reportable segments.

The Company evaluates the operating performance of its segments based upon segment operating profit, which is defined as operating profit before general corporate expenses, amortization of trademarks and other identifiable intangibles and restructuring and related accelerated depreciation charges and inventory write-offs. The accounting policies of the segments are consistent with those described in Note 2 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended January 2, 2010.

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

	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Net sales:				
Innerwear	$ 512,486	$ 467,577	$ 1,522,553	$ 1,393,904
Outerwear	389,474	328,339	894,653	772,685
Hosiery	37,442	40,978	117,273	131,326
Direct to Consumer	100,327	100,204	278,680	275,058
International	133,633	117,830	363,895	317,541
Other	—	3,745	—	12,022
Total net sales	$ 1,173,362	$ 1,058,673	$ 3,177,054	$ 2,902,536

	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Segment operating profit (loss):				
Innerwear	$ 55,804	$ 54,678	$ 219,475	$ 185,346
Outerwear	34,308	38,706	56,631	31,869
Hosiery	11,333	12,781	38,672	42,358
Direct to Consumer	10,446	13,843	18,583	29,189
International	16,754	12,834	42,392	31,971
Other	—	(462)	—	(2,272)
Total segment operating profit	128,645	132,380	375,753	318,461
Items not included in segment operating profit (loss):				
General corporate expenses	(11,667)	(20,285)	(44,130)	(62,979)
Amortization of trademarks and other identifiable intangibles	(2,918)	(3,112)	(9,046)	(9,293)
Restructuring	—	(15,104)	—	(46,319)
Inventory write-offs included in cost of sales	—	(269)	—	(3,516)
Accelerated depreciation included in cost of sales	—	(118)	—	(2,392)
Accelerated depreciation included in selling, general and administrative expenses	—	(183)	—	(538)
Total operating profit	114,060	93,309	322,577	193,424
Other expenses	(1,094)	(2,423)	(5,128)	(6,537)
Interest expense, net	(36,326)	(42,941)	(110,394)	(124,548)
Income before income tax expense	$ 76,640	$ 47,945	$ 207,055	$ 62,339

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Notes to Condensed Consolidated Financial Statements — (Continued)
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	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Depreciation and amortization expense:				
Innerwear	$ 8,631	$ 8,069	$ 25,847	$ 27,054
Outerwear	5,337	5,489	15,026	16,370
Hosiery	629	979	2,157	3,164
Direct to Consumer	1,589	1,810	4,359	4,172
International	418	561	1,573	1,589
Other	—	59	—	187
	16,604	16,967	48,962	52,536
Corporate	3,945	4,173	14,316	14,233
Total depreciation and amortization expense	$ 20,549	$ 21,140	$ 63,278	$ 66,769

	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Additions to long-lived assets:				
Innerwear	$ 10,186	$ 8,669	$ 37,326	$ 37,677
Outerwear	6,348	9,515	25,998	47,664
Hosiery	124	146	426	549
Direct to Consumer	2,388	1,498	9,741	7,734
International	504	368	1,763	857
Other	—	—	—	19
	19,550	20,196	75,254	94,500
Corporate	921	1,697	3,316	5,209
Total additions to long-lived assets	$ 20,471	$ 21,893	$ 78,570	$ 99,709

(12) Consolidating Financial Information

In accordance with the indenture governing the Floating Rate Senior Notes and the indenture governing the Company’s $500,000 8.000% Senior Notes due 2016 (the “8% Senior Notes”) (together, the “Indentures”), certain of the Company’s subsidiaries have guaranteed the Company’s obligations under the Floating Rate Senior Notes and the 8% Senior Notes, respectively. The following presents the condensed consolidating financial information separately for:

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

(ii) Guarantor subsidiaries, on a combined basis, as specified in the Indentures;

(iii) Non-guarantor subsidiaries, on a combined basis;

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
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(iv) Consolidating entries and eliminations representing adjustments to (a) eliminate intercompany transactions between or among Parent Company, the guarantor subsidiaries and the non-guarantor subsidiaries, (b) eliminate intercompany profit in inventory, (c) eliminate the investments in our subsidiaries and (d) record consolidating entries; and

(v) Parent Company, on a consolidated basis.

The Floating Rate Senior Notes and the 8% Senior Notes are fully and unconditionally guaranteed on a joint and several basis by each guarantor subsidiary, each of which is wholly owned, directly or indirectly, by Hanesbrands Inc. Each entity in the consolidating financial information follows the same accounting policies as described in the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended January 2, 2010, 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.

	Condensed Consolidating Statement of Income Quarter Ended October 2, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$ 1,104,713	$ 113,915	$ 830,265	$ (875,531)	$ 1,173,362
Cost of sales	875,963	43,270	748,701	(858,447)	809,487
Gross profit	228,750	70,645	81,564	(17,084)	363,875
Selling, general and administrative expenses	201,440	20,282	27,784	309	249,815
Operating profit (loss)	27,310	50,363	53,780	(17,393)	114,060
Equity in earnings (loss) of subsidiaries	71,944	33,908	—	(105,852)	—
Other expenses	1,094	—	—	—	1,094
Interest expense, net	33,678	(22)	2,673	(3)	36,326
Income (loss) before income tax expense	64,482	84,293	51,107	(123,242)	76,640
Income tax expense	3,170	7,635	4,523	—	15,328
Net income (loss)	$ 61,312	$ 76,658	$ 46,584	$ (123,242)	$ 61,312

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

	Condensed Consolidating Statement of Income Nine Months Ended October 2, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$ 3,034,863	$ 319,231	$ 2,317,522	$ (2,494,562)	$ 3,177,054
Cost of sales	2,423,688	118,694	2,054,675	(2,486,114)	2,110,943
Gross profit	611,175	200,537	262,847	(8,448)	1,066,111
Selling, general and administrative expenses	589,755	69,018	83,734	1,027	743,534
Operating profit (loss)	21,420	131,519	179,113	(9,475)	322,577
Equity in earnings (loss) of subsidiaries	260,220	117,996	—	(378,216)	—
Other expenses	5,128	—	—	—	5,128
Interest expense, net	101,490	(67)	8,971	—	110,394
Income (loss) before income tax expense (benefit)	175,022	249,582	170,142	(387,691)	207,055
Income tax expense (benefit)	(8,215)	20,271	11,762	—	23,818
Net income (loss)	$ 183,237	$ 229,311	$ 158,380	$ (387,691)	$ 183,237

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

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Notes to Condensed Consolidated Financial Statements — (Continued)
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	Condensed Consolidating Balance Sheet October 2, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 39,521	$ 1,256	$ 34,719	$ —	$ 75,496
Trade accounts receivable less allowances	81,773	5,501	444,086	—	531,360
Inventories	1,072,217	63,879	370,517	(129,327)	1,377,286
Deferred tax assets and other current assets	236,708	10,226	24,960	(1,024)	270,870
Total current assets	1,430,219	80,862	874,282	(130,351)	2,255,012
Property, net	120,507	23,002	452,949	—	596,458
Trademarks and other identifiable intangibles, net	17,198	90,719	21,162	—	129,079
Goodwill	232,883	16,071	73,048	—	322,002
Investments in subsidiaries	1,169,141	875,942	—	(2,045,083)	—
Deferred tax assets and other noncurrent assets	264,278	275,125	119,686	(206,347)	452,742
Total assets	$ 3,234,226	$ 1,361,721	$ 1,541,127	$ (2,381,781)	$ 3,755,293
Liabilities and Stockholders' Equity					
Accounts payable	$ 282,748	$ 4,525	$ 174,606	$ —	$ 461,879
Accrued liabilities	191,764	39,179	72,153	34	303,130
Notes payable	—	—	42,651	—	42,651
Current portion of debt	—	—	150,000	—	150,000
Total current liabilities	474,512	43,704	439,410	34	957,660
Long-term debt	1,871,672	—	—	—	1,871,672
Other noncurrent liabilities	349,515	4,670	33,249	—	387,434
Total liabilities	2,695,699	48,374	472,659	34	3,216,766
Stockholders' equity	538,527	1,313,347	1,068,468	(2,381,815)	538,527
Total liabilities and stockholders' equity	$ 3,234,226	$ 1,361,721	$ 1,541,127	$ (2,381,781)	$ 3,755,293

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Notes to Condensed Consolidated Financial Statements — (Continued)
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	Condensed Consolidating Balance Sheet January 2, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 12,805	$ 1,646	$ 24,492	$ —	$ 38,943
Trade accounts receivable less allowances	47,654	5,973	398,807	(1,893)	450,541
Inventories	838,685	52,165	291,062	(132,708)	1,049,204
Deferred tax assets and other current assets	233,073	13,605	37,643	(452)	283,869
Total current assets	1,132,217	73,389	752,004	(135,053)	1,822,557
Property, net	154,476	17,787	430,563	—	602,826
Trademarks and other identifiable intangibles, net	20,677	109,833	5,704	—	136,214
Goodwill	232,882	16,934	72,186	—	322,002
Investments in subsidiaries	927,105	730,159	—	(1,657,264)	—
Deferred tax assets and other noncurrent assets	371,287	153,617	29,259	(111,198)	442,965
Total assets	$ 2,838,644	$ 1,101,719	$ 1,289,716	$ (1,903,515)	$ 3,326,564
Liabilities and Stockholders' Equity					
Accounts payable	$ 172,802	$ 5,237	$ 88,285	$ 85,647	$ 351,971
Accrued liabilities	207,079	22,902	65,689	(35)	295,635
Notes payable	—	—	66,681	—	66,681
Current portion of debt	64,688	—	100,000	—	164,688
Total current liabilities	444,569	28,139	320,655	85,612	878,975
Long-term debt	1,727,547	—	—	—	1,727,547
Other noncurrent liabilities	331,809	3,626	45,597	4,291	385,323
Total liabilities	2,503,925	31,765	366,252	89,903	2,991,845
Stockholders' equity	334,719	1,069,954	923,464	(1,993,418)	334,719
Total liabilities and stockholders' equity	$ 2,838,644	$ 1,101,719	$ 1,289,716	$ (1,903,515)	$ 3,326,564

HANESBRANDS INC.

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

	Condensed Consolidating Statement of Cash Flows Nine Months Ended October 2, 2010				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 168,472	$ 124,951	$ 46,204	$ (376,701)	$ (37,074)
Investing activities:					
Purchases of property, plant and equipment	(21,652)	(8,989)	(47,929)	—	(78,570)
Proceeds from sales of assets	44,436	—	1,033	—	45,469
Other	(519)	—	—	—	(519)
Net cash provided by (used in) investing activities	22,265	(8,989)	(46,896)	—	(33,620)
Financing activities:					
Borrowings on notes payable	—	—	991,061	—	991,061
Repayments on notes payable	—	—	(1,015,338)	—	(1,015,338)
Payments to amend credit facilities	(1,688)	—	—	—	(1,688)
Borrowings on revolving loan facility	1,597,500	—	—	—	1,597,500
Repayments on revolving loan facility	(1,459,000)	—	—	—	(1,459,000)
Repayment of debt under 2009 Senior Secured Credit Facility	(59,063)	—	—	—	(59,063)
Borrowings on Accounts Receivable Securitization Facility	—	—	191,424	—	191,424
Repayments on Accounts Receivable Securitization Facility	—	—	(141,424)	—	(141,424)
Proceeds from stock options exercised	3,437	—	—	—	3,437
Other	342	—	(34)	—	308
Net transactions with related entities	(245,549)	(116,352)	(14,800)	376,701	—
Net cash provided by (used in) financing activities	(164,021)	(116,352)	10,889	376,701	107,217
Effect of changes in foreign exchange rates on cash	—	—	30	—	30
Increase (decrease) in cash and cash equivalents	26,716	(390)	10,227	—	36,553
Cash and cash equivalents at beginning of year	12,805	1,646	24,492	—	38,943
Cash and cash equivalents at end of period	$ 39,521	$ 1,256	$ 34,719	$ —	$ 75,496

HANESBRANDS INC.

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

	Condensed Consolidating Statement of Cash Flows Nine Months Ended October 3, 2009				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 557,032	$ 27,338	$ (64,672)	$ (308,891)	$ 210,807
Investing activities:					
Purchases of property, plant and equipment	(15,010)	(7,344)	(77,355)	—	(99,709)
Proceeds from sales of assets	11,896	—	3,918	—	15,814
Other	(601)	10	—	601	10
Net cash provided by (used in) investing activities	(3,715)	(7,334)	(73,437)	601	(83,885)
Financing activities:					
Borrowings on notes payable	—	—	1,169,301	—	1,169,301
Repayments on notes payable	—	—	(1,168,799)	—	(1,168,799)
Payments to amend credit facilities	(20,570)	—	(1,595)	—	(22,165)
Borrowings on revolving loan facility	1,353,525	—	—	—	1,353,525
Repayments on revolving loan facility	(1,353,525)	—	—	—	(1,353,525)
Repayments of debt under 2006 Senior Secured Credit Facility	(140,250)	—	—	—	(140,250)
Borrowings on Accounts Receivable Securitization Facility	—	—	176,616	—	176,616
Repayments on Accounts Receivable Securitization Facility	—	—	(170,190)	—	(170,190)
Proceeds from stock options exercised	376	—	—	—	376
Other	(800)	—	(24)	—	(824)
Net transactions with related entities	(402,945)	(20,828)	115,483	308,290	—
Net cash provided by (used in) financing activities	(564,189)	(20,828)	120,792	308,290	(155,935)
Effect of changes in foreign exchange rates on cash	—	—	288	—	288
Decrease in cash and cash equivalents	(10,872)	(824)	(17,029)	—	(28,725)
Cash and cash equivalents at beginning of year	16,210	2,355	48,777	—	67,342
Cash and cash equivalents at end of period	$ 5,338	$ 1,531	$ 31,748	$ —	$ 38,617

(13) Restructuring

The Company has restructured its supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance production capability between the Western

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

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

The reported results for the quarters and nine months ended October 2, 2010 and October 3, 2009 reflect amounts recognized for restructuring actions, including the impact of certain actions that were completed for amounts more favorable than previously estimated. The impact of restructuring efforts on income before income tax expense is summarized as follows:

	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Restructuring programs:				
Year ended January 2, 2010 restructuring actions	$ —	$ 12,278	$ —	$ 31,522
Year ended January 3, 2009 restructuring actions	—	2,116	—	15,991
Year ended December 29, 2007 and prior restructuring actions	—	1,280	—	5,252
	$ —	$ 15,674	$ —	$ 52,765

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

	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Cost of sales	$ —	$ 387	$ —	$ 5,908
Selling, general and administrative expenses	—	183	—	538
Restructuring	—	15,104	—	46,319
	$ —	$ 15,674	$ —	$ 52,765

Components of the restructuring actions are as follows:

	Quarter Ended		Nine Months Ended	
	October 2, 2010	October 3, 2009	October 2, 2010	October 3, 2009
Accelerated depreciation	$ —	$ 301	$ —	$ 2,930
Inventory write-offs	—	269	—	3,516
Fixed asset impairments	—	5,482	—	6,448
Employee termination and other benefits	—	5,649	—	20,859
Noncancelable lease and other contractual obligations and other	—	3,973	—	19,012
	$ —	$ 15,674	$ —	$ 52,765

HANESBRANDS INC.

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

Rollforward of accrued restructuring is as follows:

	Nine Months Ended October 2, 2010
Beginning accrual	$ 22,399
Cash payments	(12,781)
Adjustments	(2,315)
Ending accrual	$ 7,303

The accrual balance as of October 2, 2010 is comprised of $7,216 in current accrued liabilities and $87 in other noncurrent liabilities. The $7,216 in current accrued liabilities consists of $3,737 for noncancelable lease and other contractual obligations and $3,479 for employee termination and other benefits. The $87 in other noncurrent liabilities primarily consists of noncancelable lease and other contractual obligations.

Adjustments to previous estimates resulted from activity related to prior year restructuring actions.

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 January 2, 2010, which were included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those included elsewhere in this Quarterly Report on Form 10-Q and those included in the "Risk Factors" section and elsewhere in our Annual Report on Form 10-K.

Overview

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

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

Seasonality

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

Outlook

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

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

The second plank of our growth platform is the unique, low-cost global supply chain that we have just built. Our low-cost, high-scale supply chain spans both the Western and Eastern hemispheres and creates a competitive advantage for us around the globe. Our supply chain has generated significant cost savings, margin expansion and contributions to cash flow and will continue to do so as we further optimize our size, scale and production capability. To support our growth, we have increased our production capacity. Our Nanjing textile facility started production in the fourth quarter of 2009 and we expect to ramp up production over the next year.

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

Based on strong performance in the first three quarters, we expect net sales growth of 8% to 10% in the full year 2010 which reflects net space and distribution gains, an overall increase in consumer spending, retailer inventory restocking and favorable foreign currency exchange rates. In an effort to further build market share growth we have invested in advertising and trade spending during 2010 and expect our media spending to be approximately $90 million for the full year.

During 2010, we expect our annual gross capital spending to be relatively comparable to our annual depreciation and amortization expense and should represent our last year of high gross capital spending. We expect net capital expenditures of approximately $60 to $70 million in the full year 2010 to support our expectation for increasing sales.

We are seeing a sustained increase in various input costs, such as cotton and oil-related materials, which will impact our results for the remainder of 2010 and in 2011. Rising demand for cotton resulting from the economic recovery, weather-related supply disruptions, and a sharp rise in the futures market for cotton have caused cotton prices to surge upward during 2010. After taking into consideration the cotton costs currently included in inventory, we expect the fourth quarter of 2010 should reflect an average cost of 79 cents per pound, a $26 million negative impact when compared to the fourth quarter of 2009. We expect our cost of cotton to average 69 cents per pound for the full year of 2010 compared to 55 cents per pound for 2009 which will have a negative impact of approximately $33 million in 2010 compared to the full year of 2009. A substantial portion of our cotton costs are now fixed for the first three quarters of 2011, and we are gaining visibility for the rest of 2011. The first and second quarters of 2011 should reflect an average cost of 83 cents per pound, and the third quarter of 2011 should reflect an average cost of 88 cents per pound. We will lock in our cotton costs for the fourth quarter of 2011 later this year.

Because of systemic cost inflation, particularly for cotton, energy and labor, we have secured price increases to offset annualized input cost inflation and are working with our customers on joint efficiency initiatives. The timing and size of price increases will vary by product category and are expected to take effect no later than February 2011.

Highlights from the Third Quarter and Nine Months Ended October 2, 2010

- Total net sales in the third quarter of 2010 were $1.17 billion, compared with $1.06 billion in the same quarter of 2009, representing an 11% increase. Total net sales in the first nine months of 2010 were $3.18 billion, compared with $2.90 billion in the same period of 2009, representing a 10% increase.
- Operating profit was $114 million in the third quarter of 2010, compared with $93 million in the same quarter of 2009. As a percent of sales, operating profit was 9.7% in the third quarter of 2010 compared to 8.8% in the same quarter of 2009. Operating profit was $323 million in the first nine months of 2010, compared with $193 million in the same period of 2009. As a percent of sales, operating profit was 10.2% in the first nine months of 2010 compared to 6.7% in the same period of 2009.
- Diluted earnings per share were $0.63 in the third quarter of 2010, compared with $0.43 in the same quarter of 2009. Diluted earnings per share were $1.87 in the first nine months of 2010, compared with $0.55 in the same period of 2009.
- Gross capital expenditures were $79 million during the first nine months of 2010, compared with $100 million in the same period of 2009. Proceeds from sales of assets were $45 million in the first nine months of 2010 and $16 million in the same period of 2009.

- On August 10, 2010, we announced that we had entered into a definitive purchase agreement to acquire GearCo, Inc., known as Gear For Sports, a leading seller of licensed logo apparel in collegiate bookstores. Gear For Sports, which sells embellished licensed apparel under several brand names, including our *Champion* label, had sales of approximately $225 million and an operating profit margin of more than 11% of sales in its fiscal year ended in June 2010. The Gear For Sports acquisition supports our strategy of creating stronger branded and defensible businesses in our Outerwear segment, which has included building our *Champion* activewear brand and increasing sales of higher-margin graphic apparel. We have significant growth synergies in both the collegiate bookstore channel and our existing retail channels and opportunities to take advantage of our low-cost global supply chain. After the acquisition, approximately 20% to 25% of the Outerwear Segment net sales will be graphic apparel. All necessary approvals, including those of both companies' boards of directors and Gear For Sports investors, have been obtained, and the acquisition is expected to be completed in November 2010. The purchase price is $55 million in cash for shareholders' equity plus payment at closing of approximately $170 million of debt of the privately held company.

Condensed Consolidated Results of Operations — Third Quarter Ended October 2, 2010 Compared with Third Quarter Ended October 3, 2009

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 1,173,362	$ 1,058,673	$ 114,689	10.8%
Cost of sales	809,487	701,993	107,494	15.3
Gross profit	363,875	356,680	7,195	2.0
Selling, general and administrative expenses	249,815	248,267	1,548	0.6
Restructuring	—	15,104	(15,104)	(100.0)
Operating profit	114,060	93,309	20,751	22.2
Other expenses	1,094	2,423	(1,329)	(54.8)
Interest expense, net	36,326	42,941	(6,615)	(15.4)
Income before income tax expense	76,640	47,945	28,695	59.8
Income tax expense	15,328	6,807	8,521	125.2
Net income	$ 61,312	$ 41,138	$ 20,174	49.0%

Net Sales

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$1,173,362	$1,058,673	$114,689	10.8%

Consolidated net sales were higher by $115 million or 11% in the third quarter of 2010 compared to the third quarter of 2009. The third quarter of 2010 is our third consecutive quarter of growth, reflecting significant space and distribution gains at retailers, positive retail sell-through and inventory restocking at retail. Our significant space and distribution gains at retailers contributed approximately 7% of sales growth, while approximately 4% of growth was driven by increased retail sell-through, retailer inventory restocking and foreign currency exchange rates. All three of our largest segments delivered double digit sales growth in the third quarter of 2010, with the Outerwear segment achieving nearly 20% sales growth.

Innerwear, Outerwear and International segment net sales were higher by $45 million (10%), $61 million (19%) and $16 million (13%), respectively, in the third quarter of 2010 compared to the third quarter of 2009. Direct to Consumer segment net sales were slightly higher, while Hosiery and Other segment net sales were lower by $4 million (9%) and $4 million, respectively, in the third quarter of 2010 compared to the third quarter of 2009.

International segment net sales were higher by 13% in the third quarter of 2010 compared to the third quarter of 2009, which reflected a favorable impact of $4 million related to foreign currency exchange rates due to the strengthening of the Japanese yen and Canadian dollar compared to the U.S. dollar, partially offset by the strengthening of the U.S. dollar compared to the Euro. International segment net sales were higher by 10% in the third quarter of 2010 compared to the third quarter of 2009 after excluding the impact of foreign exchange rates on currency.

Gross Profit

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
		(dollars in thousands)		
Gross profit	$363,875	$356,680	$7,195	2.0%

As a percent of net sales, our gross profit was 31.0% in the third quarter of 2010 compared to 33.7% in the third quarter of 2009. Our results in the third quarter of 2010 primarily benefited from higher sales volumes and savings from cost reduction initiatives and were negatively impacted by higher cotton and production costs.

Our gross profit was higher by $7 million in the third quarter of 2010 compared to the third quarter of 2009 due primarily to higher sales volume of $53 million, savings from our prior restructuring actions of $6 million, lower start-up and shut-down costs of $5 million associated with the consolidation and globalization of our supply chain, vendor price reductions of $3 million and a $2 million favorable impact related to foreign currency exchange rates. The favorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the Japanese yen and Canadian dollar compared to the U.S. dollar, partially offset by the strengthening of the U.S. dollar compared to the Euro.

Our gross profit was negatively impacted by higher sales incentives of $15 million, higher cotton costs of $14 million, higher production costs of $12 million related to higher non-customer related freight costs and energy and oil-related costs, higher other manufacturing costs of $8 million, lower product pricing of $7 million, primarily within the wholesale casualwear channel and an unfavorable product sales mix of $6 million. Our sales incentives were higher due to higher sales volumes and because we made significant investments to support retailers and position ourselves for future sales opportunities.

The cotton prices reflected in our results were 72 cents per pound in the third quarter of 2010 compared to 49 cents per pound in the third quarter of 2009. After taking into consideration the cotton costs currently included in inventory, we expect our cost of cotton to average 69 cents per pound for the full year of 2010 compared to 55 cents per pound for 2009. We continue to see higher prices for cotton and oil-related materials in the market, which will impact our results for the remainder of 2010 and in 2011. We are working with our customers to offset increases in costs through price increases and joint efficiency initiatives. The timing and size of price increases will vary by product category and are expected to take effect no later than February 2011.

Selling, General and Administrative Expenses

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
		(dollars in thousands)		
Selling, general and administrative expenses	$249,815	$248,267	$1,548	0.6%

Our selling, general and administrative expenses were $2 million higher in the third quarter of 2010 compared to the third quarter of 2009. As a percent of net sales our selling, general and administrative expenses were 21.3% in the third quarter of 2010 compared to 23.5% in the third quarter of 2009.

We incurred higher distribution expenses of $6 million and higher selling and other marketing expenses of $3 million in the third quarter of 2010 compared to the third quarter of 2009. The higher distribution expenses were primarily due to higher sales volumes and other incremental costs to service higher demand such as overtime and rework expenses in our distribution centers while the higher selling and other marketing expenses were primarily due to higher sales volumes.

Our media related media, advertising and promotion ("MAP") expenses were lower by $5 million and our non-media related MAP expenses were higher by $3 million during the third quarter of 2010 compared to the third quarter of 2009. MAP expenses may vary from period to period during a fiscal year depending on the timing of our advertising campaigns for retail selling seasons and product introductions.

We also incurred higher expenses of $1 million in the third quarter of 2010 compared to the third quarter of 2009 as a result of opening new retail stores or expanding existing stores over the last 12 months. We opened one retail store during the third quarter of 2010.

These higher expenses were offset by lower stock compensation and certain other benefit expenses of $4 million and lower pension expense of $2 million in the third quarter of 2010 compared to the third quarter of 2009.

Changes due to foreign currency exchange rates, which are included in the impact of the changes discussed above, resulted in higher selling, general and administrative expenses of $1 million in the third quarter of 2010 compared to the third quarter of 2009.

Restructuring

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Restructuring	$ —	$15,104	$(15,104)	(100.0)%

During the third quarter of 2009, we incurred $15 million in restructuring charges, which primarily related to employee termination and other benefits, fixed asset impairment charges and other exit costs associated with facility closures approved during that period that did not recur in 2010.

Operating Profit

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Operating profit	$114,060	$93,309	$20,751	22.2%

Operating profit was higher in the third quarter of 2010 compared to the third quarter of 2009 as a result of lower restructuring charges of $15 million and higher gross profit of $7 million, partially offset by higher selling, general and administrative expenses of $2 million. Changes in foreign currency exchange rates had a favorable impact on operating profit of $1 million in the third quarter of 2010 compared to the third quarter of 2009.

Other Expenses

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Other expenses	$1,094	$2,423	$(1,329)	(54.8)%

During the third quarter of 2010, we incurred charges of $1 million for funding fees associated with the sales of certain trade accounts receivable to financial institutions. During the third quarter of 2009, we incurred a $2 million loss on early extinguishment of debt related to unamortized debt issuance costs resulting from the prepayment of $140 million of principal under the senior secured credit facility that we entered into in 2006 (the “2006 Senior Secured Credit Facility”) and amended and restated in 2009 (as amended and restated, the “2009 Senior Secured Credit Facility”).

Interest Expense, Net

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Interest expense, net	$36,326	$42,941	$(6,615)	(15.4)%

Interest expense, net was lower by $7 million in the third quarter of 2010 compared to the third quarter of 2009. The lower interest expense was primarily attributable to lower outstanding debt balances that reduced interest expense by $4 million. In addition, the refinancing of our debt structure in December 2009, which included the amendment and restatement of the 2006 Senior Secured Credit Facility into the 2009 Senior Secured Credit Facility, the issuance of our $500 million 8.000% Senior Notes due 2016 (the “8% Senior Notes”) and the settlement of certain outstanding interest rate hedging instruments, combined with a lower London Interbank Offered Rate, or “LIBOR,” and federal funds rate, caused a net decrease in interest expense in the third quarter of 2010 compared to the third quarter of 2009 of $3 million.

Our weighted average interest rate on our outstanding debt was 6.21% during the third quarter of 2010 compared to 6.94% in the third quarter of 2009.

Income Tax Expense

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Income tax expense	$15,328	$6,807	$8,521	125.2%

Our effective income tax rate was 20% in the third quarter of 2010 compared to 14% in the third quarter of 2009. The higher effective income tax rate for the third quarter of 2010 compared to the third quarter of 2009 was primarily attributable to a lower proportion of our earnings attributed to foreign subsidiaries than in the third quarter of 2009 which are taxed at rates lower than the U.S. statutory rate.

Our effective tax rate reflects our strategic initiative to make capital investments outside the United States in our global supply chain in 2010.

Net Income

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net income	$61,312	$41,138	$20,174	49.0%

Net income for the third quarter of 2010 was higher than the third quarter of 2009 primarily due to higher operating profit of $21 million, lower interest expense of $7 million and lower other expense of $1 million, which was partially offset by higher income tax expense of $9 million.

Operating Results by Business Segment — Third Quarter Ended October 2, 2010 Compared with Third Quarter Ended October 3, 2009

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales:				
Innerwear	$ 512,486	$ 467,577	$ 44,909	9.6%
Outerwear	389,474	328,339	61,135	18.6
Hosiery	37,442	40,978	(3,536)	(8.6)
Direct to Consumer	100,327	100,204	123	0.1
International	133,633	117,830	15,803	13.4
Other	—	3,745	(3,745)	(100.0)
Total net sales	$ 1,173,362	$ 1,058,673	$ 114,689	10.8%
Segment operating profit (loss):				
Innerwear	$ 55,804	$ 54,678	$ 1,126	2.1%
Outerwear	34,308	38,706	(4,398)	(11.4)
Hosiery	11,333	12,781	(1,448)	(11.3)
Direct to Consumer	10,446	13,843	(3,397)	(24.5)
International	16,754	12,834	3,920	30.5
Other	—	(462)	462	100.0
Total segment operating profit	128,645	132,380	(3,735)	(2.8)
Items not included in segment operating profit:				
General corporate expenses	(11,667)	(20,285)	(8,618)	(42.5)
Amortization of trademarks and other intangibles	(2,918)	(3,112)	(194)	(6.2)
Restructuring	—	(15,104)	(15,104)	(100.0)
Inventory write-off included in cost of sales	—	(269)	(269)	(100.0)
Accelerated depreciation included in cost of sales	—	(118)	(118)	(100.0)
Accelerated depreciation included in selling, general and administrative expenses	—	(183)	(183)	(100.0)
Total operating profit	114,060	93,309	20,751	22.2
Other expenses	(1,094)	(2,423)	(1,329)	(54.8)
Interest expense, net	(36,326)	(42,941)	(6,615)	(15.4)
Income before income tax expense	$ 76,640	$ 47,945	$ 28,695	59.8%

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for the third quarter of 2010 was consistent with the third quarter of 2009. Our consolidated selling, general and administrative expenses before segment allocations were $2 million higher in the third quarter of 2010 compared to the third quarter of 2009.

Innerwear

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$512,486	$467,577	$44,909	9.6%
Segment operating profit	55,804	54,678	1,126	2.1

Overall net sales in the Innerwear segment were higher by $45 million or 10% in the third quarter of 2010 compared to the third quarter of 2009, primarily due to space and distribution gains, stronger sales at retail and retailer inventory restocking. We are driving the growth in our Innerwear segment by leveraging our scale and consumer insight to gain new space and distribution. Our strong brands across all distribution channels and our innovation processes allow us to take advantage of long-term consumer trends.

Net sales in our *Hanes* brand male underwear product category were 18% or $31 million higher in the third quarter of 2010 compared to the third quarter of 2009, primarily due to distribution gains related to a new customer in the discount retail channel, space gains in the mass merchant and department store channels and increased retail sell-through. The higher *Hanes* brand male underwear net sales reflect growth in key segments of this category such as crewneck and V-neck T-shirts and boxer briefs. Our male underwear product category continues to benefit from the increased media support for our *Hanes* brand and from our identification of key long-term megatrends such as comfort and dyed and color products. We have developed innovations to capitalize on these trends such as the *Hanes* Lay Flat Collar T-shirts and *Hanes Comfortsoft* waist band briefs and boxers.

Intimate apparel net sales were $17 million higher in the third quarter of 2010 compared to the third quarter of 2009. Our panties category net sales were higher by $11 million primarily due to replenishment timing and space gains. Our bra category net sales were $6 million higher in the average figure sizes driven primarily by space and distribution gains. From a brand perspective, our net sales were higher in our smaller brands (*barely there*, *Just My Size* and *Wonderbra*) by $12 million and in our *Hanes* brand by $9 million, partially offset by lower net sales in our *Bali* brand of $2 million and our *Playtex* brand of $2 million.

Lower net sales of $1 million in our socks product category reflect lower *Champion* brand net sales of $3 million, partially offset by higher *Hanes* brand net sales of $2 million in the third quarter of 2010 compared to the third quarter of 2009. The higher *Hanes* brand net sales were primarily due to space gains in the mass merchant channel and the lower *Champion* brand net sales were primarily due to lower net sales in the wholesale club channel.

Innerwear segment gross profit was lower by $1 million in the third quarter of 2010 compared to the third quarter of 2009. The lower gross profit was primarily due to higher sales incentives of $19 million due to higher sales volumes and investments made with retailers, higher production costs of $10 million related to higher non-customer related freight costs and energy and oil-related costs, higher cotton costs of $5 million and an unfavorable product sales mix of $5 million. These higher costs were offset by higher sales volume of $30 million, savings from our prior restructuring actions of $5 million, lower excess and obsolete inventory costs of $2 million and vendor price reductions of $2 million.

As a percent of segment net sales, gross profit in the Innerwear segment was 28.9% in the third quarter of 2010 compared to 32.0% in the third quarter of 2009.

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

Outerwear

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$389,474	$328,339	$61,135	18.6%
Segment operating profit	34,308	38,706	(4,398)	(11.4)

Outerwear segment net sales were higher by $61 million or 19% in the third quarter of 2010 compared to the third quarter of 2009 as a result of space and distribution gains, stronger sales at retail and inventory restocking.

Our casualwear category net sales were higher in both the wholesale and retail channels by $19 million and $15 million, respectively. The higher net sales in the wholesale casualwear channel of 29% were primarily due to replenishment timing of inventory levels by third-party embellishers and wholesalers. The higher net sales in the retail casualwear channel of 12% reflect space gains primarily from an exclusive long-term agreement entered into with Wal-Mart in April 2009 that significantly expanded the presence of our *Just My Size* brand. This integrated program with Wal-Mart develops, sources, and merchandises a line of women's clothing designed to meet the needs of plus size women.

Our *Champion* brand activewear net sales, which continue to be positively impacted by our marketing investment in the brand, were higher by $27 million or 20% due to stronger sales at retail and space gains in the sporting goods channel. Our *Champion* brand has achieved consistent growth by focusing on the fast growing active demographic with a unique moderate price positioning.

Outerwear segment gross profit was lower by $2 million in the third quarter of 2010 compared to the third quarter of 2009. The lower gross profit was primarily due to higher cotton costs of $9 million, higher other manufacturing costs of $8 million, lower product pricing of $8 million, primarily within the wholesale category, higher production costs of $2 million and unfavorable product sales mix of $1 million. These higher costs were offset by higher sales volume of $21 million and lower sales incentives of $6 million.

As a percent of segment net sales, gross profit in the Outerwear segment was 22.1% in the third quarter of 2010 compared to 26.9% in the third quarter of 2009.

Outerwear segment operating profit was lower in the third quarter of 2010 compared to the third quarter of 2009 primarily as a result of lower gross profit and higher distribution expenses of $4 million, partially offset by lower media related MAP expenses of $3 million.

Hosiery

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$37,442	$40,978	$(3,536)	(8.6)%
Segment operating profit	11,333	12,781	(1,448)	(11.3)

Net sales in the Hosiery segment declined by $4 million or 9%, which was primarily due to lower sales of our *Hanes* brand to national chains and department stores. Hosiery products in all channels continue to be more adversely impacted than other apparel categories by reduced consumer discretionary spending. The hosiery category has been in a state of consistent decline for the past decade, as the trend toward casual dress reduced demand for sheer hosiery. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

Hosiery segment gross profit was lower by $2 million in the third quarter of 2010 compared to the third quarter of 2009. The lower gross profit for the third quarter of 2010 compared to the third quarter of 2009 was primarily the result of lower sales volume of $3 million, partially offset by lower sales incentives of $1 million.

As a percent of segment net sales, gross profit in the Hosiery segment was 48.3% in the third quarter of 2010 compared to 49.2% in the third quarter of 2009.

Hosiery segment operating profit was lower in the third quarter of 2010 compared to the third quarter of 2009 primarily as a result of lower gross profit.

Direct to Consumer

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$100,327	$100,204	$ 123	0.1%
Segment operating profit	10,446	13,843	(3,397)	(24.5)

Direct to Consumer segment net sales were slightly higher in the third quarter of 2010 compared to the third quarter of 2009 due to higher sales in our outlet stores of $1 million, offset by lower sales related to our Internet operations. The higher net sales in our outlet stores were primarily the result of new stores opened after the third quarter of 2009. Comparable store sales were flat in the third quarter of 2010 compared to the third quarter of 2009.

Direct to Consumer segment gross profit was lower by $3 million in the third quarter of 2010 compared to the third quarter of 2009 primarily due to unfavorable product sales mix of $2 million. As a percent of segment net sales, gross profit in the Direct to Consumer segment was 60.5% in the third quarter of 2010 compared to 63.2% in the third quarter of 2009.

Direct to Consumer segment operating profit was lower in the third quarter of 2010 compared to the third quarter of 2009 primarily as a result of lower gross profit and higher expenses of $1 million as a result of opening new retail stores or expanding existing stores over the last 12 months, partially offset by lower distribution expenses of $1 million.

International

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$133,633	$117,830	$15,803	13.4%
Segment operating profit	16,754	12,834	3,920	30.5

Overall net sales in the International segment were higher by $16 million or 13% in the third quarter of 2010 compared to the third quarter of 2009, primarily as a result of stronger net sales in Mexico, Europe, Brazil and China, which reflects space and distribution gains and stronger sales at retail, and a favorable impact of $4 million related to foreign currency exchange rates.

Excluding the impact of foreign exchange rates on currency, International segment net sales were higher by 10% in the third quarter of 2010 compared to the third quarter of 2009. The favorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the Japanese yen and Canadian dollar compared to the U.S. dollar, partially offset by the strengthening of the U.S. dollar compared to the Euro.

During the third quarter of 2010, we experienced higher net sales, in each case excluding the impact of foreign currency exchange rates, in our intimate apparel and male underwear businesses in Mexico of $3 million, in our casualwear business in Europe of $2 million, in our male underwear business in Brazil of $2 million, in our thermals and male underwear businesses in China of $2 million and higher net sales of $3 million in all other regions. Our innerwear businesses in Mexico have continued to produce strong sales growth as we hold leading positions with strong market shares in intimate apparel and male underwear product categories. In certain international markets we are focusing on adopting global designs for some product categories to quickly launch new styles to expand our market position. The higher net sales reflect our successful efforts to improve our strong positions.

International segment gross profit was higher by $10 million in the third quarter of 2010 compared to the third quarter of 2009. The higher gross profit was primarily a result of higher sales volume of $7 million, a favorable impact related to foreign currency exchange rates of $2 million, favorable product sales mix of $2 million and vendor price reductions of $1 million, partially offset by higher sales incentives of $3 million.

As a percent of segment net sales, gross profit in the International segment was 38.3% in the third quarter of 2010 compared to 35.3% in the third quarter of 2009, increasing as a result of the items described above.

International segment operating profit was higher in the third quarter of 2010 compared to the third quarter of 2009 which was primarily attributable to the higher gross profit, partially offset by higher distribution expenses of $2 million, higher selling and other marketing expenses of $2 million and higher non-media related MAP expenses of $1 million. The changes in foreign currency exchange rates, which are included in the impact on gross profit above, had a favorable impact on operating profit of $1 million in the third quarter of 2010 compared to the third quarter of 2009.

Other

	Quarter Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$—	$3,745	$(3,745)	(100.0)%
Segment operating profit (loss)	—	(462)	462	100.0

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

General Corporate Expenses

General corporate expenses were $9 million lower in the third quarter of 2010 compared to the third quarter of 2009 primarily due to lower start-up and shut-down costs of $5 million associated with the consolidation and globalization of our supply chain, lower stock compensation and certain other benefits of $3 million and lower pension expense of $2 million, partially offset by lower gains on sales of assets of $2 million.

Condensed Consolidated Results of Operations — Nine Months Ended October 2, 2010 Compared with Nine Months Ended October 3, 2009

	Nine Months Ended October 2, 2010	Nine Months Ended October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 3,177,054	$ 2,902,536	$ 274,518	9.5%
Cost of sales	2,110,943	1,960,589	150,354	7.7
Gross profit	1,066,111	941,947	124,164	13.2
Selling, general and administrative expenses	743,534	702,204	41,330	5.9
Restructuring	—	46,319	(46,319)	(100.0)
Operating profit	322,577	193,424	129,153	66.8
Other expenses	5,128	6,537	(1,409)	(21.6)
Interest expense, net	110,394	124,548	(14,154)	(11.4)
Income before income tax expense	207,055	62,339	144,716	232.1
Income tax expense	23,818	9,974	13,844	138.8
Net income	$ 183,237	$ 52,365	$ 130,872	249.9%

Net Sales

	Nine Months Ended October 2, 2010	Nine Months Ended October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$3,177,054	$2,902,536	$274,518	9.5%

Consolidated net sales were higher by $275 million or 10% in the nine months of 2010 compared to 2009, reflecting significant space and distribution gains at retailers, positive retail sell-through and inventory restocking at retail. Our significant space and distribution gains at retailers contributed approximately 7% of sales growth, while approximately 3% of growth was driven by increased retail sell-through, retailer inventory restocking and foreign currency exchange rates.

Innerwear, Outerwear, Direct to Consumer and International segment net sales were higher by $129 million (9%), $122 million (16%), $4 million (1%) and $46 million (15%), respectively, in the nine months of 2010 compared to 2009. Hosiery and Other segment net sales were lower by $14 million (11%) and $12 million, respectively, in the nine months of 2010 compared to 2009.

International segment net sales were higher by 15% in the nine months of 2010 compared to 2009, which reflected a favorable impact of $19 million related to foreign currency exchange rates due to the strengthening of the Canadian dollar, Brazilian real, Japanese yen and Mexican peso compared to the U.S. dollar, partially offset by the strengthening of the U.S. dollar compared to the Euro. International segment net sales were higher by 9% in the nine months of 2010 compared to 2009 after excluding the impact of foreign exchange rates on currency.

Gross Profit

	Nine Months Ended October 2, 2010	Nine Months Ended October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Gross profit	$1,066,111	$941,947	$124,164	13.2%

As a percent of net sales, our gross profit was 33.6% in the nine months of 2010 compared to 32.5% in the nine months of 2009, increasing as a result of the items described below. Our results in the nine months of 2010 primarily benefited from higher sales volumes and lower manufacturing costs and were negatively impacted by higher cotton costs.

Our gross profit was higher by $124 million in the nine months of 2010 compared to 2009 due primarily to higher sales volume of $141 million, savings from our prior restructuring actions of $22 million, vendor price reductions of $20 million, lower start-up and shut-down costs of $15 million associated with the consolidation and globalization of our supply chain, lower production costs of $10 million related to lower energy and oil-related costs offset by higher non-customer related freight costs and an $8 million favorable impact related to foreign currency exchange rates. The favorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the Canadian dollar, Brazilian real, Japanese yen and Mexican peso compared to the U.S. dollar, partially offset by the strengthening of the U.S. dollar compared to the Euro.

Our gross profit was negatively impacted by higher sales incentives of $32 million, an unfavorable product sales mix of $31 million, lower product pricing of $18 million, primarily within the wholesale casualwear channel, higher cotton costs of $8 million and higher other manufacturing costs of $4 million. Our sales incentives were higher due to higher sales volumes and because we made significant investments to support retailers and position ourselves for future sales opportunities.

We incurred one-time restructuring related write-offs of $3 million in the nine months of 2009 for stranded raw materials and work in process inventory determined not to be salvageable or cost-effective to relocate, which did not recur in the nine months of 2010.

The cotton prices reflected in our results were 62 cents per pound in the nine months of 2010 compared to 58 cents per pound in the nine months of 2009. After taking into consideration the cotton costs currently included in inventory, we expect our cost of cotton to average 69 cents per pound for the full year of 2010 compared to 55 cents per pound for 2009. We continue to see higher prices for cotton and oil-related materials in the market, which will impact our results for the remainder of 2010 and in 2011. We are working with our customers to offset increases in costs through price increases and joint efficiency initiatives. The timing and size of price increases will vary by product category and are expected to take effect no later than February 2011.

Selling, General and Administrative Expenses

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Selling, general and administrative expenses	$743,534	$702,204	$41,330	5.9%

Our selling, general and administrative expenses were $41 million higher in the nine months of 2010 compared to 2009. As a percent of net sales our selling, general and administrative expenses were 23.4% in the nine months of 2010 compared to 24.2% in 2009.

Our non-media related MAP expenses and media related MAP expenses were higher by $12 million and $11 million, respectively, during the nine months of 2010 compared to 2009 when we reduced spending due to the recession. MAP expenses may vary from period to period during a fiscal year depending on the timing of our advertising campaigns for retail selling seasons and product introductions. For example, during the second quarter of 2010 we launched new television advertising featuring new *Hanes* men's underwear products *Comfort Flex* waistband and Lay Flat Collar T-shirts, we introduced new advertising supporting *Playtex 18 Hour* cooling products and we launched new advertising supporting the new *barely there* Smart sizes bra sizing system.

We also incurred higher distribution expenses of $17 million, higher selling and other marketing expenses of $8 million and higher consulting expenses of $5 million. The higher distribution expenses were primarily due to higher sales volumes and other incremental costs to service higher demand such as overtime and rework expenses in our distribution centers while the higher selling and other marketing expenses were primarily due to higher sales volumes.

We also incurred higher expenses of $5 million in the nine months of 2010 compared to 2009 as a result of opening new retail stores or expanding existing stores over the last 12 months. We opened three retail stores during the nine months of 2010.

These higher expenses were partially offset by lower stock compensation and certain other benefit expenses of $11 million, lower pension expense of $4 million and savings of $4 million from our prior restructuring actions in the nine months of 2010 compared to 2009.

Changes due to foreign currency exchange rates, which are included in the impact of the changes discussed above, resulted in higher selling, general and administrative expenses of $6 million in the nine months of 2010 compared to 2009.

Restructuring

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Restructuring	$ —	$46,319	$(46,319)	(100.0)%

During the nine months of 2009, we incurred $46 million in restructuring charges, which primarily related to employee termination and other benefits, charges related to contract obligations, fixed asset impairment charges and other exit costs associated with facility closures approved during that period that did not recur in 2010.

Operating Profit

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Operating profit	$322,577	$193,424	$129,153	66.8%

Operating profit was higher in the nine months of 2010 compared to 2009 as a result of higher gross profit of $124 million and lower restructuring charges of $46 million, partially offset by higher selling, general and administrative expenses of $41 million. Changes in foreign currency exchange rates had a favorable impact on operating profit of $2 million in the nine months of 2010 compared to 2009.

Other Expenses

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Other expenses	$5,128	$6,537	$(1,409)	(21.6)%

During the nine months of 2010, we wrote off unamortized debt issuance costs and incurred charges for funding fees associated with the sales of certain trade accounts receivable to financial institutions, which combined totaled $5 million. The write-off related to unamortized debt issuance costs resulted from the repayment of $57 million of principal under the 2009 Senior Secured Credit Facility and from a reduction in borrowing capacity available under the Accounts Receivable Securitization Facility from $250 million to $150 million that we effected in recognition of our lower trade accounts receivable balance resulting from the sales of certain trade accounts receivable to a financial institution outside the Accounts Receivable Securitization Facility.

During the nine months of 2009, we incurred costs to amend the 2006 Senior Secured Credit Facility and the Accounts Receivable Securitization Facility of $4 million. In addition, we incurred a $2 million loss on early extinguishment of debt related to unamortized debt issuance costs resulting from the prepayment of $140 million of principal under the 2006 Senior Secured Credit Facility.

Interest Expense, Net

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Interest expense, net	$110,394	$124,548	$(14,154)	(11.4)%

Interest expense, net was lower by $14 million in the nine months of 2010 compared to 2009. The lower interest expense was primarily attributable to lower outstanding debt balances that reduced interest expense by $14 million. In addition, the refinancing of our debt structure in December 2009, which included the amendment and restatement of the 2006 Senior Secured Credit Facility into the 2009 Senior Secured Credit Facility, the issuance of the 8% Senior Notes and the settlement of certain outstanding interest rate hedging instruments, combined with a lower LIBOR and federal funds rate, caused a net decrease in interest expense in the nine months of 2010 compared to 2009 of $1 million.

Our weighted average interest rate on our outstanding debt was 5.71% during the nine months of 2010 compared to 6.84% in the nine months of 2009.

We are required under the 2009 Senior Secured Credit Facility to hedge a portion of our floating rate debt to reduce interest rate risk caused by floating rate debt issuance. To comply with this requirement, in the nine months of 2010 we entered into hedging arrangements whereby we capped the LIBOR interest rate component on an aggregate of $491 million of the floating rate debt under our $500 million Floating Rate Senior Notes due 2014 (the “Floating Rate Senior Notes”) at 4.262%.

Income Tax Expense

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Income tax expense	$23,818	$9,974	$13,844	138.8%

Our effective income tax rate was 12% in the nine months of 2010 compared to 16% in the nine months of 2009. The effective income tax rate of 12% for the nine months of 2010 was primarily attributable to a discrete, non-recurring income tax benefit of approximately $20 million. The income tax benefit resulted from a change in estimate associated with the remeasurement of unrecognized tax benefit accruals and the determination that certain tax positions had been effectively settled following the finalization of tax reviews and audits for amounts that were less than originally anticipated. This non-recurring income tax benefit was partially offset by a lower proportion of our earnings attributed to foreign subsidiaries than in the nine months of 2009 which are taxed at rates lower than the U.S. statutory rate.

Our effective tax rate reflects our strategic initiative to make capital investments outside the United States in our global supply chain in 2010.

Net Income

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net income	$183,237	$52,365	$130,872	249.9%

Net income for the nine months of 2010 was higher than the nine months of 2009 primarily due to higher operating profit of $129 million, lower interest expense of $14 million and lower other expense of $1 million, which was partially offset by higher income tax expense of $14 million.

Operating Results by Business Segment — Nine Months Ended October 2, 2010 Compared with Nine Months Ended October 3, 2009

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales:				
Innerwear	$ 1,522,553	$ 1,393,904	$ 128,649	9.2%
Outerwear	894,653	772,685	121,968	15.8
Hosiery	117,273	131,326	(14,053)	(10.7)
Direct to Consumer	278,680	275,058	3,622	1.3
International	363,895	317,541	46,354	14.6
Other	—	12,022	(12,022)	(100.0)
Total net sales	$ 3,177,054	$ 2,902,536	$ 274,518	9.5%
Segment operating profit (loss):				
Innerwear	$ 219,475	$ 185,346	$ 34,129	18.4%
Outerwear	56,631	31,869	24,762	77.7
Hosiery	38,672	42,358	(3,686)	(8.7)
Direct to Consumer	18,583	29,189	(10,606)	(36.3)
International	42,392	31,971	10,421	32.6
Other	—	(2,272)	2,272	100.0
Total segment operating profit	375,753	318,461	57,292	18.0
Items not included in segment operating profit:				
General corporate expenses	(44,130)	(62,979)	(18,849)	(29.9)
Amortization of trademarks and other intangibles	(9,046)	(9,293)	(247)	(2.7)
Restructuring	—	(46,319)	(46,319)	(100.0)
Inventory write-off included in cost of sales	—	(3,516)	(3,516)	(100.0)
Accelerated depreciation included in cost of sales	—	(2,392)	(2,392)	(100.0)
Accelerated depreciation included in selling, general and administrative expenses	—	(538)	(538)	(100.0)
Total operating profit	322,577	193,424	129,153	66.8
Other expenses	(5,128)	(6,537)	(1,409)	(21.6)
Interest expense, net	(110,394)	(124,548)	(14,154)	(11.4)
Income before income tax expense	$ 207,055	$ 62,339	$ 144,716	232.1%

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. The allocation methodology for the consolidated selling, general and administrative expenses for the nine months of 2010 was consistent with the nine months of 2009. Our consolidated selling, general and administrative expenses before segment allocations were $41 million higher in the nine months of 2010 compared to 2009.

Innerwear

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$1,522,553	$1,393,904	$128,649	9.2%
Segment operating profit	219,475	185,346	34,129	18.4

Overall net sales in the Innerwear segment were higher by $129 million or 9% in the nine months of 2010 compared to 2009, primarily due to space and distribution gains, stronger sales at retail and retailer inventory restocking. We are driving the growth in our Innerwear segment by leveraging our scale and consumer insight to gain new space and distribution. Our strong brands across all distribution channels and our innovation processes allow us to take advantage of long-term consumer trends.

Net sales in our male underwear product category were 18% or $100 million higher in the nine months of 2010 compared to 2009, which reflect higher net sales in our *Hanes* brand of $99 million primarily due to distribution gains related to a new customer in the discount retail channel, space gains in the mass merchant and department store channels and increased retail sell through. Our male underwear product category continues to benefit from the increased media support for our *Hanes* brand and from our identification of key long-term megatrends such as comfort and dyed and color products. We have developed innovations to capitalize on these trends such as the *Hanes* Lay Flat Collar T-shirts and *Hanes Comfortsoft* waist band briefs and boxers.

Intimate apparel net sales were $25 million higher in the nine months of 2010 compared to 2009. Our bra category net sales were $18 million higher in the full and average figure sizes driven primarily by space and distribution gains. Our panties category net sales were higher by $7 million primarily due to replenishment timing and inventory restocking at retail. From a brand perspective, our net sales were higher in our smaller brands (*barely there*, *Just My Size* and *Wonderbra*) by $22 million, in our *Hanes* brand by $8 million and in our *Bali* brand by $2 million, partially offset by lower net sales in our *Playtex* brand of $4 million.

Higher net sales of $4 million in our socks product category reflect higher *Hanes* brand net sales of $14 million, partially offset by lower *Champion* brand net sales of $10 million in the nine months of 2010 compared to 2009. The higher *Hanes* brand net sales were primarily due to space gains in the mass merchant channel and the lower *Champion* brand net sales were primarily due to lower net sales in the wholesale club channel.

Innerwear segment gross profit was higher by $50 million in the nine months of 2010 compared to 2009. The higher gross profit was primarily due to higher sales volume of $78 million, savings from our prior restructuring actions of $15 million, vendor price reductions of $11 million, higher product pricing of $3 million before increased sales incentives and lower production costs of $3 million related to lower energy and oil-related costs offset by higher non-customer related freight costs. These lower costs were partially offset by higher sales incentives of $41 million due to higher sales volumes and investments made with retailers, unfavorable product sales mix of $15 million and higher cotton costs of $2 million.

As a percent of segment net sales, gross profit in the Innerwear segment was 32.9% in the nine months of 2010 compared to 32.4% in the nine months of 2009, increasing as a result of the items described above.

Innerwear segment operating profit was higher in the nine months of 2010 compared to 2009 primarily as a result of higher gross profit and savings of $2 million from prior restructuring actions primarily for compensation and related benefits, partially offset by higher media related MAP expenses of $11 million, higher non-media related MAP expenses of $5 million and higher distribution expenses of $4 million.

Outerwear

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$894,653	$772,685	$121,968	15.8%
Segment operating profit	56,631	31,869	24,762	77.7

Outerwear segment net sales, which benefited from space and distribution gains and stronger sales at retail, were higher by $122 million or 16% in the nine months of 2010 compared to 2009. Our casualwear category net sales were higher in both the retail and wholesale channels by $57 million and $28 million, respectively. The higher net sales in the retail casualwear channel of 31% reflect space gains primarily from an exclusive long-term agreement entered into with Wal-Mart in April 2009 that significantly expanded the presence of our *Just My Size* brand. This integrated program with Wal-Mart develops, sources, and merchandises a line of women's clothing designed to meet the needs of plus size women. The higher net sales in the wholesale casualwear channel of 12% were primarily due to replenishment timing of inventory levels by third-party embellishers and wholesalers.

Our *Champion* brand activewear net sales, which continue to be positively impacted by our marketing investment in the brand, were higher by $36 million or 10% due to stronger sales at retail and space gains in the sporting goods channel. Our *Champion* brand has achieved consistent growth by focusing on the fast growing active demographic with a unique moderate price positioning.

Outerwear segment gross profit was higher by $35 million in the nine months of 2010 compared to 2009. The higher gross profit was primarily due to higher sales volume of $45 million, lower sales incentives of $15 million, savings of $6 million from our cost reduction initiatives and prior restructuring actions, lower production costs of $5 million related to lower energy and oil-related costs and vendor price reductions of $4 million. These lower costs were partially offset by lower product pricing of $22 million primarily within the wholesale casualwear channel, unfavorable product sales mix of $9 million, higher cotton costs of $6 million and higher other manufacturing costs of $2 million.

As a percent of segment net sales, gross profit in the Outerwear segment was 22.2% in the nine months of 2010 compared to 21.2% in the nine months of 2009, increasing as a result of the items described above.

Outerwear segment operating profit was higher in the nine months of 2010 compared to 2009 primarily as a result of higher gross profit and lower media related MAP expenses of $1 million, partially offset by higher distribution expenses of $8 million and higher non-media related MAP expenses of $4 million.

Hosiery

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$117,273	$131,326	$(14,053)	(10.7)%
Segment operating profit	38,672	42,358	(3,686)	(8.7)

Net sales in the Hosiery segment declined by $14 million or 11%, which was primarily due to lower sales of our *L'eggs* brand to mass retailers and food and drug stores and our *Hanes* brand to national chains and department stores. The hosiery category has been in a state of consistent decline for the past decade, as the trend toward casual dress reduced demand for sheer hosiery. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

Hosiery segment gross profit was lower by $3 million in the nine months of 2010 compared to 2009. The lower gross profit for the nine months of 2010 compared to 2009 was primarily the result of lower sales volume of $8 million, partially offset by lower production costs of $2 million, lower other manufacturing costs of $1 million and vendor price reductions of $1 million.

As a percent of segment net sales, gross profit in the Hosiery segment was 52.8% in the nine months of 2010 compared to 49.6% in the nine months of 2009.

Hosiery segment operating profit was lower in the nine months of 2010 compared to 2009 primarily as a result of lower gross profit and higher media related MAP expenses of $2 million.

Direct to Consumer

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$278,680	$275,058	$ 3,622	1.3%
Segment operating profit	18,583	29,189	(10,606)	(36.3)

Direct to Consumer segment net sales were $4 million or 1% higher in the nine months of 2010 compared to 2009 primarily due to higher net sales related to our Internet operations and higher net sales in our outlet stores attributable to new stores opened after the nine months of 2009, partially offset by lower comparable store sales. The lower comparable store sales of 2% were driven by lower traffic.

Direct to Consumer segment gross profit was lower by $2 million in the nine months of 2010 compared to 2009. The lower gross profit was primarily due to higher other product costs of $3 million.

As a percent of segment net sales, gross profit in the Direct to Consumer segment was 61.6% in the nine months of 2010 compared to 63.1% in the nine months of 2009.

Direct to Consumer segment operating profit was lower in the nine months of 2010 compared to 2009 primarily as a result of lower gross profit, higher expenses of $5 million as a result of opening new retail stores or expanding existing stores over the last 12 months and higher non-media related MAP expenses of $2 million.

International

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$363,895	$317,541	$46,354	14.6%
Segment operating profit	42,392	31,971	10,421	32.6

Overall net sales in the International segment were higher by $46 million or 15% in the nine months of 2010 compared to 2009, primarily as a result of stronger net sales in Canada, Europe, Mexico and Brazil, which reflects space and distribution gains and stronger sales at retail, and a favorable impact of $19 million related to foreign currency exchange rates, partially offset by lower sales in Japan.

Excluding the impact of foreign exchange rates on currency, International segment net sales increased by 9% in the nine months of 2010 compared to 2009. The favorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the Canadian dollar, Brazilian real, Japanese yen and Mexican peso compared to the U.S. dollar, partially offset by the strengthening of the U.S. dollar compared to the Euro.

During the nine months of 2010, we experienced higher net sales, in each case excluding the impact of foreign currency exchange rates, in our intimate apparel, male underwear and socks businesses in Canada of $9 million, in our casualwear business in Europe of $6 million, in our intimate apparel business in Mexico of $6 million and in our male underwear and hosiery businesses in Brazil of $4 million, in our thermals and male underwear businesses in China of $2 million and higher net sales of $5 million in all other regions, partially offset by lower net sales in our activewear business in Japan of $5 million. Our innerwear businesses in Canada and Mexico have continued to produce strong sales growth as we hold leading positions with strong market shares in intimate apparel and male underwear product categories. In certain international markets we are focusing on adopting global designs for some product categories to quickly launch new styles to expand our market position. The higher net sales reflect our successful efforts to improve our strong positions.

International segment gross profit was higher by $25 million in the nine months of 2010 compared to 2009. The higher gross profit was primarily a result of higher sales volume of $16 million, a favorable impact related to foreign currency exchange rates of $8 million, vendor price reductions of $4 million and favorable product mix of $2 million, partially offset by higher sales incentives of $7 million.

As a percent of segment net sales, gross profit in the International segment was 39.0% in the nine months of 2010 compared to 36.8% in 2009, increasing as a result of the items described above.

International segment operating profit was higher in the nine months of 2010 compared to 2009 primarily attributable to the higher gross profit, partially offset by higher selling and other marketing expenses of $6 million, higher distribution expenses of $5 million and higher non-media related MAP expenses of $2 million.

The changes in foreign currency exchange rates, which are included in the impact on gross profit above, had a favorable impact on operating profit of $2 million in the nine months of 2010 compared to 2009.

Other

	Nine Months Ended			
	October 2, 2010	October 3, 2009	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$—	$12,022	$(12,022)	(100.0)%
Segment operating profit (loss)	—	(2,272)	2,272	100.0

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

General Corporate Expenses

General corporate expenses were $19 million lower in the nine months of 2010 compared to 2009 primarily due to lower start-up and shut-down costs of $15 million associated with the consolidation and globalization of our supply chain, lower stock compensation and certain other benefits of $6 million and lower pension expense of $4 million, partially offset by lower gains on sales of assets of $3 million and higher other expenses of $3 million.

Liquidity and Capital Resources

Trends and Uncertainties Affecting Liquidity

Our primary sources of liquidity are cash generated by operations and availability under the revolving loan facility (the “Revolving Loan Facility”) under the 2009 Senior Secured Credit Facility, the Accounts Receivable Securitization Facility and our international loan facilities. At October 2, 2010, we had $393 million of borrowing availability under our $600 million Revolving Loan Facility (after taking into account outstanding letters of credit), $32 million of borrowing availability under our international loan facilities and $75 million in cash and cash equivalents. We currently believe that our existing cash balances and cash generated by operations, together with our available credit capacity, will enable us to comply with the terms of our indebtedness and meet foreseeable liquidity requirements.

The following have impacted or are expected to impact liquidity:

- we have principal and interest obligations under our debt;
- we expect to continue to invest in efforts to improve operating efficiencies and lower costs;

- we expect to continue to ramp up our lower-cost manufacturing capacity in Asia, Central America and the Caribbean Basin and enhance efficiency;
- we expect to make payments related to actions taken in prior periods related to our restructuring efforts;
- we may selectively pursue strategic acquisitions;
- we could increase or decrease the portion of the income of our foreign subsidiaries that is expected to be remitted to the United States, which could significantly impact our effective income tax rate; and
- our board of directors has authorized the repurchase of up to 10 million shares of our stock in the open market over the next few years (2.8 million of which we have repurchased as of October 2, 2010 at a cost of $75 million), although we may choose not to repurchase any stock and instead focus on the repayment of our debt.

We expect to be able to manage our working capital levels and capital expenditure amounts to maintain sufficient levels of liquidity. We have restructured our supply chain over the past three years to create more efficient production clusters that utilize fewer, larger facilities and to balance production capability between the Western Hemisphere and Asia. As a result of sales growth expectations for 2010 as discussed above in the “Outlook” section of this MD&A, we have secured additional capacity with outside contractors to support sales growth.

Our working capital has increased during 2010, primarily in the form of inventory, to support our higher sales growth. The inventory increase is the result of both higher input costs and higher unit growth. We may also need to carry additional inventory into 2011 to support continuing sales momentum and secure additional production capacity with outside contractors as needed. With our global supply chain infrastructure substantially in place, we are focused long-term on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. We are focused on optimizing the working capital needs of our supply chain through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements. Factors that could help us in these efforts include higher sales volume and the realization of additional cost benefits from previous restructuring and related actions.

As of October 2, 2010, 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 or other SEC filings could cause noncompliance.

Our debt under the 2009 Senior Secured Credit Facility, Floating Rate Senior Notes and Accounts Receivable Securitization Facility bears interest at variable rates. As a result, we are exposed to changes in market interest rates that could impact the cost of servicing our debt. We are required under the 2009 Senior Secured Credit Facility to hedge a portion of our floating rate debt to reduce interest rate risk caused by floating rate debt issuance. To comply with this requirement, in the first quarter of 2010 we entered into hedging arrangements whereby we capped the LIBOR interest rate component on an aggregate of $491 million of the floating rate debt under the Floating Rate Senior Notes at 4.262%. The interest rate cap arrangements, with notional amounts of $241 million and $250 million, expire in December 2011.

As previously disclosed in our Annual Report on Form 10-K for the year ended January 2, 2010, the 2009 Senior Secured Credit Facility permits us, at our option, to add one or more term loan facilities or increase the commitments under the Revolving Loan Facility in an aggregate amount of up to $300 million so long as certain conditions are satisfied, including, among others, that no default or event of default is in existence and that we are in pro forma compliance with the financial covenants in the 2009 Senior Secured Credit Facility. In order to support our working capital needs and fund the acquisition of Gear for Sports, on September 1, 2010, as permitted by the 2009 Senior Secured Credit Facility, we increased the commitments under the Revolving Loan Facility by an aggregate amount of $200 million, increasing the borrowing availability under the Revolving Loan Facility from $400 million to $600 million.

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, restructuring costs, contributions to our pension plans and repurchases of our stock. We believe we have sufficient cash and available borrowings for our liquidity needs. The flexibility provided by the debt refinancing we completed in December 2009 provides greater opportunity to pay down debt, repurchase our stock, pursue selected acquisitions or make discretionary contributions to our pension plans.

We anticipate working capital to be higher in 2010 compared to 2009, primarily in the form of inventory, to support our higher sales growth. Year-end 2010 inventory could be $150 million higher than year-end 2009, in line with our expected sales growth and including the Gear for Sports acquisition. We estimate that one-third of the increase could come from higher input costs and the remaining increase from unit growth.

Capital spending has varied significantly from year to year as we executed our supply chain consolidation and globalization strategy and the integration and consolidation of our technology systems. As a result of increased sales expectations for 2010, we expect to invest $60 to $70 million in net capital expenditures and intend to carry adequate inventory levels to maximize sales potential. We spent $79 million on gross capital expenditures during the nine months of 2010, which were offset by cash proceeds of $45 million from sales of exited supply chain facilities and sale-leaseback transactions.

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

There have been no other significant changes in the cash requirements for our business from those described in our Annual Report on Form 10-K for the year ended January 2, 2010.

Sources and Uses of Our Cash

The information presented below regarding the sources and uses of our cash flows for the nine months ended October 2, 2010 and October 3, 2009 was derived from our consolidated financial statements. Our cash flows are typically stronger in the second half of the year as our sales are normally higher in the last two quarters of each fiscal year as a result of back-to-school and holiday shopping periods.

	Nine Months Ended	
	October 2, 2010	October 3, 2009
	(dollars in thousands)	
Operating activities	$ (37,074)	$ 210,807
Investing activities	(33,620)	(83,885)
Financing activities	107,217	(155,935)
Effect of changes in foreign currency exchange rates on cash	30	288
Increase (decrease) in cash and cash equivalents	36,553	(28,725)
Cash and cash equivalents at beginning of year	38,943	67,342
Cash and cash equivalents at end of period	$ 75,496	$ 38,617

Operating Activities

Net cash used in operating activities was $37 million in the nine months of 2010 compared to net cash provided by operating activities of $211 million in the nine months of 2009. The lower cash from operating activities of $248 million for the nine months of 2010 compared to the nine months of 2009 is primarily attributable to higher uses of our working capital of $379 million, partially offset by higher net income of $131 million.

Net inventory increased $328 million from January 2, 2010 in order to support space and distribution gains. In addition, our raw materials and work in process inventory was higher due to rising input costs such as cotton and oil-related materials and the Asia supply chain transition and production ramp-up.

Accounts receivable was $81 million higher compared to January 2, 2010 primarily due to higher sales volumes, partially offset by the sale of selected trade accounts receivable to financial institutions and timing of collections.

With our global supply chain infrastructure substantially in place, we are now focused on optimizing our supply chain to further enhance efficiency, improve working capital and asset turns and reduce costs. We are focused on optimizing the working capital needs of our supply chain through several initiatives, such as supplier-managed inventory for raw materials and sourced goods ownership arrangements while supporting strong sales growth.

Investing Activities

Net cash used in investing activities was $34 million in the nine months of 2010 compared to $84 million in the nine months of 2009. The lower net cash used in investing activities of $50 million for the nine months of 2010 compared to the nine months of 2009 was primarily the result of higher proceeds from sales of assets of $30 million and lower gross capital expenditures of $21 million. During the nine months of 2010, proceeds from sales of assets were $45 million, primarily resulting from sale-leaseback transactions involving four distribution centers.

Financing Activities

Net cash provided by financing activities was $107 million in the nine months of 2010 compared to net cash used in financing activities of $156 million in the nine months of 2009. The higher net cash from financing activities of $263 million in the nine months of 2010 compared to the nine months of 2009 was primarily the result of higher net borrowings on the Revolving Loan Facility of $139 million and higher net borrowings of $44 million on the Accounts Receivable Securitization Facility, partially offset by $59 million in 2010 repayments of debt under the 2009 Senior Secured Credit Facility and higher net repayments on notes payable of $25 million in 2010.

In addition, the higher net cash from financing activities was due to $140 million in repayments of debt under the 2006 Senior Secured Credit Facility during the nine months of 2009 and $20 million in higher payments related to debt amendment fees associated with the amendments of the Accounts Receivable Securitization Facility and the 2006 Senior Secured Credit Facility in the nine months of 2009 compared to the nine months of 2010.

Cash and Cash Equivalents

As of October 2, 2010 and January 2, 2010, cash and cash equivalents were $75 million and $39 million, respectively. The higher cash and cash equivalents as of October 2, 2010 was primarily the result of net cash provided by financing activities of $107 million, partially offset by net cash used in operating activities of $37 million and net cash used in investing activities of $34 million.

Critical Accounting Policies and Estimates

We have chosen accounting policies that we believe are appropriate to accurately and fairly report our operating results and financial condition in conformity with accounting principles generally accepted in the United States. We apply these accounting policies in a consistent manner. Our significant accounting policies are discussed in Note 2, titled "Summary of Significant Accounting Policies," to our financial statements included in our Annual Report on Form 10-K for the year ended January 2, 2010.

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 January 2, 2010. There have been no material changes in these policies during the quarter ended October 2, 2010.

We recognized a change in our estimate of unrecognized tax benefit accruals of $20 million for the nine months ended October 2, 2010. This change in estimate resulted from the circumstances described above in "Condensed Consolidated Results of Operations — Nine Months Ended October 2, 2010 Compared with Nine Months Ended October 3, 2009," and was not a result of any change in the application of our accounting policies.

Recently Issued Accounting Pronouncements

Fair Value Disclosures

In January 2010, the Financial Accounting Standards Board issued new accounting rules related to the disclosure requirements for fair value measurements. The new accounting rules require new disclosures regarding significant transfers between Levels 1 and 2 of the fair value hierarchy and the activity within Level 3 of the fair value hierarchy. The new accounting rules also clarify existing disclosures regarding the level of disaggregation of assets or liabilities and the valuation techniques and inputs used to measure fair value. The new accounting rules are effective for our first interim fiscal period beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the disclosures effective for the first interim fiscal period beginning after December 15, 2009 did not have a material impact on our financial condition, results of operations or cash flows but resulted in certain additional disclosures reflected in Note 8 to the consolidated financial statements.

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 January 2, 2010.

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.

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

Not applicable.

PART II

Item 1. ***Legal Proceedings***

Although we are subject to various claims and legal actions that occur from time to time in the ordinary course of our business, we are not party to any pending legal proceedings that we believe could have a material adverse effect on our business, results of operations, 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. ***(Removed and Reserved)***

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

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

SIGNATURES

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

HANESBRANDS INC.

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

Date: October 28, 2010

INDEX TO EXHIBITS

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

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

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

Exhibit Number	Description
3.43	Bylaws of UPEL, Inc. (incorporated by reference from Exhibit 3.45 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
10.1	Hanesbrands Inc. Retirement Savings Plan, as amended.
31.1	Certification of Richard A. Noll, Chief Executive Officer.
31.2	Certification of E. Lee Wyatt Jr., Chief Financial Officer.
32.1	Section 1350 Certification of Richard A. Noll, Chief Executive Officer.
32.2	Section 1350 Certification of E. Lee Wyatt Jr., Chief Financial Officer.
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*

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

Exhibit 10.1

HANESBRANDS INC.

RETIREMENT SAVINGS PLAN

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

(conformed through First Amendment))

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HANESBRANDS INC.
RETIREMENT SAVINGS PLAN

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

SECTION 1

1.01 Background; Purpose of Plan

Effective July 24, 2006, Hanesbrands Inc. (the “Company”) established the Plan, to permit Eligible Employees of the Company and the other Employers to accumulate their retirement savings on a tax-favored basis. In connection with the spin-off of the Company from the Sara Lee Corporation, the Accounts of Transferred Participants were spun off from the Sara Lee Plan and transferred to this Plan. A portion of the Plan (that portion invested in the Hanesbrands Inc. Common Stock Fund) is designed to invest primarily in qualifying employer securities and is intended to satisfy the requirements of an employee stock ownership plan (as defined in Section 4975(e)(7) of the Code) (the ESOP component); up to 100 percent of Plan assets may be invested in qualifying employer securities. The remaining portion of the Plan is a profit sharing plan intended to satisfy all requirements of Section 401(a) of the Code and includes a cash or deferred arrangement intended to satisfy the requirements of Section 401(k) of the Code (the 401(k) component). For each Plan Year, the 401(k) component shall include all of a Participant’s Before-Tax Contributions, Roth Contributions, the Employers’ Matching Contributions, and the Annual Company Contribution allocable to the Participant with respect to that Plan Year for all purposes of the Plan. Effective as of January 1, 2010, the Plan is amended and restated in its entirety as set forth below.

1.02 Effective Date; Plan Year

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

1.03 Plan Administration

As described in Subsection 16.01, the Committee shall be the administrator (as that term is defined in Section 3(16)(A) of ERISA) of the Plan and shall be responsible for the administration of the Plan; provided, however, that the Committee may delegate all or any part of its powers, rights, and duties under the Plan to such person or persons as it may deem advisable.

1.04 Plan Supplements

From time to time, the Company or the Committee may adopt Supplements to the Plan for the purpose of modifying the provisions of the Plan as they apply to certain or all Participants in a Covered Group or for the purpose of preserving benefits derived from another plan maintained by an Employer or a Predecessor Company to an Employer. The terms and provisions of each Supplement are a part of the Plan and supersede the other provisions of the Plan to the extent necessary to eliminate inconsistencies between such other Plan provisions and such Supplement.

1.05 Trustee; Trust

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

SECTION 2

Definitions

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

2.01 Account

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

2.02 Accounting Date

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

2.03 Actual Deferral Percentage

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

2.04 Adjusted Net Worth

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

2.05 After-Tax Account

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

2.06 Alternate Payee

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

2.07 Annual Addition

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

2.08 Annual Company Contribution

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

2.09 Annual Company Contribution Account

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

2.10 Appeal Committee

"Appeal Committee" means an ERISA Appeal Committee as described in Subsection 16.02 of the Plan.

2.11 Before-Tax Contribution

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

2.12 Before-Tax Contribution Account

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

2.13 Beneficiary

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

2.14 Catch-Up Contribution

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

2.15 Code

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

2.16 Committee

"Committee" means the Committee appointed by the Company to administer the Plan as described in SECTION 16 of the Plan.

2.17 Company

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

2.18 Compensation

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

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

(b) Excluding the following:

- (i) Nonqualified stock option exercise income;
- (ii) Stock awards;
- (iii) Gains attributable to the sale of stock within the two-year period beginning on the date of grant under an employee stock purchase plan as described in Section 423 of the Code;
- (iv) Reimbursements or other expense allowances;
- (v) Fringe benefits (cash and non-cash);
- (vi) Moving expenses;
- (vii) Deferred compensation when earned or paid;
- (viii) Welfare benefits; and

(ix) Severance pay and pay in lieu of notice under the Worker Adjustment and Retraining Notification Act.

For purposes of determining and allocating contributions under Subsections 4.02, 5.02, 5.03 and 5.04 and applying the maximum percentage limitation specified in Subsection 4.01, the annual Compensation taken into account under the Plan for any Participant for a Plan Year shall not exceed $245,000 (as adjusted by the Secretary of the Treasury pursuant to Section 401(a)(17)(B) of the Code).

2.19 Contribution Percentage

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

2.20 Controlled Group Member

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

2.21 Covered Group

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

2.22 Direct Rollover

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

2.23 Distributee

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

2.24 Effective Date

"Effective Date" of the Plan as set forth herein means January 1, 2010 as defined in Subsection 1.02.

2.25 Elective Deferral

"Elective Deferral" means, with respect to any calendar year, each elective deferral as defined in Section 402(g) of the Code and each designated Roth contribution as described in Section 402A of the Code.

2.26 Eligible Employee

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

2.27 Eligible Retirement Plan

"Eligible Retirement Plan" means the following:

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

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

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

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

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

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

2.28 Eligible Rollover Distribution

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

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

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

(c) Hardship withdrawals; and

(d) Any distribution excluded from the definition of “Eligible Rollover Distribution” under the Code or applicable Treasury regulations.

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

2.29 Employee

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

2.30 Employer

“Employer” means the Company and each Controlled Group Member that adopts the Plan in accordance with Subsection 14.19.

2.31 Employer Contributions

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

(a) Annual Company Contributions;

(b) Matching Contributions;

(c) Transition Contributions; and

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

2.32 ERISA

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

2.33 Excess Deferral

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

2.34 Fair Market Value

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

2.35 Forfeiture

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

2.36 Hanesbrands Stock

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

2.37 Highly Compensated Employee

"Highly Compensated Employee" means a highly compensated employee as defined in Section 414(q) of the Code and the regulations thereunder. Generally, a Highly Compensated Employee means any Employee who: (a) during the immediately preceding Plan Year received annual compensation from the Employers (determined in accordance with Subsection 6.05 of the Plan) of more than $110,000 (or such greater amount as may be determined by the Commissioner of Internal Revenue) and, at the Company's discretion for such preceding year, was in the top-paid 20 percent of the Employees for that year; or (b) was a five percent owner of an Employer during the current Plan Year or the immediately preceding Plan Year.

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

2.38 Hour of Service

"Hour of Service" means any hour for which an Employee is compensated by an Employer, directly or indirectly, or is entitled to compensation from an Employer for the performance of duties and for reasons other than the performance of duties, and each previously uncredited hour for which back pay has been awarded or agreed to by an Employer, irrespective of mitigation of damages. Hours of Service shall be credited to the period for which duties are performed (or for which payment is made if no duties were performed), except that Hours of Service for which back pay is awarded or agreed to by an Employer shall be credited to the period to which the back pay award or agreement pertains. The rules for crediting Hours of Service set forth in Section 2530.200b-2 of Department of Labor regulations are incorporated by reference. References in this Subsection 2.38 to an Employer shall include any Controlled Group Member.

2.39 Investment Committee

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

2.40 Leased Employee

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

2.41 Leave of Absence

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

2.42 Limitation Year

"Limitation Year" means the Plan Year.

2.43 Matching Contributions

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

2.44 Matching Contribution Account

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

2.45 Maternity or Paternity Absence

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

2.46 Normal Retirement Age

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

2.47 One-Year Period of Severance

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

2.48 Participant

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

2.49 Period of Service

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

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

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

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

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

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

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

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

2.50 Plan

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

2.51 Plan Year

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

2.52 Predecessor Company

"Predecessor Company" means any corporation or other entity (other than Sara Lee Corporation), the stock, assets or business of which was acquired by an Employer or another Controlled Group Member prior to July 24, 2006, or is acquired by an Employer or another Controlled Group Member on or after July 24, 2006, whether by merger, consolidation, purchase of assets or otherwise, and any predecessor thereto designated by the Plan or by the Committee.

2.53 Predecessor Company Account

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

2.54 Predecessor Plan

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

2.55 Required Commencement Date

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

2.56 Rollover Contribution

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

2.57 Rollover Contribution Account

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

2.57A Roth Catch-Up Contribution

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

2.57B Roth Contribution

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

2.57C Roth Contribution Account

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

2.57D Roth Rollover Contribution

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

2.57E Roth Rollover Contribution Account

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

2.58 Sara Lee Plan

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

2.59 Separation Date

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

2.60 Service

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

2.61 Spin-Off, Spin-Off Date

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

2.62 Totally Disabled or Total Disability

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

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

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

2.63 Transferred Participants

"Transferred Participant" means:

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

(b) any participant who (i) had an account in the Sara Lee Plan on July 24, 2006, and (ii) after July 24, 2006 but before the Spin-Off Date was transferred from employment with Sara Lee Corporation (or a subsidiary) to employment as an Eligible Employee of Hanesbrands Inc. or of a Sara Lee Corporation division listed on Exhibit A; and

(c) any participant in the Sara Lee Plan who was not employed by any controlled group member of Sara Lee Corporation on July 24, 2006 but who was last employed by Hanesbrands Inc., the Sara Lee Branded Apparel division of Sara Lee Corporation, or a Sara Lee Corporation division listed in Exhibit A.

2.64 Trust Agreement

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

2.65 Trust Fund

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

2.66 Trustees

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

2.67 Year of Service

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

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

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

(c) If and to the extent the Committee so provides, part or all of the last continuous period of employment of an Employee with an Employer or any Predecessor Company prior to the date of coverage hereunder shall be included in determining Years of Service; except that:

(i) All service of a Transferred Participant that was recognized under the Sara Lee Plan as of July 24, 2006 shall be recognized and taken into account under the Plan to the same extent as if such service had been completed under the Plan, subject to any applicable break in service rules under the Sara Lee Plan and the Plan.

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

(d) The foregoing provisions of this Subsection 2.67 shall not be applied so as to allow an Employee to become a Participant in the Plan prior to the Employee's actual employment by an Employer and his or her becoming a member of a Covered Group of Employees.

SECTION 3

Participation

3.01 Eligibility to Participate

(a) Eligible Participants.

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

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

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

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

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

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

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

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

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

3.02 Covered Group

Covered Groups under the Plan include Employees of Hanesbrands Inc. other than (a) Employees employed in Puerto Rico, and (b) Employees covered by a collective bargaining agreement which agreement does not provide for participation in the Plan; provided that participation in the Plan was the subject of good faith bargaining. Designation of a Covered Group when made by the Company shall be effected by action of the Committee or by a person or persons authorized by said Committee. Designation of a Covered Group when made by any other Employer shall be effected by action of that Employer's Board of Directors or a person or persons so authorized by that Board.

3.03 Leave of Absence

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

3.04 Leased Employees

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

SECTION 4

Employee Contributions

4.01 Before-Tax Contributions and Roth Contributions

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

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

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

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

4.02 Catch-Up Contributions and Roth Catch-Up Contributions

A Participant who has attained age 50 years (or will attain age 50 years by the end of the Plan Year) may elect to defer an additional amount of Compensation as Before-Tax Contributions for such Plan Year in accordance with and subject to the limitations of Section 414(v) of the Code ("Catch-Up Contributions"). Beginning July 1, 2010, such Participant shall be eligible to make Roth Catch-Up Contributions under the Plan in lieu of all or a portion of the Catch-Up Contributions the Participant is otherwise eligible to make under the Plan. Roth Catch-Up Contributions are treated by the Employer as includible in the Participant's gross income at the time the Participant would have received such amounts in cash if the Participant had not contributed such amounts to the Plan. Unless otherwise provided, Roth Catch-Up Contributions shall be treated as Catch-Up Contributions for all purposes under the Plan. Catch-Up Contributions and Roth Catch-Up Contributions shall not be taken into account for purposes of implementing the required limitations of Sections 402(g) and 415 of the Code contained in Subsections 6.03 and 6.05, respectively.

4.03 Change in Election

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

4.04 Direct Transfers and Rollovers

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

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

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

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

provided, however, that any Rollover Contribution or Roth Rollover Contribution shall be in cash only, shall comply with the provisions of the Code, and, except for a Roth Rollover Contribution, shall be exclusive of after-tax employee contributions; and further provided that the Committee shall accept a direct transfer or rollover from a designated Roth account only as permitted under Section 402(c) of the Code. If after a Rollover Contribution or Roth Rollover Contribution has been made the Committee learns that such contribution did not meet those provisions, the Committee may direct the Trustee to make a distribution to the Participant of the entire amount of the Rollover Contribution or Roth Rollover Contribution received. Any amount transferred or contributed to the Trustee will be credited to the Account of the Participant as determined by the Committee. If any portion of a Participant's benefits under the Plan is attributable to amounts which were transferred to the Plan, directly or indirectly (but not in a direct rollover as defined in Section 401(a)(31) of the Code), from a Plan which is subject to the requirements of Section 401(a)(11) of the Code, then the provisions of said Section 401(a)(11) shall apply to the benefits of such Participant. The Committee in its discretion may direct the Trustee to transfer Account balances of a group or class of Participants, by means of a trust-to-trust transfer, to the trustee (or insurance company) of any other individual account, profit sharing or stock bonus plan intended to meet the requirements of Section 401(a) of the Code.

SECTION 5

Employer Contributions

5.01 Before-Tax Contributions and Roth Contributions

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

5.02 Annual Company Contribution

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

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

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

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

5.03 Matching Contributions

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

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

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

5.04 Transition Contribution

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

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

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

who is not eligible for a transition credit allocation under the Hanesbrands Inc. Supplemental Employee Retirement Plan (the "SERP") (other than the salaried employee transition credit set forth in Subsection 2.32 of the SERP); the Employers shall contribute, in cash, to the Annual Company Contribution Account of such Participant an amount equal to ten percent of such eligible Participant's Compensation for calendar year 2006 (including Compensation paid prior to July 24, 2006); provided, however, that Participants shall be eligible to receive a contribution under this Subsection only if they are employed on the last business day of the Plan Year (and for this purpose, any Participant who is employed on the last business day of the Plan Year shall be considered to be employed on the last day of the Plan Year), or if their employment ended during the Plan Year as a result of retirement (Separation Date after age 55 with 10 Years of Service, or after age 65), death or Total Disability.

5.05 Allocation of Annual Company Contribution

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

5.06 Payment of Matching Contributions

Matching Contributions under Subparagraph 5.03(a) of the Plan shall be made each calendar quarter (or on a more frequent basis as determined by the Employers). Matching Contributions under Subparagraph 5.03(b) of the Plan shall be made as soon as practicable after each true up allocation date.

5.07 Allocation of Matching Contributions

Subject to Subsection 6.05, the Matching Contribution under Subparagraph 5.03(a) shall be allocated and credited to the Current Year Matching Contribution Subaccounts of those Participants entitled to share in such Matching Contributions as of such Accounting Date. Matching Contributions under Subparagraph 5.03(b) of the Plan shall be allocated and credited as soon as practicable after each true up allocation date.

5.08 Limitations on Employer Contributions

The Employers' total contribution for a Plan Year is conditioned on its deductibility under Section 404 of the Code in that year, and shall comply with the contribution limitations set forth in Subsection 6.05 and the allocation limitations contained in Subsections 5.02 and 5.04 of the Plan, and shall not exceed an amount equal to the maximum amount deductible on account thereof by the Employers for that year for purposes of federal taxes on income.

5.09 Verification of Employer Contributions

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

5.10 Corrective Contributions/Reallocations

If, with respect to any Plan Year, an administrative error results in a Participant's Account not being properly credited with his or her Before-Tax Contributions, Rollover Contributions, Roth Contributions, Roth Rollover Contributions, or Employer Contributions, or earnings on any such amounts, corrective Employer Contributions or account reallocations may be made in accordance with this

Subsection. Solely for the purpose of placing any affected Participant's Account in the position that the Account would have been in had no error been made:

(a) an Employer may make additional contributions to such Participant's Accounts; or

(b) the Committee may reallocate existing contributions among the Accounts of affected Participants.

In addition, with respect to any Plan Year, if an administrative error results in an amount being credited to an Account for a Participant or any other individual who is not otherwise entitled to such amount, corrective action may be taken by the Committee, including, but not limited to, a direction to forfeit amounts erroneously credited (with such forfeitures to be used to reduce future Employer Contributions or other contributions to the Plan), reallocate such erroneously credited amounts to other Participants' Accounts, or take such other corrective action as necessary under the circumstances. Any Plan administration error may be corrected using any appropriate correction method permitted under the Employee Plans Compliance Resolution System (or any successor procedure), as determined by the Committee in its discretion.

5.11 No Interest in Employers

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

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

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

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

SECTION 6

Contribution Limits

6.01 Limitation on Before-Tax Contributions

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

6.02 Limitation on Matching Contributions

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

6.03 Dollar Limitation

No Participant shall make Before-Tax Contribution and Roth Contribution elections which will result in his or her Elective Deferrals for any calendar year exceeding $16,500 (or such greater amount as may be prescribed by the Secretary of Treasury to take into account cost-of-living increases pursuant to Section 402(g) of the Code), except to the extent permitted with respect to Catch-Up Contributions and Roth Catch-Up Contributions, if applicable. If a Participant's total Elective Deferrals under this Plan and any other plan of another employer for any calendar year exceed the annual dollar limit prescribed above, the Participant may notify the Committee, in writing on or before March 1 of the next following calendar year, of his or her election to have all or a portion of such Excess Deferrals (and the income allocable thereto determined in accordance with Subsection 6.04) allocated under this Plan and distributed in accordance with this Subsection. In such event, or in the event that the Committee otherwise becomes aware of any Excess Deferrals, the Committee shall, without regard to any other provision of the Plan, direct the Trustee to distribute to the Participant by the following April 15 the Participant's Excess Deferrals (and any income attributable thereto determined in accordance with Subsection 6.04) so allocated under the Plan. The Committee shall direct the Trustee to distribute Before-Tax Contributions first and Roth Contributions second, to the extent necessary to meet the applicable limitations; provided however, that in the event Excess Deferrals involve amounts deferred under a plan maintained by an unrelated employer, the Participant shall be permitted to designate which type of contributions will be distributed first.

Distributions to be made in accordance with this Subsection shall be made as soon as is practicable following receipt by the Committee of written notification of Excess Deferrals, and the Committee shall make every effort to meet the April 15 distribution deadline for all written notifications received by the preceding March 1. The amount of such Excess Deferrals distributed to a Participant in accordance with this Subsection shall be treated as a contribution for purposes of the limitations referred to under Subsection 6.05. In addition, any Matching Contributions attributable to amounts distributed under this Subsection (and any income allocable thereto determined in accordance with Subsection 6.04) shall be forfeited in accordance with Subsection 10.06. Contribution adjustments under this Subsection shall comply with the requirements of Section 1.401(k)-2 of the Treasury Regulations, the provisions of which are hereby incorporated by reference.

6.04 Allocation of Earnings to Distributions of Excess Deferrals

The earnings allocable to distributions of Excess Deferrals under Subsection 6.03 shall be determined by multiplying the earnings attributable to the applicable excess amounts (for the calendar and/or Plan Year, whichever is applicable) by a fraction, the numerator of which is the applicable excess amount, and the denominator of which is the balance attributable to such contributions in the Participant's Account or Accounts, as of the beginning of such year, plus the contributions allocated to the applicable account for such year. Notwithstanding the foregoing, no income shall be allocated to Excess Deferrals for the period between the end of the Plan Year and prior to the distribution of such amounts.

6.05 Contribution Limitations

For each Limitation Year, the Annual Addition to a Participant's Accounts under the Plan and under any other defined contribution plan maintained by any Employer shall not exceed the lesser of $49,000 (as adjusted for cost-of-living increases under Section 415(d) of the Code) or 100 percent of the Participant's compensation for the Limitation Year. For purposes of this Subsection 6.05, "compensation" for a Limitation Year means a Participant's compensation within the meaning of Section 415(c)(3) of the Code and Section 1.415(c)-2(b) and (c) of the Treasury Regulations that is actually paid or made available during the Limitation Year, subject to the following:

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

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

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

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

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

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

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

SECTION 7

Period of Participation

7.01 Separation Date

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

7.02 Restricted Participation

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

(a) He or she will not make any Before-Tax Contributions or, effective July 1, 2010, any Roth Contributions, and his or her Employer will not make any Employer Contributions on his or her behalf, for any period beginning after his or her Separation Date occurs or for any subsequent Plan Year unless he or she is reemployed and again becomes a Participant in the Plan; provided, however, that his or her Employer shall contribute the Participant’s Before-Tax Contributions and, effective July 1, 2010, any Roth Contributions, as provided in Subsection 5.01, related Matching Contributions and an Annual Company Contribution, if applicable, with respect to Compensation earned through the Participant’s Separation Date (other than bonuses paid subsequent to his or her Separation Date).

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

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

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

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

SECTION 8

Accounting

8.01 Separate Accounts

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

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

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

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

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

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

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

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

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

8.02 Adjustment of Participants’ Accounts

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

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

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

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

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

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

Notwithstanding the foregoing, the Committee may establish separate rules to be applied on a uniform basis in adjusting any portion of Participants' Accounts that is invested in the Hanesbrands Inc. Common Stock Fund for such accounting period, including the treatment of any dividends or stock splits with respect to the securities held in such funds. As of the first day of each Plan Year, the balance in each Participant's Current Year Before-Tax Contribution Subaccount, Current Year Matching Contribution Subaccount, Current Year Annual Company Contribution Subaccount, and Current Year Roth Contribution Subaccount shall be reflected in the Participant's Before-Tax Contribution Account, Matching Contribution Account, Annual Company Contribution Account, and Roth Contribution Account, respectively and the balances of such Current Year Before-Tax Contribution Subaccount, Current Year Matching Contribution Subaccount, Current Year Annual Company Contribution Subaccount, and Current Year Roth Contribution Subaccount shall be reduced to zero.

8.03 Crediting of Before-Tax Contributions and Roth Contributions

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

8.04 Charging Distributions

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

8.05 Statement of Account

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

SECTION 9

The Trust Fund and Investment of Trust Assets

9.01 The Trust Fund

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

9.02 The Investment Funds

The Investment Committee, in its discretion, may designate one or more funds, referred to collectively as "Investment Funds," for the investment of Participants' Accounts. The Investment Committee, in its discretion, may from time to time establish new Investment Funds or eliminate existing Investment Funds; provided that all Participants shall be offered at least three Investment Funds (consistent with applicable Treasury regulations). The available Investment Funds shall include the "Hanesbrands Inc. Common Stock Fund," the assets of which are primarily invested in shares of Hanesbrands Stock. A portion of each Investment Fund may be invested from time to time in the short-term investment fund (STIF) of a custodian bank.

9.03 Investment of Contributions

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

Elections under this Subsection 9.03 and Subsections 9.04 and 9.05 shall be made in such manner and in accordance with such rules as the Committee determines. If the Committee determines in its discretion that elections under this Subsection 9.03 and Subsections 9.04 and 9.05 shall be made in a manner other than in writing, any Participant who makes an election pursuant to such method may receive written confirmation of such request; further, any such request and confirmation shall be the equivalent of a writing for all purposes.

9.04 Change in Investment of Contributions

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

9.05 Elections to Transfer Balances Between Accounts; Diversification

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

9.06 Voting of Stock; Tender Offers

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

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

9.07 Confidentiality of Participant Instructions

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

SECTION 10

Payment of Account Balances

10.01 Payments to Participants

(a) Vesting.

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

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

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

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

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

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

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

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

(b) Time of Payment. Except as provided in Subsection 10.03 below, payment of a Participant's benefits will be made or commence within the time determined by the Committee after his or her Separation Date, but not later than 60 days after the latest of: (i) the end of the Plan Year in which his or her Separation Date occurs, (ii) the 10th anniversary of the year in which the Participant began participation under the Plan, or (iii) the date the Participant reaches Normal Retirement Age. In the event a Participant receives a lump sum distribution of his or her entire vested Accounts and additional contributions are subsequently credited to his or her Accounts, his or her entire remaining vested Account balance shall be distributed in an immediate lump sum to the extent such vested Account balance does not exceed $1,000 as of the date of such distribution. Except as provided in the preceding sentence or in Subparagraph 10.01(f) below, distributions may not be made to the Participant before his or her Normal Retirement Age without his or her consent. Payment of a Participant's benefits under the Plan will not commence earlier than the termination of the Plan without the Employer or Related Company's establishment or maintenance of another defined contribution plan.

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

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

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

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

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

(v) Special Provisions Applicable to Dividends. Notwithstanding Subparagraph (a)(ii), dividends attributable to Hanesbrands Stock in a Participant's Accounts (or shares of Sara Lee Corporation common stock previously held in the Participant's Accounts) shall be 100 percent vested.

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

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

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

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

10.02 Distributions in Shares

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

10.03 Beneficiary

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

(b) No Beneficiary Designation at Death. If a deceased Participant failed to name or designate a Beneficiary, if the Participant's Beneficiary designation is ineffective for any reason, or if all of the Participant's Beneficiaries die before the Participant, the Committee will direct the Trustee to pay the Participant's Account balance in accordance with the following:

(i) To the Participant's surviving spouse;

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

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

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

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

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

(i) To the Beneficiary's surviving spouse;

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

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

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

10.04 Missing Participants and Beneficiaries

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

10.05 Rollovers

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

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

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

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

10.06 Forfeitures

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

The portion of a Participant's Annual Company Contribution, Transition Contribution and Matching Contribution Accounts that is not distributable by reason of the provisions of

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

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

10.07 Recovery of Benefits

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

10.08 Dividend Pass-Through Election

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

10.09 Minimum Distributions

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

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

(i) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-$^1/_2$, if later;

(ii) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died;

(iii) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death; or

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

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

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

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

(i) Death on or After Date Distributions Begin. In the case of a Participant who dies after the date distributions have begun, the remaining portion of his vested Accounts shall be distributed to the Participant's Beneficiary at least as rapidly as would have been distributed under the method of distribution in effect on the day of the Participant's death. If the Participant dies on or after the date distributions have begun and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as follows:

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

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

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

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

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

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

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

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

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

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

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

(e) 2009 Required Minimum Distributions. Notwithstanding the foregoing provisions of this Subsection, a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 under this Subsection ("2009 RMDs") but for the enactment of Section 401(a)(9)(H) of the Code will not receive those distributions for 2009. However, a Participant or surviving spouse receiving periodic installments under Subsection 10.01(c)(ii) will receive scheduled installment payments even though all or part of those payments might otherwise be considered 2009 RMDs. Any 2009 RMDs paid pursuant to the preceding sentence may be considered Eligible Rollover Distributions, but shall not be eligible for Direct Rollover.

SECTION 11

Loans and Withdrawals

11.01 Loans to Participants

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

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

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

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

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

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

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

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

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

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

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

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

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

11.02 After-Tax Withdrawals

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

11.03 Hardship Withdrawals

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11.04 Age 59-$^1/_2$ Withdrawals

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

11.05 Additional Rules for Withdrawals

Withdrawals made pursuant to Subsections 11.02, 11.03 and 11.04 shall be made in cash and shall be charged to the Participant's vested Accounts (if applicable) in such order as shall be determined by the Committee and applied uniformly. Requests for a withdrawal shall be made in such manner and in accordance with such rules as the Committee determines. If the

Committee determines in its discretion that a withdrawal under this Subsection shall be made in a manner other than in writing, any Participant who makes a request pursuant to such method may receive written confirmation of such request; further, any such request and confirmation shall be the equivalent of a writing for all purposes.

SECTION 12

Reemployment

12.01 Reemployed Participants

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

12.02 Calculation of Service Upon Reemployment

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

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

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

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

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

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

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

(d) Transferred Participants. Notwithstanding any Plan provision to the contrary, all service of a Transferred Participant that was recognized under the Sara Lee Plan as of the July 24, 2006 (or as of a subsequent transfer of employment described in Subparagraph 2.63(b), if applicable) shall be recognized and taken into account under the Plan to the same extent as if such service had been completed under the Plan, subject to the provisions of this Section and any applicable break in service rules under this Plan and the Sara Lee Plan.

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

SECTION 13

Top-Heavy Rules

13.01 Purpose and Effect

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

13.02 Top Heavy Plan

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

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

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

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

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

13.03 Key Employee

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

(a) An officer of an Employer receiving annual Compensation greater than $160,000 (as adjusted under Section 416(i)(l) of the Code);

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

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

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

13.04 Minimum Employer Contribution

For any Plan Year in which the Plan is a Top-Heavy Plan, an Employer’s contribution, if any, credited to each Participant who is a Non-Key Employee shall not be less than three percent of such Participant’s Compensation for that year. For purposes of the foregoing, contributions under Subsection 5.01 shall not be considered Employer contributions. In no event, however, shall an Employer contribution credited in any year to a Participant who is a Non-Key Employee (expressed as a percentage of such Participant’s Compensation) exceed the maximum Employer contribution credited in that year to a Key Employee (expressed as a percentage of such Key Employee’s Compensation). The minimum Employer contribution shall be made even though, under other Plan provisions, the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the Plan Year because of (i) the Participant’s failure to complete 1,000 Hours of Service, or (ii) the Participant’s Compensation being less than a stated amount. The foregoing provisions shall not apply to any Participant who was not employed by an Employer on the last day of the Plan Year.

13.05 Aggregation of Plans

Each other defined contribution plan and defined benefit plan maintained by the Employers that covers a “Key Employee” as a Participant at any time during the Plan Year containing the Determination Date or any of the four preceding Plan Years (regardless of whether the Plan has been terminated), or that is maintained by the Employers in order for a Plan covering a Key Employee to qualify under Sections 401(a)(4) and 410 of the Code shall be aggregated with this Plan in determining whether this Plan is Top-Heavy. In addition, any other defined contribution or defined benefit plan of the Employers may be included if all such plans which are included when aggregated will continue to qualify under Section 401(a)(4) and 410 of the Code.

13.06 No Duplication of Benefits

If an Employer maintains more than one plan, the minimum Employer contribution otherwise required under Subsection 13.04 above may be reduced in accordance with regulations of the Secretary of the Treasury to prevent inappropriate duplications of minimum contributions or benefits. For any Plan Year in which the Plan is a Top-Heavy Plan, a Participant who (a) is not a Key Employee, and (b) is a Participant in a defined benefit plan maintained by the Employers shall have the minimum retirement benefit provided under that defined benefit plan with an offset for benefits provided by this Plan.

13.07 Compensation

For purposes of this SECTION 13, “Compensation” shall mean compensation as defined in Subsection 6.05 of the Plan.

SECTION 14

General Provisions

14.01 Committee’s Records

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

14.02 Information Furnished by Participants

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

14.03 Interests Not Transferable

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

14.04 Domestic Relations Orders

If the Committee receives a domestic relations order issued by a court pursuant to a state’s domestic relations law, the Committee will direct the Trustee to make such payment of the Participant’s vested benefits to an Alternate Payee or Payees as such order specifies, provided the Committee first determines that such order is a qualified domestic relations order (“QDRO”) within the meaning of Section 414(p) of the Code. The Committee will establish reasonable procedures for determining whether or not a domestic relations order is a QDRO. Upon receiving a domestic relations order, the Committee shall promptly notify the Participant and any Alternate Payee named in the order that the Committee has received the order and any procedures for determining whether the order is a QDRO. If, within 18 months after receiving the order, the Committee makes a determination that the order is a QDRO, any direction to the Trustee to pay the benefits to an Alternate Payee as specified in the QDRO will include a direction to pay any amounts that were to be paid during the period prior to the date the Committee determines that the order is a QDRO. If during the 18 month period the Committee determines that the order is not a QDRO or no determination is made with respect to whether the order is a QDRO, the Committee will direct the Trustee to pay the amounts that would have been paid to the Alternate Payee pursuant to the terms of the order to the Participant if such amounts otherwise would have been payable to the Participant under the terms of the Plan. The Committee in its discretion may maintain an Account for an Alternate Payee to which any amount that is to be paid to such Alternate Payee from a Participant’s Accounts will be credited.

The Alternate Payee for whom such Account is maintained may exercise the same elections with respect to the fund or funds in which the Account will be invested as would be permissible for a Participant in the Plan. Further, the Alternate Payee may name a Beneficiary, in the manner provided in Subsection 10.03 to whom the balance in the Account is to be paid in the event the Alternate Payee should die before complete payment of the Account has been made. Distribution of the Alternate Payee's Account shall be made in accordance with Subsections 10.01 and 10.02, and the Alternate Payee may exercise the same elections with respect to requesting a distribution or partial distribution of his or her Account as would be permissible for a Participant in the Plan; provided that the Alternate Payee's Required Commencement Date shall be the date on which the Participant attains (or, in the event of the Participant's death, would have attained) the Participant's Required Commencement Date. The Committee may direct the Trustee to distribute benefits to an Alternate Payee on the earliest date specified in a QDRO, without regard to whether such distribution is made or commences prior to the Participant's earliest retirement age (as defined in Section 414(p)(4)(B) of the Code) or the earliest date that the Participant could commence receiving benefits under the Plan.

14.05 Facility of Payment

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

14.06 No Guaranty of Interests

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

14.07 Rights Not Conferred by the Plan

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

14.08 Gender and Number

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

14.09 Committee's Decisions Final

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

14.10 Litigation by Participants

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

14.11 Evidence

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

14.12 Uniform Rules

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

14.13 Law That Applies

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

14.14 Waiver of Notice

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

14.15 Successor to Employer

The term "Employer" includes any entity that agrees to continue the Plan under Subparagraph 15.02(c).

14.16 Application for Benefits

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

14.17 Claims Procedure

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

14.18 Action by Employers

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

14.19 Adoption of Plan by Controlled Group Members

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

SECTION 15

Amendment or Termination

15.01 Amendment

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

15.02 Termination

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

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

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

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

15.03 Effect of Termination

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

15.04 Notice of Amendment or Termination

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

15.05 Plan Merger, Consolidation, Etc.

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

SECTION 16

Relating to the Plan Administrator and Committees

16.01 The Employee Benefits Administrative Committee

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

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

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

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

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

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

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

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

16.02 The ERISA Appeal Committee

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

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

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

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

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

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

16.03 Secretary of the Committee

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

16.04 Manner of Action

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

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

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

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

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

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

16.05 Interested Party

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

16.06 Reliance on Data

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

16.07 Committee Decisions

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

EXHIBIT A

Accounts Transferred from the Sara Lee Plan

The assets and liabilities of the Sara Lee Plan attributable to participants employed by the following businesses/divisions were transferred from the Sara Lee Plan to the Plan as of July 24, 2006:

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

Exhibit 31.1

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

I, Richard A. Noll, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hanesbrands Inc.;

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

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

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

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

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

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

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

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

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

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

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

Date: October 28, 2010

Exhibit 31.2

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

I, E. Lee Wyatt Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hanesbrands Inc.;

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

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

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

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

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

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

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

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

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

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

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

Date: October 28, 2010

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hanesbrands Inc. (“Hanesbrands”) on Form 10-Q for the fiscal quarter ended October 2, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard A. Noll, Chief Executive Officer of Hanesbrands, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Date: October 28, 2010

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2010 (the “Report”) solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Hanesbrands Inc. that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Hanesbrands Inc. and will be retained by Hanesbrands Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hanesbrands Inc. (“Hanesbrands”) on Form 10-Q for the fiscal quarter ended October 2, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, E. Lee Wyatt Jr., Chief Financial Officer of Hanesbrands, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Date: October 28, 2010

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 2, 2010 (the “Report”) solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Hanesbrands Inc. that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Hanesbrands Inc. and will be retained by Hanesbrands Inc. and furnished to the Securities and Exchange Commission or its staff upon request.