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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 1, 2006

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

Maryland	**001-32891**	**20-3552316**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**
1000 East Hanes Mill Road Winston-Salem, NC		**27105**
(Address of principal executive offices)		**(Zip Code)**

Registrant's telephone number, including area code: (336) 519-4400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01. Entry into a Material Definitive Agreement.

In connection with our spin-off from Sara Lee Corporation, on September 1, 2006, we adopted in final form and/or ratified the following benefit and incentive plans and other benefit programs for our executive officers, general employees and non-employee directors.

- Hanesbrands Inc. Omnibus Incentive Plan of 2006
- Hanesbrands Inc. Supplemental Employee Retirement Plan (the "Hanesbrands SERP")
- Hanesbrands Inc. Performance-Based Annual Incentive Plan (the "Hanesbrands AIP")
- Hanesbrands Inc. Executive Deferred Compensation Plan
- Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan
- Hanesbrands Inc. Executive Life Insurance Program
- Hanesbrands Inc. Executive Long-Term Disability Program
- Hanesbrands Inc. Employee Stock Purchase Plan of 2006 (the "Hanesbrands ESPP")

Further, on August 30, 2006, the board ratified the Hanesbrands Inc. Retirement Savings Plan (the "Hanesbrands 401(k)"). The material terms of these plans are summarized below. For a more complete understanding of these plans, please see the copies of these plans that are filed as exhibits to this Current Report on Form 8-K. In addition, the material terms of all of these plans were described in the Information Statement that is filed as Exhibit 99.1 to our registration statement on Form 10. In addition to the plans and programs listed above, on September 1, 2006, we entered into severance and change in control agreements with our executive officers.

Hanesbrands Inc. Omnibus Incentive Plan of 2006

The Hanesbrands Omnibus Incentive Plan will permit the issuance of long-term incentive awards to our employees and non-employee directors and employees of our subsidiaries to promote the interests of our company and our stockholders. This plan is designed to promote these interests by providing such employees and eligible non-employee directors with a proprietary interest in pursuing long-term growth, profitability and financial success of our company. Awards granted under this plan may be in the form of common stock, restricted stock, restricted stock units, deferred stock units, performance shares, cash, options and stock appreciation rights. The aggregate number of shares of our common stock that may be issued under the plan shall not exceed 13,105,000 shares (subject to adjustment in the event of a stock split, stock dividend, recapitalization, reorganization, or similar transaction). The Hanesbrands Omnibus Incentive Plan will be administered by our Compensation and Benefits Committee.

Hanesbrands Inc. Retirement Savings Plan

The Hanesbrands 401(k) Plan is a defined contribution retirement plan intended to qualify under Section 401(a) of the Internal Revenue Code of 1986 (the "Code"). All of our employees, including our executive officers, generally will be eligible to participate in the Hanesbrands 401(k) Plan. Under the Hanesbrands 401(k) Plan, employees will be eligible to contribute a portion of their compensation to the plan on a pre-tax basis and receive a matching employer contribution of up to a possible maximum of 4% of their eligible compensation. In addition, exempt and non-exempt salaried employees will be eligible to receive an employer contribution of up to an additional 4% of their eligible compensation. Hourly, non-union employees and New York sample based department union employees will be eligible to receive an amount determined by us in our discretion but not more than 2% of their eligible compensation. Finally, employees who are exempt or non-exempt salaried employees and who, on January 1, 2006, had attained age 50 and completed 10 years of service with Sara Lee are eligible to receive a non-matching

employer contribution of 10% of their eligible 2006 compensation if they are not eligible for the transitional credits provided in the Hanesbrands SERP and if they are employed by us on December 31, 2006 or if their employment ended prior to that date due to retirement, death or total disability.

Hanesbrands Inc. Supplemental Employee Retirement Plan

The Hanesbrands SERP is a nonqualified supplemental retirement plan. The purpose of the Hanesbrands SERP is to provide to a select group of management or highly compensated employees supplemental deferred compensation benefits primarily consisting of (i) benefits that would be earned under the Hanesbrands 401(k) Plan but for certain compensation and benefit limitations imposed on the Hanesbrands 401(k) Plan by the Code, (ii) those supplemental retirement benefits that had been accrued under the Sara Lee Corporation Supplemental Executive Retirement Plan as of December 31, 2005 and (iii) transitional defined contribution credits for one to five years and ranging from 4% to 15% of eligible compensation for certain executives based on their combined age and years of service as of January 1, 2006.

Hanesbrands Inc. Performance-Based Annual Incentive Plan

The Hanesbrands AIP is designed to provide annual cash awards that satisfy the conditions for performance-based compensation under Section 162(m) of the Code. The Hanesbrands AIP will be administered by our Compensation and Benefits Committee. Under the Hanesbrands AIP, the Compensation and Benefits Committee will have the authority to grant annual incentive awards to our key employees (including our executive officers) or the key employees of our subsidiaries. Each annual incentive award will be paid out of an incentive pool established for a performance period. Typically, the performance period will be our fiscal year. The incentive pool will equal 3% of our operating income for the fiscal year. The Compensation and Benefits Committee will allocate an incentive pool percentage to each designated participant for each performance period. In no event may the incentive pool percentage for any one participant exceed 40% of the total pool for that performance period. For purposes of the Hanesbrands AIP, “operating income” will mean our operating income for a performance period as reported on our income statement computed in accordance with generally accepted accounting principles, but shall exclude (i) the effects of charges for restructurings, (ii) discontinued operations, (iii) extraordinary items or other unusual or non-recurring items and (iv) the cumulative effect of tax or accounting changes. Each participant’s incentive award will be determined by the Compensation and Benefits Committee based on the participant’s allocated portion of the incentive pool and attainment of specified performance measures subject to adjustment in the sole discretion of the Compensation and Benefits Committee. In no event may the portion of the incentive pool allocated to a participant who is a covered employee for purposes of Section 162(m) of the Code be increased in any way, including as a result of the reduction of any other participant’s allocated portion, but such portion may be decreased by the Compensation and Benefits Committee. The Compensation and Benefits Committee may make retroactive adjustments to, and the participant shall reimburse us for, any cash or equity based incentive compensation paid to the participant where such compensation was predicated upon achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that the participant otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from the participant’s misconduct.

Hanesbrands Inc. Deferred Compensation Plans

The Hanesbrands Inc. Executive Deferred Compensation Plan and the Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan allow executive officers and Non-Employee Directors, respectively, to elect to defer receipt of cash and equity compensation. The amount of compensation that may be deferred by each participant is determined in accordance with the plans based on elections by such participant. A participant may designate one or more beneficiaries to receive any portion of the obligations payable in the event of death, however participants or beneficiaries may not anticipate, alienate, sell, transfer, assign or otherwise dispose of any right or interest in the plans. The amount payable to participants will be payable either on the withdrawal date elected by the participant or upon the occurrence of certain events as provided under the plans. The amounts payable under the plans earn or lose value based on the investment performance of one or more of the various investment funds offered under the plans and selected by the participants.

Hanesbrands Inc. Executive Life Insurance Program

The Executive Life Insurance Program provides life insurance coverage during active employment for our executive officers in an amount equal to three times such executive officer's annual base salary. We also offer continuing coverage following retirement equal to such executive officer's annual base salary immediately prior to retirement.

Hanesbrands Inc. Executive Disability Program

The Executive Disability Program provides disability coverage for our executive officers. Should an executive officer become totally disabled, the program will provide a monthly disability benefit equal to 1/12 of the sum of (i) 75% of the executive officer's annual base salary (not in excess of $500,000) and (ii) 50% of the executive officer's annual average short-term incentive bonus (not in excess of $250,000). The maximum monthly disability benefit is $62,500 and is reduced by any disability benefits payable to the executive officer under Social Security, workers' compensation, a state compulsory disability law or another plan of Hanesbrands providing benefits for disability.

Hanesbrands Inc. Employee Stock Purchase Plan of 2006

The purpose of the Hanesbrands ESPP is to provide an opportunity for eligible employees and eligible employees of designated subsidiaries to purchase a limited number of shares of our common stock at a discount through voluntary automatic payroll deductions. The Hanesbrands ESPP is designed to attract, retain, and reward our employees and to strengthen the mutuality of interest between our employees and our stockholders. The Hanesbrands ESPP will be administered by our Compensation and Benefits Committee. We intend to implement the terms of the Hanesbrands ESPP in 2007. The aggregate number of shares of our common stock that may be issued under the Hanesbrands ESPP will not exceed 2,442,000 shares (subject to adjustment in the event of a stock split, stock dividend, recapitalization, reorganization, or similar transaction). All of our U.S. employees (other than any employee who owns more than 5% of our stock) may participate in the Hanesbrands ESPP other than employees whose customary employment is 20 hours or less per week or employees whose customary employment is for not more than five months per year. The Compensation and Benefits Committee, in its discretion, may extend the Hanesbrands ESPP to international employees.

Severance/Change in Control Agreements

In addition to the plans and programs described above, on September 1, 2006, we entered into severance/change in control agreements ("Severance Agreements") with the following executive officers:

- Lee A. Chaden,
- Richard A. Noll,
- E. Lee Wyatt Jr.,
- Gerald W. Evans Jr.,
- Michael Flatow,
- Kevin D. Hall,
- Joan P. McReynolds, and
- Kevin W. Oliver.

The Severance Agreements are filed as exhibits to this Current Report on Form 8-K. The following description is a summary of those agreements and is qualified in its entirety by reference to the filed agreements.

Severance. The Severance Agreements with our executive officers provide them with severance benefits upon their involuntary termination of employment. Generally, if an executive officer's employment is terminated by us for any reason other than for cause (as defined in the agreement) or if an executive officer terminates his or her employment at our request, we will pay the executive officer severance benefits for a period of 12 to 24 months depending on the executive officer's position and length of service (including prior service with Sara Lee). To receive these payments, we will require the executive officer to sign an agreement that prohibits, among other things, the executive officer from working for our competitors, soliciting business from our customers, attempting to hire our employees and disclosing our confidential information. The executive officer would also have to agree to release any claims against us. Severance payments terminate if the terminated executive officer becomes employed by one of our competitors.

The monthly severance benefit that we would pay to each executive officer will be based on the executive officer's base salary (and, in limited cases, determined bonus), divided by 12. A terminated executive officer also would receive a pro-rated payment under any incentive plans applicable to the fiscal year in which the termination occurs based on actual full fiscal year performance. The terminated executive officer's eligibility to participate in our medical, dental and executive life insurance plans would continue for the same number of months for which he or she is receiving severance payments. The terminated executive officer's participation in all other benefit plans will cease as of the date of termination of employment.

Change in Control. The Severance Agreements also contain change in control benefits for our executive officers to help keep them focused on their work responsibilities during the uncertainty that accompanies a change in control, to preserve benefits after a change in control transaction and to help us attract and retain key talent. A change in control of our company is defined in the Severance Agreement. Generally, the agreements provide for severance pay and continuation of certain benefits if the executive officer's employment is terminated involuntarily (for a reason other than "cause" as defined in the agreement) within two years following a change in control, or within three months prior to a change in control. An involuntary termination will also include a voluntary termination by the executive officer for "good reason" (as defined in the agreements). In order to benefit from the change in control provision, the executive officer would have to agree to release any claims against us. Severance payments terminate if terminated executive officer becomes employed by one of our competitors.

The Severance Agreements provide that the terminated executive officer will receive in a lump sum payment, two times (three times in the case of Mr. Noll) his or her cash compensation (consisting of base salary, the greater of their current target bonus or their average actual bonus over the prior three years and the matching contribution to the defined contribution plan in which the executive officer is participating), a pro-rated portion of his or her annual bonus for the fiscal year in which the termination occurs based upon the greater of their target bonus or actual performance as of the date of termination, a pro-rata portion of his or her long-term cash incentive plan payment for any performance period that is at least fifty percent (50%) completed prior to the executive officer's termination date, the replacement of lost savings and retirement benefits through the Hanesbrands SERP and the continued eligibility to participate in our medical, dental and executive insurance plans during the change in control severance period. The change in control severance period is a period of two years (three years for Mr. Noll) following the executive officer's termination date. Outstanding awards under the Hanesbrands OIP will be treated pursuant to the terms

of the Hanesbrands OIP. In the event that any payments made in connection with a change in control would be subjected to the excise tax imposed by Section 4999 of the Code, the agreements will provide that we will make tax equalization payments with respect to the executive officer's compensation for all federal, state and local income and excise taxes, and any penalties and interest, but only if the total payments made in connection with a change in control exceed three hundred thirty percent (330%) of such executive officer's "base amount" (as determined under Section 280G(b) of the Code). Otherwise, the payments made to such executive officer in connection with a change in control that are classified as parachute payments will be reduced so that the value of the total payments to such executive officer is one dollar ($1) less than the maximum amount such executive officer may receive without becoming subject to the tax imposed by Section 4999 of the Code. In consideration for these benefits, the agreements will prohibit the executive officer from working for certain competitors, soliciting business from our customers, attempting to hire our employees and disclosing our confidential information.

Each Severance Agreement is effective for an unlimited term, unless we give at least 18 months prior written notice that the agreement will not be renewed. In addition, if a change in control occurs during the term, the agreement will automatically continue for two years following the change in control.

Item 1.01 Entry into a Material Definitive Agreement; Item 3.03 Material Modification to the Rights of Security Holders

On September 1, 2006, we entered into a stockholder rights agreement with Computershare Trust Company, N.A., Rights Agent (the "Rights Agreement"). Pursuant to the Rights Agreement, one preferred stock purchase right will be distributed with and attached to each share of our common stock. Each right will entitle its holder, under the circumstances described below, to purchase from us one one-thousandth of a share of our Series A Preferred Stock at an exercise price of $75 per right. The following description of the rights is a summary and is qualified in its entirety by reference to the Rights Agreement, which is attached hereto as Exhibit 4.1 to this Current Report on Form 8-K.

Initially, the rights will be associated with our common stock and evidenced by book-entry statements, which will contain a notation incorporating the rights by reference. Each right initially will be transferable with and only with the transfer of the underlying share of common stock. The rights will become exercisable and separately certificated only upon the rights distribution date, which will occur upon the earlier of:

- ten days following a public announcement by us that a person or group (an "acquiring person") has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of our outstanding shares of common stock (the date of the announcement being the "stock acquisition date"); or

- ten business days (or later if so determined by our board of directors) following the commencement of or public disclosure of an intention to commence a tender offer or exchange offer by a person if, after acquiring the maximum number of securities sought pursuant to such offer, such person, or any affiliate or associate of such person, would acquire, or obtain the right to acquire, beneficial ownership of 15% or more of our outstanding shares of our common stock.

Until the rights distribution date, the transfer of any shares of common stock outstanding also will constitute the transfer of the rights associated with such shares.

As soon as practicable after the rights distribution date, the rights agent will mail to each record holder of our common stock as of the close of business on the rights distribution date certificates evidencing the rights. From and after the rights distribution date, the separate certificates alone will represent the rights. Except as otherwise provided in the rights agreement, only shares of common stock issued or sold by Hanesbrands prior to the rights distribution date will receive rights.

The rights are not exercisable until the rights distribution date and will expire ten years from their issuance, unless earlier redeemed or exchanged by us as described below.

Upon our public announcement that a person or group has become an acquiring person (a “flip-in event”), each holder of a right (other than any acquiring person and certain related parties, whose rights will have automatically become null and void) will have the right to receive, upon exercise, common stock with a value equal to two times the exercise price of the right.

For example, at an exercise price of $75 per right, each right not owned by an acquiring person (or by certain related parties) following a flip-in event would entitle its holder to purchase $150 worth of common stock (or other consideration, as described above) for $75. Assuming that the common stock had a per share value of $37.50 at that time, the holder of each valid right would be entitled to purchase four shares of common stock for $75.

In the event that, at any time after a person becomes an acquiring person:

- we are acquired in a merger or other business combination in which we are not the surviving entity;
- we are acquired in a merger or other business combination in which we are the surviving entity and all or part of our common stock is converted into or exchanged for securities of another entity, cash or other property;
- we effect a share exchange in which all or part of our common stock is exchanged for securities of another entity, cash or other property; or
- 50% or more of our assets or earning power is sold or transferred,

(the above events being “business combinations”) then each holder of a right (except rights which previously have been voided as described above) will have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the right.

The exercise price of our Series A Preferred Stock, the number of shares of Series A Preferred Stock issuable and the number of outstanding rights will adjust to prevent dilution that may occur from a stock dividend, a stock split or a reclassification of the Series A Preferred Stock or common stock.

We may redeem the rights in whole, but not in part, at a price of $0.001 per right (subject to adjustment and payable in cash, common stock or other consideration deemed appropriate by our board of directors) at any time prior to the earlier of the stock acquisition date and the rights expiration date. Immediately upon the action of our board of directors authorizing any redemption, the rights will terminate and the holders of rights will only be entitled to receive the redemption price.

At any time after a person becomes an acquiring person and prior to the earlier of (i) the time any person, together with all affiliates and associates, becomes the beneficial owner of 50% or more of our outstanding common stock and (ii) the occurrence of a business combination, our board of directors may cause us to exchange for all or part of the then-outstanding and exercisable rights shares of our common stock at an exchange ratio of one common share per right, adjusted to reflect any stock split, stock dividend or similar transaction.

Until a right is exercised, its holder, as such, will have no rights as a stockholder with respect to such rights, including, without limitation, the right to vote or to receive dividends. While the distribution of the rights will not result in the recognition of taxable income by our stockholders or us, stockholders may, depending upon the circumstances, recognize taxable income after a triggering event.

The terms of the rights may be amended by our board of directors without the consent of the holders of the rights. From and after the stock acquisition date, however, no amendment can adversely affect the interests of the holders of the rights.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Changes in Fiscal Year.

Amendments to the Articles of Incorporation

On September 1, 2006, our Board of Directors approved certain amendments to our articles of incorporation. These amendments were included in Articles of Amendment and Restatement that were filed and became effective upon filing with the State Department of Assessments and Taxation of Maryland on September 1, 2006. The Articles of Amendment and Restatement (i) increased our authorized share capital to 550,000,000 shares of stock, consisting of (a) 500,000,000 shares of Common Stock, $0.01 par value per share ("Common Stock"), and (b) 50,000,000 shares of Preferred Stock, par value $0.01 per share ("Preferred Stock"), and (ii) identified the initial members of our Board of Directors.

A copy of our Articles of Amendment and Restatement is filed hereto as Exhibit 3.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Articles Supplementary

In connection with the amendments to our articles of incorporation described above, our Board or Directors also approved Articles Supplementary that became effective upon filing with the State Department of Assessments and Taxation of Maryland on September 1, 2006. The Articles Supplementary classify and designate 500,000 shares of authorized and unissued Preferred Stock as Junior Participating Preferred Stock, Series A.

A copy of our Articles Supplementary is filed hereto as Exhibit 3.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Amended and Restated Bylaws

On September 1, 2006, our Board of Directors approved certain amendments to our bylaws. These amended and restated bylaws became effective upon the filing of the Articles of Amendment and Restatement and modify various provisions of our previous bylaws by:

- providing procedures for stockholders to request special meetings of the stockholders;
- requiring advance notice of stockholder director nominees and other stockholder proposals;
- changing the procedures by which stockholders may take action by written consent;
- changing the procedures for filling vacancies on the Board of Directors;
- permitting the ratification of transactions that are challenged in certain stockholder derivative proceedings; and

- changing the indemnification rights and procedures for our directors and officers.

A copy of our amended and restated bylaws is filed as Exhibit 3.3 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 8.01 Other Events

In connection with our spin-off from Sara Lee Corporation, Sara Lee distributed to its stockholders an information statement, dated August 11, 2006, regarding us and the spin-off. A copy of the information statement is attached to this Current Report on Form 8-K as Exhibit 99.1.

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Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

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3.3	Amended and Restated Bylaws of Hanesbrands Inc.
4.1	Rights Agreement between Hanesbrands Inc. and Computershare Trust Company, N.A., Rights Agent.
4.2	Form of Rights Certificate.
10.1	Hanesbrands Inc. Omnibus Incentive Plan of 2006.
10.2	Form of Non-Employee Director Restricted Stock Unit Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006.
10.3	Form of Stock Option Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006.
10.4	Form of Restricted Stock Unit Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006.
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10.14	Severance Agreement between Hanesbrands Inc. and Joan P. McReynolds
10.15	Severance Agreement between Hanesbrands Inc. and Kevin D. Hall
10.16	Severance Agreement between Hanesbrands Inc. and Michael Flatow
10.17	Severance Agreement between Hanesbrands Inc. and Gerald W. Evans Jr.
10.18	Severance Agreement between Hanesbrands Inc. and E. Lee Wyatt Jr.
10.19	Severance Agreement between Hanesbrands Inc. and Lee A. Chaden
10.20	Severance Agreement between Hanesbrands Inc. and Kevin W. Oliver
99.1	Information Statement of Hanesbrands Inc. dated August 11, 2006

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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.

Dated: September 1, 2006

Hanesbrands Inc.

By: /s/ Catherine Meeker
Catherine Meeker
Associate General Counsel and Secretary

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Exhibit 3.1

HANESBRANDS INC.

ARTICLES OF AMENDMENT AND RESTATEMENT

FIRST: Hanesbrands Inc., a Maryland corporation (the "Corporation"), desires to amend and restate its charter as currently in effect and as hereinafter amended.

SECOND: The following provisions are all the provisions of the charter currently in effect and as hereinafter amended:

ARTICLE I

INCORPORATOR

The name and address of the sole incorporator of Hanesbrands Inc., a corporation formed under the general laws of the State of Maryland, is Helen N. Kaminski, c/o Sara Lee Corporation, Three First National Plaza, 70 W. Madison Street, Chicago, Illinois, who is at least eighteen (18) years of age.

ARTICLE II

NAME

The name of the corporation (the "Corporation") is: Hanesbrands Inc.

ARTICLE III

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force.

ARTICLE IV

PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o CSC-Lawyers Incorporating Service Company, 11 East Chase Street, Baltimore, MD 21202. The name of the resident agent of the Corporation in the State of Maryland is CSC-Lawyers Incorporating Service Company, whose post address is 11 East Chase Street, Baltimore, MD 21202. The resident agent is a Maryland corporation.

ARTICLE V

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 5.1 Number of Directors. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation initially shall be five, which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws, but shall never be less than the minimum number required by the Maryland General Corporation Law (the "MGCL"). The names of the current directors who shall serve until the annual meeting of stockholders in 2007 or until their successors are duly elected and qualified are:

Lee A. Chaden
Richard A. Noll
Diana S. Ferguson
Roderick A. Palmore
Alice M. Peterson

These directors may increase the number of directors and may fill any vacancy, whether resulting from an increase in the number of directors or otherwise, on the Board of Directors.

The Corporation elects, at such time as it becomes eligible to make the election provided for under Section 3-802(b) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred.

Section 5.2 Extraordinary Actions. Except as specifically provided in Article VII and Section 5.7 (relating to removal of directors), notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of the holders of shares entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of holders of shares entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 5.3 Authorization by Board of Stock Issuance. The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of any class or series, whether now or hereafter authorized, for such consideration as the

Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the charter (the "Charter") or the Bylaws.

Section 5.4 Preemptive Rights and Appraisal Rights. Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 6.4 or as may otherwise be provided by contract approved by the Board of Directors, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell. Holders of shares of stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the Board of Directors, shall determine that such rights apply, with respect to all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

Section 5.5 Indemnification. The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or a subsidiary thereof or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Any repeal or other modification of this Section 5.5 or of any provisions of applicable Maryland law shall not adversely affect any right or protection existing at the time of such repeal or other modification of a person who, at any time prior to such repeal or other modification, serves or agrees to serve, or served or agreed to serve, in any capacity which entitles such person to indemnification hereunder.

Section 5.6 Determinations by Board. The determination as to any of the following matters, made in good faith by or pursuant to the direction of the Board of Directors consistent with the Charter, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, redemption of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, annual or other cash flow, funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or

cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of any class or series of stock of the Corporation; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; the number of shares of stock of any class or series of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 5.7 Removal of Directors. Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and then only by the affirmative vote of at least two thirds of the votes entitled to be cast generally in the election of directors. For the purpose of this paragraph, "cause" shall mean, with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

ARTICLE VI

STOCK

Section 6.1 Authorized Shares. The Corporation has authority to issue 550,000,000 shares of stock, consisting of (a) 500,000,000 shares of Common Stock, $0.01 par value per share ("Common Stock"), and (b) 50,000,000 shares of Preferred Stock, par value $0.01 per share ("Preferred Stock"). The aggregate par value of all authorized shares of stock having par value is $5,500,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Section 6.2, 6.3 or 6.4 of this Article VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. Subject to any agreement of the Company to the contrary, the Board of Directors, with the approval of a majority of the entire Board and without any action by the stockholders of the Corporation, may amend the Charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 6.2 Common Stock. Except as may otherwise be specified in the terms of any class or series of Common Stock, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time in one or more classes or series of stock.

Section 6.3 Preferred Stock. The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, in one or more classes or series of stock.

Section 6.4 Classified or Reclassified Shares. Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("SDAT"). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 6.4 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other Charter document.

Section 6.5 Stockholders' Consent in Lieu of Meeting. Any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting by consent, in writing or by electronic transmission, in any manner permitted by the MGCL and set forth in the Bylaws.

Section 6.6 Charter and Bylaws. The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws.

ARTICLE VII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to its Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation. Except for amendments to Section 5.7 in Article V of the Charter and except for those amendments permitted to be made without stockholder approval under Maryland law or by specific provision in the Charter, any amendment to the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of a majority of all the votes entitled to be cast on the matter. Any amendment to Section 5.7 in Article V or to this sentence of the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of at least two thirds of all the votes entitled to be cast on the matter.

ARTICLE VIII

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article VIII, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article VIII, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD: The amendment to and restatement of the charter as hereinabove set forth have been duly advised by the Board of Directors and approved by the sole stockholder of the Corporation as required by law.

FOURTH: The current address of the principal office of the Corporation in the State of Maryland is as set forth in Article IV of the foregoing amendment and restatement of the charter.

FIFTH: The name and address of the Corporation's current resident agent in the State of Maryland is as set forth in Article IV of the foregoing amendment and restatement of the charter.

SIXTH: The number of directors of the Corporation and the names of those currently in office are as set forth in Article V of the foregoing amendment and restatement of the charter.

SEVENTH: The total number of shares of stock which the Corporation had authority to issue immediately prior to this amendment and restatement was 1,000 shares, $.01 par value per share, all of one class. The aggregate par value of all shares of stock having par value was $10.00.

EIGHTH: The total number of shares of stock which the Corporation has authority to issue pursuant to the foregoing amendment and restatement of the charter is 550,000,000, consisting of 500,000,000 shares of Common Stock, $0.01 par value per share, and 50,000,000 shares of Preferred Stock, $0.01 par value per share. The aggregate par value of all authorized shares of stock having par value is $5,500,000.

NINTH: The undersigned officer acknowledges these Articles of Amendment and Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[signatures follow on the next page]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment and Restatement to be signed in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this 1st day of September, 2006.

ATTEST:

/s/ Catherine A. Meeker
Catherine A. Meeker
Secretary

HANESBRANDS INC.

By: /s/ Richard A. Noll (SEAL)
Richard A. Noll
Chief Executive Officer and President

Exhibit 3.2

ARTICLES SUPPLEMENTARY

(Junior Participating Preferred Stock, Series A)

Hanesbrands Inc., a corporation organized and existing under the Maryland General Corporation Law (the "Corporation"), in accordance with the provisions of Section 2-208 thereof, DOES HEREBY CERTIFY:

FIRST: That pursuant to the authority conferred upon the Board of Directors by the charter of the Corporation (the "Charter"), the Board of Directors on September 1, 2006, by duly adopted resolution, classified and designated 500,000 shares of authorized and unissued Preferred Stock designated as Junior Participating Preferred Stock, Series A with the following preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption, which, upon any restatement of the Charter, shall become part of Article VI of the Charter, with any necessary or appropriate renumbering or relettering of the sections or subsections hereof.

Section 1. Designation and Amount. The shares of such series shall be designated as "Junior Participating Preferred Stock, Series A" (the "Series A Preferred Stock") and the number of shares constituting such series shall be 500,000. Such number of shares may be increased or decreased by resolution of the Board of Directors in accordance with the Charter; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any outstanding shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $25.00 or (b) the Adjustment Number (as defined below) times the aggregate per share amount of all cash dividends, plus the Adjustment Number times the

aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. The "Adjustment Number" shall initially be 1,000. In the event the Corporation shall at any time after September 1, 2006 (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock into a greater number of shares or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $25.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date immediately preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Each share of Series A Preferred Stock shall entitle the holder thereof to a number of votes equal to the Adjustment Number (as adjusted from time to time pursuant to Section 2(A) hereof) on all matters submitted to a vote of the stockholders of the Corporation.

(B) Except as otherwise provided herein, by law or in the Charter or Bylaws of the Corporation, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(i) If at any time dividends on any Series A Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") that shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly period on all shares of Series A Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, (1) the number of directors shall be increased by two, effective as of the time of election of such directors as herein provided, and (2) the holders of Series A Preferred Stock and the holders of other Preferred Stock upon which these or like voting rights have been conferred and are exercisable (the "Voting Preferred Stock") with dividends in arrears equal to six quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect such two directors.

(ii) During any default period, such voting right of the holders of Series A Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(B) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that such voting right shall not be exercised unless the holders of at least one-third in number of the shares of Voting Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Voting Preferred Stock of such voting right.

(iii) Unless the holders of Voting Preferred Stock shall, during an existing default period, have previously exercised their right to elect directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Voting Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Voting Preferred Stock, which meeting shall thereupon be called by the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Voting Preferred Stock are entitled to vote pursuant to this paragraph (B)(iii) shall be given to each holder of record of

Voting Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order or request or, in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Voting Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (B)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period, after the holders of Voting Preferred Stock shall have exercised their right to elect Directors voting as a class, (x) the directors so elected by the holders of Voting Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may be filled by vote of a majority of the remaining directors theretofore elected by the holders of the class or classes of stock which elected the director whose office shall have become vacant. References in this paragraph (B) to directors elected by the holders of a particular class or classes of stock shall include directors elected by such directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Voting Preferred Stock as a class to elect directors shall cease, (y) the term of any directors elected by the holders of Voting Preferred Stock as a class shall terminate and (z) the number of directors shall be such number as may be provided for in the Charter or Bylaws irrespective of any increase made pursuant to the provisions of paragraph (B) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the Charter or Bylaws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining directors.

(C) Except as set forth herein, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on, or make any other distributions on, any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein, in the Charter or Bylaws or otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (A) to the holders of Common Stock and of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received the greater of (i) $100.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not

declared, to the date of such payment, and (ii) an aggregate amount per share, equal to the Adjustment Number (as adjusted from time to time pursuant to Section 2(A) hereof) times the aggregate amount to be distributed per share to holders of Common Stock, or (B) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred Stock then outstanding shall at the same time be similarly exchanged or changed in an amount per share equal to the Adjustment Number (as adjusted from time to time pursuant to Section 2(A) hereof) times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Amendment. The Charter of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds or more of the outstanding shares of Series A Preferred Stock, if any, voting together as a single class. At any time, when no shares of Series A Preferred Stock are outstanding, the Board of Directors may amend the number, preferences, conversion or other rights, vesting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption of the Series A Preferred Stock as set forth in these Articles Supplementary in the manner provided in the Charter.

SECOND: The Series A Preferred Stock has been classified and designated by the Board of Directors under the authority contained in the Charter.

THIRD: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned officer of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be signed in its name and on its behalf by its President and attested to by its Secretary on this 1st day of September, 2006.

ATTEST:

By: /s/ Catherine A. Meeker
Catherine A. Meeker
Secretary

HANESBRANDS INC.

By: /s/ Richard A. Noll (SEAL)
Richard A. Noll
Chief Executive Officer and President

HANESBRANDS INC.

AMENDED AND RESTATED BYLAWS

ARTICLE I

OFFICES

Section 1. Principal Office. The principal office of the Corporation in the State of Maryland shall be located at such place as the Board of Directors of the Corporation (the "Board of Directors") may designate.

Section 2. Additional Offices. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set by the Board of Directors and stated in the notice of the meeting.

Section 2. Annual Meeting. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on a date and at the time set by the Board of Directors during the month of October in each year, commencing October 2007.

Section 3. Special Meetings.

(a) General. The chairman of the board, president, chief executive officer or Board of Directors may call special meetings of the stockholders. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the secretary upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

(b) Stockholder-Requested Special Meetings. (1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the "Record Date Request Notice") by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "Request Record Date"). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at such meeting, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of each such stockholder (or such agent) and shall set forth

all information relating to each such stockholder that must be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which the Record Date Request Notice is received by the secretary.

(2) In order for any stockholder to request a special meeting, one or more written requests for a special meeting signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than a majority (the "Special Meeting Percentage") of all of the votes entitled to be cast at such meeting (the "Special Meeting Request") shall be delivered to the secretary. In addition, the Special Meeting Request (i) shall set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (ii) shall bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (iii) shall set forth the name and address, as they appear in the Corporation's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed), the class, series and number of all shares of stock of the Corporation which are owned by each such stockholder, and the nominee holder for, and number of, shares owned by such stockholder beneficially but not of record, (iv) shall be sent to the secretary by registered mail, return receipt requested, and (v) shall be received by the secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation or the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(3) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including the Corporation's proxy materials). The secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this Section 3(b), the secretary receives payment from the requesting stockholders of such reasonably estimated cost prior to the mailing of any notice of the meeting.

(4) Except as provided in the next sentence, any special meeting shall be held at such place, date and time as may be designated by the chairman of the board, chief executive officer, president or Board of Directors, whoever has called the meeting. In the case of any special meeting called by the secretary upon the request of stockholders (a "Stockholder-Requested Meeting"), such meeting shall be held at such place, date and time

as may be designated by the Board of Directors; provided, however, that the date of any Stockholder-Requested Meeting shall be not more than 90 days after the record date for such meeting (the "Meeting Record Date"); and provided further that if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the secretary (the "Delivery Date"), a date and time for a Stockholder-Requested Meeting, then such meeting shall be held at 2:00 p.m. local time on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and provided further that in the event that the Board of Directors fails to designate a place for a Stockholder-Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for any special meeting, the chairman of the board, chief executive officer, president or Board of Directors may consider such factors as he, she or it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder-Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder-Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this Section 3(b).

(5) If written revocations of requests for the special meeting have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting to the secretary, the secretary shall: (i) if the notice of meeting has not already been mailed, refrain from mailing the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for the special meeting, or (ii) if the notice of meeting has been mailed and if the secretary first sends to all requesting stockholders who have not revoked requests for a special meeting written notice of any revocation of a request for the special meeting and written notice of the secretary's intention to revoke the notice of the meeting, revoke the notice of the meeting at any time before ten days before the commencement of the meeting. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The chairman of the board, chief executive officer, president or Board of Directors may appoint regionally or nationally recognized independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported request shall be deemed to have been delivered to the secretary until the earlier of (i) five Business Days after receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the secretary represent at least a majority of the issued and outstanding shares of stock

that would be entitled to vote at such meeting. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of North Carolina are authorized or obligated by law or executive order to close.

Section 4. Notice. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business or by any other means permitted by the laws of the State of Maryland. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 5. Organization And Conduct. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment, by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting: the vice chairman of the board, if there be one, the president, the vice presidents in their order of rank and seniority, or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The secretary, or, in the secretary's absence, an assistant secretary, or in the absence of both the secretary and assistant secretaries, a person appointed by the Board of Directors or, in the absence of such appointment, a person appointed by the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of the stockholders, an assistant secretary, or in the absence of assistant secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of such chairman, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to

the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments by participants; (e) determining when the polls should be opened and closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; and (h) concluding a meeting or recessing or adjourning the meeting to a later date and time and place announced at the meeting. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 6. Quorum. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation (as may be amended, modified, supplemented or restated from time to time, the "Charter") for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the chairman of the meeting shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

The stockholders present either in person or by proxy, at a meeting which has been duly called and convened, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 7. Voting. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Charter. Unless otherwise provided by statute or by the Charter, each outstanding share of the Corporation's stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

Section 8. Proxies. A stockholder may cast the votes entitled to be cast by the shares of stock owned of record by the stockholder in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

Section 9. Voting Of Stock By Certain Holders. Stock of the Corporation registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his or her name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

Section 10. Inspectors. The Board of Directors, in advance of any meeting, may, but need not, appoint one or more individual inspectors or one or more entities that designate individuals as inspectors to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the chairman of the meeting. The inspectors, if any, shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. Each such report shall be in writing and

signed by him or her or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 11. Advance Notice Of Stockholder Nominees For Director And Other Stockholder Proposals.

(a) Annual Meetings of Stockholders. (1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting, who is entitled to vote at the meeting and who has complied with this Section 11(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (1) of this Section 11(a), the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 and shall be delivered to the secretary at the principal executive office of the Corporation (x) with respect to the 2007 annual meeting, not earlier than May 21 , 2007 nor later than 5:00 p.m., Eastern Time, on Jume 20, 2007, and (y) with respect to all other annual meetings, not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director, (A) the name, age, business address and residence address of such individual, (B) the class, series and number of any shares of stock of the Corporation that are beneficially owned by such individual, (C) the date such shares were acquired and the investment intent of such acquisition and (D) all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder (including such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business

that the stockholder proposes to bring before the meeting, a description of such business, the reasons for proposing such business at the meeting and any material interest in such business of such stockholder and any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder and the Stockholder Associated Person therefrom; (iii) as to the stockholder giving the notice and any Stockholder Associated Person, the class, series and number of all shares of stock of the Corporation which are owned by such stockholder and by such Stockholder Associated Person, if any, and the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder and by any such Stockholder Associated Person; (iv) as to the stockholder giving the notice and any Stockholder Associated Person covered by clauses (ii) or (iii) of this paragraph (2) of this Section 11(a), the name and address of such stockholder, as they appear on the Corporation's stock ledger and current name and address, if different, and of such Stockholder Associated Person; and (v) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(3) Notwithstanding anything in this subsection (a) of this Section 11 to the contrary, in the event the Board of Directors increases or decreases the maximum or minimum number of directors in accordance with Article III, Section 2 of these Bylaws, and there is no public announcement of such action at least 130 days prior to the first anniversary of the date of mailing of the notice of the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(4) For purposes of this Section 11, "Stockholder Associated Person" of any stockholder shall mean (i) any person controlling, controlled by, or under common control with, directly or indirectly, such stockholder or any person acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the

Board of Directors, any such stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (2) of Section 11(a) of this Article II of these Bylaws shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 120th day prior to such special meeting and not later than 5:00 p.m., Eastern Time on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) General. (1) Upon written request by the secretary or the Board of Directors or any committee thereof, any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), written verification, satisfactory, in the discretion of the Board of Directors or any committee thereof or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11. If a stockholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11.

(3) For purposes of this Section 11, (a) the "date of mailing of the notice" shall mean the date of the proxy statement for the solicitation of proxies for election of directors and (b) "public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or comparable news service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, nor the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

Section 12. Control Share Acquisition Act. Notwithstanding any other provision of the Charter or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law (including any successor statute, the "MGCL") shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

Section 13. Stockholders' Consent In Lieu Of Meeting. Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting (a) if a unanimous consent setting forth the action is given in writing or by electronic transmission by each stockholder entitled to vote on the matter and filed with the minutes of proceedings of the stockholders or (b) if the action is advised, and submitted to the stockholders for approval, by the Board of Directors and a consent in writing or by electronic transmission of stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting of stockholders is delivered to the Corporation in accordance with the MGCL. The Corporation shall give notice of any action taken by less than unanimous consent to each stockholder not later than ten days after the effective time of such action.

ARTICLE III

DIRECTORS

Section 1. General Powers. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. Number, Tenure And Qualifications. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the MGCL nor more than 25, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors.

Section 3. Annual And Regular Meetings. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board, the chief executive officer, the president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place

for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without other notice than such resolution.

Section 5. Notice. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, United States mail or courier to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by United States mail shall be given at least three days prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to such courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. Quorum. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to applicable law, the Charter or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. Voting. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws. If enough directors have withdrawn from a meeting to leave less than a quorum but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the Charter or these Bylaws.

Section 8. Organization. At each meeting of the Board of Directors, the chairman of the board or, in the absence of the chairman of the board, the vice chairman of

the board, if any, shall act as chairman of the meeting. In the absence of both the chairman and vice chairman of the board, the chief executive officer or in the absence of the chief executive officer, the president or in the absence of the president, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The secretary or, in his or her absence, an assistant secretary, or in the absence of the secretary and all assistant secretaries, a person appointed by the chairman of the meeting, shall act as secretary of the meeting.

Section 9. Telephone Meetings. Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. Consent By Directors Without A Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if all of the members of the Board of Directors then in office consent thereto in writing or by electronic transmission and such writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors.

Section 11. Vacancies. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder (even if fewer than three directors remain). Except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. Any director elected to fill a vacancy shall serve for the remainder of the full term of the class in which the vacancy occurred and until a successor is elected and qualifies.

Section 12. Compensation. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they performed or engaged in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13. Loss Of Deposits. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or stock have been deposited.

Section 14. Surety Bonds. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his or her duties.

Section 15. Reliance. Each director, officer, employee and agent of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

Section 16. Certain Rights of Directors, Officers, Employees and Agents. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Subject to compliance with any policies adopted by the Board of Directors, any director or officer, employee or agent of the Corporation, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

Section 17. Ratification. Any transaction questioned in any stockholders' derivative proceeding on the ground of lack of authority, defective or irregular execution, adverse interest of director, officer or stockholder, non-disclosure, miscomputation, or the application of improper principles or practices of accounting may be ratified before or after judgment, by the Board of Directors (excluding any director who is a party to such proceeding) or by the stockholders if less than a quorum of directors is qualified; and, if so ratified, shall have the same force and effect as if the questioned transaction had been originally duly authorized, and said ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned transaction.

ARTICLE IV

COMMITTEES

Section 1. Number, Tenure And Qualifications. The Board of Directors may appoint from among its members a Finance/Audit Committee, a Compensation and Benefits Committee, a Governance and Nominating Committee and other committees, composed of one or more directors (in each case subject to any applicable legal or stock exchange listing requirement), to serve at the pleasure of the Board of Directors.

Section 2. Powers. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 3. Meetings. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the committee) may fix the time and place of its meeting unless the Board shall otherwise provide. Each committee shall keep minutes of its proceedings.

Section 4. Telephone Meetings. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. Consent By Committees Without A Meeting. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if all of the members of such committee of the Board of Directors consent thereto in writing or by electronic transmission and such writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of such committee.

Section 6. Vacancies. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee.

ARTICLE V

OFFICERS

Section 1. General Provisions. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chairman of the board, a vice chairman of the board, a chief executive officer, one or more vice presidents, a chief operating officer, a chief financial officer, a controller, a general counsel, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors, except that the chief executive officer or president may from time to time appoint one or more vice presidents, assistant secretaries and assistant treasurers or other officers. Each officer shall hold office until his or her successor is elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. **Removal And Resignation.** Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his or her resignation to the Board of Directors, the chairman of the board, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the notice of resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. **Vacancies.** A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. Chairman Of The Board. The Board of Directors shall designate a chairman of the board. The chairman may serve in such role in either an executive or a non-executive capacity. The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he shall be present. The chairman of the board shall perform such other duties as may be assigned to him or her by the Board of Directors.

Section 5. Chief Executive Officer. The Board of Directors may designate a chief executive officer. In the absence of such designation, the chairman of the board shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. **Chief Operating Officer.** The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 7. Chief Financial Officer. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 8. President. In the absence of a chief executive officer, the president shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. The president may execute any

deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 9. Vice Presidents. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to such vice president by the president or by the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president, senior vice president, or as vice president for particular areas of responsibility.

Section 10. Secretary. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the Board of Directors.

Section 11. Treasurer. The treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

Section 12. Assistant Secretaries And Assistant Treasurers. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

Section 13. **General Counsel.** The general counsel shall have general supervision of all legal matters relating to the Corporation (including its subsidiaries and affiliates), including litigation by and against the Corporation, preparation of documents relating to transactions to which the Corporation is a party, advice to the Board of Directors and management concerning legal issues affecting the Corporation and retention of counsel to represent the Corporation. The general counsel shall perform such other duties and have such authority as may be assigned to her or him by the Board of Directors, the chairman of the board or the president.

Section 14. Controller. The controller shall be the chief accounting officer of the Corporation and shall be responsible for maintenance of the financial records and the internal accounting systems of the Corporation (including its subsidiaries and affiliates) and for the conduct and surveillance of general corporate accounting procedures. The controller shall supervise the preparation of the Corporation's financial statements and other financial reports and statistics as required by management and governmental agencies and shall perform such other duties as the chief financial officer of the Corporation or the Board of Directors may from time to time prescribe.

Section 15. Salaries. The salaries and other compensation of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors or a committee of the Board of Directors within the scope of its delegated authority may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when duly authorized or ratified by action of the Board of Directors or such committee and executed by an authorized person.

Section 2. Checks And Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

ARTICLE VII

STOCK

Section 1. Certificates. The Corporation may issue some or all of the shares of any or all of the Corporation's classes or series of stock without certificates if authorized by the Board of Directors. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be in such form as prescribed by the Board of Directors and contain the statements and information and be executed in the manner required by the MGCL. In the event that the Corporation issues shares of stock without certificates, the Corporation shall provide to the record holders of such shares, for so long as the same is required by the MGCL, a written statement of the information required by the MGCL to be included on stock certificates. There shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates. If a class or series of stock is authorized by the Board of Directors to be issued without certificates, no stockholder shall be entitled to a certificate or certificates representing any shares of such class or series of stock held by such stockholder unless otherwise determined by the Board of Directors and then only upon written request by such stockholder to the secretary of the Corporation.

Section 2. Transfers. All transfers of stock shall be made on the books of the Corporation, by the holder of the shares, in person or by his or her attorney, in such manner as the Board of Directors or any officer of the Corporation may prescribe and, if such shares are certificated, upon surrender of certificates duly endorsed.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class of stock will be subject in all respects to the Charter and all of the terms and conditions contained therein.

Section 3. Replacement Certificate. Any officer of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, destroyed, stolen or mutilated; provided, however, if such shares have

ceased to be certificated, no new certificate shall be issued unless requested in writing by such stockholder and the Board of Directors has determined such certificates may be issued. Unless otherwise determined by an officer of the Corporation, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the Corporation.

Section 4. Closing Of Transfer Books Or Fixing Of Record Date. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not longer than 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

Except as otherwise provided in Section 3(b)(4) of Article II, if no record date is fixed and the stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except when (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

Section 5. Stock Ledger. The Board of Directors shall have the power and authority to make all such rules and regulations as it may deem expedient concerning the issuance and registration of shares of stock, and certificates representing the same, if any, including the appointment from time to time of transfer agents and registrars. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. Fractional Stock; Issuance Of Units. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the Charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII

ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX

DISTRIBUTIONS

Section 1. Authorization. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of applicable law and the Charter. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of applicable law and the Charter.

Section 2. Contingencies. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the Charter, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

Section 1. Seal. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words “Incorporated Maryland.” The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. Affixing Seal. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word “(SEAL)” adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

INDEMNIFICATION AND ADVANCE OF EXPENSES

Section 1. Right To Indemnification. To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation or a subsidiary thereof and who is made a party to the proceeding by reason of his or her service in that capacity (or by reason of his or her service as a director or officer of Sara Lee Corporation or a subsidiary thereof in connection with Sara Lee’s Branded Apparel Americas/Asia business) or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee of such corporation, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made a party to the proceeding by reason of his or her service in that capacity. The Corporation may, with the approval of its Board of Directors, provide such indemnification and advance for expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above (other than Sara Lee or a subsidiary thereof) and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 2. Change In Control. In the event of a change in control of the Corporation, any person claiming a right to be indemnified or to an advance of expenses by the Corporation may have his right to be indemnified or to an advance of expenses and the extent of indemnification and advance of expenses to which he is entitled determined by independent legal counsel selected by a committee composed of all of the continuing directors, or in the event there are no continuing directors, by independent legal counsel selected by the person claiming indemnification or advance of expenses, with the approval of the chief executive officer of the Corporation, which approval will not be unreasonably withheld. As used in this section, “continuing director” shall mean a director who was a

member of the Board of Directors prior to the change in control and who is not an Acquiring Person (as such term is defined in the Rights Agreement to be entered into between the Corporation and Computershare Investor Services, LLC, Rights Agent, as the same may be amended from time to time, or any successor agreement thereto), and is not and was not an affiliate or associate of an Acquiring Person or a representative or nominee of an Acquiring Person or of any such affiliate or associate. As used in this Article XII, "change in control" shall mean any change in the Board of Directors of the Corporation, resulting in continuing directors constituting less than a majority of the Board of Directors.

Section 3. Time For Payment Enforcement. Any indemnification, or payment of expenses in advance of the final disposition of any proceeding, shall be made promptly, and in any event within 60 days, upon the written request of the director or officer entitled to indemnification (the "Indemnified Party"). The right to indemnification and advance of expenses hereunder shall be enforceable by the Indemnified Party in any court of competent jurisdiction, if (i) the Corporation denies such request, in whole or in part, or (ii) no disposition thereof is made within 60 days. The Indemnified Party's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation.

Section 4. General. The indemnification and advance of expenses provided by this Article XII (a) shall not be deemed exclusive of any other rights to which a person seeking indemnification or advance of expenses may be entitled under any law (common or statutory), or any agreement, vote of stockholders or disinterested directors or other provision that is not contrary to law, both as to action in his or her official capacity and as to action in another capacity while holding office or while employed by or acting as agent of the Corporation, (b) shall continue in respect of all events occurring while a person was a director or officer after such person has ceased to be a director or officer (including after a change in control of the Corporation), and (c) shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification and advance of expenses hereunder shall be deemed to be a contract between the Corporation and each director or officer of the Corporation who serves or served in such capacity at any time while this Article XII is in effect.

Section 5. Effective Time. This Article XII shall be effective from and after the date of its adoption and shall apply to all proceedings arising prior to or after such date, regardless of whether relating to facts or circumstances occurring prior to or after such date. Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article, shall apply to or affect in any respect the applicability of this Article with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

Section 6. Further Action. The Board of Directors may take such action as is necessary to carry out the provisions of this Article XII and is expressly empowered to adopt, approve and amend from time to time such resolutions or contracts implementing such provisions or such further arrangements for indemnification or advance for expenses as may be permitted by law.

Section 7. Severability. If this Article XII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director and officer of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE XIII

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the Charter or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIV

AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

Adopted on September 1, 2006

Exhibit 4.1

Hanesbrands Inc.

and

Computershare Trust Company, N.A.,

Rights Agent

Rights Agreement

Dated as of September 1, 2006

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Exhibit A—Articles Supplementary for the Junior Participating Preferred Stock, Series A

Exhibit B—Form of Rights Certificate

RIGHTS AGREEMENT

THIS RIGHTS AGREEMENT (this "Agreement"), dated as of September 1, 2006, is made between Hanesbrands Inc., a Maryland corporation (the "Company"), and Computershare Trust Company, N.A., a federally chartered company (the "Rights Agent").

RECITALS

The Board of Directors of the Company has authorized and declared the payment of a dividend of one preferred share purchase right (a "Right") for each share of Common Stock (as defined in Section 1) outstanding at the close of business on September 1, 2006 (the "Record Date"). It is expected that Sara Lee Corporation will distribute all of the outstanding shares of Common Stock and the accompanying Rights to Sara Lee Corporation stockholders on September 5, 2006, in order to accomplish a spin-off of the Company (the "Spin-Off"). The Board of Directors of the Company has further authorized the issuance of one Right for each share of Common Stock issued after the Record Date and before the earliest of the Distribution Date, the Redemption Date, the Exchange Date and the Expiration Date (as such terms are defined in Section 1) and in certain cases following the Distribution Date. Each Right will represent, as of the Record Date, the right to purchase one one-thousandth of one share of Preferred Stock (as defined in Section 1) upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth in this Agreement, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" means any Person who or which, together with all Affiliates and Associates of such Person, is (or has previously been, at any time after the date of this Agreement, whether or not such Person(s) continues to be) the Beneficial Owner of 15% or more of the Common Stock then outstanding (determined without taking into account any securities exercisable or exchangeable for, or convertible into, Common Stock, other than any such securities beneficially owned by the Acquiring Person and Affiliates and Associates of such Person). However, "Acquiring Person" shall not include any Exempt Person.

Notwithstanding the foregoing, a Person shall not become an "Acquiring Person" solely as the result of an acquisition of Common Stock by the Company or any Subsidiary which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such Person to 15% or more of the Common Stock then outstanding as determined above; provided, however, that if a Person becomes the Beneficial Owner of 15% or more of the Common Stock then outstanding as determined above solely by reason of such a share acquisition by the Company and such Person shall, after becoming the Beneficial Owner of such Common Stock, become the Beneficial Owner of any additional shares of Common Stock by any means whatsoever (other than as a result of the subsequent occurrence of a stock dividend or a subdivision of the Common Stock into a larger number of shares or a similar transaction), then such Person shall be deemed to be an "Acquiring Person."

Notwithstanding the foregoing, if a majority of the Board of Directors of the Company determines in good faith that a Person who would otherwise be an "Acquiring Person," as defined pursuant to the foregoing provisions of this Section 1(a), has become such inadvertently, and such Person divests as promptly as practicable a sufficient number of Common Shares so that such Person would no longer be an "Acquiring Person," as defined pursuant to the foregoing provisions of this Section 1(a), then such Person shall not be deemed to be an "Acquiring Person" for any purposes of this Agreement. The determination of whether such Person's becoming an Acquiring Person shall have been inadvertent and the determination of whether the divestment of sufficient shares shall have been made as promptly as practicable shall be made by a majority of the Board of Directors of the Company.

(b) "Adjustment Number" has the meaning set forth in, and shall be calculated in accordance with, the Articles Supplementary for the Junior Participating Preferred Stock, Series A, attached as Exhibit A hereto.

(c) "Affiliate" has the meaning given to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement; provided that, for purposes of this Agreement, the term "Affiliate" shall not include any Person that is an Exempt Person.

(d) "Associate" has the meaning given to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement; provided that, for purposes of this Agreement, the term "Associate" shall not include any Person that is an Exempt Person.

(e) "Available Common Stock" has the meaning set forth in Section 11(c)(2) of this Agreement.

(f) Except as provided below, a Person shall be deemed to be the "Beneficial Owner" of, and shall be deemed to "beneficially own," any securities:

(i) which such Person or any Affiliate or Associate of such Person beneficially owns, directly or indirectly;

(ii) which such Person or any Affiliate or Associate of such Person has, directly or indirectly, the right or obligation (whether or not then exercisable or effective) to acquire pursuant to any agreement, arrangement or understanding (whether or not in writing), or upon the exercise of conversion rights, exchange rights, rights (other than these Rights), warrants or options, or otherwise; provided, however, that a Person will not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any Affiliate or Associate of such Person until such tendered securities are accepted for purchase or exchange;

(iii) which such Person or any Affiliate or Associate of such Person has, directly or indirectly, the right (whether or not then exercisable) to vote, or to direct the voting of, pursuant to any agreement, arrangement or understanding (whether or not in writing); provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security pursuant to this clause (iii) if the agreement, arrangement or understanding to vote, or to direct the voting of, such security (A) arises solely from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the Exchange Act and applicable rules and regulations thereunder and (B) is not also then reportable under Item 6 (or any comparable or successor item) of Schedule 13D under the Exchange Act (or any comparable or successor schedule or report);

(iv) which such Person or any Affiliate or Associate of such Person has "beneficial ownership" of as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act or any successor provision; or

(v) which are beneficially owned, directly or indirectly, by any other Person or any Affiliate or Associate of such other Person with whom such Person or any Affiliate or Associate of such Person has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in clause (iii) of this Section 1(d)) or disposing of any securities of the Company; provided, however, that for purposes of determining "beneficial ownership" of securities under this Agreement, officers and directors of the Company solely by reason of their status as such shall not constitute a group (notwithstanding that they may be Associates of one another or may be deemed to constitute a group for purposes of Section 13(d) of the Exchange Act or any successor provision) and shall not be deemed to own shares owned by another officer or director of the Company.

Nothing in the preceding sentence shall cause a Person engaged in business as an underwriter of securities to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition.

Notwithstanding anything in this Agreement to the contrary, for purposes of this Agreement, no Person shall be treated as the "Beneficial Owner" of, or be deemed to "beneficially own," any securities solely by reason of the ownership of those securities by any other Person that is an Exempt Person.

Notwithstanding anything in this definition of Beneficial Ownership to the contrary, the phrase "then outstanding," when used with reference to a Person's Beneficial Ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially under the preceding provisions in this definition.

(g) "Business Combination" has the meaning set forth in Section 13 of this Agreement.

(h) "Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in the State of New York or North Carolina are authorized or obligated by law or executive order to close.

(i) "Close of Business" on any given date means 5:00 p.m., New York, New York time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 p.m. New York, New York time, on the next succeeding Business Day.

(j) "Common Equivalent Share" has the meaning set forth in Section 11(c)(2)(C) of this Agreement.

(k) "Common Share" has the meaning set forth in Section 11(c)(2)(C) of this Agreement.

(l) "Common Stock" when used with reference to the Company means the Common Stock, par value $.01 per share, of the Company (as the same may be changed by reason of any combination, subdivision or reclassification of the Common Stock). "Common Stock" when used with reference to any Person (other than the Company prior to a Business Combination) means shares of capital stock of such Person (if such Person is a corporation) of any class or series, or units of equity interests in such Person (if such Person is not a corporation) of any class or series, the terms of which shares or units do not limit (as a fixed amount and not merely in proportional terms) the amount of dividends or income payable or distributable on such shares or units or the amount of assets distributable on such shares or units upon any voluntary or involuntary liquidation, dissolution or winding up of such Person and do not provide that such shares or units are subject to redemption at the option of such Person, or any shares of capital stock or units of equity interests into which the foregoing shall be reclassified or changed; provided, however, that if at any time there are more than one such class or series of capital stock of or equity interests in such Person, "Common Stock" of such Person will include all such classes and series substantially in the proportion of the total number of shares or other units of each such class or series outstanding at such time.

(m) "Current Market Price" per share of Common Stock, Common Equivalent Share or any other security on any date is the average of the daily closing prices per share of such Common Stock, Common Equivalent Share or any other security for the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date for the purpose of any computation under this Agreement; provided, however, that in the event that the Current Market Price per share of Common Stock, Common Equivalent Share or any other security is determined during a period following the announcement by the issuer of such Common Stock, Common Equivalent Share or any other security of (i) a dividend or distribution on such Common Stock, Common Equivalent Share or any other security other than a regular quarterly cash dividend, or (ii) any subdivision, combination or reclassification of such Common Stock, Common Equivalent Share or any other security, and prior to the expiration of 30 Trading Days after the "ex-dividend" date for such dividend or distribution or the record date for such subdivision, combination or reclassification, then, and in each such case, the "Current Market

Price" must be appropriately adjusted to take into account such dividend, distribution, subdivision, combination or reclassification. The closing price for each Trading Day shall be the last sale price, regular way, on such day, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, on such day, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange ("NYSE") or, if the Common Stock, Common Equivalent Share or any other security is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal United States national securities exchange on which the Common Stock, Common Equivalent Share or such other security is listed or admitted to trading or, if the Common Stock, Common Equivalent Share or any other security is not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or such other system then in use, or, if on any such date the Common Stock, Common Equivalent Share or such other security is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the security selected by a majority of the Board of Directors of the Company. If no such market maker is making a market, the fair market value of such shares on such day shall be determined in good faith by a majority of the Board of Directors of the Company, which determination shall be described in a statement filed with the Rights Agent and shall be binding and conclusive for all purposes. The term "Trading Day" means a day on which the principal United States national securities exchange on which the Common Stock, Common Equivalent Share or such other security is listed or admitted to trading is open for the transaction of business or, if the Common Stock, Common Equivalent Share or such other security is not listed or admitted to trading on any United States national securities exchange, but is traded in the over-the-counter market, then any day for which the high bid and low asked prices in the over-the-counter market are reported, or if the Common Stock, Common Equivalent Share or such other security is not traded in the over-the-counter market, then a Business Day. If the Preferred Stock is not publicly traded, the "Current Market Price" of the Preferred Stock shall be conclusively deemed to be the Current Market Price of the Common Shares as determined pursuant to this paragraph of Section 1 (appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof), multiplied by the Adjustment Number. Each Common Equivalent Share consisting of preferred stock other than Preferred Stock shall be conclusively deemed to have the same "Current Market Price" as a Common Equivalent Share consisting of Preferred Stock.

(n) "Distribution Date" means the earlier of (i) the tenth day after the Stock Acquisition Date and (ii) the tenth Business Day after commencement of or public disclosure of an intention to commence (including, without limitation, any such commencement or public disclosure which occurs before or after the date of this Agreement and prior to the issuance of the Rights) a tender offer or exchange offer by a Person if, after acquiring the maximum number of securities sought pursuant to such offer, such Person, or any Affiliate or Associate of such Person, would be an Acquiring Person. A majority of the Board of Directors of the Company may defer the date set forth in clause (ii) of the preceding sentence to a specified later date or to an unspecified later date to be determined by a subsequent action or event.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor statute.

(p) "Exchange Date" means the time at which Rights are exchanged pursuant to Section 11(c)(3).

(q) "Exchange Option Exercise Deadline" has the meaning set forth in Section 11(c)(3)(A)of this Agreement.

(r) "Exchange Ratio" has the meaning set forth in Section 11(c)(3)(A) of this Agreement.

(s) "Exempt Person" means (i) the Company, (ii) any Subsidiary of the Company, (iii) any employee benefit plan of the Company or of any Subsidiary of the Company, (iv) any Person holding Common Stock for any such employee benefit plan or for employees of the Company or of any Subsidiary of the Company pursuant to the terms of any such employee benefit plan and (v) until the completion of the Spin-Off, Sara Lee Corporation.

(t) "Exercise Amount" means the amount payable by the holder as a condition to the exercise of one Right. Until and unless it shall be adjusted in accordance with this Agreement, the Exercise Amount shall be $75.00.

(u) "Expiration Date" means the Close of Business on the date ten years from the Record Date.

(v) "Person" means any individual, firm, corporation, limited liability company, partnership, joint venture, association, trust, unincorporated organization or other entity, and shall include any "group" as that term is used in Rule 13d-5(b) under the Exchange Act (or any successor provision).

(w) "Preferred Stock" means the Company's Junior Participating Preferred Stock, Series A, par value $.01 per share, having the rights and preferences set forth in the Articles Supplementary for the Junior Participating Preferred Stock, Series A, attached hereto as Exhibit A.

(x) "Principal Party" means (i) in the case of any Business Combination described in clause (i), (ii) or (iii) of the first sentence of Section 13(a), (A) the Person that is the issuer of any securities into which shares of Common Stock of the Company are converted or for which they are exchanged in such Business Combination or, if there is more than one such issuer, the issuer of the Common Stock which has the greatest aggregate market value or (B) if no securities are so issued, the Person that survives or results from the Business Combination or, if there is more than one such Person, the Person the Common Stock of which has the greatest aggregate market value, and (ii) in the case of any Business Combination described in clause (iv) of the first sentence in Section 13(a), the Person that receives the greatest portion of the assets or earning power transferred pursuant to such Business Combination or, if each Person that is a party to such Business Combination receives the same portion of the assets or earning power so transferred or if the Person receiving the greatest portion of the assets or earning power cannot reasonably be determined, whichever of such Persons is the issuer of the Common Stock which

has the greatest aggregate market value; provided, however, that in any such case, if the Common Stock of such Person is not at such time and has not been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act and such Person is a direct or indirect Subsidiary of one or more other Persons, then (x) "Principal Party" refers to whichever of such other Persons has Common Stock that is and has been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act; (y) if the Common Stocks of two or more of such other Persons are and have been so registered, "Principal Party" refers to whichever of such other Persons is the issuer of the Common Stock which has the greatest aggregate market value; or (z) if the Common Stock of none of such other Persons has been so registered, "Principal Party" refers to whichever of such other Persons (other than an individual) is the Person which has the equity securities with the greatest aggregate market value. In case such Person is owned, directly or indirectly, by a joint venture formed by two or more Persons that are not owned, directly or indirectly, by the same Person, the rules set forth above apply to each of the chains of ownership having an interest in such joint venture as if such Person were a Subsidiary of both or all of such joint venturers and the Principal Parties in each such chain shall bear the obligations set forth in Section 13 in the same ratio as their direct or indirect interests in such Person bear to the total of such interests.

(y) "Purchase Price:" Until the Stock Acquisition Date, the term Purchase Price means the price at which one-one thousandth of a share of Preferred Stock shall be purchasable with the Rights. The Purchase Price shall be $75.00 per one one-thousandth of a share of Preferred Stock until and unless it shall be adjusted pursuant to this Agreement. Immediately after the Stock Acquisition Date, the term "Purchase Price" shall mean the price per Common Share for which Common Shares shall be purchasable with the Rights. Thereafter the term "Purchase Price" as applied with respect to each kind of stock or other property purchasable with the Rights as a result of adjustments prescribed by this Agreement shall mean the price at which each share of such stock or the smallest available unit of such other property is purchasable with the Rights.

(z) "Record Date" has the meaning given to such term in the Recitals to this Agreement.

(aa) "Redemption Date" means the time at which the Rights are scheduled to be redeemed as provided in Section 23.

(bb) "Redemption Price" has the meaning given to such term in Section 23.

(cc) "Reduction Amount" has the meaning set forth in Section 11(c)(1) of this Agreement.

(dd) "Rights Agent" has the meaning set forth in the preamble hereof.

(ee) "Rights Certificates" has the meaning set forth in Section 3(b) of this Agreement.

(ff) "Securities Act" means the Securities Act of 1933, as amended, and any successor statute.

(gg) "Stock Acquisition Date" means the first date of public disclosure by the Company that an Acquiring Person has become such.

(hh) "Subsidiary" has the meaning given to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement.

(ii) "Trigger Date" means the first date upon which a Person becomes an Acquiring Person.

(jj) "Triggering Event" shall mean a Person becoming an Acquiring Person.

(kk) "Unallocated Shares" has the meaning set forth in Section 11(c)(2)(B) of this Agreement.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable, upon ten (10) days' prior written notice to the Rights Agent. The Rights Agent shall have no duty to supervise, and in no event be liable for, the acts or omissions of any such co-Rights Agent.

Section 3. Issuance of Rights Certificates.

(a) As soon as practical after the Distribution Date, the Company or the Rights Agent shall mail, by first class, insured, postage prepaid mail, to each record holder of the Common Stock on the Close of Business on the Distribution Date, as shown by the records of the Company, at the address of such holder as shown on such records, a summary of the Rights in such form as the Company may determine (and not inconsistent with the terms of this Agreement).

(b) Until the Distribution Date: (i) the Rights shall be issued in respect of the shares of Common Stock issued and outstanding on the Record Date and shares of Common Stock issued or which become outstanding after the Record Date and prior to the earliest of the Distribution Date, the Redemption Date, the Exchange Date and the Expiration Date, (ii) if the shares of Common Stock are evidenced by certificates, then the certificates for the Common Stock shall be deemed to also represent the Rights until the earliest of the Distribution Date, the Redemption Date, the Exchange Date and the Expiration Date, (iii) the registered holders of such shares of Common Stock shall also be the registered holders of the Rights associated with such shares; and (iv) the Rights shall be transferable only in connection with the transfer of shares of Common Stock, and the transfer of any shares of Common Stock shall also constitute the transfer of the Rights associated with such shares. As soon as practicable after the Company has notified the Rights Agent of the occurrence of the Distribution Date, the Rights Agent shall (except as otherwise provided in Section 7(e)) mail, by first-class, insured, postage prepaid mail, to each record holder of the Common Stock as of the Close of Business on the Distribution Date, as shown by the records of the Company, at the address of such holder shown on such records, one or more certificates evidencing the Rights ("Rights Certificates"), in substantially the form of Exhibit B hereto, evidencing one Right (as adjusted from time to time pursuant to this Agreement) for each share of Common Stock so held (and from and after the Distribution Date, the Rights will be evidenced solely by such Rights Certificates).

(c) Rights shall be issued in respect of all shares of Common Stock which are issued or sold by the Company after the Record Date but prior to the earliest of the Distribution Date, the Redemption Date, the Exchange Date and the Expiration Date. In addition, in connection with the issuance or sale of Common Stock by the Company following the Distribution Date and prior to the earliest of the Redemption Date, the Exchange Date and the Expiration Date, the Company shall, with respect to Common Stock so issued or sold (i) pursuant to the exercise of stock options issued prior to the Distribution Date or under any employee plan or arrangement created prior to the Distribution Date, or (ii) upon the exercise, conversion or exchange of securities issued by the Company prior to the Distribution Date, issue Rights and Rights Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided, however, that (x) no such Rights and Rights Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Rights Certificate would be issued and (y) no such Rights and Rights Certificates shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof. Rights Certificates issued after the Record Date representing shares of Common Stock outstanding on the Record Date and shares of Common Stock (to the extent such shares are represented by certificates) issued after the Record Date but prior to the earliest of the Distribution Date, the Redemption Date, the Exchange Date and the Expiration Date shall have impressed, printed, or written on, or otherwise affixed to them a legend substantially in the following form:

> This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement between Hanesbrands Inc. and Computershare Trust Company, N.A., as Rights Agent, dated as of September 1, 2006 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of Hanesbrands Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. Hanesbrands Inc. will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, Rights that were, are or become beneficially owned by Acquiring Persons or their Associates or Affiliates (as such terms are defined in the Rights Agreement) may become null and void and the holder of any of such Rights (including any subsequent holder) shall not have any right to exercise such Rights.

(d) Notwithstanding any other provision of this Agreement, neither the Company, the Rights Agent nor anyone else shall have any obligation to issue any Rights Certificate to an Acquiring Person or to anyone else in whose hands the Rights nominally represented by such Certificate would be null and void– either initially or in connection with a request to register a

transfer of Rights represented by a certificate previously issued. Furthermore, neither the Company, the Rights Agent nor anyone else shall be obligated to issue Rights Certificates to any person making a tender offer which if consummated could render such person an Acquiring Person or to any Affiliate or Associate of such person until and unless the tender offer is withdrawn and the person shall have established to the Company's reasonable satisfaction that such person does not intend to become an Acquiring Person. The Company shall be entitled to require any person claiming the right to receive a Rights Certificate to present such evidence as the Company shall require in good faith to establish to the Company's satisfaction that the Rights represented by that Certificate have not become null and void under the provisions in Section 7(e) or that the Company is not entitled to withhold such Certificate under the provisions of the preceding sentence.

Section 4. Form of Rights Certificates. The Rights Certificates (and the form of election to purchase shares and form of assignment to be printed on the reverse thereof) shall be in substantially the form of Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate (and as are not inconsistent with the provisions of this Agreement), or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. Subject to the provisions of this Agreement, the Rights Certificates, whenever issued, shall be dated as of the Distribution Date, and on their face shall entitle the holders thereof to purchase such number of shares of Preferred Stock as shall be set forth therein at the Purchase Price set forth therein, but the number and kind of such securities and the Purchase Price shall be subject to adjustment as provided in this Agreement.

Section 5. Execution, Countersignature and Registration.

(a) Each Rights Certificate shall be executed on behalf of the Company by the Company's Chief Executive Officer, President, Chief Financial Officer, Treasurer or any Vice President, either manually or by facsimile signature, and shall have affixed thereto the Company's seal or a facsimile thereof which shall be attested by the Company's Secretary or an Assistant Secretary, either manually or by facsimile signature. Each Rights Certificate shall be countersigned by the Rights Agent either manually or, if permitted by the Company, by facsimile signature and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed a Rights Certificate shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Rights Certificate nevertheless may be countersigned by the Rights Agent and issued and delivered with the same force and effect as though the Person who signed such Rights Certificate had not ceased to be such officer of the Company; and any Rights Certificate may be signed on behalf of the Company by any Person who, at the actual date of the execution of such Rights Certificate, shall be a proper officer of the Company to sign such Rights Certificate, although at the date of the execution of this Agreement any such Person was not such an officer.

(b) Following the Distribution Date, the Rights Agent shall keep or cause to be kept, at its principal stock transfer office, books for registration and transfer of the Rights Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Rights Certificates, the number of Rights evidenced by each Rights Certificate, and the certificate number and the date of issuance of each Rights Certificate.

Section 6. Transfer, Division, Combination and Exchange of Rights Certificates; Mutilated, Destroyed, Lost or Stolen Rights Certificates.

(a) Subject to the provisions of Section 3(d) and Section 14, at any time after the Close of Business on the Distribution Date and at or prior to the Close of Business on the earliest of the Redemption Date, the Exchange Date and the Expiration Date, any Rights Certificate or Rights Certificates may be transferred, divided, combined or exchanged for another Rights Certificate or Rights Certificates, entitling the registered holder to purchase a like number of shares of Preferred Stock (or following the Stock Acquisition Date or a Business Combination, other securities, cash or other property, as the case may be) as the Rights Certificate or Rights Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, divide, combine or exchange any Rights Certificate shall make such request in writing delivered to the Rights Agent, and shall surrender the Rights Certificate or Rights Certificates to be transferred, divided, combined or exchanged at the principal corporate office of the Rights Agent. Thereupon the Rights Agent shall countersign and deliver to the Person entitled thereto a Rights Certificate or Rights Certificates, as the case may be, as so requested. As a condition to such transfer, division, combination or exchange, the Company may require payment by the surrendering holder of a sum sufficient to cover any tax or governmental charge that may be imposed in connection therewith. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Rights Certificate until the registered holder shall have duly completed and executed the form of assignment on the reverse side of such Rights Certificate and shall have provided such additional evidence of the identity of the Beneficial Owner (or such former or proposed Beneficial Owner) thereof or such Beneficial Owner's Affiliates or Associates as the Company shall reasonably request.

(b) Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Rights Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Rights Certificate if mutilated, the Company will make and deliver a new Rights Certificate of like tenor to the Rights Agent for delivery to the registered owner in lieu of the Rights Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights.

(a) Each Right shall entitle (except as otherwise provided in this Agreement) the registered holder thereof, upon the exercise thereof as provided in this Agreement, to purchase, for the Purchase Price, at any time after the Distribution Date and prior to the earliest of the Expiration Date, the Exchange Date and the Redemption Date, one one-thousandth (1/1000) of a share of Preferred Stock, subject to adjustment from time to time as provided in Sections 11 and 13.

(b) The registered holder of any Rights Certificate may exercise the Rights evidenced thereby (except as otherwise provided in this Agreement) in whole or in part (except that no fraction of a Right may be exercised) at any time after the Distribution Date and prior to the earliest of the Expiration Date, the Exchange Date and the Redemption Date, by surrendering the Rights Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the principal stock transfer office of the Rights Agent, together with payment of the Exercise Amount for each Right exercised.

(c) Upon receipt of a Rights Certificate representing exercisable Rights, with the form of election to purchase duly executed, accompanied by payment of the Exercise Amount for each Right exercised and an amount equal to any applicable transfer tax required to be paid by the surrendering holder pursuant to Section 9(d), the Rights Agent shall, subject to the provisions of this Agreement, thereupon promptly (i)(A) requisition from any transfer agent for the Preferred Stock (or make available, if the Rights Agent is the transfer agent for such shares) certificates for the Preferred Stock (or other securities, as the case may be) to be purchased (and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests), or (B) if the Company shall have elected to deposit the total number of shares of Preferred Stock (or other securities, as the case may be) issuable upon exercise of the Rights with a depositary agent, requisition from the depositary agent depositary receipts representing such Preferred Stock (or other securities, as the case may be) as are to be purchased (in which case certificates for the Preferred Stock (or other securities, as the case may be) represented by such receipts shall be deposited by the transfer agent with the depositary agent) and the Company shall direct the depositary agent to comply with such request; (ii) after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder; and (iii) if appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14 of this Agreement and, promptly after receipt thereof, cause the same to be delivered to or upon the order of the registered holder of such Rights Certificate. In the event that the Company is obligated to issue other securities (including shares of Common Stock) of the Company, pay cash and/or distribute other property pursuant to this Agreement, the Company will make all arrangements necessary so that such other securities, cash and/or other property are available for distribution by the Rights Agent, if and when appropriate.

(d) In case the registered holder of any Rights Certificate shall exercise less than all the Rights evidenced thereby, a new Rights Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent and delivered to the registered holder of such Rights Certificate or to his duly authorized assigns, subject to the provisions of Section 3(c) and Section 14.

(e) Notwithstanding anything in this Agreement to the contrary, any Rights that are or were formerly beneficially owned on or after the earlier of the Distribution Date and the Trigger Date by (i) an Acquiring Person or any Associate or Affiliate of an Acquiring Person, (ii) a direct or indirect transferee of an Acquiring Person (or of an Associate or Affiliate of such Acquiring Person) who becomes a transferee after the Acquiring Person becomes such, or (iii) a direct or indirect transferee of an Acquiring Person (or of an Associate or Affiliate of such Acquiring Person) who becomes a transferee prior to or concurrently with the Acquiring Person

becoming such and receives such Rights pursuant to either (A) a direct or indirect transfer (whether or not for consideration) from the Acquiring Person (or from an Associate or Affiliate of such Acquiring Person) to holders of equity interests in such Acquiring Person (or to holders of equity interests in any Associate or Affiliate of such Acquiring Person) or to any Person with whom the Acquiring Person (or an Associate or Affiliate of such Acquiring Person) has any continuing agreement, arrangement or understanding regarding the transferred Rights or (B) a direct or indirect transfer which a majority of the Board of Directors of the Company determines is part of a plan, arrangement or understanding which has as a primary purpose or effect the avoidance of this Section 7(e), shall, immediately upon the occurrence of a Triggering Event and without any further action, be null and void and no holder of such Rights shall have any rights whatsoever with respect to such Rights whether under this Agreement or otherwise; provided, however, that, in the case of transferees under clause (ii) or clause (iii) above, any Rights beneficially owned by such transferee shall be null and void only if and to the extent such Rights were formerly beneficially owned by a Person who was, at the time such Person beneficially owned such Rights, or who later became, an Acquiring Person or an Affiliate or Associate of such Acquiring Person. The Company shall use all reasonable efforts to ensure that the provisions of this Section 7(e) are complied with, but shall have no liability to any holder of a Rights Certificate or to any other Person as a result of the Company's failure to make, or any delay in making (including any such failure or delay by the Board of Directors of the Company) any determinations with respect to an Acquiring Person or its Affiliates, Associates or transferees hereunder.

(f) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to the registered holder of a Rights Certificate upon the occurrence of any purported exercise as set forth in this Section 7 unless such registered holder shall have (i) completed and signed the certificate contained in the form of election to purchase set forth on the reverse side of the Rights Certificate surrendered for such exercise and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former or proposed Beneficial Owner) thereof or the Affiliates or Associates of such Beneficial Owner (or former or proposed Beneficial Owner) as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Rights Certificates. All Rights Certificates surrendered for the purpose of exercise, transfer, division, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered to the Rights Agent, shall be canceled by it, and no Rights Certificates shall be issued in lieu thereof except as expressly permitted by the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Rights Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Rights Certificates to the Company, or shall, at the written request of the Company, destroy such canceled Rights Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Preferred Stock.

(a) The Company covenants and agrees that it will cause to be reserved and kept available at all times out of its authorized and unissued shares of Preferred Stock or its authorized and issued shares of Preferred Stock held in its treasury (and, following the Stock Acquisition Date or the occurrence of a Business Combination, out of its authorized and unissued shares of Common Stock and/or other securities or out of its authorized and issued shares of Common Stock and/or other securities held in its treasury) free from preemptive rights or any right of first refusal, a sufficient number of shares of Preferred Stock (and, following the Stock Acquisition Date, shares of Common Stock and/or other securities) to permit the exercise in full of all Rights from time to time outstanding.

(b) The Company further covenants and agrees, so long as the Preferred Stock (and, following the Stock Acquisition Date or the occurrence of a Business Combination, shares of Common Stock and/or other securities) issuable upon the exercise of Rights may be listed on any United States national securities exchange or quoted on any automated quotation system, to use its best efforts to cause, from and after the time that the Rights become exercisable, all such shares and/or other securities reserved for such issuance to be listed on such exchange or quoted on such automated quotation system upon official notice of issuance upon such exercise.

(c) The Company further covenants and agrees that it will take all such action as may be necessary to ensure that all shares of Preferred Stock (and, following the Stock Acquisition Date or the occurrence of a Business Combination, shares of Common Stock and/or other securities) delivered upon the exercise of Rights shall, at the time of delivery of the certificates for such shares and/or such other securities (subject to payment of the Purchase Price), be duly and validly authorized and issued, fully paid, nonassessable, freely tradeable, not subject to liens or encumbrances, and free of preemptive rights, rights of first refusal or any other restrictions or limitations on the transfer or ownership thereof, of any kind or nature whatsoever.

(d) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or of any certificates for shares of Preferred Stock (or Common Stock and/or other securities, as the case may be) upon the exercise of Rights. The Company shall not, however, be required to (i) pay any transfer tax which may be payable in respect of any transfer involved in the issuance or delivery of any Rights Certificates or the issuance or delivery of any certificates for shares of Preferred Stock (or Common Stock and/or other securities as the case may be) to a Person other than, or in a name other than that of, the registered holder of the Rights Certificate evidencing Rights surrendered for exercise or (ii) transfer or deliver any Rights Certificate or issue or deliver any certificates for shares of Preferred Stock (or Common Stock and/or other securities as the case may be) upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Rights Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax is due.

(e) The Company shall (i) as soon as practicable following the Stock Acquisition Date (or such earlier time following the Distribution Date as may be required by law), prepare and file a registration statement on an appropriate form under the Securities Act with respect to the securities purchasable upon exercise of the Rights, (ii) cause such registration statement to become effective as soon as practicable after such filing, and (iii) cause such registration

statement to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the earlier of (A) the date as of which Rights are no longer exercisable for such securities and (B) the Expiration Date. The Company shall also take such action as may be necessary or appropriate under, or to ensure compliance with, the securities or "blue sky" laws of the various states in connection with the exercise of the Rights. The Company may temporarily suspend, for a period of time not to exceed 90 days after the Stock Acquisition Date, the exercisability of the Rights in order to prepare and file such registration statement and permit it to become effective. Upon any such suspension, the Company shall make a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect.

Section 10. Preferred Stock Record Date. Each Person in whose name any certificate for shares of Preferred Stock (or Common Stock and/or other securities, as the case may be) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Stock (or Common Stock and/or other securities, as the case may be) represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made; provided, however, that if the date of such surrender and payment is a date upon which the Preferred Stock (or Common Stock and/or other securities, as the case may be) transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares (and/or such other securities, as the case may be) on, and such certificate shall be dated, the next succeeding Business Day on which the Preferred Stock (or Common Stock and/or other securities, as the case may be) transfer books of the Company are open.

Section 11. Adjustments to Purchase Price, Number of Shares or Number of Rights. The Purchase Price, the number and kind of securities, cash and other property obtainable upon exercise of each Right and the number of Rights outstanding shall be subject to adjustment from time to time as provided in this Section 11.

(a) Adjustments Prior to the Stock Acquisition Date:

(1) In the event the Company shall at any time after the date of this Agreement and prior to the Stock Acquisition Date (i) pay a dividend or make a distribution on the Common Stock payable in shares of Common Stock, (ii) subdivide (by a stock split or otherwise) the outstanding Common Stock into a larger number of shares, (iii) combine (by a reverse stock split or otherwise) the outstanding Common Stock into a smaller number of shares (and any of the actions described in clauses (i), (ii) or (iii) are herein called a "stock split") then:

(A) The number of Rights outstanding shall be adjusted so that after giving effect to such stock split the number of Rights outstanding shall be exactly equal to the number of shares of Common Stock outstanding (and so that prior to the Distribution Date one Right shall be associated with every share of Common Stock outstanding after such stock split);

(B) The Exercise Amount shall be adjusted by multiplying the Exercise Amount in effect immediately prior to such stock split by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such stock split and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such stock split;

(C) The Purchase Price for each one one-thousandth of a share of Preferred Stock shall not change; and

(D) The fraction of a share of Preferred Stock purchasable with each Right immediately after such stock split shall be equal to the product derived by multiplying the fraction of a share of Preferred Stock purchasable with each Right immediately prior to such stock split times the fraction cited in clause (B) above.

The following example illustrates the intended operation of the preceding provisions. Assume that initially, each Right would (when and if it became exercisable) entitle its holder to purchase one one-thousandth of a share of Preferred Stock for $75.00 (and accordingly the initial Exercise Amount and the initial Purchase Price per one one-thousandth of a share of Preferred Stock are each $75.00). Assume further that prior to the Distribution Date, the Company splits its Common Stock two for one (thereby doubling the number of shares of Common Stock outstanding). The intended operation of the preceding adjustment provisions is that: (i) the number of Rights outstanding would also double; (ii) one Right would be associated with each share of Common Stock outstanding after the stock split; (iii) each Right would have an Exercise Amount equal to $37.50; (iv) each Right will entitle its holder (when and if the Right becomes exercisable) to purchase one two-thousandth of one share of Preferred Stock; and (v) the Purchase Price for each one one-thousandth of a share of Preferred Stock would remain $75.00 so that the price for each one two-thousandth of a share of Preferred Stock purchasable with each Right would be $37.50.

(2) Adjustment in Rights Certificates: In the event the Distribution Date shall occur and the Company shall issue separate certificates to represent the Rights, the following provisions shall thereafter apply:

(A) In the event the number of Rights outstanding are increased pursuant to Section 11(a)(1), the Company shall as

promptly as reasonably possible distribute to the record holders of the Rights on the record date for the stock split giving rise to the increase in the number of Rights certificates representing the additional Rights issuable by reason of such stock split.

(B) In the event the number of Rights outstanding are reduced pursuant to Section 11(a) by reason of the occurrence of a reverse stock split or its functional equivalent, then each Rights certificate outstanding prior to such reverse stock split shall thereafter represent the reduced number of Rights into which the Rights represented by such certificate immediately prior to such reverse stock split shall have been converted by reason of the occurrence of that reverse stock split.

(b) Basic Stock Acquisition Date Adjustments: On the Stock Acquisition Date (except as otherwise provided in this Agreement), each Right shall be changed so that on the Stock Acquisition Date:

(1) it shall no longer be exercisable for Preferred Stock but rather shall be exercisable for Common Stock (subject to adjustment as provided in Section 11(c) and Section 11(d));

(2) the number of shares of Common Stock which may be acquired upon exercise of each Right and payment of the Exercise Price shall be equal to the result obtained by dividing (x) 50% of the Current Market Price per share of Common Stock on the date of the occurrence of the Triggering Event into (y) the Exercise Amount in effect immediately prior to the Triggering Event; and

(3) the Purchase Price per Common Share purchasable with each Right shall be equal to 50% of the Current Market Price per share of Common Stock on the date of the occurrence of the Triggering Event.

(c) Other Post Stock Acquisition Date Adjustments.

(1) Reduction of Exercise Amount: At any time after the Stock Acquisition Date, the Board of Directors of the Company shall have the right to reduce the Exercise Amount by such amount as it shall desire provided that (i) the reduction shall not result in a Purchase Price lower than the par value per share of the shares purchasable with the Rights, and (ii) the Board of Directors of the Company shall determine that such reduction is not contrary to the interests of holders of Rights (other than any Acquiring Person or any other Person in whose hands the Rights are void) and, without

limiting the foregoing, that the value of the Rights (to holders other than any Acquiring Person or any other Person in whose hands the Rights are void) immediately after such reduction will be at least equal to or greater than the value of the Rights immediately prior to the public announcement of such reduction. The term "Reduction Amount" means the amount of the reduction in the Exercise Amount which shall be made in accordance with the preceding sentence. In the event any reduction shall actually be made in accordance with this paragraph, then the number of Common Shares purchasable with each Right shall be reduced to an amount having a Current Value equal to the remainder derived by subtracting the Reduction Amount from the Current Value as of the date of such adjustment of the number of Common Shares purchasable with each Right immediately prior to such adjustment. For purposes of the preceding sentence, (i) the "Current Value" of a particular number of Common Shares shall be equal to the product derived by multiplying that particular number times the greater of (x) the Current Market Price (calculated as prescribed in Section 1) or (y) the closing price per share (calculated as prescribed in Section 1) for the Common Shares on the Trading Day immediately prior to the day on which the adjustment shall be made and (ii) "the number of Common Shares purchasable with each Right immediately prior to such adjustment" shall be the number after giving effect to the adjustment to be made on the Stock Acquisition Date pursuant to Section 11(b) and any other adjustments which shall have been prescribed by this Agreement for the period from the Stock Acquisition Date to the date upon which the adjustment shall be made under this Section 11(c)(1). Upon making each adjustment under this Section 11(c)(1), the Purchase Price for each of the Common Shares purchasable after making such adjustment shall be reduced to the quotient derived by dividing the Exercise Amount in effect after such reduction by the number of Common Shares purchasable with each Right after giving effect to the reduction prescribed by this Section 11(c)(1).

(2) Use of Common Equivalent Shares: In the event that (x) the number of shares of Common Stock which are authorized by the Company's articles of incorporation, but which are not outstanding or reserved for issuance for purposes other than upon exercise of the Rights ("Available Common Stock") is not sufficient to permit the exercise in full of the Rights after the adjustment made in accordance with Section 11(b) and (y) the Board of Directors does not exercise its power to increase the number of authorized shares, then:

(A) The Company shall first reduce the Exercise Amount pursuant to Section 11(c)(1) by a Reduction Amount equal

to the lesser of (i) the amount which shall be sufficient to reduce the amount of Common Stock purchasable with the Rights (after giving effect to the adjustment prescribed by Section 11(c)(1)) to a number of shares not in excess of the Available Common Stock or (ii) the maximum amount permitted by Section 11(c)(1).

(B) If the amount of the adjustment required by the preceding sentence shall not be sufficient to reduce the amount of Common Stock purchasable with the Rights to a number of shares not in excess of the Available Common Stock, then (i) first, the Available Common Stock shall be allocated among all of the then outstanding and exercisable Rights so that each Right shall entitle its holder to receive (upon exercise of the Right and payment of the Exercise Amount) the same quantity of Available Common Stock and (ii) second, each Right shall additionally entitle its holder to (x) purchase a fraction of a share of Preferred Stock which when multiplied times the Adjustment Number then in effect under the terms of the Preferred Stock produces a product equal to the remainder derived by subtracting the number of shares of Common Stock purchasable with each Right after the allocation specified above in clause (i) from the number of shares of Common Stock which would have been purchasable with such Right if the Corporation had a sufficient number of shares of Common Stock to permit the Right to be exercisable entirely for Common Stock (such remainder being referred to herein as the "Unallocated Shares").

(C) The fraction of a share of Preferred Stock equal to the reciprocal of the Adjustment Number in effect at the time the term shall be applied shall be deemed to be a "Common Equivalent Share" for purposes of this Agreement. The Company shall take all actions reasonably necessary so that as nearly as possible each Common Equivalent Share represents substantially the same interest in the Company, has the same dividend rate, and has other characteristics as similar as possible to one share of Common Stock. The term "Common Share" whenever it is used in this Agreement means both a share of Common Stock and a Common Equivalent Share.

(D) If circumstances after the Stock Acquisition Date require the use of Common Equivalent Shares, the Company shall use its best efforts to obtain authorization to issue (i) a sufficient quantity of Common Stock to permit Common

Stock to be issued upon exercise of the Rights and/or any exercise of the exchange right under the following Section and (ii) a sufficient quantity of Common Equivalent Shares as may be necessary or appropriate to permit Common Equivalent Shares to be issued upon exercise of the Rights and/or any exercise of the exchange right under the following Section. Each time the Company's authorized Common Stock shall be increased, the adjustment required under the preceding paragraphs shall be redone to maximize the amount of Common Stock issuable upon exercise of the Rights. To the extent excess authorized Common Stock remains after the readjustment required by the preceding sentence, the holder of any outstanding Common Equivalent Share shall have the right at any time to require the Company to exchange that share for a share of Common Stock.

(E) In no event, however, shall the Company be obligated to reserve any Common Stock for issuance under the Rights until the Stock Acquisition Date.

(F) In no event shall the Company issue any Preferred Stock except for issuances caused by exercise of the Rights and except for issuances required by this Section 11(c)(2), Section 11(c)(3) or Section 11(d)(6).

(3) Exchange Option:

(A) At any time after the occurrence of a Triggering Event and prior to the earlier of (i) the time any Person (other than an Exempt Person), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50% or more of the Common Stock then outstanding and (ii) the occurrence of a Business Combination (the earlier of such time and occurrence being referred to herein as the "Exchange Option Exercise Deadline"), the Board of Directors of the Company may, at its option, cause the Company to exchange for all or part of the then-outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 7(e) hereof), Common Shares at an exchange ratio of one Common Share per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date of this Agreement (such exchange ratio being referred to herein as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors of the Company may exercise its option to effect an exchange

pursuant to this Section 11(c)(3) prior to the Trigger Date effective upon the Trigger Date, even if the Trigger Date coincides with the Exchange Option Exercise Deadline. Any partial exchange shall be effected on a pro rata basis based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 7(e) hereof) held by each holder of Rights.

(B) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any particular Rights pursuant to this Section 11(c)(3) and without any further action and without any notice, the right to exercise those particular Rights shall terminate and the only right a holder shall have thereafter with respect to any of those particular Rights shall be to receive the number of Common Shares equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange and in addition, the Company shall promptly mail a notice of any such exchange to all of the holders of such Rights in accordance with Section 25 of this Agreement; provided, however, that the failure to give, any delay in giving or any defect in, such notice shall not affect the validity of such exchange. Each such notice of exchange will state the method by which the exchange of the Common Shares for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. The Company shall not be required to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of such fractional Common Shares, the Company shall pay to the registered holders of the Rights Certificates with regard to which such fractional Common Shares would otherwise be issuable an amount in cash equal to the product derived by multiplying (x) the subject fraction, by (y) the last sale price of the Company's Common Stock on the fifth Trading Day following the public announcement of the exchange by the Company, or, in case no such sale takes place on such day, the average of the closing bid and asked prices on such day, in either case on a when issued basis (taking into account the exchange), as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE (or, if the Company's Common Stock is not so listed or traded, then as determined in the manner provided under the definition of "Current Market Price," adjusted to take into account the exchange). In determining whether any

particular holder shall be obligated to receive cash in lieu of a fractional share, the holder shall be entitled to have all Rights beneficially owned by such holder aggregated so that only one fractional share shall be attributable to all the Rights so beneficially owned.

(d) Antidilution Adjustments After the Stock Acquisition Date:

(1) In the event the Company shall at any time after the Stock Acquisition Date effect any stock split with respect to its Common Stock, then the Purchase Price to be in effect after such stock split shall be determined by multiplying the Purchase Price in effect immediately prior to such action by a fraction, the numerator of which shall be the number of Common Shares outstanding immediately prior to such stock split and the denominator of which shall be the number of Common Shares outstanding immediately after such stock split.

(2) In case the Company shall at any time after the Stock Acquisition Date fix a record date for the making of a distribution to holders of Common Stock (including any such distribution made in connection with a reclassification of the Common Stock or a consolidation or merger in which the Company is the surviving corporation) of securities (other than Common Stock and rights, options or warrants referred to in Section 11(d)(3)), cash (other than a regular periodic cash dividend at an annual rate not in excess of (x) 125% of the annual rate of the regular cash dividend paid on the Common Stock during the immediately preceding fiscal year or (y) in the event that a regular cash dividend was not paid on the Common Stock during such preceding fiscal year, 5% of the Current Market Price of the Common Stock on the date such regular cash dividend was first declared), property, evidences of indebtedness or assets, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the Current Market Price per share of Common Stock on such record date, less the fair market value (as determined in good faith by a majority of the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent) of such securities, cash, property, evidences of indebtedness or assets to be so distributed in respect of one share of Common Stock, and the denominator of which shall be such Current Market Price per share of Common Stock on such record date. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not made following such adjustment, the Purchase Price shall be readjusted to be the Purchase Price which would have been in effect if such record date had not been fixed.

(3) If the Company shall at any time after the Stock Acquisition Date fix a record date for the issuance of rights, options or warrants to holders of Common Shares entitling them to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per Common Share (or, in the case of a convertible security, having a conversion price per Common Share) less than the Current Market Price per share of Common Stock on such record date and requiring that the conversion or purchase right be exercised within 45 calendar days after such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of shares of Common Shares outstanding on such record date, plus the number of Common Shares which the aggregate exercise and/or conversion price for the total number of Common Shares which are obtainable upon exercise and/or conversion of such rights, options, warrants or convertible securities would purchase at such Current Market Price, and the denominator of which shall be the number of shares of Common Shares outstanding on such record date, plus the number of additional Common Shares which may be obtained upon exercise and/or conversion of such rights, options, warrants or convertible securities. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by a majority of the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent. Common Shares owned by or held for the account of the Company or any Subsidiary of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not issued following such adjustment, the Purchase Price shall be readjusted to be the Purchase Price which would have been in effect if such record date had not been fixed.

(4) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it in its sole discretion shall determine to be advisable in order that any combination or subdivision of the Common Stock, issuance wholly for cash of any Common Stock at less than the Current Market Price, issuance

wholly for cash of Common Stock or securities which by their terms are convertible into or exchangeable or exercisable for Common Shares, stock dividends or issuance of rights, options or warrants referred to in this Section 11, hereafter made by the Company to holders of its Common Shares, shall not be taxable to such stockholders.

(5) After each adjustment of the Purchase Price pursuant to any of subsections (1) - (4) immediately above, the number of Common Shares purchasable with each Right shall be adjusted to the quotient derived by dividing the Purchase Price as constituted after giving effect to such adjustment into the Exercise Amount.

(6) The Company shall not take any of the actions described in any of subsections (1) - (3) above at a time when any Common Equivalent Shares are outstanding unless the Company shall take substantively identical actions with respect to the outstanding Common Stock and outstanding Common Equivalent Shares. Conversely, the Company shall not take any actions with respect to outstanding Common Equivalent Shares analogous to those described in any of subsections (1) - (3) above unless the Company shall take substantively identical actions with respect to the outstanding Common Stock and outstanding Common Equivalent Shares.

(e) Recapitalizations.

(1) In the event that after the Stock Acquisition Date, the Company shall issue any securities in a reclassification of the Common Stock or in any other recapitalization (including any such reclassification in connection with a consolidation or merger in which the Company is the surviving corporation), then in each such event:

(A) the property purchasable with each Right shall be adjusted to be whatever the owner of that Right would have owned by reason of both (i) the exercise of that Right immediately prior to such recapitalization or reclassification and (ii) the effect of that recapitalization or reclassification on the property assumed to have been received in such exercise.

(B) The Exercise Amount shall be allocated among the shares of stock and/or other units of property for which the Right shall be exercisable after giving effect to the adjustment cited in clause (A) based on the fair market value of such property to determine the Purchase Price for each such share and/or unit.

(2) To illustrate the intended operation of this provision, assume that: (i) immediately prior to a reclassification, each Right were exercisable for 10 Common Shares and the Exercise Amount were $75.00 (resulting in a purchase price of $7.50 per Common Share); (ii) as a result of the Reclassification, each outstanding Common Share is reclassified into two New Common Shares and one Series B Share; and (iii) immediately after the reclassification, the market value of each New Common Share was $15.00 and the market value of each Series B share was $7.50. Immediately after the assumed reclassification, each Right would be exercisable for 20 New Common Shares at a purchase price of $3.00 per share and ten Series B Shares at a purchase price of $1.50 per share.

(f) After the Stock Acquisition Date, or in the event there shall be a recapitalization or reclassification pursuant to Section 11(e), or in the event there shall be any merger or other action which shall cause a change in the property purchasable with the Rights under Section 13, or in the event there shall be any other occurrence or development which shall cause the property purchasable with the Rights to consist in whole or in part of anything other than Preferred Stock, then and in any such event:

(1) The certificates representing the Rights shall automatically be deemed to represent the adjusted terms of the Rights without the need to replace such certificates. The Company shall thereafter make arrangements for the production of certificates representing the revised terms of the Rights resulting from such adjustment and shall use such certificates to represent Rights for which new certificates shall be issuable by reason of a transfer of record ownership or by reason of a request by the existing record owner for a replacement certificate representing the revised terms of the Rights.

(2) The principles underlying the adjustment provisions in this Section 11 and elsewhere in this Agreement shall be applied to fairly and proportionately adjust the shares or other property purchasable with the Rights and the purchase price for each share or other property unit purchasable with the Rights after giving effect to the adjustments required by reason of such event to reflect any subsequent capital changes or other events. Without limiting by implication the generality of the preceding sentence, the provisions of Sections 7, 9, 10, 12, 13, 14 and 24 of this Agreement which relate to the Preferred Stock shall after the occurrence of any such event apply in a substantively identical manner to the shares or other property purchasable with the Rights after giving effect to such event.

(g) Before taking any action that would cause an adjustment reducing the Purchase Price per share at which shares are purchasable with the Rights below the par value of

those shares, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable shares at such adjusted Purchase Price.

(h) In any case in which this Section 11 shall require that an adjustment be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the shares of Common Stock and other securities, cash or property of the Company, if any, issuable upon such exercise over and above the shares of Common Stock and other securities, cash or property of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or other securities, cash or property upon the occurrence of the event requiring such adjustment.

(i) The Company covenants and agrees that on and after the Stock Acquisition Date neither it nor any combination of it and its subsidiaries shall (i) consolidate with any other Person, or (ii) merge with or into any other Person or (iii) directly or indirectly sell, lease, or otherwise transfer or dispose of (in one transaction or a series of related transactions) assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries taken as a whole to any other Person if (A) at the time of or immediately after such consolidation, merger, sale, lease, transfer, or disposition there are any rights, warrants, securities or other instruments outstanding or agreements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights, (B) prior to, simultaneously with or immediately after such consolidation, merger, sale, lease, transfer, or disposition the stockholders (or equity holders) of the Person who constitutes, or would constitute, the Principal Party in such transaction shall have received a distribution of Rights previously owned by such Person or any of its Affiliates or Associates or (C) the form or nature of organization of the Principal Party would preclude or limit the exercisability of the Rights. The Company shall not consummate any such consolidation, merger, sale, lease, transfer, or disposition unless prior thereto the Company and such other Person shall have executed and delivered to the Rights Agent a supplemental agreement evidencing compliance with this Section 11(i).

(j) The Company covenants and agrees that, after the Stock Acquisition Date it will not, except as permitted by Section 11(c)(3) of this Agreement, take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will, directly or indirectly, diminish or otherwise eliminate the benefits intended to be afforded by the Rights.

Section 12. Certification of Adjustments. Whenever an adjustment is made as provided in Sections 11 and 13, the Company shall (a) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment, (b) promptly file with the Rights Agent and with each transfer agent for the stock then purchasable with the Rights a copy of such certificate and (c) mail a brief summary thereof to each holder of a Rights Certificate (or, if no Rights Certificates have been issued, to each holder of a certificate representing shares of Common Stock) in accordance with Section 25. Notwithstanding the

foregoing sentence, the failure of the Company to give such notice shall not affect the validity of or the force or effect of or the requirement for such adjustment. Any adjustment to be made pursuant to Sections 11 and 13 of this Agreement shall be effective as of the date of the event giving rise to such adjustment. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained and shall not be obligated or responsible for calculating any adjustment nor shall it be deemed to have knowledge of such adjustment unless and until it shall have received such certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power.

(a) A "Business Combination" shall be deemed to occur in the event that, in or following a Triggering Event, (i) the Company shall, directly or indirectly, consolidate with, or merge with and into, any other Person (other than a Subsidiary of the Company in a transaction that complies with Section 11(i) and Section 11(j) of this Agreement) in a transaction in which the Company is not the continuing, resulting or surviving corporation of such merger or consolidation, (ii) any Person (other than a Subsidiary of the Company in a transaction that complies with Section 11(i) and Section 11(j) of this Agreement) shall, directly or indirectly, consolidate with the Company, or shall merge with and into the Company, in a transaction in which the Company is the continuing, resulting or surviving corporation of such merger or consolidation and, in connection with such merger or consolidation, all or part of the Common Stock shall be changed (including, without limitation, any conversion into or exchange for securities of the Company or of any other Person, cash or any other property), (iii) the Company shall, directly or indirectly, effect a share exchange in which all or part of the Common Stock shall be changed (including, without limitation, any conversion into or exchange for securities of any other Person, cash or any other property) or (iv) the Company shall, directly or indirectly, sell, lease, exchange, mortgage, pledge or otherwise transfer or dispose of (or one or more of its Subsidiaries shall directly or indirectly sell, lease, exchange, mortgage, pledge or otherwise transfer or dispose of), in one transaction or a series of related transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person (other than the Company or any of its Subsidiaries in one or more transactions each and all of which comply with Section 11(i) and Section 11(j) of this Agreement).

In the event of a Business Combination, proper provision shall be made so that each holder of a Right (except as otherwise provided in this Agreement) shall thereafter have the right to receive, upon the exercise of each Right, such number of shares of Common Stock of the Principal Party as shall be equal to the result obtained by dividing the Exercise Amount in effect prior to the Business Combination by 50% of the Current Market Price per share of the Common Stock of such Principal Party immediately prior to the consummation of such Business Combination. All shares of Common Stock of any Person for which any Right may be exercised after consummation of a Business Combination as provided in this Section 13(a) shall, when issued upon exercise thereof in accordance with this Agreement, be duly and validly authorized and issued, fully paid, nonassessable, freely tradeable, not subject to liens or encumbrances, and free of preemptive rights, rights of first refusal or any other restrictions or limitations on the transfer or ownership thereof of any kind or nature whatsoever. The Purchase Price per share for such Common Stock immediately after such Business Combination shall be equal to 50% of the Current Market Price per share of the Common Stock of such Principal Party immediately prior to the consummation of such Business Combination.

(b) After consummation of any Business Combination, (i) the Principal Party shall be liable for, and shall assume, by virtue of such Business Combination and without the necessity of any further act, all the obligations and duties of the Company pursuant to this Agreement, (ii) the term "Company" as used in this Agreement shall thereafter be deemed to refer to such Principal Party and (iii) such Principal Party shall take all steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Stock in accordance with Section 9) in connection with such Business Combination as necessary to ensure that the provisions of this Agreement shall thereafter be applicable, as nearly as reasonably may be, in relation to the shares of its Common Stock thereafter deliverable upon the exercise of the Rights.

(c) The Company shall not consummate any Business Combination unless prior thereto (i) the Principal Party shall have a sufficient number of authorized shares of its Common Stock which have not been issued or reserved for issuance (other than shares reserved for issuance pursuant to this Agreement to the holders of Rights) to permit the exercise in full of the Rights in accordance with this Section 13, (ii) the Company and such Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement providing for the fulfillment of the Principal Party's obligations and the terms as set forth in paragraphs (a) and (b) of this Section 13 and further providing that, as soon as practicable on or after the date of such Business Combination, the Principal Party, at its own expense, shall (A) prepare and file, if necessary, a registration statement on an appropriate form under the Securities Act with respect to the Rights and the securities purchasable upon exercise of the Rights, (B) use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the Expiration Date, (C) deliver to holders of the Rights historical financial statements for the Principal Party and each of its Affiliates which comply in all respects with the requirements for registration on Form 10 (or any successor form) under the Exchange Act, (D) use its best efforts to qualify or register the Rights and the securities purchasable upon exercise of the Rights under the state securities or "blue sky" laws of such jurisdictions as may be necessary or appropriate, (E) use its best efforts to list the Rights and the securities purchasable upon exercise of the Rights on a United States national securities exchange and (F) obtain waivers of any rights of first refusal or preemptive rights in respect of the Common Stock of the Principal Party subject to purchase upon exercise of outstanding Rights, (iii) the Company and the Principal Party shall have furnished to the Rights Agent an opinion of independent counsel stating that such supplemental agreement is a legal, valid and binding agreement of the Principal Party enforceable against the Principal Party in accordance with its terms, and (iv) the Company and the Principal Party shall have filed with the Rights Agent a certificate of a nationally recognized firm of independent accountants setting forth the number of shares of Common Stock of such issuer which may be purchased upon the exercise of each Right after the consummation of such Business Combination.

(d) The provisions of this Section 13 shall similarly apply to successive Business Combinations. In the event a Business Combination shall be consummated at any time after the occurrence of a Triggering Event, the Rights which have not theretofore been exercised shall thereafter be exercisable for the consideration and in the manner described in Section 13(a). The provisions of Section 11(b) of this Agreement shall be applicable to events which occur after a Business Combination.

(e) Notwithstanding any other provision of this Agreement, no adjustment to the number or kind of shares (or fractions of a share), cash or other property for which a Right is exercisable or the number of Rights outstanding or associated with each share of Common Stock or any similar or other adjustment shall be made or be effective if such adjustment would have the effect of reducing or limiting the benefits the holders of the Rights would have had absent such adjustment, including, without limitation, the benefits under Sections 11 and 13, unless the terms of this Agreement are amended so as to preserve such benefits, provided that this paragraph shall not prevent any change prior to the Stock Acquisition Date permitted by Section 26(a) and provided that this Section 13(e) shall not be deemed to limit or impair the right to engage in an exchange pursuant to Section 11(c)(3).

(f) The Company covenants and agrees that it shall not effect any Business Combination if at the time of, or immediately after such Business Combination, there are any rights, options, warrants or other instruments outstanding which would diminish or otherwise eliminate the benefits intended to be afforded by the Rights.

(g) Without limiting the generality of this Section 13, in the event the nature of the organization of any Principal Party shall preclude or limit the acquisition of Common Stock of such Principal Party upon exercise of the Rights as required by Section 13(a) as a result of a Business Combination, it shall be a condition to such Business Combination that such Principal Party shall take such steps (including, but not limited to, a reorganization) as may be necessary to ensure that the benefits intended to be derived under this Section 13 upon the exercise of the Rights are assured to the holders thereof.

Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractional Rights or to distribute Rights Certificates which evidence fractional Rights.

(b) The Company shall permit the issuance and trading of Preferred Stock in fractional shares such that the smallest fractional share tradeable at any particular time shall equal the reciprocal of the Adjustment Number in effect at that particular time. The Company shall not be required to issue fractions of shares of Preferred Stock (other than fractions which are integral multiples of the reciprocal of the Adjustment Number) upon exercise of the Rights or to distribute certificates which evidence fractional shares of Preferred Stock (other than fractions which are integral multiples of the reciprocal of the Adjustment Number). Fractions of shares of Preferred Stock may, at the election of the Company, be evidenced by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it, provided that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of the Preferred Stock. In lieu of fractional shares of Preferred Stock that are not integral multiples of the reciprocal of the Adjustment Number, the Company may at its option (i) issue scrip or warrants in registered form (either represented by a certificate or uncertificated) or in bearer form (represented by a certificate) which shall entitle the holder to receive the reciprocal of the

Adjustment Number of one share of Preferred Stock upon the surrender of such scrip or warrants aggregating the reciprocal of the Adjustment Number of one share of Preferred Stock, or (ii) pay to the registered holders of Rights Certificates at the time such Rights Certificates are exercised as provided in this Agreement an amount in cash equal to the same fraction of the relevant closing price of a share of Preferred Stock. For purposes of this Section 14(b), the relevant closing price of a share of Preferred Stock shall be the closing price of a share of Preferred Stock (as determined pursuant to the second sentence of the definition of "Current Market Price" in Section 1) for the Trading Day immediately prior to the date of such exercise.

(c) The Company shall not be required to issue fractions of shares of Common Stock or Common Equivalent Shares or to distribute certificates which evidence fractional shares of Common Stock. In lieu of such fractional shares of Common Stock, the Company shall pay to the registered holders of the Rights Certificates with regard to which such fractional shares of Common Stock would otherwise be issuable an amount in cash equal to the product derived by multiplying (x) the subject fraction, by (y) the closing price of a share of Common Stock (as determined pursuant to the second sentence of the definition of "Current Market Price" in Section 1) for the Trading Day immediately prior to the date of such exercise.

(d) The holder of a Right by his acceptance thereof expressly waives any right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as otherwise provided in this Agreement).

Section 15. Rights of Action. Except as otherwise provided, all rights of action in respect of this Agreement are vested in the respective registered holders of the Rights Certificates (and, prior to the Distribution Date, any registered holders of associated Common Stock); and any registered holder of any Rights Certificate (or, prior to the Distribution Date, any share of associated Common Stock), without the consent of the Rights Agent or of the holder of any other Right, may, on its own behalf and for its own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce or otherwise act in respect of its rights pursuant to this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

Section 16. Agreement of Rights Holders Concerning Transfer and Ownership of Rights. Every holder of a Right by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of Common Stock;

(b) after the Distribution Date, the Rights Certificates will be transferable on the registry books of the Rights Agent only if surrendered at the principal stock transfer office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer; and

(c) the Company and the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Distribution Date, the associated Common Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Rights Certificate or the associated Common Stock certificate made by anyone other than the Company, the transfer agent for the stock purchasable with such Right or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Section 17. Rights Holder Not Deemed a Stockholder. No holder, as such, of any Rights Certificate shall be entitled to vote or to receive dividends or distributions or shall be deemed for any purpose the holder of Preferred Stock or any other securities, cash or other property which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained in this Agreement or in any Rights Certificate be construed to confer upon the holder of any Rights Certificate, as such, any of the rights of a stockholder of the Company, including, without limitation, any right (i) to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, (ii) to give or withhold consent to any corporate action, (iii) to receive notice of meetings or other actions affecting stockholders (except as provided in Section 24), (iv) to receive dividends, distributions or subscription rights, (v) to institute, as a holder of Preferred Stock or other securities issuable on exercise of the Rights represented by any Rights Certificate, any derivative action on behalf of the Company, or otherwise, until and only to the extent that the Right or Rights evidenced by such Rights Certificate shall have been exercised in accordance with the provisions of this Agreement.

Section 18. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability or expense, incurred without gross negligence, bad faith, willful misconduct or breach of this Agreement on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability in the premises. The costs and expenses of enforcing this right of indemnification shall also be paid by the Company. The indemnification provided for hereunder shall survive the expiration of the Rights and the termination of this Agreement.

The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Rights Certificate or certificate for Preferred Stock or Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document reasonably believed by it to be genuine and to be signed, executed and, when necessary, verified or acknowledged, by the proper Person or Persons.

Notwithstanding anything in this Agreement to the contrary, in no event shall the Rights Agent be liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damage and regardless of the form of the action.

Section 19. Merger or Consolidation or Change of Name of Rights Agent. Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the corporate trust or stock transfer business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any document or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement any of the Rights Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificate so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, any successor Rights Agent may countersign such Rights Certificate either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter (including, without limitation, the identity of any Acquiring Person or any Affiliate or Associate of an Acquiring Person or the determination of Current Market Price) be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be specifically prescribed in this Agreement) may be deemed to be conclusively proved and established by a certificate signed by the Chairman, the Executive Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, the General Counsel, the Treasurer, any Vice President or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for the gross negligence, bad faith, willful misconduct or breach of this Agreement by it or its attorneys or agent.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery of this Agreement (except the due execution and delivery of this Agreement by the Rights Agent) or in respect of the validity or execution of any Rights Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor shall it be responsible for any change or adjustment in the terms of the Rights (including the manner, method or amount thereof) provided for in Sections 3, 11, 13 or 23 or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Rights Certificates after actual notice of any change or adjustment is required); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Preferred Stock, Common Stock or other securities to be issued pursuant to this Agreement or any Rights Certificate or as to whether any shares of Preferred Stock, Common Stock or other securities will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performance by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the Chairman, the Executive Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, the General Counsel, the Treasurer, any Vice President or the Secretary of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Agreement and the date on or after which such action shall be taken or such action shall be omitted shall be effective. Provided that the Rights Agent has confirmed receipt of such proposal by the Company, the Rights Agent shall not be liable for any action taken by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified in such application (which date shall not be less than ten Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to an earlier date) unless, prior to taking

any such action (or the effective date in the case of an omission), the Rights Agent shall have received written instructions in response to such application subject to the proposed action or omission and/or specifying the action to be taken or omitted.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though the Rights Agent were not serving as such under this Agreement. Nothing in this Agreement shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents.

(j) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has either not been completed or indicates an affirmative response to clause 1 and/or 2 thereof, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with the Company.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon notice of 30 days in writing mailed to the Company and to each transfer agent of the Common Stock or Preferred Stock by registered or certified mail and to the holders of the Rights Certificates by either (i) first-class mail or (ii) by disclosure in a periodic report of the Company required to be filed under the Exchange Act, any permitted report under the Exchange Act, a press release of the Company or in any proxy or other communication of the Company with its stockholders. In the event the transfer agency relationship in effect between the Company and the Rights Agent terminates, the Rights Agent will be deemed to resign automatically on the effective date of such termination; and any required notice will be sent by the Company. The Company may remove the Rights Agent or any successor Rights Agent upon notice of 30 days in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock or Preferred Stock by registered or certified mail, and to the holders of the Rights Certificates by either (i) first-class mail or (ii) by disclosure in a periodic report of the Company required to be filed under the Exchange Act, any permitted report under the Exchange Act, a press release of the Company or in any proxy or other communication of the Company with its stockholders. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. Notwithstanding any other provision of this Agreement, in no event shall the resignation or removal of a Rights Agent be effective until a successor Rights Agent shall have been appointed and have accepted such appointment. If the Company shall fail to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by any holder of a Rights Certificate (who shall, with such notice, submit his Rights Certificate for inspection by the Company), then the incumbent Rights Agent or the registered holder of any Rights

Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be (i) a corporation organized and doing business under the laws of the United States or of the State of New York (or of any other state of the United States so long as such corporation is authorized to conduct a banking, corporate trust or stock transfer business in the State of New York) in good standing, which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least $50,000,000 or (ii) a subsidiary of a corporation described in clause (i) of this sentence. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for such purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock or Preferred Stock; the Company shall also either (i) mail a notice thereof in writing to the registered holders of the Rights Certificates or (ii) make a disclosure with respect thereto in a periodic report of the Company required to be filed under the Exchange Act, any permitted report under the Exchange Act, a press release of the Company or in any proxy or other communication of the Company with its stockholders. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Rights Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights Certificates to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by a majority of the Board of Directors of the Company to reflect any adjustment or change in the Purchase Price per share and the number or kind or class of securities, cash or other property purchasable under the Rights Certificates made in accordance with the provisions of this Agreement.

Section 23. Redemption and Termination.

(a) The Board of Directors of the Company may, at its option, at any time prior to the earlier of (i) the Stock Acquisition Date and (ii) the Expiration Date, redeem all but not less than all of the then-outstanding Rights at a redemption price of $.001 per Right (the "Redemption Price") appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date of this Agreement. The Company may, at its option, pay the Redemption Price in cash, shares (including fractional shares) of Common Stock (based on the Current Market Price of the Common Stock at the time of redemption) or any other form of consideration deemed appropriate by the Board of Directors. The redemption of the Rights by the Board of Directors of the Company may be made effective at such time, on such basis and with such conditions as the Board of Directors of the Company in its sole discretion may establish.

(b) At the time and date of effectiveness set forth in any resolution of the Board of Directors of the Company ordering the redemption of the Rights, without any further action and without any further notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price; provided, however, that such resolution of the Board of Directors of the Company may be revoked, rescinded or otherwise modified at any time prior to the time and date of effectiveness set forth in such resolution, in which event the right to exercise will not terminate at the time and date originally set for such termination by the Board of Directors of the Company. The Company shall promptly give public notice of any such redemption; provided, however, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. The Company shall also give notice of such redemption to the Rights Agent. The Company may elect to give notice of such redemption to the holders of the then-outstanding Rights by mailing such notice to all such holders at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the issuance of Rights Certificates, on the registry books of the transfer agent for the Common Stock. Any notice which is mailed in the manner provided in this Agreement shall be deemed given, whether or not the holder receives the notice. In connection with any redemption permitted under this Section 23, the Company may, at its option, discharge all of its obligations with respect to the Rights by (i) issuing a press release announcing the manner of redemption of the Rights and (ii) mailing payment of the Redemption Price to the registered holders of the Rights at their last addresses as they appear on the registry books of the Rights Agent or, prior to the issuance of the Rights Certificates, on the registry books of the transfer agent for the Common Stock, and upon such action, all outstanding Rights Certificates shall be null and void without any further action by the Company. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 23, and other than in connection with the purchase of shares of Common Stock prior to the earlier of the Stock Acquisition Date and the Expiration Date.

Section 24. Notice of Certain Events. In case the Company, on or after the Distribution Date, shall propose to (a) pay any dividend payable in stock of any class to the holders of its Common Shares or to make any other distribution to the holders of its Common Shares (other than a regular periodic cash dividend at an annual rate not in excess of 125% of the annualized rate of the cash dividend paid on the Common Shares during the immediately preceding fiscal year), or (b) offer to the holders of its Common Shares rights, options or warrants to subscribe for or to purchase any additional shares of Common Shares or shares of stock of any class or any other securities, rights or options, or (c) effect any reclassification of the Common Shares (other than a reclassification involving only the subdivision of outstanding shares of Common Shares, a change in the par value of such Common Shares or a change from par value to no par value), or (d) directly or indirectly effect any consolidation or merger into or with, or effect any sale, lease, exchange, or other transfer or disposition (or to permit one or more of its Subsidiaries to effect any sale, lease, exchange or other transfer or disposition), in one transaction or a series of related transactions, of more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person, or (e) effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to each holder of a Right, in accordance with Section 25, a notice of such proposed action, which shall specify any record date for the purposes of such stock dividend or distribution of rights, or the date on which such reclassification, consolidation, merger, sale,

lease, exchange, transfer, disposition, liquidation, dissolution or winding up is to take place and if such holders will or may participate therein, the date of participation therein by the holders of Common Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (a) or (b) above at least 20 days prior to the record date for determining holders of the Common Shares for purposes of such action, and in the case of any such other action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein, if any, by the holders of Common Shares, whichever shall be the earlier. The failure to give notice as required by this Section 24 or any defect therein shall not affect the legality or validity of the action taken by the Company or the vote upon any such action.

In case any Triggering Event or Business Combination shall occur, then, in any such case, the Company shall as soon as practicable thereafter give to each holder of a Rights Certificate, in accordance with Section 25, notice of the occurrence of such Triggering Event or Business Combination, which shall specify the Triggering Event or Business Combination and include a description of the consequences of such event to holders of Rights under Section 11 or 13.

Section 25. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Rights Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Hanesbrands Inc.
1000 East Hanes Mill Road
Winston Salem, North Carolina 27105
Attn: General Counsel

Subject to the provisions of Section 21, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Rights Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

Computershare Trust Company, N.A.
2 N. Lasalle Street
Chicago, Illinois 60602
Attn: Relationship Management

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Rights Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company; provided that if no Rights Certificates have been issued, if sent by first-class mail, postage prepaid, addressed to each holder of a certificate representing shares of Common Stock at the address of such holder as shown on the Company's Common Stock registry books (or, if the Company has issued shares of Common Stock without certificates, in such manner as determined by the Company).

Section 26. Supplements and Amendments.

(a) At any time prior to the Stock Acquisition Date, a majority of the Board of Directors of the Company may, and the Rights Agent shall, if so directed, supplement or amend any provision of this Agreement, including, without limitation, the Beneficial Ownership percent as set forth in Section 1 at which a Person becomes an Acquiring Person, the definition of Exempt Person as set forth in Section 1 to include any Person in addition to the Persons described therein, and, to the extent permitted by applicable law, the number, designation, preferences and rights of shares of the Preferred Stock as set forth in Exhibit A without the approval of any holders of Rights.

(b) Except as otherwise provided in Section 26(c):

(1) The Board of Directors of the Company shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board of Directors or the Company, or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Agreement and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement (including a determination to redeem or not redeem the Rights, to exchange or not exchange the Rights for Common Stock, or to amend or supplement this Agreement).

(2) All such actions, calculations, interpretations and determinations (including, for purposes of clause (y) below, all omissions with respect to the foregoing) which are done or made by the Board of Directors of the Company in good faith shall (x) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other Persons and (y) not subject the Board of Directors of the Company to any liability to the holders of the Rights.

(c) From and after the Stock Acquisition Date:

(1) No amendment or other change shall be made in this Agreement or the terms of the Rights which is inconsistent with the provisions set forth in Section 11(j) or Section 13(e) or which would otherwise adversely affect the interests of the holders of Rights Certificates (other than an Acquiring Person or any other Person in whose hands the Rights are void under the provisions of Section 7(e)). Notwithstanding the foregoing, a majority of the Board of Directors may, and the Rights Agent shall, if so directed, amend this Agreement prior to the Stock Acquisition Date effective upon the Stock Acquisition Date.

(2) The Board of Directors of the Company shall not be entitled to exercise the powers specified in Section 26(b) after the Stock

Acquisition Date unless the Board of Directors can establish by clear and convincing evidence that its action satisfies the requirement in Section 26(c)(1).

Section 27. **[RESERVED.]**

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of Rights any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Rights.

Section 30. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be valid and enforceable under applicable law, but if any provision of this Agreement shall be held to be prohibited by or unenforceable under applicable law, (i) such provision shall be applied to accomplish the objectives of the provision as originally written to the fullest extent permitted by law and (ii) all other provisions of this Agreement shall remain in full force and effect. No rule of strict construction, rule resolving ambiguities against the person who drafted the provision giving rise to such ambiguities, or other such rule of interpretation shall be applied against any party with respect to this Agreement.

Section 31. Governing Law. This Agreement and each Rights Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Maryland and for all purposes shall be governed by and construed in accordance with the internal laws of Maryland applicable to contracts to be made and performed entirely within Maryland; provided, however, that the agency relationship between the parties hereto shall be governed by and construed in accordance with the laws of the State of Delaware.

Section 32. Counterparts. This Agreement may be executed in counterparts and each of such counterparts shall for all purposes be deemed to be an original, and both such counterparts shall together constitute but one and the same instrument.

Section 33. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

Section 34. Grammatical Construction. Throughout this Agreement, where such meanings would be appropriate, (a) any pronouns used herein shall include the corresponding masculine, feminine or neuter forms (e.g., references to “he” shall also include “she” and “it” and references to “who” and “whom” shall also include “which”) and (b) the plural form of nouns and pronouns shall include the singular and vice-versa.

Section 35. Force Majeure. Neither party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in performance or observance of any

provision contained herein by reason of act of God, riots, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar cause (including, but not limited to, mechanical, electronic or communications interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

Hanesbrands Inc.

By /s/ Richard A. Noll
Name: Richard A. Noll
Title: Chief Executive Officer and President

Computershare Trust Company, N.A.,
as Rights Agent

By /s/ Neda Sheridan
Name: Neda Sheridan
Title: Vice President & Assistant General Manager

Exhibit A

ARTICLES SUPPLEMENTARY

(Junior Participating Preferred Stock, Series A)

Hanesbrands Inc., a corporation organized and existing under the Maryland General Corporation Law (the "Corporation"), in accordance with the provisions of Section 2-208 thereof, DOES HEREBY CERTIFY:

FIRST: That pursuant to the authority conferred upon the Board of Directors by the charter of the Corporation (the "Charter"), the Board of Directors on September 1, 2006, by duly adopted resolution, classified and designated 500,000 shares of authorized and unissued Preferred Stock designated as Junior Participating Preferred Stock, Series A with the following preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption, which, upon any restatement of the Charter, shall become part of Article VI of the Charter, with any necessary or appropriate renumbering or relettering of the sections or subsections hereof.

Section 1. Designation and Amount. The shares of such series shall be designated as "Junior Participating Preferred Stock, Series A" (the "Series A Preferred Stock") and the number of shares constituting such series shall be 500,000. Such number of shares may be increased or decreased by resolution of the Board of Directors in accordance with the Charter; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any outstanding shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment

Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $25.00 or (b) the Adjustment Number (as defined below) times the aggregate per share amount of all cash dividends, plus the Adjustment Number times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. The "Adjustment Number" shall initially be 1,000. In the event the Corporation shall at any time after September 1, 2006 (i) declare or pay any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock into a greater number of shares or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $25.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date immediately preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to

receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Each share of Series A Preferred Stock shall entitle the holder thereof to a number of votes equal to the Adjustment Number (as adjusted from time to time pursuant to Section 2(A) hereof) on all matters submitted to a vote of the stockholders of the Corporation.

(B) Except as otherwise provided herein, by law or in the Charter or Bylaws of the Corporation, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(i) If at any time dividends on any Series A Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") that shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly period on all shares of Series A Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, (1) the number of directors shall be increased by two, effective as of the time of election of such directors as herein provided, and (2) the holders of Series A Preferred Stock and the holders of other Preferred Stock upon which these or like voting rights have been conferred and are exercisable (the "Voting Preferred Stock") with dividends in arrears equal to six quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect such two directors.

(ii) During any default period, such voting right of the holders of Series A Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(B) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that such voting right shall not be exercised unless the holders of at least one-third in number of the shares of Voting Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Voting Preferred Stock of such voting right.

(iii) Unless the holders of Voting Preferred Stock shall, during an existing default period, have previously exercised their right to elect directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Voting Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Voting Preferred Stock, which meeting shall thereupon

be called by the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Voting Preferred Stock are entitled to vote pursuant to this paragraph (B)(iii) shall be given to each holder of record of Voting Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order or request or, in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than 10% of the total number of shares of Voting Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (B)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period, after the holders of Voting Preferred Stock shall have exercised their right to elect Directors voting as a class, (x) the directors so elected by the holders of Voting Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may be filled by vote of a majority of the remaining directors theretofore elected by the holders of the class or classes of stock which elected the director whose office shall have become vacant. References in this paragraph (B) to directors elected by the holders of a particular class or classes of stock shall include directors elected by such directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Voting Preferred Stock as a class to elect directors shall cease, (y) the term of any directors elected by the holders of Voting Preferred Stock as a class shall terminate and (z) the number of directors shall be such number as may be provided for in the Charter or Bylaws irrespective of any increase made pursuant to the provisions of paragraph (B) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the Charter or Bylaws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining directors.

(C) Except as set forth herein, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or

not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on, or make any other distributions on, any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein, in the Charter or Bylaws or otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (A) to the holders of Common Stock and of shares of stock ranking junior (either as to dividends or upon liquidation,

dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received the greater of (i) $100.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, and (ii) an aggregate amount per share, equal to the Adjustment Number (as adjusted from time to time pursuant to Section 2(A) hereof) times the aggregate amount to be distributed per share to holders of Common Stock, or (B) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred Stock then outstanding shall at the same time be similarly exchanged or changed in an amount per share equal to the Adjustment Number (as adjusted from time to time pursuant to Section 2(A) hereof) times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Amendment. The Charter of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds or more of the outstanding shares of Series A Preferred Stock, if any, voting together as a single class. At any time, when no shares of Series A Preferred Stock are outstanding, the Board of Directors may amend the number, preferences, conversion or other rights, vesting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption of the Series A Preferred Stock as set forth in these Articles Supplementary in the manner provided in the Charter.

SECOND: The Series A Preferred Stock has been classified and designated by the Board of Directors under the authority contained in the Charter.

THIRD: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned officer of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be signed in its name and on its behalf by its President and attested to by its Secretary on this 1st day of September, 2006.

ATTEST:

By: _____
Catherine A. Meeker
Secretary

HANESBRANDS INC.

By: _____(SEAL)
Richard A. Noll
Chief Executive Officer and President

Exhibit B

Form of Rights Certificate

Certificate No. R- _____ Rights

NOT EXERCISABLE AFTER SEPTEMBER 1, 2016 OR EARLIER IF NOTICE OF REDEMPTION OR EXCHANGE IS GIVEN. THE RIGHTS ARE SUBJECT TO REDEMPTION OR EXCHANGE, AT THE OPTION OF THE COMPANY, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT.

Rights Certificate

HANESBRANDS INC.

This certifies that _____, or its registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement dated as of September 1, 2006 (the "Rights Agreement") between Hanesbrands Inc., a Maryland corporation (the "Company"), and Computershare Investor Services, LLC (the "Rights Agent"), unless notice of redemption or exchange shall have been previously given by the Company, to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M. New York, New York time) on September 1, 2016, at the principal corporate trust office of the Rights Agent, or at the office of its successor as Rights Agent, one one-thousandth of a fully paid nonassessable share of the Junior Participating Preferred Stock, Series A, $0.01 par value, of the Company (the "Preferred Stock"), at a purchase price (the "Purchase Price") of $75.00 per one one-thousandth share, upon presentation and surrender of this Rights Certificate with the Form of Election to Purchase duly executed. The Purchase Price may be paid in cash or by certified bank check or bank draft payable to the order of the Company.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Rights Certificates. Capitalized terms used but not defined in this Rights Certificate that are defined in the Rights Agreement shall have the same meanings ascribed to them in the Rights Agreement. Copies of the Rights Agreement are on file at the principal executive offices of the Company and the above-mentioned office of the Rights Agent.

As provided in the Rights Agreement, the Purchase Price and the number of shares of Preferred Stock or other securities, cash or other property which may be purchased upon the exercise of the Rights evidenced by this Rights Certificate are subject to modification and adjustment upon the happening of certain events.

If the Rights evidenced by this Rights Certificate are or were formerly beneficially owned on or after the earlier of the Distribution Date and the Trigger Date by (i) an Acquiring Person or an Associate or Affiliate of such Acquiring Person, (ii) a direct or indirect transferee of an Acquiring Person (or of any Associate or Affiliate of an Acquiring Person) who

becomes a transferee after the Acquiring Person becomes such, or (iii) a direct or indirect transferee of an Acquiring Person (or of an Associate or Affiliate of such Acquiring Person) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a direct or indirect transfer (whether or not for consideration) from the Acquiring Person (or from an Associate or Affiliate of such Acquiring Person) to holders of equity interests in such Acquiring Person (or to holders of equity interests in any Associate or Affiliate of such Acquiring Person) or to any Person with whom the Acquiring Person (or an Associate or Affiliate of such Acquiring Person) has any continuing agreement, arrangement or understanding regarding the transferred Rights or (B) a direct or indirect transfer which a majority of the Board of Directors of the Company determines is part of a plan, arrangement or understanding which has as a primary purpose or effect the avoidance of Section 7(e) of the Rights Agreement, such Rights shall, immediately upon the occurrence of a Triggering Event and without any further action, be null and void and no holder of such Rights shall have any rights whatsoever with respect to such Rights whether under the Rights Agreement or otherwise, provided, however, that, in the case of transferees under clause (ii) or clause (iii) above, any Rights beneficially owned by such transferee shall be null and void only if and to the extent such Rights were formerly beneficially owned by a Person who was, at the time such Person beneficially owned such Rights, or who later became, an Acquiring Person or an Affiliate or Associate of such Acquiring Person.

This Rights Certificate, with or without other Rights Certificates, upon surrender at the principal corporate trust office of the Rights Agent, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of shares of Preferred Stock or other property as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered entitled such holder to purchase. If this Rights Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate (a) may be redeemed by the Board of Directors of the Company at its option at a redemption price of $0.001 per Right, subject to adjustment, payable, at the election of the Company, in cash or shares (including fractional shares) of Common Stock or such other consideration as the Board of Directors of the Company may determine, at any time prior to the earlier of (i) the Stock Acquisition Date and (ii) the Expiration Date, or (b) may be exchanged by the Board of Directors of the Company, at its option, in whole or in part, for shares of the Company's Common Stock on a one-for-one basis, at any time after the Stock Acquisition Date and prior to (i) any Person (other than an Exempt Person), together with all Affiliates and Associates of such Person, becoming the Beneficial Owner of 50% or more of the Common Stock then outstanding and (ii) the occurrence of a Business Combination.

No fractional shares of Preferred Stock (other than fractions that are integral multiples of one one-thousandth of a share of Preferred Stock, which may, at the election of the Company, be evidenced by depository receipts) are required to be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof the Company may elect to (i) evidence fractional shares by depositary receipts, (ii) issue scrip or warrants in registered form (either represented by a certificate or uncertificated) or in bearer form (represented by a certificate)

which shall entitle the holder to receive a full share upon the surrender of such scrip or warrants aggregating a full share, or (iii) make a cash payment, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or to receive dividends on, or shall be deemed for any purpose the holder of, Preferred Stock or any other securities, cash or property which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or this Certificate be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company, including, without limitation, any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or to institute, as a holder of Preferred Stock or other securities issuable on the exercise of the Rights represented by this Certificate, any derivative action on behalf of the Company, or otherwise, until and only to the extent the Right or Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

* * * * *

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of _____ ____, __.

HANESBRANDS INC.

By: _____
Title

Countersigned:

COMPUTERSHARE INVESTOR SERVICES, LLC

By: _____
Authorized Officer

[Form of Reverse Side of Rights Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate.)

FOR VALUE RECEIVED the undersigned _____
hereby sells, assigns and transfers unto _____

_____

(Please print name and address of transferee)

_____ Rights evidenced by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ with a power of Attorney to transfer the said Rights and a Rights Certificate evidencing such Rights on the books of _____, with full power of substitution.

A new Rights Certificate evidencing the remaining balance, if any, of such Rights not hereby sold, assigned and transferred shall be mailed to and registered in the name of the undersigned unless such person requests that such Rights Certificate be registered in the name of and mailed to (complete only if a Rights Certificate evidencing any remaining balance of Rights is to be registered in a name other than the undersigned):

Please insert Social Security or
other identifying number of transferee: _____

_____

(Please print name and address)

_____

Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

1. this Rights Certificate or any Rights evidenced hereby ☐ are ☐ are not being sold, assigned and transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement);

2. after due inquiry and to the best knowledge of the undersigned, the undersigned ☐ did ☐ did not acquire any of the Rights evidenced by this Rights Certificate from any Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____ _____

Signature

Signature Guaranteed:

Signatures must be guaranteed by an eligible guarantor institution with membership in a recognized signature guarantee medallion program as approved by the Securities Transfer Association.

NOTICE

The signature on the foregoing Form of Assignment must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an assignment or other transfer of this Rights Certificate or any Rights evidenced hereby, will affix a legend to that effect on any Rights Certificate issued in whole or partial exchange for this Rights Certificate.

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise the Rights represented by this Rights Certificate)

To: **Hanesbrands Inc.**

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Rights Certificate to purchase the shares of Preferred Stock or other securities, cash or other property issuable upon the exercise of such Rights and requests that certificates for such shares or other securities be issued in the name of, and such cash or other property be paid to:

Please insert social security
or other identifying number: _____

(Please print name and address)

A new Rights Certificate evidencing the remaining balance, if any, of such Rights not hereby exercised shall be mailed to and registered in the name of the undersigned unless such person requests that such Rights Certificate be registered in the name of and mailed to (complete only if Rights Certificate evidencing any remaining balance of Rights is to be registered in a name other than the undersigned):

Please insert social security
or other identifying number: _____

(Please print name and address)

Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

1. the Rights evidenced by this Rights Certificate ☐ are ☐ are not being exercised by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement);

2. after due inquiry and to the best knowledge of the undersigned, the undersigned ☐ did ☐ did not acquire the Rights evidenced by this Rights Certificate from any Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____ _____

Signature

Signature Guaranteed:

Signatures must be guaranteed by an eligible guarantor institution with membership in a recognized signature guarantee medallion program as approved by the Securities Transfer Association.

NOTICE

The signature on the foregoing Form of Election to Purchase must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Election to Purchase is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an assignment or other transfer of this Rights Certificate or any Rights evidenced hereby, will affix a legend to that effect on any Rights Certificate issued in whole or partial exchange for this Rights Certificate.

Exhibit 4.2

Form of Rights Certificate

Certificate No. R- _____ Rights

NOT EXERCISABLE AFTER SEPTEMBER 1, 2016 OR EARLIER IF NOTICE OF REDEMPTION OR EXCHANGE IS GIVEN. THE RIGHTS ARE SUBJECT TO REDEMPTION OR EXCHANGE, AT THE OPTION OF THE COMPANY, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT.

Rights Certificate

HANESBRANDS INC.

This certifies that _____, or its registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement dated as of September 1, 2006 (the "Rights Agreement") between Hanesbrands Inc., a Maryland corporation (the "Company"), and Computershare Investor Services, LLC (the "Rights Agent"), unless notice of redemption or exchange shall have been previously given by the Company, to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M. New York, New York time) on September 1, 2016, at the principal corporate trust office of the Rights Agent, or at the office of its successor as Rights Agent, one one-thousandth of a fully paid nonassessable share of the Junior Participating Preferred Stock, Series A, $0.01 par value, of the Company (the "Preferred Stock"), at a purchase price (the "Purchase Price") of $75.00 per one one-thousandth share, upon presentation and surrender of this Rights Certificate with the Form of Election to Purchase duly executed. The Purchase Price may be paid in cash or by certified bank check or bank draft payable to the order of the Company.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Rights Certificates. Capitalized terms used but not defined in this Rights Certificate that are defined in the Rights Agreement shall have the same meanings ascribed to them in the Rights Agreement. Copies of the Rights Agreement are on file at the principal executive offices of the Company and the above-mentioned office of the Rights Agent.

As provided in the Rights Agreement, the Purchase Price and the number of shares of Preferred Stock or other securities, cash or other property which may be purchased upon the exercise of the Rights evidenced by this Rights Certificate are subject to modification and adjustment upon the happening of certain events.

If the Rights evidenced by this Rights Certificate are or were formerly beneficially owned on or after the earlier of the Distribution Date and the Trigger Date by (i) an Acquiring Person or an Associate or Affiliate of such Acquiring Person, (ii) a direct or indirect transferee of an Acquiring Person (or of any Associate or Affiliate of an Acquiring Person) who becomes a transferee after the Acquiring Person becomes such, or (iii) a direct or indirect transferee of an Acquiring Person (or of an Associate or Affiliate of such Acquiring Person) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a direct or indirect transfer (whether or not for consideration) from the Acquiring Person (or from an Associate or Affiliate of such Acquiring Person) to holders of equity interests in such Acquiring Person (or to holders of equity interests in any Associate or Affiliate of such Acquiring Person) or to any Person with whom the Acquiring Person (or an Associate or Affiliate of such Acquiring Person) has any continuing agreement, arrangement or understanding regarding the transferred Rights or (B) a direct or indirect transfer which a majority of the Board of Directors of the Company determines is part of a plan, arrangement or understanding which has as a primary purpose or effect the avoidance of Section 7(e) of the Rights Agreement, such Rights shall, immediately upon the occurrence of a Triggering Event and without any further action, be null and void and no holder of such Rights shall have any rights whatsoever with respect to such Rights whether under the Rights Agreement or otherwise, provided, however, that, in the case of transferees under clause (ii) or clause (iii) above, any Rights beneficially owned by such transferee shall be null and void only if and to the extent such Rights were formerly beneficially owned by a Person who was, at the time such Person beneficially owned such Rights, or who later became, an Acquiring Person or an Affiliate or Associate of such Acquiring Person.

This Rights Certificate, with or without other Rights Certificates, upon surrender at the principal corporate trust office of the Rights Agent, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of shares of Preferred Stock or other property as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered entitled such holder to purchase. If this Rights Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate (a) may be redeemed by the Board of Directors of the Company at its option at a redemption price of $0.001 per Right, subject to adjustment, payable, at the election of the Company, in cash or shares (including fractional shares) of Common Stock or such other consideration as the Board of Directors of the Company may determine, at any time prior to the earlier of (i) the Stock Acquisition Date and (ii) the Expiration Date, or (b) may be exchanged by the Board of Directors of the Company, at its option, in whole or in part, for shares of the Company's Common Stock on a one-for-one basis, at any time after the Stock Acquisition Date and prior to (i) any Person (other than an Exempt Person), together with all Affiliates and Associates of such Person, becoming the Beneficial Owner of 50% or more of the Common Stock then outstanding and (ii) the occurrence of a Business Combination.

No fractional shares of Preferred Stock (other than fractions that are integral multiples of one one-thousandth of a share of Preferred Stock, which may, at the election of the

Company, be evidenced by depository receipts) are required to be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof the Company may elect to (i) evidence fractional shares by depositary receipts, (ii) issue scrip or warrants in registered form (either represented by a certificate or uncertificated) or in bearer form (represented by a certificate) which shall entitle the holder to receive a full share upon the surrender of such scrip or warrants aggregating a full share, or (iii) make a cash payment, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or to receive dividends on, or shall be deemed for any purpose the holder of, Preferred Stock or any other securities, cash or property which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or this Certificate be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company, including, without limitation, any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or to institute, as a holder of Preferred Stock or other securities issuable on the exercise of the Rights represented by this Certificate, any derivative action on behalf of the Company, or otherwise, until and only to the extent the Right or Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

* * * * *

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of _____ __, ____.

HANESBRANDS INC.

By: _____
Title

Countersigned:

COMPUTERSHARE INVESTOR SERVICES, LLC

By: _____
Authorized Officer

[Form of Reverse Side of Rights Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such
holder desires to transfer the Rights Certificate.)

FOR VALUE RECEIVED the undersigned _____
hereby sells, assigns and transfers unto _____

_____

(Please print name and address of transferee)

_____ Rights evidenced by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ with a power of Attorney to transfer the said Rights and a Rights Certificate evidencing such Rights on the books of _____, with full power of substitution.

A new Rights Certificate evidencing the remaining balance, if any, of such Rights not hereby sold, assigned and transferred shall be mailed to and registered in the name of the undersigned unless such person requests that such Rights Certificate be registered in the name of and mailed to (complete only if a Rights Certificate evidencing any remaining balance of Rights is to be registered in a name other than the undersigned):

Please insert Social Security or
other identifying number of transferee: _____

_____

_____

(Please print name and address)

_____

_____

Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

(1) this Rights Certificate or any Rights evidenced hereby ☐ are ☐ are not being sold, assigned and transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, the undersigned ☐ did ☐ did not acquire any of the Rights evidenced by this Rights Certificate from any Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____ _____

Signature

Signature Guaranteed:

Signatures must be guaranteed by an eligible guarantor institution with membership in a recognized signature guarantee medallion program as approved by the Securities Transfer Association.

NOTICE

The signature on the foregoing Form of Assignment must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an assignment or other transfer of this Rights Certificate or any Rights evidenced hereby, will affix a legend to that effect on any Rights Certificate issued in whole or partial exchange for this Rights Certificate.

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise
the Rights represented by this Rights Certificate)

To: **Hanesbrands Inc.**

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Rights Certificate to purchase the shares of Preferred Stock or other securities, cash or other property issuable upon the exercise of such Rights and requests that certificates for such shares or other securities be issued in the name of, and such cash or other property be paid to:

Please insert social security
or other identifying number: _____

_____

_____

(Please print name and address)

_____

_____

A new Rights Certificate evidencing the remaining balance, if any, of such Rights not hereby exercised shall be mailed to and registered in the name of the undersigned unless such person requests that such Rights Certificate be registered in the name of and mailed to (complete only if Rights Certificate evidencing any remaining balance of Rights is to be registered in a name other than the undersigned):

Please insert social security
or other identifying number: _____

_____

_____

(Please print name and address)

_____

_____

Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Rights Certificate ☐ are ☐ are not being exercised by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, the undersigned ☐ did ☐ did not acquire the Rights evidenced by this Rights Certificate from any Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____ _____

Signature

Signature Guaranteed:

Signatures must be guaranteed by an eligible guarantor institution with membership in a recognized signature guarantee medallion program as approved by the Securities Transfer Association.

NOTICE

The signature on the foregoing Form of Election to Purchase must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Election to Purchase is not completed, the Company will deem the beneficial owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an assignment or other transfer of this Rights Certificate or any Rights evidenced hereby, will affix a legend to that effect on any Rights Certificate issued in whole or partial exchange for this Rights Certificate.

Exhibit 10.1

HANESBRANDS INC.
OMNIBUS INCENTIVE PLAN OF 2006

CERTIFICATE

I hereby certify that the attached document is the official version of the Hanesbrands Inc. Omnibus Incentive Plan of 2006 adopted by the Board of Directors of the Company by resolution dated June 26, 2006 and subsequently finalized by the duly authorized officers of the Company effective as of July 2, 2006.

Dated this 1st day of September, 2006.

HANESBRANDS INC.

By /s/ Kevin Oliver

Its Senior Vice President, Human Resources

HANESBRANDS INC. OMNIBUS INCENTIVE PLAN OF 2006

1. **Purpose**. The purposes of the *Plan* are (a) to promote the interests of the *Corporation* and its *Subsidiaries* and its stockholders by strengthening the ability of the *Corporation* and its *Subsidiaries* to attract and retain highly competent officers and other key employees, and (b) to provide a means to encourage *Stock* ownership and proprietary interest in the *Corporation*. The *Plan* is intended to provide *Plan Participants* with forms of long-term incentive compensation that are not subject to the deduction limitation rules prescribed under *Code* Section 162(m), and should be construed to the extent possible as providing for remuneration which is "performance-based compensation" within the meaning of *Code* Section 162(m) and the regulations promulgated thereunder.

2. **Definitions**. Where the context of the *Plan* permits, words in the masculine gender shall include the feminine gender, the plural form of a word shall include the singular form, and the singular form of a word shall include the plural form. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

(a) *Award* means the grant of incentive compensation under this *Plan* to a *Participant*.

(b) *Board* means the board of directors of the *Corporation*.

(c) *Change of Control* means:

(i) upon the acquisition by any individual, entity or group, including any *Person*, of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of 20% or more of the combined voting power of the then outstanding capital stock of the *Corporation* that by its terms may be voted on all matters submitted to stockholders of the *Corporation* generally ("*Voting Stock*"); provided, however, that the following acquisitions shall not constitute a *Change in Control*: (A) any acquisition directly from the *Corporation* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were

acquired directly from the *Corporation*); (B) any acquisition by the *Corporation*; (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the *Corporation* or any corporation controlled by the *Corporation*; or (D) any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving the *Corporation*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (A), (B) and (C) of subsection (ii) below shall be satisfied; and provided further that, for purposes of clause (B) above, if (1) any *Person* (other than the *Corporation* or any employee benefit plan (or related trust) sponsored or maintained by the *Corporation* or any corporation controlled by the *Corporation*) shall become the beneficial owner of 20% or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by the *Corporation*, and (2) such *Person* shall, after such acquisition by the *Corporation*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

(ii) upon the consummation of a reorganization, merger or consolidation of the *Corporation*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of the *Corporation*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction: (A) all or substantially all of the beneficial owners of the *Voting Stock* of the *Corporation* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than 50% of the combined voting power of the voting securities of the entity resulting from such transaction (including, without limitation, the *Corporation* or an entity

which as a result of such transaction owns the *Corporation* or all or substantially all of the *Corporation*'s property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and (B) no *Person* (other than any *Person* that beneficially owned, immediately prior to such reorganization, merger, consolidation, sale or other disposition, directly or indirectly, *Voting Stock* representing 20% or more of the combined voting power of the *Corporation*'s then outstanding securities) beneficially owns, directly or indirectly, 20% or more of the combined voting power of the then outstanding securities of the *Resulting Entity*; and (C) at least a majority of the members of the board of directors of the entity resulting from such transaction were *Initial Directors* of the *Corporation* at the time of the execution of the initial agreement or action of the *Board* authorizing such reorganization, merger, consolidation, sale or other disposition; or

(iii) upon the approval of a plan of complete liquidation or dissolution of the *Corporation*; or

(iv) when the *Initial Directors* cease for any reason to constitute at least a majority of the *Board*.

(d) *Code* means the Internal Revenue Code of 1986, as amended.

(e) *Committee* means the Compensation and Benefits Committee of the *Board*; provided that the Compensation and Benefits Committee of the Board of Directors of the Sara Lee Corporation shall serve as the *Committee* under the *Plan* for as long as the *Corporation* is wholly-owned by Sara Lee Corporation.

(f) *Corporation* means Hanesbrands Inc., a Maryland corporation, or any successor thereto.

(g) *Covered Employees* means covered employees within the meaning of *Code* Section 162(m).

(h) *Deferred Stock Unit ("DSU")* means a vested right to a future award of *Stock* granted pursuant to section 10 below.

(i) *Exchange Act* means the Securities Exchange Act of 1934, as amended.

(j) *Fair Market Value* means the fair market value of *Stock* determined at any time in such manner as the *Committee* may deem equitable, or as required by applicable law or regulation.

(k) *Incentive Stock Options* means a *Stock Option* designed to meet the requirements of *Code* Section 422 or any successor law.

(l) *Initial Directors* means those individuals initially appointed as the directors of the *Corporation* once it ceased to be wholly-owned by Sara Lee Corporation; provided, however, that any individual who becomes a director of the *Corporation* at or after the first annual meeting of stockholders of the *Corporation* whose election, or nomination for election by the *Corporation's* stockholders, was approved by the vote of at least a majority of the *Initial Directors* then comprising the *Board* (or by the nominating committee of the *Board*, if such committee is comprised of *Initial Directors* and has such authority) shall be deemed to have been an *Initial Director*; and provided further, that no individual shall be deemed to be an *Initial Director* if such individual initially was elected as a director of the *Corporation* as a result of: (i) an actual or threatened solicitation by a *Person* (other than the *Board*) made for the purpose of opposing a solicitation by the *Board* with respect to the election or removal of directors; or (ii) any other actual or threatened solicitation of proxies or consents by or on behalf of any *Person* (other than the *Board*).

(m) *Nonqualified Stock Option* means a *Stock Option* that is not an *Incentive Stock Option.*

(n) *Participant* means (i) an employee of the *Corporation* or its *Subsidiaries;* or (ii) a non-employee director of the *Corporation* designated by the *Committee* as eligible to receive an *Award* under the *Plan*.

(o) *Performance Cash Awards* means cash incentives subject to the satisfaction of long-term *Performance Criteria* and granted pursuant to section 12 below.

(p) *Performance Criteria* means business criteria within the meaning of *Code* Section 162(m), including, but not limited to: revenue; revenue growth; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share; operating income; pre-or after-tax income; net operating profit after taxes; economic value added (or an equivalent metric); ratio of operating earnings to capital spending; cash flow (before or after dividends); cash-flow per share (before or after dividends); net earnings; net sales; sales growth; share price performance; return on assets or net assets; return on equity; return on capital (including return on total capital or return on invested capital); cash flow return on investment; total shareholder return; improvement in or attainment of expense levels; and improvement in or attainment of working capital levels or *Performance Criteria*. Any *Performance Criteria* may be used to measure our performance as a whole or any of our business units and may be measured relative to a peer group or index.

(q) *Performance Period* means the period as designated by the *Committee* with a minimum of one year and a maximum of five years.

(r) *Performance Shares* means *Awards* subject to the satisfaction of long-term *Performance Criteria* and granted pursuant to section 11 below.

(s) *Person* means any individual, entity or group, including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the *Exchange Act*.

(t) *Plan* means the Hanesbrands Omnibus Incentive Plan of 2006.

(u) *Restricted Stock* means *Stock* subject to a vesting condition specified by the *Committee* in an *Award* in accordance with section 9 below.

(v) *Resulting Entity* means the entity resulting from a transaction (including, without limitation, the *Corporation* or an entity which as a result of such transaction owns the *Corporation* or all or substantially all of the *Corporation's* property or assets, directly or indirectly).

(w) *RSU* means a restricted stock unit providing a *Participant* with the right to receive *Stock* at a date on or after vesting in accordance with the terms of such grant and/or upon the attainment of *Performance Criteria* specified by the *Committee* in the *Award* in accordance with section 9 below.

(x) *SAR* means a stock appreciation right granted pursuant to section 8 below.

(y) *Stock* means a share of common stock of the *Corporation* that, by its terms, may be voted on all matters submitted to stockholders of the *Corporation* generally.

(z) *Stock Option* means the right to acquire shares of *Stock* at a certain price that is granted pursuant to section 7 below. The term *Stock Option* includes both *Incentive Stock Options* and *Nonqualified Stock Options*.

(aa) *Subsidiary* or *Subsidiaries* means any corporation or entity of which the *Corporation* owns directly or indirectly, at least 50% of the total voting power or in which it has at least a 50% economic interest, and which is authorized to participate in the *Plan*.

3. **Administration**. The *Plan* will be administered by the *Committee* consisting of two or more directors of the *Corporation* as the *Board* may designate from time to time, each of whom shall satisfy such requirements as:

(a) the Securities and Exchange Commission may establish for administrators acting under plans intended to qualify for exemption under Rule 16b-3 or its successor under the *Exchange Act*;

(b) the New York Stock Exchange may establish pursuant to its rule-making authority; and

(c) the Internal Revenue Service may establish for outside directors acting under plans intended to qualify for exemption under *Code* Section 162(m).

The *Committee* shall have the discretionary authority to construe and interpret the *Plan* and any *Awards* granted thereunder, to establish and amend rules for *Plan* administration, to change the terms and conditions of *Awards* at or after grant (subject to the provisions of section 20 below), to correct any defect or supply any omission or reconcile any inconsistency in the *Plan* or in any *Award* granted under the *Plan*, and to make all other determinations which it deems necessary or advisable for the administration of the *Plan*.

Awards under the *Plan* to a *Covered Employee* may be made subject to the satisfaction of one or more *Performance Criteria*. *Performance Criteria* shall be established by the *Committee* for a *Participant* (or group of *Participants*) no later than ninety (90) days after the commencement of each *Performance Period* (or the date on which 25% of the *Performance Period* has elapsed, if earlier). The *Committee* may select one or more *Performance Criteria* and may apply those *Performance Criteria* on a corporate-wide or division/business segment basis; provided, however, that the *Committee* may not increase the amount of compensation payable to a *Covered Employee* upon the satisfaction of *Performance Criteria.*

The *Committee* or the *Board* may authorize one or more officers of the *Corporation* to select employees to participate in the *Plan* and to determine the number and type of *Awards* to be granted to such *Participants*, except with respect to *Awards* to officers subject to Section 16 of

the *Exchange Act*, or to non-employee directors of the *Corporation*, or to officers who are, or who are reasonably expected to be, *Covered Employees*. Any reference in the *Plan* to the *Committee* shall include such officer or officers.

The determinations of the *Committee* shall be made in accordance with their judgment as to the best interests of the *Corporation* and its stockholders and in accordance with the purposes of the *Plan*. Any determination of the *Committee* under the *Plan* may be made without notice or meeting of the *Committee*, if in writing signed by all the *Committee* members.

4. **Participants**. *Participants* may consist of all employees of the *Corporation* and its subsidiaries and all non-employee directors of the *Corporation*; provided, however, the following individuals shall be excluded from participation in the *Plan*: (a) contract labor; (b) employees whose base wage or base salary is not processed for payment by the payroll department of the *Corporation* or any subsidiary; and (c) any individual performing services under an independent contractor or consultant agreement, a purchase order, a supplier agreement or any other agreement that the *Corporation* enters into for service. Designation of a *Participant* in any year shall not require the *Committee* to designate that person to receive an *Award* in any other year or to receive the same type or amount of *Award* as granted to the *Participant* in any other year or as granted to any other *Participant* in any year. The *Committee* shall consider all factors that it deems relevant in selecting *Participants* and in determining the type and amount of their respective *Awards*.

5. **Shares Available under the Plan**. There is hereby reserved for issuance under the *Plan* an aggregate of 13,105,000 shares of *Stock*. *Stock* covered by an *Award* granted under the *Plan* shall not be counted as used unless and until actually issued and delivered to a *Participant*. Accordingly, if there is (a) a lapse, expiration, termination or cancellation of any *Stock Option* or other *Award* outstanding under this *Plan* prior to the issuance of *Stock* thereunder or (b) a forfeiture of any shares of *Restricted Stock* or *Stock* subject to *Awards* granted under this *Plan* prior to vesting, then the *Stock* subject to these *Stock Options* or other *Awards* shall be added to the *Stock* available for *Awards* under the *Plan*. In addition, any *Stock* covered by an *SAR* (including an *SAR* settled in *Stock* which the *Committee*, in its discretion, may substitute for an outstanding *Stock Option*) shall be counted as used only to the extent *Stock* is

actually issued to the *Participant* upon exercise of the right. Finally, any *Stock* exchanged by an optionee as full or partial payment of the exercise price under any *Stock Option* exercised under the *Plan*, any *Stock* retained by the *Corporation* to comply with applicable income tax withholding requirements, and any *Stock* covered by an *Award* which is settled in cash, shall be added to the *Stock* available for *Awards* under the *Plan*. All *Stock* issued under the *Plan* may be either authorized and unissued *Stock* or issued *Stock* reacquired by the *Corporation*. All of the available *Stock* may, but need not, be issued pursuant to the exercise of *Incentive Stock Options*; provided, however, notwithstanding a *Stock Option*'s designation, to the extent that *Incentive Stock Options* are exercisable for the first time by the *Participant* during any calendar year with respect to *Stock* whose aggregate *Fair Market Value* exceeds $100,000, such *Stock Options* shall be treated as *Nonqualified Stock Options*. No *Participant* may receive in any calendar year *Awards* relating to more than 2 million shares of *Stock*. The *Stock* reserved for issuance and the other limitations set forth above shall be subject to adjustment in accordance with section 15 hereto.

6. **Types of Awards, Payments, and Limitations**. *Awards* under the *Plan* shall consist of *Stock Options*, *SARs*, *Restricted Stock*, *RSUs*, *DSUs*, *Performance Shares*, *Performance Cash Awards*, and other *Stock* or cash *Awards*, all as described below. Payment of *Award*s may be in the form of cash, *Stock*, other *Awards* or combinations thereof as the *Committee* shall determine, and with the expectation that any *Award* of *Stock* shall be styled to preserve such restrictions as it may impose. The *Committee*, either at the time of grant or by subsequent amendment, and subject to the provisions of sections 20 and 21 hereto, may require or permit *Participants* to elect to defer the issuance of *Stock* or the settlement of *Award*s in cash under such rules and procedures as the *Committee* may establish under the *Plan.*

The *Committee* may provide that any *Awards* under the *Plan* earn dividends or dividend equivalents and interest on such dividends or dividend equivalents. Such dividends or dividend equivalents may be paid currently or may be credited to a *Participant's Plan* account and are subject to the same vesting or *Performance Criteria* as the underlying *Award*. Any crediting of dividends or dividend equivalents may be subject to such restrictions and conditions as the *Committee* may establish, including reinvestment in additional *Stock* or *Stock* equivalents.

*Award*s shall be evidenced by an agreement that sets forth the terms, conditions and limitations of such *Award*. Such terms may include, but are not limited to, the term of the *Award*, the provisions applicable in the event the *Participant's* employment terminates, and the *Corporation*'s authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind any *Award* including without limitation the ability to amend such *Awards* to comply with changes in applicable law. An *Award* may also be subject to other provisions (whether or not applicable to similar *Awards* granted to other *Participants*) as the *Committee* determines appropriate, including provisions intended to comply with federal or state securities laws and stock exchange requirements, understandings or conditions as to the *Participant's* employment, requirements or inducements for continued ownership of *Stock* after exercise or vesting of *Awards*, or forfeiture of *Awards* in the event of termination of employment shortly after exercise or vesting, or breach of noncompetition or confidentiality agreements following termination of employment.

The *Committee* may make retroactive adjustments to and the *Participant* shall reimburse to the *Corporation* any cash or equity based incentive compensation paid to the *Participant* where such compensation was predicated upon achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that the *Participant* otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from the *Participant's* misconduct. In each such instance, the *Corporation* will, to the extent practicable, seek to recover the amount by which the *Participant's* cash or equity based incentive compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results. The *Corporation* will, to the extent permitted by governing law, require reimbursement of any cash or equity based incentive compensation paid to any named executive officer (for purposes of this policy "named executive officers" has the meaning given that term in Item 402(a)(3) of Regulation S-K under the Securities Exchange Act of 1934) where: (i) the payment was predicated upon the achievement of certain financial results that were subsequently the subject of

a substantial restatement, and (ii) in the *Committee's* view the officer engaged in fraud or misconduct that caused or partially caused the need for the substantial restatement. In each instance described above, the *Corporation* will, to the extent practicable, seek to recover the described cash or equity based incentive compensation for the relevant period, plus a reasonable rate of interest.

Measurement of the attainment of *Performance Criteria* may exclude, if the *Committee* provides in an *Award* agreement, impact of charges for restructurings, discontinued operations, extraordinary items and other unusual or non-recurring items, and the cumulative effects of tax or accounting changes, each as defined by Generally Accepted Accounting Principles and as identified in the financial statements, in the notes to the financial statements, in the Management's Discussion and Analysis section of the financial statements, or in other Securities and Exchange Commission filings.

The *Committee*, in its sole discretion, may require a *Participant* to have amounts or *Stock* that otherwise would be paid or delivered to the *Participant* as a result of the exercise or settlement of an *Award* under the *Plan* credited to a deferred compensation or stock unit account established for the *Participant* by the *Committee* on the *Corporation*'s books of account. In addition, the *Committee* may permit *Participants* to defer the receipt of payments of *Awards* pursuant to such rules, procedures or programs as may be established for purposes of this *Plan*.

The *Committee* need not require the execution of any such agreement by a *Participant*. Acceptance of the *Award* by the respective *Participant* shall constitute agreement by the *Participant* to the terms of the *Award*.

7. **Stock Options**. *Stock Options* may be granted to *Participants*, at any time as determined by the *Committee*. The *Committee* shall determine the number of shares subject to each *Stock Option* and whether the *Stock Option* is an *Incentive Stock Option*. The exercise price for each *Stock Option* shall be determined by the *Committee* but shall not be less than 100% of the *Fair Market Value* of the *Stock* on the date the *Stock Option* is granted unless the *Stock Option* is a substitute or assumed *Stock Option* granted pursuant to section 16 hereto. Each *Stock Option* shall expire at such time as the *Committee* shall determine at the time of grant. *Stock*

Options shall be exercisable at such time and subject to such terms and conditions as the *Committee* shall determine; provided, however, that no *Stock Option* shall be exercisable later than the tenth anniversary of its grant. The exercise price, upon exercise of any *Stock Option*, shall be payable to the *Corporation* in full by: (a) cash payment or its equivalent; (b) tendering previously acquired *Stock* purchased on the open market having a *Fair Market Value* at the time of exercise equal to the exercise price or certification of ownership of such previously-acquired *Stock*; (c) to the extent permitted by applicable law, delivery of a properly executed exercise notice, together with irrevocable instructions to a broker to promptly deliver to the *Corporation* the amount of sale proceeds from the *Stock Option* shares or loan proceeds to pay the exercise price and any withholding taxes due to the *Corporation*; and (d) such other methods of payment as the *Committee*, in its discretion, deems appropriate. In no event shall the *Committee* cancel any outstanding *Stock Option* with an exercise price greater than the then current *Fair Market Value* of the *Stock* for the purpose of reissuing any other *Award* to the *Participant* at a lower exercise price nor reduce the exercise price of an outstanding *Stock Option* without stockholder approval. Reload options are not permitted.

8. **Stock Appreciation Rights**. *SARs* may be granted to *Participants* at any time as determined by the *Committee*. Notwithstanding any other provision of the *Plan*, the *Committee* may, in its discretion, substitute *SAR*s which can be settled only in *Stock* for outstanding *Stock Options*. The grant price of a substitute *SAR* shall be equal to the exercise price of the related *Stock Option* and the substitute *SAR* shall have substantive terms (*e.g.*, duration) that are equivalent to the related *Stock Option*. The grant price of any other *SAR* shall be equal to the *Fair Market Value* of the *Stock* on the date of its grant unless the *SARs* are substitute or assumed *SARs* granted pursuant to section 16 hereto. An *SAR* may be exercised upon such terms and conditions and for the term the *Committee* in its sole discretion determines; provided, however, that the term shall not exceed the *Stock Option* term in the case of a substitute *SAR* or ten years in the case of any other *SAR*, and the terms and conditions applicable to a substitute *SAR* shall be substantially the same as those applicable to the *Stock Option* which it replaces. Upon exercise of an *SAR*, the *Participant* shall be entitled to receive payment from the *Corporation* in an amount determined by multiplying (a) the difference between the *Fair Market Value* of a share of *Stock* on the date of exercise and the grant price of the *SAR* by (b) the number of shares with

respect to which the *SAR* is exercised. The payment may be made in cash or *Stock*, at the discretion of the *Committee*, except in the case of a substitute *SAR* payment which may be made only in *Stock*. In no event shall the *Committee* cancel any outstanding *SAR* with an exercise price greater than the then current *Fair Market Value* of the *Stock* for the purpose of reissuing any other *Award* to the *Participant* at a lower grant price nor reduce the grant price of an outstanding *SAR* without stockholder approval.

9. **Restricted Stock and RSUs**. *Restricted Stock* and *RSUs* may be awarded or sold to *Participants* under such terms and conditions as shall be established by the *Committee*. *Restricted Stock* and *RSUs* shall be subject to such restrictions as the *Committee* determines, including, without limitation, any of the following:

(a) a prohibition against sale, assignment, transfer, pledge, hypothecation or other encumbrance for a specified period;

(b) a requirement that the holder forfeit (or in the case of *Stock* or *RSUs* sold to the *Participant*, resell to the *Corporation* at cost) such *Stock* or *RSUs* in the event of termination of employment during the period of restriction; and

(c) the attainment of *Performance Criteria*.

All restrictions shall expire at such times as the *Committee* shall specify, but generally shall require the *Participant* to complete three years of service to fully vest in the *Award*.

10. **DSUs**. *DSUs* provide a *Participant* a vested right to receive *Stock* in lieu of other compensation at termination of employment or service or at a specific future designated date.

11. **Performance Shares**. The *Committee* shall designate the *Participants* to whom *Performance Shares* are to be awarded and determine the number of shares, the length of the *Performance Period* and the other terms and conditions of each such *Award*; provided the stated *Performance Period* will not be less than 12 months and to the extent the *Award* is designed to constitute performance-based compensation under *Code* Section 162(m), *Performance Criteria* shall be established within 90 days of the period of service to which the *Performance Criteria* relate has elapsed. Each *Award* of *Performance Shares* shall entitle the *Participant* to a payment in the form of *Stock* upon the attainment of *Performance Criteria* and other terms and conditions specified by the *Committee*.

Notwithstanding satisfaction of any *Performance Criteria*, the number of shares issued under a *Performance Shares Award* may be adjusted by the *Committee* on the basis of such further consideration as the *Committee* in its sole discretion shall determine. However, the *Committee* may not, in any event, increase the number of shares earned upon satisfaction of any *Performance Criteria* by any *Participant* who is a *Covered Employee*. The *Committee* may, in its discretion, make a cash payment equal to the *Fair Market Value* of *Stock* otherwise required to be issued to a *Participant* pursuant to a *Performance Share Award*.

12. **Performance Cash Awards**. The *Committee* shall designate the *Participants* to whom *Performance Cash Awards* are to be awarded and determine the amount of the *Award* and the terms and conditions of each such *Award*; provided the *Performance Period* will not be less than 12 months and to the extent the *Award* is designed to constitute performance-based compensation under *Code* Section 162(m), *Performance Criteria* shall be established within 90 days of the period of service to which the *Performance Criteria* relate has elapsed. Each *Performance Cash Award* shall entitle the *Participant* to a payment in cash upon the attainment of *Performance Criteria* and other terms and conditions specified by the *Committee*. No *Award* may be paid to a *Participant* in excess of $5,000,000 for any single year. If an *Award* is earned in excess of $5,000,000, the amount of the *Award* in excess of this amount shall be deferred in accordance with the date the Participant ceases to be covered by *Code* Section 162(m) (or six months after that date if the *Participant* ceases to be covered by *Code* Section 162(m) because of *Participant's* separation from service (as defined in *Code* Section 409A).

Notwithstanding the satisfaction of any *Performance Criteria*, the amount to be paid under a *Performance Cash Award* may be adjusted by the *Committee* on the basis of such further consideration as the *Committee* in its sole discretion shall determine. However, the *Committee* may not, in any event, increase the amount earned under *Performance Cash Awards* upon satisfaction of any *Performance Criteria* by any *Participant* who is a *Covered Employee*. The *Committee* may, in its discretion, substitute actual *Stock* for the cash payment otherwise required to be made to a *Participant* pursuant to a *Performance Cash Award*.

13. **Other Stock or Cash Awards**. In addition to the incentives described in sections 6 through 12 above, the *Committee* may grant other incentives payable in cash or in *Stock* under the *Plan* as it determines to be in the best interests of the *Corporation* and subject to such other terms and conditions as it deems appropriate; provided an outright grant of *Stock* will not be made unless it is offered in exchange for cash compensation that has otherwise already been earned by the recipient including without limitation awards earned under the Hanesbrands Inc. Performance-Based Annual Incentive Plan (or any successor annual incentive plan of the *Corporation*) or under the Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan.

14. **Change of Control**. Except as otherwise determined by the *Committee* at the time of grant of an *Award*, upon a *Change of Control*, all outstanding *Stock Options* and *SARs* shall become vested and exercisable; all restrictions on *Restricted Stock* and *RSUs* shall lapse; all *Performance Criteria* shall be deemed achieved at target levels and all other terms and conditions met; all *Performance Shares* shall be delivered; all *Performance Cash Awards*, *DSUs* and *RSUs* shall be paid out as promptly as practicable; and all other *Stock* or cash *Awards* shall be delivered or paid.

In the event that a payment or delivery of an *Award* following a *Change of Control* would not be a permissible distribution event, as defined in *Code* Section 409A(a)(2) or any regulations or other guidance issued thereunder, then the payment or delivery shall be made on the earlier of: (a) the date of payment or delivery originally provided for such *Award*; or (b) the date of termination of the *Participant's* employment or service with the *Corporation* or six months after such termination in the case of a "specified employee" (as defined in *Code* Section 409A(a)(2)(B)(i)).

15. **Adjustment Provisions**.

(a) In the event of any change affecting the number, class, market price or terms of the *Stock* by reason of share dividend, share split, recapitalization,

reorganization, merger, consolidation, spin-off, disaffiliation of a subsidiary, combination of *Stock*, exchange of *Stock*, *Stock* rights offering, or other similar event, or any distribution to the holders of *Stock* other than a regular cash dividend, the *Committee* shall equitably substitute or adjust the number or class of *Stock* which may be issued under the *Plan* in the aggregate or to any one *Participant* in any calendar year and the number, class, price or terms of shares of *Stock* subject to outstanding *Awards* granted under the *Plan*.

(b) In the event of any merger, consolidation or reorganization of the *Corporation* with or into another corporation which results in the outstanding *Stock* of the *Corporation* being converted into or exchanged for different securities, cash or other property, or any combination thereof, there shall be substituted, on an equitable basis, for each share of *Stock* then subject to an *Award* granted under the *Plan*, the number and kind of shares of stock, other securities, cash or other property to which holders of *Stock* will be entitled pursuant to the transaction.

16. **Substitution and Assumption of Awards**. The *Board* or the *Committee* may authorize the issuance of *Awards* under this *Plan* in connection with the assumption of, or substitution for, outstanding *Awards* previously granted to individuals who become employees of the *Corporation* or any subsidiary as a result of any merger, consolidation, acquisition of property or stock, or reorganization, upon such terms and conditions as the *Committee* may deem appropriate. Any substitute *Awards* granted under the *Plan* shall not count against the *Stock* limitations set forth in section 5 hereto, to the extent permitted by Section 303A.08 of the Corporate Governance Standards of the New York Stock Exchange.

17. **Nontransferability**. Each *Award* granted under the *Plan* shall not be transferable other than by will or the laws of descent and distribution, and each *Stock Option* and *SAR* shall be exercisable during the *Participant's* lifetime only by the *Participant* or, in the event of disability, by the *Participant's* personal representative. In the event of the death of a *Participant*, exercise of any *Award* or payment with respect to any *Award* shall be made only by or to the

beneficiary, executor or administrator of the estate of the deceased *Participant* or the person or persons to whom the deceased *Participant's* rights under the *Award* shall pass by will or the laws of descent and distribution. Subject to the approval of the *Committee* in its sole discretion, *Stock Options* may be transferable to charity or to members of the immediate family of the *Participant* and to one or more trusts for the benefit of such family members, partnerships in which such family members are the only partners, or corporations in which such family members are the only stockholders. Members of the immediate family means the *Participant's* spouse, children, stepchildren, grandchildren, parents, grandparents, siblings (including half brothers and sisters), and individuals who are family members by adoption.

18. **Taxes**. The *Corporation* shall be entitled to withhold the amount of any tax attributable to any amounts payable or *Stock* deliverable under the *Plan*, after giving notice to the person entitled to receive such payment or delivery, and the *Corporation* may defer making payment or delivery as to any *Award*, if any such tax is payable, until indemnified to its satisfaction. A *Participant* may pay all or a portion of any withholding limited to the minimum statutory amount arising in connection with the exercise of a *Stock Option* or *SAR* or the receipt or vesting of *Stock* hereunder by electing to have the *Corporation* withhold *Stock* having a *Fair Market Value* equal to the amount required to be withheld.

19. **Duration of the Plan**. No *Award* shall be made under the *Plan* more than ten years after the date of its adoption by the *Board*; provided, however, that the terms and conditions applicable to any *Stock Option* granted on or before such date may thereafter be amended or modified by mutual agreement between the *Corporation* and the *Participant*, or such other person as may then have an interest therein.

20. **Amendment and Termination**. The *Board* or the *Committee* may amend the *Plan* from time to time or terminate the *Plan* at any time. However, unless expressly provided in an *Award* or the *Plan*, no such action shall reduce the amount of any existing *Award* or change the terms and conditions thereof without the *Participant's* consent; provided, however, that the *Committee* may, in its discretion, substitute *SARs* which can be settled only in *Stock* for outstanding *Stock Options*, and may require an *Award* be deferred pursuant to section 6 hereto, without a *Participant's* consent; and further provided that the *Committee* may amend or

terminate an *Award* to comply with changes in law without a *Participant's* consent. Notwithstanding any provision of the *Plan* to the contrary, the final sentence in each of section 7 and section 8 of the *Plan* (regarding the reissuing at a relatively reduced price, *Stock Options* and *SARs* respectively) shall not be amended without stockholder approval. Notwithstanding any provision of the *Plan* to the contrary, to the extent that *Awards* under the *Plan* are subject to the provisions of *Code* Section 409A, then the *Plan* as applied to those amounts shall be interpreted and administered so that it is consistent with such *Code* section.

The *Corporation* shall obtain stockholder approval of any *Plan* amendment to the extent necessary to comply with applicable laws, regulations, or stock exchange rules.

21. **Other Provisions**.

(a) In the event any *Award* under this *Plan* is granted to an employee who is employed or providing services outside the United States and who is not compensated from a payroll maintained in the United States, the *Committee* may, in its sole discretion: (i) modify the provisions of the *Plan* as they pertain to such individuals to comply with applicable law, regulation or accounting rules consistent with the purposes of the *Plan*; and (ii) cause the *Corporation* to enter into an agreement with any local subsidiary pursuant to which such subsidiary will reimburse the *Corporation* for the cost of such equity incentives.

(b) Neither the *Plan* nor any *Award* shall confer upon a *Participant* any right with respect to continuing the *Participant's* employment with the *Corporation*; nor interfere in any way with the *Participant's* right or the *Corporation*'s right to terminate such relationship at any time, with or without cause, to the extent permitted by applicable laws and any enforceable agreement between the employee and the *Corporation*.

(c) No fractional shares of *Stock* shall be issued or delivered pursuant to the *Plan* or any *Award*, and the *Committee*, in its discretion, shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional shares of *Stock*, or whether such fractional shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

(d) In the event any provision of the *Plan* shall be held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the *Plan*, and the *Plan* shall be construed and enforced as if such illegal or invalid provisions had never been contained in the *Plan*.

(e) Payments and other benefits received by a *Participant* under an *Award* made pursuant to the *Plan* generally shall not be deemed a part of a *Participant's* compensation for purposes of determining the *Participant's* benefits under any other employee benefit plans or arrangements provided by the *Corporation* or a subsidiary, unless the *Committee* expressly provides otherwise in writing or unless expressly provided under such plan. The *Committee* shall administer, construe, interpret, and exercise discretion under the *Plan* and each *Award* in a manner that is consistent and in compliance with a reasonable, good faith interpretation of all applicable laws, and that avoids (to the extent practicable) the classification of any *Award* as "deferred compensation" for purposes of *Code* Section 409A, as determined by the *Committee*.

22. **Governing Law**. The *Plan* and any actions taken in connection herewith shall be governed by and construed in accordance with the laws of the state of North Carolina without regard to any state's conflict of laws principles. Any legal action related to this *Plan* shall be brought only in a federal or state court located in North Carolina.

23. **Stockholder Approval**. This *Plan* shall be effective as of July 2, 2006, as approved by Sara Lee Corporation as the sole shareholder of the *Corporation*.

Exhibit 10.2

HANESBRANDS INC. OMNIBUS INCENTIVE PLAN OF 2006
NON-EMPLOYEE DIRECTOR
RESTRICTED STOCK UNIT GRANT NOTICE AND AGREEMENT

To: **[Name]** (referred to as "you" or "Grantee", in this agreement)

Hanesbrands Inc. (the "Company") is pleased to confirm that you have been awarded a Restricted Stock Unit ("RSU") Award (this "Award"). This Award is subject to the terms of this Restricted Stock Unit Grant Notice and Agreement (this "Agreement") and is made under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (the "Plan") which is incorporated into this Agreement by reference.

1. **Grant of Restricted Stock Units.** Subject to the restrictions, limitations, terms and conditions specified in the Plan, the Participation Guide/Prospectus for the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (the "Plan Prospectus"), and this Agreement, the Company hereby Awards to you effective _____, 20__ (the "Award Date"), **[number]** RSUs which are considered Stock Awards under the Plan. These RSUs will vest on the first anniversary of the Award Date (the "Vesting Date"). At the time these RSUs vest, they will be converted into Deferred Stock Units ("DSUs"). Neither these RSUs nor the DSUs into which they are to be converted at vesting are transferable by you by means of sale, assignment, exchange, pledge, or otherwise until distributed to you.

2. **Dividend Equivalents.** Subject to the restrictions, limitations and conditions described in the Plan, dividend equivalents payable on the RSUs and the DSUs into which they are to be converted will be accrued on behalf of the Grantee at the time that cash dividends are otherwise paid to owners of Hanesbrands Inc. common stock. Interest will be credited on accrued dividend equivalent balances and will vest and will be paid to the Grantee with the distribution of the DSUs.

3. **Distribution of the DSUs**. Six months after your termination of service on the Company Board of Directors (the "Board"), any DSUs into which the RSUs have been converted will be payable to you along with a cash payment equal to the value of any fractional DSU so credited. Any RSUs which have not vested will be forfeited. However, if your termination of Board service is due to your death or permanent and total disability, all unvested RSUs will vest and be converted into DSUs as of the date of death or the date you are determined to be permanently and totally disabled, and all DSUs will be distributed to you or your estate, as applicable, as soon as practical thereafter. You are personally responsible for the payment of all taxes related to distribution.

4. **Adjustments.** If the number of outstanding shares of Company common stock is changed as a result of a stock split or the like without additional consideration to the Company, the number of RSUs or DSUs into which such RSUs are converted subject to this Award shall be equitably adjusted to correspond to the change in the outstanding shares of common stock.

5. **Rights as a Stockholder**. Except as provided in Paragraph 2 above (regarding dividends), You shall have no rights as a stockholder of the Company in respect of the RSUs or DSUs into which such RSUs are converted, including the right to vote, until and unless the ownership of Shares represented by the DSUs has been distributed to you.

6. **No Rights to Continued Service.** Nothing in this Agreement, the Plan Prospectus, or the Plan confers on any Grantee any right to continue on the Board. You further acknowledge that this Award is for future services to the Company and is not under any circumstances to be considered compensation for past services.

7. **Miscellaneous**.

a. **Interpretations**. Any dispute, disagreement or question which arises under, or as a result of, or in any way relates to the interpretation, construction or application of the Agreement, the Plan Prospectus, or the Plan will be determined and resolved by the Compensation and Benefits Committee of the Company's Board of Directors ("Committee"). Such determination or resolution by the Committee will be final, binding and conclusive for all purposes.

b. **Modification.** The Committee may amend or modify this Award in any manner to the extent that the Committee would have had the authority under the Plan initially to award such Award, provided that no such amendment or modification shall impair your rights under this Agreement without your consent. This Agreement generally may be amended, modified or supplemented only by an instrument in writing signed by both parties hereto. Notwithstanding anything in this Agreement, the Plan Prospectus, or the Plan to the contrary, this Award may be amended by the Company without the consent of the Grantee, including but not limited to modifications to any of the rights awarded to the Grantee under this Agreement, at such time and in such manner as the Company may consider necessary or desirable to reflect changes in law. In addition, the Grantee understands that the Company may amend, resubmit, alter, change, suspend, cancel, or discontinue the Plan at any time without limitation.

c. **Conformity with the Plan**. This Award is intended to conform in all respects with, and is subject to, all applicable provisions of the Plan. Any capitalized terms used herein that are otherwise undefined shall have the same meaning provided in the Plan. Any inconsistencies between this Agreement, the Plan Prospectus or the Plan shall be resolved in accordance with the terms of the Plan.

d. **Governing Law.** All matters regarding or affecting the relationship of the Company and its stockholders shall be governed by the General Corporation Law of the State of Maryland. All other matters arising under this Agreement including matters of validity, construction and interpretation, shall be governed by the internal laws of the State of North Carolina, without regard to any state's conflict of law principles. You and the Company agree that all claims in respect of any action or proceeding arising out of or relating to this Agreement shall be heard or determined in any state or federal court sitting in North Carolina, and you agree to submit to the jurisdiction of such courts, to bring all such actions or proceedings in such courts and to waive any defense of inconvenient forum to such actions or proceedings. A final judgment in any action or proceeding so brought shall be conclusive and may be enforced in any manner provided by law.

e. **Successors and Assigns.** Except as otherwise provided herein, this Agreement will bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto whether so expressed or not.

f. **Severability.** Whenever feasible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

8. **Plan Documents**. The Plan Prospectus is available at www.etrade.com.

9. **Acceptance of Terms and Conditions**. By accepting this Award, you agree that the Award is made at the discretion of the Committee and that acceptance of this Award is no guarantee that future Awards will be made under the Plan. You agree to be bound by the terms and conditions herein, the Plan, and any and all conditions established by the Company in connection with Awards issued under the Plan, and understand that this Award does not confer any legal or equitable right (other than those rights constituting the Award itself) against the Company or any Subsidiary directly or indirectly, or give rise to any cause of action at law or in equity against the Company.

Exhibit 10.3

HANESBRANDS INC.
OMNIBUS INCENTIVE PLAN OF 2006
STOCK OPTION GRANT NOTICE AND AGREEMENT

To: [Name] (referred to herein as "Grantee" or "you")

Hanesbrands Inc. (the "Company") is pleased to confirm that you have been granted a stock option Award (this "Award"), effective _____ __, 20__ (the "Grant Date"). This Award is subject to the terms of this Stock Option Grant Notice and Agreement (this "Agreement") and is made under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (the "Plan") which is incorporated into this Agreement by reference. Any capitalized terms used herein that are otherwise undefined shall have the same meaning provided in the Plan.

1. **Acceptance of Terms and Conditions**. By electronically acknowledging and accepting this Award within 30 days after the date of the electronic mail notification to you of the grant of this Award ("Email Notification Date"), you agree to be bound by the terms and conditions herein, the Plan and any and all conditions established by the Company in connection with Awards issued under the Plan, and understand that this Award does not confer any legal or equitable right (other than those rights constituting the Award itself) against the Company or any Subsidiary directly or indirectly, or give rise to any cause of action at law or in equity against the Company. In order to exercise the Award described in this Agreement, you must accept this Award within 30 days of the Email Notification Date.

2. **Exercise Right**. Your Award is to purchase, on the terms and conditions set forth below, the following number of shares (the "Option Shares") of the Company's common stock, par value $.01 per share (the "Common Stock") at the exercise price specified below (the "Exercise Price").

Number of Option Shares	**Exercise Price Per Option Share**
	$

3. **Option Type**. This Award is comprised of [non-qualified OR incentive] stock options and is intended to conform in all respects with the Plan, a copy of which is available from the Company's Compensation and Benefits Department, and the provisions of which are incorporated herein by reference. This Award [is OR is not] intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

4. **Expiration Date**. The Option Shares granted herein expire on the [_____] anniversary of the Grant Date (the "Expiration Date"), subject to earlier expiration upon your death, disability or other termination of employment, as provided below.

5. **Vesting**. This Award may be exercised only to the extent it has vested. Subject to Paragraphs 6 and 7 below, and provided that, for each of the below-stated anniversary dates on which you continue to be employed by the Company or any of its Subsidiaries (collectively, the "HbI Companies"), you will vest in the below-stated percentage of the total number Option Shares awarded under this Agreement until you are 100% vested in your Award:

Anniversary Date	**Vested % of Option Shares Awarded**
[Date]	[%]
[Date]	[%]
[Date]	[%]

6. **Death, or Total Disability**. In the event that you cease active employment with the HbI Companies, because of your death or permanent and total disability (as defined under the appropriate disability benefit plan if applicable), all Option Shares will vest as of the date of death or the date you are determined to be permanently and totally disabled, and the last date on which Option Shares may be exercised is the Expiration Date.

7. **Retirement**. The retirement provisions described in this Paragraph apply solely to this Agreement. If you cease active employment with the HbI Companies after attaining age 50 or older and completing at least ten years of service with the HbI Companies, then this Award will continue to vest subject to Paragraph 5, and the last date on which Option Shares may be exercised is the Expiration Date. For purposes of determining whether you have 10 years of service, your service with the HbI Companies and Sara Lee Corporation will both be counted; however at least three of the ten years of service must be with the HbI Companies after HbI's establishment as a separate public company on September 5, 2006. If you were age 60 or older on September 5, 2006, the three-year HbI service requirement is waived.

8. **Other Terminations of Employment and Change in Control**.

a. **Involuntary Termination With Severance.** If your employment with the Company is terminated by the Company and you are eligible to receive severance benefits under any written severance plan of the Company (a "Severance Event Termination"), then all unvested Option Shares continue to vest for 90 days after the date of termination, after which they are forfeited, and the last date on which vested Option Shares may be exercised is 90 days after the date of termination.

b. **Non-Severance Event Termination**. If your employment is terminated by the Company and you are not eligible for severance pay under the Company's severance plans (i.e. your employment is terminated for Cause) then all vested and unvested Option Shares are forfeited on the date of termination and may not be exercised.

c. **Voluntary Termination**. If you voluntarily terminate your employment with the Company, other than as described in Paragraph 7 above, then all unvested Option Shares are forfeited on the date of termination, and the last date on which vested Option Shares may be exercised is the 90-day anniversary of the date of termination.

d. **Change in Control.** In the event your employment with the Company is terminated as a result of a transaction that would be considered a Change of Control as defined in Paragraph 2 of the Plan, all then outstanding Option Shares shall become vested and exercisable, and all Performance Criteria shall be deemed achieved at target levels.

e. **Other Sale, Closing or Spin-off.** In the event your employment with the Company is terminated as a result of the sale, closing or spin-off of a division, business unit or other component of the Company not considered a Change of Control as defined in Paragraph 2 of the Plan, all Option Shares will vest as of the closing date of the transaction and be exercisable for six months following the closing date of the transaction, subject to the provisions of Paragraph 9, unless otherwise determined by the Company.

9. **Exercise**. This Award may be exercised in whole or in part for the number of Option Shares designated by you on either a paper form specified by the Company or via electronic instructions to the Company's designated agent. Any such exercise of this Award shall be accompanied by full payment of the Exercise Price for such number of Option Shares. Payment of the Exercise Price may be made in one of the following forms:

a. in cash;

b. by surrendering previously acquired shares of Common Stock having a Fair Market Value at the time of exercise equal to the Exercise Price;

c. by certifying ownership of shares of Common Stock having a Fair Market Value at the time of exercise equal to the Exercise Price in exchange for a reduction in the number of shares of Common Stock issuable upon the exercise of the Award; or

d. to the extent permitted by applicable law, by delivery of irrevocable instructions to a broker to (1) promptly deliver to the Company the amount of sale proceeds from the Stock Option shares or loan proceeds to pay the Exercise Price and any withholding taxes due to the Company, and (2) deliver to you the balance of the Stock Option proceeds in the form of cash or shares of Common Stock (as you select).

In connection with any payment of the Exercise Price by surrender or attesting to the ownership of shares of Common Stock, proof acceptable to the Company shall be submitted substantiating the shares owned. The value of previously acquired shares submitted (directly or by attestation) in payment for the Option Shares purchased upon exercise shall be equal to the aggregate fair market value (as defined in the Plan) of such previously acquired shares on the date of the exercise. Option Shares will be considered finally exercised on the date on which your payment of the Exercise Price has been received by the Company. The exercise of any portion of this Award will be considered your acceptance of all terms and conditions specified in this Agreement. You are personally responsible for the payment of all taxes related to the exercise.

10. **Forfeiture**. Notwithstanding anything contained in this Agreement to the contrary, if you engage in any activity inimical, contrary or harmful to the interests of the Company or any Subsidiary, including but not limited to: (1) competing, directly or indirectly (either as owner, employee or agent), with any of the businesses of the Company, (2) violating the Company's Global Business Standards, (3) soliciting any present or future employees or customers of the Company to terminate such employment or business relationship(s) with the Company, (4) disclosing or misusing any confidential information regarding the Company, (5) participating in any activity not approved by the Board of Directors which could reasonably be foreseen as contributing to or resulting in a Change of Control of the Company (as defined in the Plan) (such activities to be collectively referred to as "wrongful conduct") or (6) disparaging or criticizing, orally or in writing, the business, products, policies, decisions, directors, officers or employees of Company or any of its subsidiaries or affiliates to any person, then (i) this Award, to the extent it remains unexercised, shall terminate automatically on the date on which you first engaged in such wrongful conduct and (ii) you shall pay to the Company in cash any financial gain you realized from exercising all or a portion of this Award within the 12-month period immediately preceding such wrongful conduct. For purposes of this Paragraph 10, financial gain shall equal, on each date of exercise during the 12- month period immediately preceding such wrongful conduct, the difference between the fair market value of the Common Stock on the date of exercise and the Exercise Price, multiplied by the number of shares of Common Stock purchased pursuant to that exercise (without reduction for any shares of Common Stock surrendered or attested to) reduced by any taxes paid in countries other than the United States to acquire and or exercise and which taxes are not otherwise eligible for refund from the taxing authorities. By accepting this Award, you consent to and authorize the Company to deduct from any amounts payable by the Company to you, any amounts you owe to the Company under this Paragraph 10.

The Compensation and Benefits Committee of the Company's Board of Directors ("Committee") may make retroactive adjustments to this Award and you shall reimburse to the Company any financial gain (described above) you realized from exercising all or a portion of this Award where such gain was predicated upon achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that you otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from your misconduct. In each such instance, the Company will, to the extent practicable, seek to recover the amount by which your incentive compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results. The Company will, to the extent permitted by governing law, require forfeiture of any excess unvested Option Shares and reimbursement to the Company for any financial gain realized from the exercise of any excess vested Option Shares for any Award paid to any named executive officer (for purposes of this policy "named executive officers" has the meaning given that term in Item 402(a)(3) of Regulation S-K under the Securities Exchange Act of 1934) where: (i) the payment

was predicated upon the achievement of certain financial results that were subsequently the subject of a substantial restatement, and (ii) in the Committee's view the officer engaged in fraud or misconduct that caused or partially caused the need for the substantial restatement.

In each instance described above, the Company will, to the extent practicable, seek to recover the described incentive compensation for the relevant period, plus a reasonable rate of interest. By accepting this Agreement, you consent to and authorize the Company to deduct from any amounts payable by the Company to you, any amounts you owe to the Company under this section. This right of set-off is in addition to any other remedies the Company may have against you for your breach of this Agreement.

11. **Adjustments**. If the number of outstanding shares of Company Common Stock is changed as a result of a stock split or the like without additional consideration to the Company, the number of Option Shares subject to this Award and the Exercise Price shall be adjusted to correspond to the change in the outstanding shares of Common Stock.

12. **Rights as a Stockholder**. You will have no rights as a stockholder with respect to any Option Shares until and unless ownership of such Option Shares has been transferred to you.

13. **Public Offer Waiver**. By voluntarily accepting this Award, you acknowledge and understand that your rights under the Plan are offered to you strictly as an employee of the HbI Companies and that this Award is not an offer of securities made to the general public.

14. **Transferability of Option Shares**. You may not offer, sell or otherwise dispose of any Common Stock covered by the Option Shares in a way which would: (i) require the Company to file any registration statement with the Securities and Exchange Commission (or any similar filing under state law or the laws of any other country) or to amend or supplement any such filing or (ii) violate or cause the Company to violate the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, any other state or federal law, or the laws of any other country. The Company reserves the right to place restrictions on Common Stock received by you pursuant to this Award.

15. **Conformity with the Plan**. This Award is intended to conform in all respects with, and is subject to all applicable provisions of the Plan. Inconsistencies between this Agreement, the Plan, or the Participation Guide/Prospectus for Hanesbrands Inc. Omnibus Incentive Plan of 2006 (the "Plan Prospectus") shall be resolved in accordance with the terms of the Plan. By your acceptance of this Agreement, you agree to be bound by all of the terms of this Agreement, the Plan, and the Plan Prospectus.

16. **Interpretations**. Any dispute, disagreement or question which arises under, or as a result of, or in any way relates to the interpretation, construction or application of the Plan, this Agreement, or the Plan Prospectus will be determined and resolved by the Committee or its authorized delegate. Such determination or resolution by the Committee or its authorized delegate will be final, binding and conclusive for all purposes.

17. **No Rights to Continued Employment**. By voluntarily acknowledging and accepting this Award, you acknowledge and understand that this Award shall not form part of any contract of employment between you and any of the HbI Companies. Nothing in the Agreement, the Plan Prospectus, or the Plan confers on any Grantee any right to continue in the employ of the HbI Companies or in any way affects the HbI Companies' right to terminate the Grantee's employment without prior notice at any time or for any reason. You further acknowledge that this grant is for future services to the HbI Companies and is not under any circumstances to be considered compensation for past services.

18. **Consent to Transfer Personal Data**. By accepting this Award, you voluntarily acknowledge and consent to the collection, use, processing and transfer of personal data as described in this Paragraph. You are not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect your ability to participate in the Plan. The Company holds certain personal information about you, that may include your name, home address and telephone number, fax number, email address, family size, marital status, sex, beneficiary information, emergency contacts, passport / visa information, age, language skills, drivers license information, date of birth, birth certificate, social security number or other employee identification number, nationality, C.V. (or resume), wage history, employment references, job title, employment or severance contract, current wage and benefit information, personal bank account number, tax related information, plan or benefit enrollment forms and elections, option or benefit statements, any shares of stock or directorships in the Company, details of all options or any other entitlements to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the Plan ("Data"). The Company and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. You authorize them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on your behalf to a broker or other third party with whom you may elect to deposit any shares of stock acquired pursuant to the Plan. You may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing your consent may affect your ability to participate in the Plan.

19. **Miscellaneous**.

a. **Modification**. The grant of this Award is documented by the records of the Committee or its delegate which shall be the final determinant of the number of shares granted and the conditions of this Agreement. The Committee may amend or modify this Award in any manner to the extent that the Committee would have had the authority under the Plan initially to grant such Award, provided that no such amendment or modification shall impair your rights under this Agreement without your consent. Except as in accordance with the two immediately preceding sentences and Paragraph 21, this Agreement may be amended, modified or supplemented only by an instrument in writing signed by both parties hereto.

b. **Governing Law**. All matters regarding or affecting the relationship of the Company and its stockholders shall be governed by the General Corporation Law of the State of Maryland. All other matters arising under this Agreement including matters of validity, construction and interpretation, shall be governed by the internal laws of the State of North Carolina, without regard to any state's conflict of law principles. You and the Company agree that all claims in respect of any action or proceeding arising out of or relating to this Agreement shall be heard or determined in any state or federal court sitting in North Carolina, and you agree to submit to the jurisdiction of such courts, to bring all such actions or proceedings in such courts and to waive any defense of inconvenient forum to such actions or proceedings. A final judgment in any action or proceeding so brought shall be conclusive and may be enforced in any manner provided by law.

c. **Successors and Assigns**. Except as otherwise provided herein, this Agreement will bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto whether so expressed or not.

d. **Severability**. Whenever feasible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

e. **Impact Upon Termination of Employment**. By voluntarily acknowledging and accepting this Award, you agree that no benefits accruing under the Plan will be reflected in any severance or indemnity payments that the Company may make or be required to make to you in the future, regardless of the jurisdiction in which you may be located.

20. **Confidentiality**. You agree that you will not disclose the existence or terms of this Agreement to any other employees of the Company or third parties with the exception of your accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with legal process. Eligibility for this Award is contingent upon strict confidentiality of the terms and provisions of this Agreement and [requires OR may require] a signed confidentiality agreement.

21. **Amendment**. By accepting this Award, you agree that the granting of the Award is at the discretion of the Committee and that acceptance of this Award is no guarantee that future Awards will be granted under the Plan. Notwithstanding anything in this Agreement, the Plan Prospectus, or the Plan or to the contrary, this Award may be amended by the Company without the consent of the Grantee, including but not limited to modifications to any of the rights granted to the Grantee under this Agreement, at such time and in such manner as the Company may consider necessary or desirable to reflect changes in law. The Grantee understands that the Company may amend, resubmit, alter, change, suspend cancel, or discontinue the Plan at any time without limitation.

22. **Plan Documents**. The Plan Prospectus is available at www.etrade.com.

SUPPLEMENT 1 TO HANESBRANDS INC. OMNIBUS INCENTIVE PLAN OF 2006
STOCK OPTION GRANT NOTICE AND AGREEMENT

CONFIDENTIALITY AGREEMENT

In consideration for the Award described in the Stock Option Grant Notice and Agreement effective _____ __, 20__ (the "Award"), I, _____ agree that I will not disclose the existence or terms of the Award to any other employees of the Company or third parties with the exception of my accountants, attorneys, or spouse, and I shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with legal process.

Dated: _____

_____
[Name]

Exhibit 10.4

HANESBRANDS INC.
OMNIBUS INCENTIVE PLAN OF 2006
RESTRICTED STOCK UNIT GRANT NOTICE AND AGREEMENT

To: **[Name]** (referred to herein as "Grantee" or "you")

Hanesbrands Inc. (the "Company") is pleased to confirm that you have been granted a Restricted Stock Unit ("RSU") Award (this "Award"), effective _____ __, 20__ (the "Award Date"). This Award is subject to the terms of this Restricted Stock Unit Grant Notice and Agreement (this "Agreement") and is made under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (the "Plan") which is incorporated into this Agreement by reference. Any capitalized terms used herein that are otherwise undefined shall have the same meaning provided in the Plan.

1. **Acceptance of Terms and Conditions**. By electronically acknowledging and accepting this Award within 30 days after the date of the electronic mail notification to you of the grant of this Award ("Email Notification Date"), you agree to be bound by the terms and conditions herein, the Plan and any and all conditions established by the Company in connection with Awards issued under the Plan, and understand that this Award does not confer any legal or equitable right (other than those rights constituting the Award itself) against the Company or any Subsidiary directly or indirectly, or give rise to any cause of action at law or in equity against the Company. In order to vest in the RSUs described in this Agreement, you must accept this Award within 30 days of the Email Notification Date.

2. **Grant of Restricted Stock Units**. Subject to the restrictions, limitations, terms and conditions specified in the Plan, the Participation Guide/Prospectus for Hanesbrands Inc. Omnibus Incentive Plan of 2006 (the "Plan Prospectus"), and this Agreement, the Company hereby grants you as of the Award Date__ RSUs which are considered Stock Awards under the Plan. These RSUs will remain restricted until the end of each applicable vesting date set forth below (each, a "Vesting Date"). Prior to the Vesting Dates, the RSUs are not transferable by the Grantee by means of sale, assignment, exchange, pledge, or otherwise. For each of the below-stated Vesting Dates on which you continue to be employed by the Company, you will vest in the below-stated percentage of the total number of RSUs awarded in this Agreement, until you are 100% vested:

Vesting Date	**Vested Percentage of RSUs Awarded**
[Date]	[%]
[Date]	[%]
[Date]	[%]

3. **Dividend Equivalents**. Subject to the restrictions, limitations and conditions described in the Plan, dividend equivalents payable on the RSUs will be accrued on behalf of the Grantee at the time that cash dividends are otherwise paid to owners of Hanesbrands Inc. common stock. Interest will be credited on accrued dividend equivalent balances and will vest and will be paid to the Grantee with the distribution of the shares following each of the Vesting Dates.

4. **Distribution of the RSUs/Right of Offset**. No stock certificates will be issued with respect to any shares of Stock. Stock ownership shall be kept electronically in the Grantee's name, or in the Grantee's name and in the name of another person of legal age as joint tenants with right of survivorship, as applicable. If withholding of taxes is not required, none will be taken and the gross number of shares will be distributed. The Grantee is personally responsible for the payment of all taxes related to distribution. The Company or any Subsidiary shall have the right to deduct from any Award, an amount equal to any income, social, or other taxes of any kind required by law to be withheld in

connection with the Award, deferral or settlement of the RSUs or other securities pursuant to this Agreement. If the distribution of RSUs is subject to tax withholding, such taxes will be settled by withholding cash and/or a number of shares with a market value not less than the amount of such taxes. The Company shall also have the right to withhold shares deliverable upon vesting of the RSUs to satisfy, in whole or in part, the amount the Company is required to withhold for taxes in connection with the award, deferral or settlement of the RSUs or other securities pursuant to this Agreement. Any cash from dividend equivalents and accrued interest remaining after withholding taxes are paid will be paid in cash to the Grantee.

5. **Election to Defer Distribution**. If the distribution is subject to U.S. tax law, an eligible Grantee may elect to defer the distribution of some or all of the RSUs. Such election shall be in accordance with rules established by the Compensation and Benefits Committee of the Company's Board of Directors ("Committee") and in general must be received in writing by the Company no later than the end of the calendar year prior to the calendar year in which the Participant vests in that portion of the RSUs Participant wishes to defer. The deferral, if elected, will result in the transfer of the RSUs into the Company's deferred compensation plan Stock Equivalent Account in effect, and applicable to the Grantee at the time the RSUs would have otherwise been distributed. The applicable Company deferred compensation plan rules will govern the administration of this Award beginning on the date the RSUs are credited to the applicable deferred compensation plan.

6. **Death, or Total Disability**. In the event that you cease active employment with the Company or any of its Subsidiaries (collectively, the "HbI Companies"), because of your death or permanent and total disability (as defined under the appropriate disability benefit plan if applicable), all RSUs will vest as of the date of death or the date you are determined to be permanently and totally disabled.

7. **Retirement**. The retirement provisions described in this Paragraph apply solely to this Agreement. If you cease active employment with the HbI Companies after attaining age 50 or older and completing at least ten years of service with the HbI Companies, then these RSUs will continue to vest subject to Paragraph 2. For purposes of determining whether you have 10 years of service, your service with the HbI Companies and Sara Lee Corporation will both be counted; however at least three of the ten years of service must be with the HbI Companies after HbI's establishment as a separate public company on September 5, 2006. If you were age 60 or older on September 5, 2006, the three-year HbI service requirement is waived.

8. **Other Terminations of Employment and Change in Control.**

a. **Involuntary Termination With Severance.** If your employment with the Company is terminated by the Company and you are eligible to receive severance benefits under any written severance plan of the Company (a "Severance Event Termination"), then vesting continues for 90 days after the date of termination, after which time unvested RSUs are forfeited.

b. **Voluntary Termination**. If you voluntarily terminate your employment with the Company, other than as described in Paragraph 7 above, then vesting ends, and all unvested RSUs are forfeited, on the date of termination.

c. **Non-Severance Event Termination**. If your employment is terminated by the Company and you are not eligible for severance pay under the Company's severance plans (i.e. your employment is terminated for Cause) then vesting ends, and all unvested RSUs are forfeited, on the date of termination.

d. **Change in Control or Other Sale, Closing or Spin-off.** In the event your employment with the Company is terminated as a result of the sale, closing or spin-off of a division, business unit or other component of the Company, or upon a Change of Control as defined in the Plan, all restrictions on outstanding RSUs shall lapse, any Performance Criteria (as

defined in the Plan or any program description) shall be deemed achieved at target levels, and RSUs shall be paid out as promptly as practicable; provided that if payment would not be a permissible distribution event, such payment will be made under terms described in Section 14 of the Plan.

9. **Forfeiture**. Notwithstanding anything contained in this Agreement to the contrary, if you engage in any activity inimical, contrary or harmful to the interests of the Company or any Subsidiary, including but not limited to: (1) competing, directly or indirectly (either as owner, employee or agent), with any of the businesses of the Company, (2) violating the Company's Global Business Standards, (3) soliciting any present or future employees or customers of the Company to terminate such employment or business relationship(s) with the Company, (4) disclosing or misusing any confidential information regarding the Company, (5) participating in any activity not approved by the Board of Directors which could reasonably be foreseen as contributing to or resulting in a Change of Control of the Company (as defined in the Plan) (such activities to be collectively referred to as "wrongful conduct"), or (6) disparaging or criticizing, orally or in writing, the business, products, policies, decisions, directors, officers or employees of Company or any of its subsidiaries or affiliates to any person, then (i) RSUs, to the extent they remain subject to restriction, shall terminate automatically on the date on which you first engaged in such wrongful conduct and (ii) you shall pay to the Company in cash any financial gain you realized from the vesting of the RSUs within the 12-month period immediately preceding such wrongful conduct. For purposes of this Paragraph 9, financial gain shall equal, on each Vesting Date during the twelve month period immediately preceding such wrongful conduct, the fair market value of Company common stock on the that date, multiplied by the number of shares of common stock vested on that date, reduced by any taxes paid in countries other than the United States with respect to such vesting and which taxes are not otherwise eligible for refund from the taxing authorities. By accepting this Award, you consent to and authorize the Company to deduct from any amounts payable by the Company to you, any amounts you owe to the Company under this Paragraph 9.

The Committee may make retroactive adjustments to, and you shall reimburse to the Company any RSUs paid to you where such compensation was predicated upon, achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that you otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from your misconduct. In each such instance, the Company will, to the extent practicable, seek to recover the amount by which your incentive compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results. The Company will, to the extent permitted by governing law, require forfeiture of any excess unvested RSUs and reimbursement to the Company for any financial gain realized from the vesting of any excess vested RSUs for any named executive officer (for purposes of this policy "named executive officers" has the meaning given that term in Item 402(a)(3) of Regulation S-K under the Securities Exchange Act of 1934) where: (i) the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a substantial restatement, and (ii) in the Committee's view the officer engaged in fraud or misconduct that caused or partially caused the need for the substantial restatement.

In each instance described above, the Company will, to the extent practicable, seek to recover the described incentive compensation for the relevant period, plus a reasonable rate of interest. By accepting this Agreement, you consent to and authorize the Company to deduct from any amounts payable by the Company to you, any amounts you owe to the Company under this section. This right of set-off is in addition to any other remedies the Company may have against you for your breach of this Agreement.

10. **Adjustments**. If the number of outstanding shares of Company common stock is changed as a result of a stock split or the like without additional consideration to the Company, the number of RSUs subject to this Award shall be adjusted to correspond to the change in the outstanding shares of common stock.

11. **Rights as a Stockholder**. Except as provided in Paragraph 3 above (regarding dividends), Grantee shall have no rights as a stockholder of the Company in respect of the RSUs, including the right to vote until and unless the RSUs have vested, and ownership of Shares represented by the RSUs has been transferred to you.

12. **Public Offer Waiver**. By voluntarily accepting this Award, you acknowledge and understand that your rights under the Plan are offered to you strictly as an employee of the HbI Companies and that this Award of RSUs is not an offer of securities made to the general public.

13. **Conformity with the Plan**. This Award is intended to conform in all respects with, and is subject to, all applicable provisions of the Plan. Inconsistencies between this Agreement, the Plan Prospectus or the Plan shall be resolved in accordance with the terms of the Plan. By your acceptance of this Agreement, you agree to be bound by all of the terms of this Agreement, the Plan, or the Plan Prospectus.

14. **Interpretations**. Any dispute, disagreement or question which arises under, or as a result of, or in any way relates to the interpretation, construction or application of the terms of this Agreement, the Plan, or the Plan Prospectus will be determined and resolved by the Committee or its authorized delegate. Such determination or resolution by the Committee or its authorized delegate will be final, binding and conclusive for all purposes.

15. **No Rights to Continued Employment**. By voluntarily acknowledging and accepting this Award, you acknowledge and understand that this Award shall not form part of any contract of employment between you and any of the HbI Companies. Nothing in the Agreement, the Plan Prospectus, or the Plan confers on any Grantee any right to continue in the employ of the HbI Companies or in any way affects the HbI Companies' right to terminate the Grantee's employment without prior notice at any time or for any reason. You further acknowledge that this Award is for future services to the HbI Companies and is not under any circumstances to be considered compensation for past services.

16. **Consent to Transfer Personal Data**. By accepting this Award, you voluntarily acknowledge and consent to the collection, use, processing and transfer of personal data as described in this Paragraph. You are not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect your ability to participate in the Plan. The Company holds certain personal information about you, that may include your name, home address and telephone number, fax number, email address, family size, marital status, sex, beneficiary information, emergency contacts, passport / visa information, age, language skills, drivers license information, date of birth, birth certificate, social security number or other employee identification number, nationality, C.V. (or resume), wage history, employment references, job title, employment or severance contract, current wage and benefit information, personal bank account number, tax related information, plan or benefit enrollment forms and elections, option or benefit statements, any shares of stock or directorships in the Company, details of all options or any other entitlements to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the Plan ("Data"). The Company and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. You authorize them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on your behalf to a broker or other third party with whom you may elect to deposit any shares of stock acquired pursuant to the Plan. You may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Company; however, withdrawing your consent may affect your ability to participate in the Plan.

17. **Miscellaneous**.

a. **Modification**. The Award of these RSUs is documented by the records of the Committee or its delegate which shall be the final determinant of the number of shares granted and the conditions of this Agreement. The Committee may amend or modify this Award in any manner to the extent that the Committee would have had the authority under the Plan initially to grant such Award, provided that no such amendment or modification shall impair your rights under this Agreement without your consent. Except as in accordance with the two immediately preceding sentences and Paragraph 19, this Agreement may be amended, modified or supplemented only by an instrument in writing signed by both parties hereto.

b. **Governing Law**. All matters regarding or affecting the relationship of the Company and its stockholders shall be governed by the General Corporation Law of the State of Maryland. All other matters arising under this Agreement including matters of validity, construction and interpretation, shall be governed by the internal laws of the State of North Carolina, without regard to any state's conflict of law principles. You and the Company agree that all claims in respect of any action or proceeding arising out of or relating to this Agreement shall be heard or determined in any state or federal court sitting in North Carolina, and you agree to submit to the jurisdiction of such courts, to bring all such actions or proceedings in such courts and to waive any defense of inconvenient forum to such actions or proceedings. A final judgment in any action or proceeding so brought shall be conclusive and may be enforced in any manner provided by law.

c. **Successors and Assigns**. Except as otherwise provided herein, this Agreement will bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto whether so expressed or not.

d. **Severability**. Whenever feasible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

e. **Impact Upon Termination of Employment**. By voluntarily acknowledging and accepting this Award, you agree that no benefits accruing under the Plan will be reflected in any severance or indemnity payments that the Company may make or be required to make to you in the future, regardless of the jurisdiction in which you may be located.

18. **Confidentiality**. You agree that you will not disclose the existence or terms of this Agreement to any other employees of the Company or third parties with the exception of your accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with legal process. Eligibility for this Award is contingent upon strict confidentiality of the terms and provisions of this Agreement and **[requires OR may require]** a signed confidentiality agreement.

19. **Amendment**. By accepting this Award, you agree that the granting of the Award is at the discretion of the Committee and that acceptance of this Award is no guarantee that future Awards will be granted under the Plan. Notwithstanding anything in this Agreement, the Plan Prospectus, or the Plan to the contrary, this Award may be amended by the Company without the consent of the Grantee, including but not limited to modifications to any of the rights granted to the Grantee under this Agreement, at such time and in such manner as the Company may consider necessary or desirable to reflect changes in law. The Grantee understands that the Company may amend, resubmit, alter, change, suspend, cancel, or discontinue the Plan at any time without limitation.

20. **Plan Documents**. The Plan Prospectus is available at www.etrade.com.

SUPPLEMENT 1 TO HANESBRANDS INC. OMNIBUS INCENTIVE PLAN OF 2006
RESTRICTED STOCK UNIT NOTICE AND AGREEMENT

CONFIDENTIALITY AGREEMENT

In consideration for the Award described in the Restricted Stock Unit Grant Notice and Agreement effective _____, 20__ (the "Award"), I, _____ agree that I will not disclose the existence or terms of the Award to any other employees of the Company or third parties with the exception of my accountants, attorneys, or spouse, and I shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with legal process.

Dated: _____

_____
[Name]

Exhibit 10.5

HANESBRANDS INC.

RETIREMENT SAVINGS PLAN

(Effective July 24, 2006)

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HANESBRANDS INC.
RETIREMENT SAVINGS PLAN

(Effective as of July 24, 2006)

SECTION 1

1.01 Background; Purpose of Plan

The purpose of the Plan is to permit Eligible Employees of Hanesbrands Inc. (the "Company") and the other Employers to accumulate their retirement savings on a tax-favored basis. A portion of the Plan (that portion of the Plan invested in the Sara Lee Corporation Common Stock Fund prior to the Spin-Off date and that portion of the Plan invested in the Hanesbrands Inc. Common Stock Fund thereafter) is designed to invest primarily in qualifying employer securities and is intended to satisfy the requirements of an employee stock ownership plan (as defined in Section 4975(e)(7) of the Code) (the ESOP component); up to 100% of Plan assets may be invested in qualifying employer securities. The remaining portion of the Plan is a profit sharing plan intended to satisfy all requirements of Section 401(a) of the Code and includes a cash or deferred arrangement intended to satisfy the requirements of Section 401(k) of the Code (the 401(k) component).

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

1.02 Effective Date; Plan Year

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

1.03 Plan Administration

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

1.04 Plan Supplements

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

1.05 Trustee; Trust

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

SECTION 2

Definitions

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

2.01 Account

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

2.02 Accounting Date

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

2.03 Actual Deferral Percentage

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

2.04 Adjusted Net Worth

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

2.05 After-Tax Account

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

2.06 Alternate Payee

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

2.07 Annual Addition

"Annual Addition" for any Limitation Year means the sum of the Employer Contributions (including Before-Tax Contributions and Matching Contributions but excluding Participant Catch-Up Contributions and contributions made pursuant to Code Section 414(u) by reason of an Eligible Employee's qualified military service), Forfeitures, and any After-Tax Contributions credited to a Participant's Accounts for that Limitation Year.

2.08 Annual Company Contribution

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

2.09 Annual Company Contribution Account

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

2.10 Appeal Committee

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

2.11 Before-Tax Contribution

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

2.12 Before-Tax Contribution Account

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

2.13 Beneficiary

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

2.14 Catch-Up Contribution

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

2.15 Code

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

2.16 Committee

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

2.17 Company

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

2.18 Compensation

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

(a) Including elective contributions made on behalf of the Employee pursuant to the Employee's salary reduction agreement under Sections 401(k), 132(f)(4), and 125 of the Code.

(b) Excluding the following:

(i) Nonqualified stock option exercise income;

(ii) Stock awards;

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

(iv) Reimbursements or other expense allowances;

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

(vi) Moving expenses;

(vii) Deferred compensation when earned or paid;

(viii) Welfare benefits; and

(ix) Compensation in excess of $220,000 for any Plan Year, as adjusted from time to time pursuant to Section 401(a)(17) of the Code.

(c) With respect to each Employee who is compensated by commission payments and who does not receive separate reimbursement for expenses incurred by the Employer, 20 percent of such commission shall be deemed to constitute reimbursement for expenses and shall be excluded from such Employee's Compensation for purposes of allocating the Annual Company Contribution and the Transition Contribution.

2.19 Contribution Percentage

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

2.20 Controlled Group Member

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

2.21 Covered Group

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

2.22 Direct Rollover

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

2.23 Distributee

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

2.24 Effective Date

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

2.25 Elective Deferral

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

2.26 Eligible Employee

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

2.27 Eligible Retirement Plan

"Eligible Retirement Plan" means the following:

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

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

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

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

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

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

2.28 Eligible Rollover Distribution

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

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

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

(c) Hardship withdrawals; and

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

In the case of an Eligible Rollover Distribution, 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 or a qualified defined contribution plan described in Section 401(a) or 403(a) 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 SECTION 18.

2.31 Employer Contributions

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

(a) Annual Company Contributions;

(b) Matching Contributions;

(c) Transition Contributions; and

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

2.32 ERISA

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

2.33 Excess Contribution

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

2.34 Excess Deferral

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

2.35 Excess Matching Contribution

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

2.36 Fair Market Value

"Fair Market Value" means (a) with respect to Sara Lee Stock or Hanesbrands Stock held in the Plan, the closing price per share on the New York Stock Exchange as of any date or (b) in

the case of any other stock for which there is no generally recognized market, the value determined as of a particular date in accordance with Treasury Regulation Section 54.4975-11(d)(5) and based upon an evaluation by an independent appraiser meeting the requirements of the regulations prescribed under Section 401(a)(28)(C) of the Code or, in the absence of such regulations, requirements similar to the requirements of the regulations prescribed under Section 170(a)(1) of the Code and having expertise in rendering such evaluations.

2.37 Forfeiture

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

2.38 Hanesbrands Stock

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

2.39 Highly Compensated Employee

"Highly Compensated Employee" means a highly compensated employee as defined in Code Section 414(q) and the regulations thereunder. Generally, a Highly Compensated Employee means any Employee who: (a) during the immediately preceding Plan Year received annual compensation from the Employers (determined in accordance with Code Section 415(c)(3)) of more than $95,000 (or such greater amount as may be determined by the Commissioner of Internal Revenue) and, at the Company's discretion for such preceding year, was in the top-paid twenty percent (20%) of the Employees for that year; or (b) was a five percent (5%) owner of an Employer during the current Plan Year or the immediately preceding Plan Year.

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

2.40 Hour of Service

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

2.41 Investment Committee

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

2.42 Leased Employee

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

2.43 Leave of Absence

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

2.44 Limitation Year

"Limitation Year" means the Plan Year.

2.45 Matching Contributions

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

2.46 Matching Contribution Account

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

2.47 Maternity or Paternity Absence

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

2.48 Normal Retirement Age

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

2.49 One-Year Break in Service

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

2.50 Participant

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

2.51 Period of Service

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

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

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

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

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

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

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

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

2.52 Plan

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

2.53 Plan Year

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

2.54 Predecessor Company

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

2.55 Predecessor Company Account

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

2.56 Predecessor Plan

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

2.57 Required Commencement Date

"Required Commencement Date" means the April 1 of the calendar year next following the later of the calendar year in which the Participant attains age seventy and one-half (70 1/2) or the calendar year in which his or her Separation Date occurs; provided, however, that the Required Commencement Date of a Participant who is a five percent (5%) owner (as defined in Code Section 416) of an Employer or a Controlled Group Member with respect to the Plan Year ending in the calendar year in which he or she attains age seventy and one-half (70 1/2) shall be April 1 of the next following calendar year.

2.58 Rollover Contribution

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

2.59 Rollover Contribution Account

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

2.60 Sara Lee Plan

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

2.61 Sara Lee Stock

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

2.62 Separation Date

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

2.63 Service

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

2.64 Spin-Off, Spin-Off Date

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

2.65 Transferred Participants

"Transferred Participants" means:

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

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

2.66 Totally Disabled or Total Disability

"Totally Disabled" or "Totally 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;

(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; or

(c) Is determined by the Committee, in its sole discretion, to prevent such Participant during the first one hundred and eighty (180) days of any period of absence on account of such disability and during the twenty-four (24) month period thereafter from performing each and all of the duties of such Participant's occupation with the Employer and following such twenty-four (24) month period to prevent such Participant from performing each and every occupation for wage or profit for which such Participant is reasonably qualified by education, training or experience.

2.67 Trust Agreement

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

2.68 Trust Fund

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

2.69 Trustees

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

2.70 Year of Service

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

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

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

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

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

SECTION 3

Participation

3.01 Eligibility to Participate

(a) Eligible Participants. Each Transferred Participant shall become a Participant on the Effective Date, subject to the terms and conditions of the Plan. Each other Eligible Employee shall become a Participant, subject to the terms and conditions of the Plan, on the first date of the first payroll period following the date he or she attains age twenty-one (21) and is a member of a Covered Group;

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

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

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

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

3.02 Covered Group

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

3.03 Leave of Absence

A Leave of Absence will not interrupt continuity of participation in the Plan. Leaves of Absence will be granted under an Employer's rules applied uniformly to all Participants similarly situated. Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code. In any case where a Participant is on a Leave of Absence or is a Totally Disabled Participant and his or her employment with an Employer and its Subsidiaries is terminated for any other reason, then his or her employment with the Employers for purposes of the Plan will be considered terminated on the same date and for the same reason.

3.04 Leased Employees

A Leased Employee shall not be eligible to participate in the Plan. The period during which a Leased Employee performs services for an Employer shall be taken into account for purposes of Subsection 10.01 of the Plan, unless (a) such Leased Employee is a participant in a

money purchase pension plan maintained by the leasing organization which provides a non-integrated employer contribution rate of at least 10 percent (10%) of compensation, immediate participation for all employees and full and immediate vesting, and (b) Leased Employees do not constitute more than 20 percent (20%) of the Employers' nonhighly compensated workforce.

SECTION 4

Before-Tax Contributions

4.01 Before-Tax Contributions

(a) Before-Tax Contribution Election. Subject to the provisions of Subsection 6.01, each full-time and part-time, exempt and non-exempt salaried or hourly Participant may elect to defer a portion of his or her Compensation for any Plan Year by electing to have a percentage (in multiples of one percent (1%) not to exceed fifty percent (50%)) of his or her Compensation (for any payroll period of such Plan Year during which he or she is eligible to participate in this Plan) withheld from his or her Compensation and contributed to the Plan on his or her behalf by his or her Employer as Before-Tax Contributions. Notwithstanding the foregoing, the maximum percentage of Compensation a Participant who is a Highly Compensated Employee may elect to defer and contribute to the Plan for each payroll period is five percent (5%).

(b) Automatic Deferral Election. Except as otherwise provided in any Supplement, each individual who becomes an Eligible Employee on and after the Effective Date shall be deemed to have elected to have four percent (4%) of his or her Compensation withheld and contributed to the Plan as Before-Tax Contributions effective as of the first payroll period beginning ninety (90) days after the third party record-keeper forwards Plan enrollment materials to such Eligible Employee, unless prior to that time such Eligible Employee has made an alternate election. 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. Notwithstanding the foregoing, the automatic deferred election shall not apply to any Eligible Employee who is covered by a collective bargaining agreement (except full-time Collective Bargaining Employees operating in New York) or who is a regular, temporary or seasonal employee of Sara Lee Direct employed on a part-time basis (*i.e.*, scheduled to work thirty (30) hours per week or less).

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

4.02 Catch-Up Contributions

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

4.03 Change in Election

Each Participant who has made an election for any Plan Year pursuant to Subsection 4.01 or 4.02 (if applicable) may subsequently make an election to discontinue the deferral of his or her Compensation (but not retroactively) as of the beginning of any payroll period. If a

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

4.04 Direct Transfers and Rollovers

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

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

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

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

provided, however, that any such Rollover Contribution made by a Participant shall be in cash only and comply with the provisions of the Code and the rules and regulations thereunder applicable to tax-free rollovers and shall be exclusive of after-tax employee contributions. If

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

SECTION 5

Employer Contributions

5.01 Before-Tax Contributions

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

5.02 Annual Company Contribution

For each Plan Year ending after the Effective Date, the Employers shall contribute to the Plan as follows:

(i) For Participants who are exempt and non-exempt salaried employees, an amount equal to four percent (4%) of such Participants' Compensation for that portion of the Plan Year during which he or she was a salaried employee and a Participant in the Plan.

(ii) For Participants who are hourly, non-union employees or are New York based sample department union Employees, an amount determined by the Company each year in its discretion, which amount shall not be in excess of two percent (2%) of such 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. Notwithstanding the foregoing, and subject to the conditions and limitations of the Plan, for that portion of the first Plan Year ending December 31, 2006 that precedes the Spin-Off Date , the Annual Company Contribution under this Subparagraph 5.02(b) shall be equal to two percent (2%) of each such eligible Participant's Compensation for that portion of such Plan Year.

The Annual Company Contributions under this Subsection 5.02 will be funded in cash and shall be invested in accordance with a Participant's investment elections. 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, or if their employment ended during the plan year as a result of retirement (Separation Date after age fifty-five (55) with ten (10) Years of Service, or after age sixty-five (65)), death or Total Disability.

5.03 Matching Contributions

(a) For each payroll period commencing on or after the Effective Date (or such other period as the Committee may establish), the Employers will make a monthly Matching Contribution to the Trustee for each pay date on behalf of each Participant equal to one hundred percent (100%) of such Participant's Before-Tax Contributions (excluding Catch-Up Contributions) made during such period or that could have been made during such period (based on the Participant's deferral election in place during such period but for the limitations of Subsection 4.01) that do not exceed four percent (4%) of such Participant's Compensation.

(b) As of the end of each Plan Year, a "true up" Matching Contribution for each Participant who did not receive the full Matching Contribution under Subparagraph (a), as applicable, for the Plan Year based on the amount of his or her Before-Tax Contributions (excluding Catch-Up Contributions) for such Plan Year. 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 under Subparagraph (a), as applicable, and the full Matching Contribution that the Participant would have been entitled to receive under Subparagraph (a), as applicable, for the Plan Year if such Matching Contributions were determined as of the end of the Plan Year (instead of each payroll period).

Matching Contributions shall be made in cash and will be invested in accordance with each 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:

(i) Was an exempt or non-exempt salaried employee of Sara Lee Corporation; and

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

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

5.05 Allocation of Annual Company Contribution

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

5.06 Payment of Matching Contributions

Matching Contributions under Subparagraph 5.03(a) of the Plan for any Plan Year shall be made each calendar month based on the Matchable Before-Tax Contributions that have been posted to the Participant's Accounts for each payroll period. Matching Contributions under Subparagraph 5.03(b) of the Plan for any Plan Year shall be made as soon as practicable after the end of the Plan Year.

5.07 Allocation of Matching Contributions

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

5.08 Payment of Employer Contributions

In no event shall any Employer Contribution required to be made to the Plan for any Plan Year under this SECTION 5 be contributed later than the time prescribed by law for filing the Employer's federal income tax return for such year, including extensions thereof.

5.09 Limitations on Employer Contributions

The Employers' total contribution for a Plan Year is conditioned on its deductibility under Section 404 of the Code in that year, and shall comply with the contribution limitations set forth in Subsection 6.05 and the allocation limitations contained in Subsections 6.01 and 5.05 of the Plan, and shall not exceed an amount equal to the maximum amount deductible on account thereof by the Employers for that year for purposes of federal taxes on income.

5.10 Verification of Employer Contributions

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

SECTION 6

Contribution Limits

6.01 Actual Deferral Percentage Limitations

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

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

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

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

6.02 Limitation on Matching Contributions

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

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

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

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

6.03 Dollar Limitation

Notwithstanding the provisions of Subsection 6.01, no Participant shall make a Before-Tax Contribution election which will result in his or her Elective Deferrals for any calendar year

exceeding $15,000 (or such greater amount as may be prescribed by the Secretary of Treasury to take into account cost-of-living increases pursuant to Code Section 402(g)), except to the extent permitted with respect to Catch-Up Contributions, if applicable. If a Participant's total Elective Deferrals under this Plan and any other plan of another employer for any calendar year exceed the annual dollar limit prescribed above, the Participant may notify the Committee, in writing on or before March 1 of the next following calendar year, of his or her election to have all or a portion of such Excess Deferrals (and the income allocable thereto determined in accordance with Subsection 6.04) allocated under this Plan and distributed in accordance with this Subsection. In such event, or in the event that the Committee otherwise becomes aware of any Excess Deferrals, the Committee shall, without regard to any other provision of the Plan, direct the Trustee to distribute to the Participant by the following April 15 the Participant's Excess Deferrals (and any income attributable thereto determined in accordance with Subsection 6.04) so allocated under the Plan. Distributions to be made in accordance with the preceding sentence shall be made as soon as is practicable following receipt by the Committee of written notification of Excess Deferrals, and the Committee shall make every effort to meet the April 15 distribution deadline for all written notifications received by the preceding March 1.

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

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

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

6.05 Contribution Limitations

For each Limitation Year, the Annual Addition to a Participant's Accounts under the Plan and under any other defined contribution plan maintained by any Employer shall not exceed the lesser of $44,000 (as adjusted from time to time pursuant to Code Section 415(d)) or one hundred percent (100%) of the Participant's Compensation (within the meaning of Code Section 415(c)(3)) during that Limitation Year. The compensation limit referred to in the preceding sentence shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code Section 401(h) or Code Section 419A(f)(2)) that is otherwise treated as an Annual Addition. Direct transfers and Rollover Contributions accepted by the Trustee pursuant to Subsection 4.04 shall not be considered as part of any Annual Addition. If, for any Limitation Year, the amount that would otherwise be credited to a Participant's Account exceeds the foregoing limitations, the Committee may elect that (a) all or a portion of the

Participant's Before-Tax Contributions for that Limitation Year, and any earnings attributable to such contributions, may be returned to the Participant; (b) such excess amounts may be held in a suspense account under the Plan and credited to the Participant's Account in subsequent years; or (c) any other correction method permitted under Treasury Regulation Section 1.415-6(b)(6) may be utilized to eliminate the excess amount; provided that the Committee shall make such election in a consistent and nondiscriminatory manner in any Limitation Year.

SECTION 7

Period of Participation

7.01 Separation Date

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

7.02 Restricted Participation

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

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

(i) His or her Before-Tax Contributions as provided in Subsection 5.01; and

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

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

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

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

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

SECTION 8

Accounting

8.01 Separate Accounts

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

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

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

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

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

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

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

8.02 Adjustment of Participants’ Accounts

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

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

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

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

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

As of each Accounting Date, the Committee shall establish the value of each Participant’s Account, which value shall reflect the transactions posted to the Participant’s Account as they occurred during the preceding calendar month. As of the first day of each Plan Year, the balance in each Participant’s Current Year Before-Tax Contribution Subaccount, Current Year Matching Contribution Subaccount, Current Year Annual Company Contribution Subaccount, Current Year Transition Contribution Subaccount, if any, shall be reflected in the Participant’s Before-Tax Contribution Account, Matching Contribution Account, Annual Company Contribution Account, Transition Contribution Account, and After-Tax Account, respectively and the

balances of such Current Year Before-Tax Contribution Subaccount, Current Year Matching Contribution Subaccount, Current Year Annual Company Contribution Subaccount and Current Year Transition Contribution Subaccount shall be reduced to zero. If a Special Accounting Date occurs, the accounting rules set forth above in this Subsection and elsewhere in this SECTION 8 shall be appropriately adjusted to reflect the resulting shorter accounting period ending on that Special Accounting Date.

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

8.03 Crediting of 401(k) Contributions

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

8.04 Charging Distributions

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

8.05 Statement of Account

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

SECTION 9

The Trust Fund and Investment of Trust Assets

9.01 The Trust Fund

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

9.02 The Investment Funds

The following Investment Funds shall be maintained within the Trust Fund:

(a) Interest Income Fund. An "Interest Income Fund," the assets of which are primarily invested in fixed interest instruments (including guaranteed investment contracts between the Trustee and a legal reserve life insurance company, commercial bank, savings and loan association or other financial institution or corporation) intended to provide for safety of principal and a positive rate of return.

(b) Bond Fund. A "Bond Fund," the assets of which are primarily invested in a large sampling of bonds intended to provide a high level of interest income.

(c) Balanced Fund. A "Balanced Fund," the assets of which are primarily invested in a diversified portfolio of stocks and investment grade bonds, intended to provide current income and a potential for long-term growth of income and capital, and a greater rate of return than the Diversified Equity Fund, but entailing a risk of loss of principal.

(d) Diversified Equity Fund. A "Diversified Equity Fund," the assets of which are primarily invested in a diversified pool of a large number of stocks (or mutual fund shares) intended to provide a greater rate of return than the Interest Income Fund, but entailing a risk of loss of principal.

(e) Small Stock Fund. A "Small Stock Fund," the assets of which are primarily invested aggressively in a portfolio of growth-oriented stocks (or mutual fund shares), intended to provide a greater rate of return than the Diversified Equity Fund, but entailing a greater risk of loss of principal.

(f) Extended Market Fund. An "Extended Market Fund," the assets of which are primarily invested in mid- and small-capitalization companies, intended to provide long-term growth of capital.

(g) Growth Equity Fund. A "Growth Equity Fund," the assets of which are primarily invested in stocks, intended to provide long-term growth of capital.

(h) Value Equity Fund. A "Value Equity Fund," the assets of which are primarily invested in stocks, intended to provide a high level of dividend income and moderate levels of long-term capital appreciation.

(i) International Equity Fund. An "International Equity Fund," the assets of which are primarily invested in securities representing interests in companies located outside of the United States, intended to provide long-term growth of capital, and a greater rate of return than the Balanced Fund, but entailing a risk of loss of principal.

(j) Hanesbrands Inc. Common Stock Fund. A "Hanesbrands Inc. Common Stock Fund," the assets of which are primarily invested in Hanesbrands Stock. The Hanesbrands Inc. Common Stock Fund shall be created effective as of the Spin-Off Date.

(k) Sara Lee Corporation Common Stock Fund. A "Sara Lee Corporation Common Stock Fund," the assets of which are primarily invested in Sara Lee Stock. No new contributions shall be permitted in the Sara Lee Corporation Common Stock Fund on or after the Effective Date. Effective as of the Spin-Off Date, each Participant's interest in the Sara Lee

Corporation Common Stock Fund shall be liquidated and reinvested in accordance with the Participant's current investment elections for new contributions to the Plan unless the Participant affirmatively elects (in accordance with rules established by the Committee) to continue his or her investment in the Sara Lee Corporation Common Stock Fund. The Sara Lee Corporation Common Stock Fund is required to be removed from the Plan on the one year anniversary of the Spin-Off Date; any amounts held in the fund at that time shall be reinvested in accordance with the respective Participants' then current investment elections for new contributions to the Plan (or for any Participant without such a valid election, in a default investment fund identified by the Committee).

(l) Target Retirement Funds. The "Target Retirement Funds," the assets of which are primarily invested in mutual funds based on an asset allocation strategy designed for investors planning to retire on or around a stated year, with such asset allocation strategy changing over time to reflect typical investment risk and return objectives for people with similar retirement goals.

The Interest Income Fund, Bond Fund, Balanced Fund, Diversified Equity Fund, Small Stock Fund, Extended Market Fund, Growth Equity Fund, Value Equity Fund, International Equity Fund, Sara Lee Corporation Common Stock Fund, Hanesbrands Inc. Common Stock Fund and Target Retirement Funds are sometimes referred to individually as an "Investment Fund" and collectively as the "Investment Funds." A portion of each Investment Fund may be invested from time to time in the short-term investment fund (STIF) of a custodian bank.

9.03 Investment of Contributions

In accordance with rules established by the Committee, a Participant may elect to have contributions to his or her Accounts invested in one or more of the Investment Funds in even multiples of one percent (1%).. A Participant may elect to have any other Contributions to his or her Accounts invested in one or more Investment Funds (excluding the Sara Lee Corporation

Common Stock Fund), and if a Participant does not make such an election within such reasonable 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 Target Retirement Fund that most closely corresponds to the year in which he or she will attain age sixty-five (65), as determined in accordance with rules and procedures established by the Committee.

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

9.04 Change in Investment of Contributions

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

9.05 Elections to Transfer Balances Between Accounts; Diversification

On any Accounting Date, a Participant may elect to transfer or reallocate, in even multiples of one percent (1%), the balances in his or her Accounts in an Investment Fund from that Fund to one or more other Investment Funds, subject to the trading restrictions of the Investment Fund. The Participant's Accounts for the Investment Fund from which such fund transfer or reallocation is made will be charged, and his or her Accounts for the Investment Fund to which such fund transfer or reallocation is made will be credited, with the amount so reallocated in accordance with rules established by the Committee. Such transfers of balances in Subaccounts between Investment Funds shall be made on the same Accounting Date as notice is received by the Committee provided the notice conforms with the procedures of the Committee. The foregoing provisions of this Subsection are contingent upon the availability of fund transfers

and reallocations between Investment Funds under the terms of the investments made by each Investment Fund. A Participant's Account may be charged a redemption fee for frequent transfers into and out of an Investment Fund within a restricted time period established by the Investment Fund. Additionally, Participants may be restricted from initiating fund transfers or reallocations into or out of an Investment Fund if the Committee or an Investment Fund determines that the Participant's transfer activity would be detrimental to that Investment Fund.

9.06 Voting of Stock; Tender Offers

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

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

9.07 Confidentiality of Participant Instructions

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

SECTION 10

Payment of Account Balances

10.01 Payments to Participants

(a) Vesting.

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

(ii) Annual Company Contribution, Transition Contribution, Matching Contribution Accounts. If a Participant's Separation Date occurs on or after his or her Normal Retirement Age, the date he or she dies or becomes Totally Disabled, he or she shall be fully vested in his or her Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account. If a Participant's Separation Date occurs under any other circumstances, the balances in his or her Annual Company Contribution Account, Transition Contribution Account, Matching Contribution Account, as applicable, will be reduced to an amount computed in accordance with the following schedule:

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, Transition Contribution Account and Matching 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) Special Provisions Applicable to Certain Participants. Notwithstanding the foregoing, a Participant who had an account balance in a Predecessor Plan shall be vested in his or her Accounts to the extent provided in the Sara Lee Plan. In addition, a Participant who was subject to special vesting rules under the Sara Lee Plan shall be fully vested in his or her Accounts to the extent provided in the Sara Lee.

(b) Time of Payment. Except as provided in Subsection 10.03 below, payment of a Participant's benefits will be made or commence within the time determined by the Committee after his or her Separation Date, but not later than sixty (60) days after (i) the end of the Plan Year in which his or her Separation Date occurs, or (ii) such later date on which the amount of the payment can be ascertained by the Committee. In the event a

Participant receives a lump sum distribution of his or her entire vested Accounts and additional contributions are subsequently credited to his or her Accounts, his or her entire remaining vested Account balance shall be distributed in an immediate lump sum to the extent such vested Account balance does not exceed $1,000 as of the date of such distribution. Except as provided in the preceding sentence, distributions may not be made to the Participant before his or her Normal Retirement Age without his or her consent.

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

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

(ii) Installments. If the vested portion of the applicable vested Account balance exceeds $5,000, a Participant (or, in the event of his or her death, his or her surviving spouse) may elect to receive substantially equal installments over a period not to exceed five (5) Plan Years, commencing in any year designated but no later than the applicable Required Commencement Date with final distribution of all Accounts by the fifth year. 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; provided, however, that Participants who participated in a Predecessor Plan that was subject to Section 401(a)(11) and Section 417 of the Code or which provided special distribution rules may no longer elect payment of their Account Balances in any form other than a lump sum or partial lump sum distribution, notwithstanding any provision in this Plan or any prior or current Supplement thereto to the contrary.

(iv) Order of Accounts. Distributions under this Subparagraph shall be charged to the Participant's vested Accounts (if applicable) in the following order: (A) After-Tax Account; (B) Rollover Contribution Account; (C) Before-Tax Contribution Account; (D) Predecessor Company Account; (E) Matching Contribution Account (classified as company match); (F) Matching Contribution Account (classified as monthly company contributions); (G) Matching Contribution Account attributable to Matching Contributions made pursuant to a collective bargaining agreement; (H) Annual Company Contribution Account; and (I) Transition Contribution Account.

(v) Special Provisions Applicable to Dividends. Notwithstanding Subparagraph (ii), dividends attributable to Sara Lee Stock or Hanesbrands Stock in a Participant's Accounts that are subject to the election in Subsection 10.08 shall be one hundred percent (100%) vested.

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

10.02 Distributions in Shares

Distributions of amounts invested in the Hanesbrands Inc. Common Stock Fund (or the Sara Lee Corporation Common Stock Fund while such fund is maintained under the Plan) may be made in cash or in shares, as elected by the Participant, provided such shares are distributed at their Fair Market Value, as determined by the Trustee. Each Participant who elects distribution of amounts invested in Hanesbrands Inc. Common Stock Fund in the form of stock who subsequently has additional contributions credited to his or her Accounts shall receive such additional contributions in shares of Hanesbrands stock in accordance with Subsection 10.01. If an election is made by the Participant to direct the Trustee to distribute the balance of his or her Accounts invested in the Sara Lee Corporation Common Stock Fund or the Hanesbrands Inc. Common Stock Fund in cash, the Participant shall receive cash equal to the Fair Market Value of the balance of his or her Accounts. For purposes of this Subsection, the rights extended to a Participant hereunder shall also apply to any Beneficiary or Alternate Payee of such Participant. All other distributions shall be made in cash.

10.03 Beneficiary

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

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

(i) To the Participant's surviving spouse;

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

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

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

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

(i) To the Beneficiary's surviving spouse;

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

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

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

10.04 Missing Participants and Beneficiaries

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

10.05 Direct Rollover of Eligible Rollover Distributions

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

10.06 Forfeitures

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

The portion of a Participant's Annual Company Contribution, Transition Contribution and Matching Contribution Accounts that is not distributable by reason of the provisions of Subsection 10.01 shall be credited to a Forfeiture Account established and caused to be maintained by the Trustee in the Participant's name as of the Accounting Date coincident with or next following his Separation Date (before adjustments then required under the Plan have been made). If the Participant does not return to employment with an Employer or a related Company prior to incurring a One Year Break in Service, the balance in his Forfeiture Account, determined as of the Accounting Date coincident with or next following the date on which he incurs such One Year Break in Service (after all adjustments then required under the Plan have been made) will be a Forfeiture and will be used to reduce administrative expenses of the Plan.

If a Participant returns to employment with an Employer or a related Company after incurring a One Year Break in Service but before incurring five consecutive One Year Breaks in Service, the amount forfeited from his Forfeiture Account by reason of such One Year Break in

Service will be restored to his Forfeiture Account, first, out of Forfeitures occurring in the year of restoration, second, out of Trust Fund earnings, third, out of Employer Contributions, and fourth, out of a restoration contribution made by the Employer for restoration purposes only.

10.07 Recovery of Benefits

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

10.08 Dividend Pass-Through Election

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

10.09 Minimum Distributions

Distribution of a Participant's benefits shall be made or commence by his or her Required Commencement Date. Notwithstanding the foregoing, the Committee may establish procedures to begin minimum distribution payments in the calendar year in which the Participant attains age seventy and one-half (70 1/2). Distributions to a Participant after his or her Required Commencement Date shall be made in installment payments equal to the minimum amount

necessary to meet the requirements of Section 401(a)(9) of the Code. All distributions under the Plan shall comply with the requirements of Section 401(a)(9) of the Code and the regulations thereunder, and shall further comply with the rules described below:

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

(i) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age seventy and one-half (70 1/2), if later;

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

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

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

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

(b) Required Minimum Distributions During Participant's Lifetime. During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the 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. Required minimum distributions will be determined under this Subparagraph (b) beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

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

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

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

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

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

If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year

after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

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

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

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

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

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

(iv) “Participant’s Account Balance” means the balance of the Participant’s Accounts as of the Valuation Calendar Year, increased by the amount of any contributions made and allocated to the Participant’s Accounts as of dates in the Valuation Calendar Year after the valuation date and decreased by distributions made in the Valuation Calendar Year after the valuation date. The

balance of the Participant's Accounts for the Valuation Calendar Year includes any amounts rolled over or transferred to the Plan either in the Valuation Calendar Year or in the Distribution Calendar Year if distributed or transferred in the Valuation Calendar Year.

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

SECTION 11

11.01 Loans to Participants

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

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

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

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

(b) Terms and conditions of loans. Each loan must be evidenced by a written note in a form approved by the Committee, shall bear interest at a reasonable fixed rate, and shall require substantially level amortization (with payments at least quarterly and equivalent to $10.00 per week) over the term of the loan. Interest rates shall be determined monthly and shall be based on the prevailing prime rate as published in The Wall Street

Journal; provided, however, that the rate shall not exceed six percent (6%) during any period that the Participant is on military leave, in accordance with the Service Members Civil Relief Act ("SCRA") if the service member provides notification that he or she will be entering military service as required under SCRA and requests a reduction in the applicable interest rate.

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

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

(e) Each loan shall be secured by a pledge of the Participant's Accounts (with the exception of the Participant's Annual Company Contribution Account, Transition Contribution Account, and Matching Contribution Account). A Participant's Annual Company Contribution Account, Transition

Contribution Account and Matching Contribution Account shall be taken into account for purposes of determining the amount of the loan available under Subparagraphs 11.01(a)(i) and 11.01(a)(ii), but shall not be available for liquidation and conversion to cash as described in Subparagraph 11.01(f) below.

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

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

(h) If, in connection with the granting of a loan to a Participant, a portion or all of any of his or her Accounts has been liquidated, the Committee shall establish temporary “Counterpart Loan Accounts” (not subject to adjustment under Subsection 8.02) corresponding to each such liquidated or partially liquidated Account to reflect the current investment of that Before-Tax Contribution Account or Rollover Contribution Account, for example, in such loan. In general, the initial credit balance in any such Counterpart Loan Account shall be the amount by which the corresponding Account was liquidated in order to make the loan. Interest accruing on such a loan shall be allocated among and credited to the

Participant's Counterpart Loan Accounts established in connection with the loan, in proportion to the then net credit balances in such Counterpart Loan Accounts, as such interest accrues. Each repayment of principal and interest shall be allocated among and charged to such Counterpart Loan Accounts, and shall be allocated among and credited to the corresponding Accounts, on the same proportionate basis; provided that all such repayments shall be credited in accordance with the investment elections in effect on the date each repayment is credited. The Committee may adopt rules and procedures for loan accounting and repayment which differ from the foregoing provisions of this Subparagraph (h), but which are consistent with the general principle that a loan to a Participant under this Subsection constitutes an investment of his or her Accounts rather than a general investment of the Trust Fund. Repayments shall not 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), and any earnings credited to his or her Before-Tax Contribution Account on or after January 1, 1989) provided that the amount of the withdrawal is at least $250.00 and does not exceed the amount required to meet the immediate financial need created by the serious financial hardship.

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

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

(ii) A down payment and closing costs for the purchase of a primary residence;

(iii) Medical expenses incurred by the Participant, the Participant's spouse or any dependents of the Participant;

(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 dependants (as defined in Code Section 152 without regard to the change in definition under Section 152(d)(1)(B));

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

To establish that the amount to be withdrawn is not reasonably available from other resources, the Participant shall be required to elect to receive a cash distribution of the dividends paid pursuant to Subsection 10.08 of the Plan attributable to his or her proportionate interest in the Sara Lee Corporation Common Stock Fund or Hanesbrands Inc. Common Stock Fund after the Spin-Off Date and to obtain all other in-service withdrawals, distributions and nontaxable loans available under this Plan and any other plan maintained by the Employer.

(b) Necessary amount. A determination of whether the requirement that the withdrawal not exceed the amount required to meet the immediate financial need created by the serious financial hardship is satisfied shall be made on the basis of all relevant facts and circumstances in a consistent and nondiscriminatory manner; provided, however, that the Participant

must provide the Committee with a statement on which the Committee may reasonably rely, unless it has actual knowledge to the contrary, certifying that the Participant's financial need cannot be relieved by all of the following means:

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

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

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

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

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

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

(d) Hardship withdrawals shall be made as soon as administratively feasible after the Committee has received the Participant's withdrawal election and such information and documents from the Participant as the Committee shall deem necessary.

11.04 Age 59 1/2 Withdrawals

Upon making an application to the Committee, a Participant who has attained the age of fifty-nine and one-half (59 1/2) may withdraw part or all of his or her vested Account balances (excluding his or her Annual Company Contribution Account and his or her Transition Contribution Account). The form and timing of such applications and withdrawals shall be established by the Committee.

11.05 Additional Rules for Withdrawals

Withdrawals made pursuant to Subsections 11.02, 11.03 and 11.04 shall be charged to the Participant's vested Accounts (if applicable) in the following order:

(a) After-Tax Account;

(b) Rollover Contribution Account;

(c) Before-Tax Contribution Account;

(d) Predecessor Company Account;

(e) If applicable, Matching Contribution Account (classified as company match);

(f) If applicable, Matching Contribution Account (classified as monthly company contributions);

(g) If applicable, Matching Contribution Account attributable to Matching Contributions made pursuant to a collective bargaining agreement.

All withdrawals shall be paid in cash. 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. Participants in this Plan who participated in a Predecessor Plan that was subject to Section 401(a)(11) and Section 417 of the Code may no longer elect payment of their Account Balances in any form other than a lump sum or partial lump sum distribution, notwithstanding any provision of this Plan or any Supplement thereto to the contrary; and no consent of such Participants' spouses shall be required for withdrawals made under Subsections 11.02, 11.03 or 11.04 after such date.

SECTION 12

Reemployment

12.01 Reemployed Participants

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

12.02 Calculation of Service Upon Reemployment

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

(i) If the Participant is reemployed by a Controlled Group Member before he or she incurs five (5) consecutive One-Year Breaks In Service, the Participant may repay to the Trustee, within five (5) years of his or her Reemployment Date, the total amount previously distributed to him or her from his or her Plan Accounts subject to vesting as a result

of his or her earlier termination of employment. If a Participant makes such a repayment to the Trustee, both the amount of the repayment and the Forfeiture that resulted from the previous termination of employment shall be credited to his or her Accounts as of the Accounting Date coincident with or next following the date of repayment and he or she shall continue to vest in such amounts.

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

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

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

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

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

SECTION 13

Special Rules for Top-Heavy Plans

13.01 Purpose and Effect

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

13.02 Top Heavy Plan

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

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

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

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

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

13.03 Key Employee

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

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

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

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

13.04 Minimum Employer Contribution

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

13.05 Aggregation of Plans

Each other defined contribution plan and defined benefit plan maintained by the Employers that covers a "Key Employee" as a Participant or that is maintained by the Employers in order for a Plan covering a Key Employee to qualify under Section 401(a)(4) and 410 of the

Code shall be aggregated with this Plan in determining whether this Plan is Top-Heavy. In addition, any other defined contribution or defined benefit plan of the Employers may be included if all such plans which are included when aggregated will continue to qualify under Section 401(a)(4) and 410 of the Code.

13.06 No Duplication of Benefits

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

SECTION 14

General Provisions

14.01 Committee's Records

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

14.02 Information Furnished by Participants

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

14.03 Interests Not Transferable

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

14.04 Domestic Relations Orders

If the Committee receives a domestic relations order issued by a court pursuant to a state's domestic relations law, the Committee will direct the Trustee to make such payment of the Participant's vested benefits to an Alternate Payee or Payees as such order specifies, provided the Committee first determines that such order is a qualified domestic relations order ("QDRO") within the meaning of Section 414(p) of the Code. The Committee will establish reasonable procedures for determining whether or not a domestic relations order is a QDRO. Upon receiving a domestic relations order, the Committee shall promptly notify the Participant

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

14.05 Facility of Payment

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

14.06 No Guaranty of Interests

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

14.07 Rights Not Conferred by the Plan

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

14.08 Gender and Number

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

14.09 Committee's Decisions Final

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

14.10 Litigation by Participants

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

14.11 Evidence

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

14.12 Uniform Rules

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

14.13 Law That Applies

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

14.14 Waiver of Notice

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

14.15 Successor to Employer

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

14.16 Application for Benefits

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

14.17 Claims Procedure

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

14.18 Action by Employers

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

SECTION 15

No Interest in Employers

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

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

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

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

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

SECTION 16

Amendment or Termination

16.01 Amendment

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

16.02 Termination

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

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

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

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

16.03 Effect of Termination

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

16.04 Notice of Amendment or Termination

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

16.05 Plan Merger, Consolidation, Etc.

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

SECTION 17

Relating to the Plan Administrator and Committees

17.01 The Employee Benefits Administrative Committee

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

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

(b) To act as “Plan Administrator” of the Plan, and to adopt such regulations and rules of procedure as in its opinion may be necessary for the proper and efficient administration of the Plan and as are consistent with the Plan and Trust Agreement. The Committee shall be the fiduciary responsible

for ensuring that procedures safeguarding the confidentiality of all Participant decisions and directions relating to purchase, sale, tendering and voting (as described in Subsection 9.06) of shares of Sara Lee Stock and Hanesbrands credited to such Participants' Accounts are sufficient and are being followed.

(c) To determine all questions arising under the Plan other than those determinations that have been delegated to the Appeal Committee or the Investment Committee, including the power to determine the rights or eligibility of Employees or Participants and any other persons, and to remedy ambiguities, inconsistencies or omissions. 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 the Plan and Trust Agreement, to reconcile and correct any errors or inconsistencies and to make adjustments for any mistakes or errors made in the administration of the Plan.

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

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

17.02 The ERISA Appeal Committee

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

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

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

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

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

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

17.03 Secretary of the Committee

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

17.04 Manner of Action

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

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

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

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

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

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

17.05 Interested Party

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

17.06 Reliance on Data

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

17.07 Committee Decisions

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

SECTION 18

Adoption of Plan by Controlled Group Members

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

SECTION 19

Supplements to the Plan

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

*** * ***

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

HANESBRANDS INC.

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

EXHIBIT A

Accounts Transferred from the Sara Lee Plan

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

Business /Division	Division Code
Champion Athleticwear	7800
Champion Jogbra	9501
Champion Jogbra (Vermont)	9500
Eden Yarn	9225
Harwood	9260
Hanes Printables	9250
Henson Kicknerick	9300
J. E. Morgan	9265
OuterBanks	9266
Playtex Apparel-Hourly	9401
Playtex Apparel-Salary	9400
Sara Lee Activewear/Hourly	9221
Sara Lee Business Services	9273 (except process level 12702)
Sara Lee Casualwear	9220 (except process level 19901 (Courtalds))
Sara Lee Direct	9271
Sara Lee Hosiery	9210
Sara Lee Intimate Apparel	9200 (except process level 19901 (Courtalds))

Business /Division	Division Code
Sara Lee Sock Company (previously known as Adams-Millis Corporation)	7995
Sara Lee Underwear	9240
Sara Lee Underwear Weston	9260
Scotch Maid	7975
Socks Galore	9272
Spring City Knitting	9230

Covered Groups

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

1. Employees of Hanesbrands, Inc. other than (a) part-time employee employees employed in the Sara Lee Direct retail stores, (b) employees employed in Puerto Rico, and (c) 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.

Exhibit 10.6

HANESBRANDS INC.

SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

(Effective as of January 1, 2006)

CERTIFICATE

I hereby certify that the attached document is the official version of the Hanesbrands Inc. Supplemental Employee Retirement Plan adopted by the Board of Directors of the Company by resolution dated June 26, 2006 and subsequently finalized by the duly authorized officers of the Company effective as of January 1, 2006.

Dated this 1st day of September, 2006.

HANESBRANDS INC.

By /s/ Kevin Oliver

Its Senior Vice President, Human Resources

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HANESBRANDS INC.
SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

(Effective as of January 1, 2006)

SECTION 1

Introduction

1.1 Purpose

The Hanesbrands Inc. Supplemental Employee Retirement Plan (the "Plan") is maintained by the Corporation to provide retirement benefits that are otherwise limited under the Retirement Savings Plan. In addition, the accrued benefits of any Transferred Participant shall be transferred from the Sara Lee SERP to the Plan as of the Effective Date. On and after the Effective Date, all benefits previously accrued by Transferred Participants under the Sara Lee SERP shall be provided under the Plan, and Transferred Participants shall accrue no additional benefits under the Sara Lee SERP.

The Plan shall constitute a top hat plan within the meaning of Section 201(2) of ERISA. Notwithstanding any provision of the Plan to the contrary, the Plan is subject to the provisions of Section 409A of the Code and at all times shall be interpreted and administered so that it is consistent with such Code section; provided, however, that the vested benefits of each Transferred Participant who terminated employment with Sara Lee Corporation and all of its Controlled Group Members prior to January 1, 2005 shall be determined in accordance with Subsection 1.6 (and shall not be subject to Code Section 409A), except as otherwise provided in Subsection 3.3.

1.2 Effective Date and Plan Year

The Plan is effective as of January 1, 2006. The Plan is administered on the basis of a Plan Year.

1.3 Employers

The Corporation and each other Controlled Group Member that is a participating employer under the Retirement Savings Plan shall be deemed to have adopted the Plan and shall be treated as an Employer hereunder.

1.4 Plan Administration

As described in Subsection 5.1, the Committee shall be the administrator (as defined in Section 3(16)(A) of ERISA) of the Plan; provided, however, that the Committee may delegate all or any part of its powers, rights, and duties under the Plan to such person or persons as it may deem advisable.

1.5 Plan Supplements

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

1.6 Plan Benefits for Participants who Terminated Employment

The benefits provided under the Plan with respect to any Participant whose employment with the Employers has terminated shall, except as otherwise specifically provided in the Plan, be governed in all respects by the terms of the Plan in effect as of the date of the Participant's termination of employment (or in the case of a Transferred Participant who Separated from Service prior to the Effective Date, pursuant to the Sara Lee SERP).

SECTION 2

Definitions

2.1 2006 Special Election

If the Committee, in its discretion, decides to offer a 2006 Special Election, then the "2006 Special Election" shall mean a Participant's valid election, made prior to December 31, 2006 in accordance with rules and procedures established by the Committee, to receive his or her Pension SERP Benefit and/or RSSERP Benefit in a lump sum or in installments over a period of 5 or 10 years (as elected by the Participant) on the Default Payment Date.

2.2 A&B Level Transition Credit

"A&B Level Transition Credit" means the annual credit, if any, made during the 2006-2010 Plan Years to Participants who had (a) attained age 45 and (b) completed five or more years of credited service as an A or B level executive as of January 1, 2006; provided, however, that S. Babu, K. McAleer, K. Oliver, and C. Yaroch shall be treated as eligible to receive the A&B Level Transition Credit.. A&B Level Transition Credits will be calculated as follows:

Age Plus Years of A&B Level Service (as of 1/1/06)	Credit (as a percentage of the Participant's Supplemental Compensation)
50 to 54	4%
55 to 59	8%
60 to 64	12%
65 to 69	14%
70 or more	15%

In order to receive the A&B Level Transition Credit for any Plan Year, any Participant who meets the requirements described herein must be an active Employee as of the last day of the Plan Year or have retired, died, or become a Totally Disabled Participant during the Plan Year.

2.3 Account

"Account" means the notional accounts and subaccounts maintained for a Participant under the Plan, as described in Subsection 4.1.

2.4 Annual Company Credit

"Annual Company Credit" means the annual company contribution made on behalf of a Participant as described in the Retirement Savings Plan.

2.5 Beneficiary

"Beneficiary" means the person or persons designated by a Participant to receive payment of his or her RSSERP Benefit ("RSSERP Beneficiary") or Pension SERP Benefit ("Pension SERP Beneficiary") upon his or her death in accordance with Subsection 4.5. A beneficiary designation shall be effective only when properly provided to the Committee in accordance with its rules and procedures while the Participant is alive and, when effective, will cancel all prior beneficiary designations. If the Participant does not have an effective RSSERP Beneficiary and/or Pension SERP Beneficiary designation on the date of his or her death (because the Participant failed to designate a beneficiary or the Participant's named beneficiary died before the Participant), the Committee will make the applicable payments described in Subsection 4.5 as follows:

(a) To the Participant's surviving spouse;

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

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

2.6 Code

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

2.7 Committee

"Committee" means the Hanesbrands Inc. Employee Benefits Administrative Committee appointed by the Corporation to administer the Plan.

2.8 Controlled Group Member

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

2.9 Corporation

"Corporation" means Hanesbrands Inc., a Maryland corporation.

2.10 Default Payment Date

"Default Payment Date" means the first business day that occurs 12 months after the end of the Participant's Election Period.

2.11 Deferred Vested Participant

"Deferred Vested Participant" means a Participant who has Separated from Service, is not a Retired Participant, and is eligible for a monthly deferred vested pension under the Pension Plan.

2.12 Determination Date

For purposes of the RSSERP Benefit, "Determination Date" means the date on which the Committee or its delegate receives notification of a Participant's Separation from Service. For

purposes of the Pension SERP Benefit, “Determination Date” means the date on which the benefit calculation package is sent to the Participant; provided, however, a Participant’s Determination Date shall be the date that is 6 months after the Participant’s Separation from Service if his or her benefit calculation package has not been sent by such date.

2.13 Effective Date

“Effective Date” means January 1, 2006, except as otherwise required to comply with applicable law or as specifically provided herein.

2.14 Election Period

“Election Period” means the period commencing on the Participant’s Determination Date and ending on the 60th day thereafter.

2.15 Employee

“Employee” means a person, including an officer of an Employer, who is in the employ of an Employer. For all purposes of the Plan, an individual shall be an “Employee” of or be “employed” by an Employer for any Plan Year only if such individual is treated by the Employer for such Plan Year as its employee for purposes of employment taxes and wage withholding for Federal income taxes, regardless of any subsequent reclassification of such individual as an Employee by an Employer, any governmental agency, court, or other third party. Any such reclassification shall not have a retroactive effect for purposes of the Plan.

2.16 Employer

“Employer” means the Corporation and each other Controlled Group Member that is a participating employer under the Retirement Savings Plan.

2.17 ERISA

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

2.18 Matching Credit

"Matching Credit" means the employer matching contribution made on behalf of a Participant as described in the Retirement Savings Plan.

2.19 Normal Retirement Date

"Normal Retirement Date" means the first day of the month coincident with or next following the Participant's attainment of age 65.

2.20 Participant

"Participant" means an Employee who satisfies the requirements of Subsection 3.1.

2.21 Pension Plan

"Pension Plan" means the Hanesbrands Inc. Pension and Retirement Plan, as amended from time to time. No further benefits shall accrue under the Pension Plan on or after the Effective Date.

2.22 Pension SERP Benefit

"Pension SERP Benefit" means a Participant's benefit described in Subsection 4.2.

2.23 Pension SERP Interest Rate

"Pension SERP Interest Rate" means an interest rate equal to 120% of the annual rate on 30-year Treasury securities published for the month that is 3 months prior to the Determination Date or payment commencement date, as applicable, rounded to the nearest 0.25%.

2.24 Plan

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

2.25 Plan Year

"Plan Year" means the 12-month period beginning each January 1 and ending the next following December 31.

2.26 Plan Year RSSERP Credit

"Plan Year RSSERP Credit" means the credit described in Subparagraph 4.1(b).

2.27 Present Value

"Present Value" means the present value of a Participant's Pension SERP Benefit, calculated as if the Pension SERP Benefit were payable as an annuity under the Pension Plan using the Pension Plan's (a) early payment factors, as applicable, (b) the mortality table provided under the Pension Plan, and (c) the Pension SERP Interest Rate. For a Retired Participant's Present Value calculation, the assumed commencement date shall be the date of the Participant's retirement and the Present Value will be accumulated with interest at the Pension SERP Interest Rate to the actual payment commencement date. For a Deferred Vested Participant's Determination Date Present Value calculation, the assumed commencement date shall be the later of age 55 or the Participant's age one year after his or her Determination Date, but not later than the Participant's Normal Retirement Date. For the Present Value calculation at commencement, the assumed commencement date will be the actual commencement date, but not later than the Participant's Normal Retirement Date.

2.28 Residual Credit

"Residual Credit" means a credit to the Participant's RSSERP Benefit made after the Participant's Separation from Service based on the Annual Company Credit, A&B Level Transition Credit, and Salaried Employee Transition Credit.

2.29 Retired Participant

"Retired Participant" means a Participant who has Separated from Service after attaining age 55 and completing at least 10 years of vesting service (as defined in the Pension Plan) or after age 65.

2.30 Retirement Savings Plan

"Retirement Savings Plan" means the Hanesbrands Inc. Retirement Savings Plan, as amended from time to time; provided, however, that for the period from the Effective Date to the date the Retirement Savings Plan first becomes effective, the term "Retirement Savings Plan" shall mean the Sara Lee Corporation 401(k) Plan as applied to a Participant and Code limits referenced herein shall be applied as if the Hanesbrands Inc. Retirement Savings Plan, and the Sara Lee Corporation 401(k) Plan were a single plan for the first Plan Year.

2.31 RSSERP Benefit

"RSSERP Benefit" means the Participant's benefit described in Subsection 4.1.

2.32 Salaried Employee Transition Credit

In addition, a "Salaried Employee Transaction Credit" will be made on behalf of any employee who (a) had attained age 50; (b) had completed at least 10 years of vesting service (as defined in the Pension Plan) with the Corporation as of January 1, 2006; and (c) notwithstanding any provision of the Retirement Savings Plan, as the result of the contribution limitations of the Retirement Savings Plan did not receive the full Transaction Contribution in the Retirement Savings Plan equal to 10% of the employees 2006 Supplemental Compensation reduced by the amount of any Transaction Contribution the employee receives in the Retirement Savings Plan.

2.33 Sara Lee SERP

"Sara Lee SERP" means the Sara Lee Corporation Supplemental Executive Retirement Plan.

2.34 Separation from Service

"Separation from Service" occurs when a Participant's terminates employment with the Corporation and its Controlled Group Members by reason of a resignation, discharge, retirement, or death. Separation from Service for purposes of the Plan shall be interpreted consistent with the requirements of Code Section 409A(a)(2)(A)(i) and any IRS guidance issued thereunder.

2.35 SERP Benefit

"SERP Benefit" means the Participant's RSSERP Benefit and/or Pension SERP Benefit, as applicable.

2.36 Specified Employee

"Specified Employee" means an Employee described in Code Section 409A(a)(2)(B)(i).

2.37 Supplemental Compensation

For purposes of the RSSERP Benefit, a Participant's "Supplemental Compensation" means his or her compensation as defined in the Retirement Savings Plan but including the following additional amounts:

(a) Any amounts that cannot be recognized as compensation in the Retirement Savings Plan due to the dollar limitation contained in Code Sections 401(a)(17) of the Code;

(b) Deferred compensation for the Plan Year in which it is deferred; and

(c) Any compensation required to be included as Supplemental Compensation pursuant to an employment, severance or other written agreement with an Employer; provided, however, that severance payments to Specified Employees that are delayed six months in compliance with Code Section 409A shall be attributable to the year in which such amounts were earned rather than the year in which they are paid.

2.38 Transferred Participant

"Transferred Participant" means any participant in the Sara Lee SERP who was employed by the Corporation on December 31, 2005 or who was last employed by the Corporation's predecessor division of Sara Lee Corporation; provided, however, that L. Chaden, D. Volz, and expatriate employees of the Corporation on January 1, 2006 shall not be considered "Transferred Participants," so that such individuals' benefits under the Sara Lee SERP shall remain payable exclusively by Sara Lee Corporation under the Sara Lee SERP.

2.39 Total Disability

"Total Disability" means total disability, as defined in the Pension Plan. A "Totally Disabled Participant" means a Participant who is subject to a Total Disability.

2.40 Other Definitions

Other defined terms used in the Plan shall have the meanings given such terms elsewhere in the Plan, the Retirement Savings Plan and the Pension Plan.

SECTION 3

Participation

3.1 Eligibility

Transferred Participants shall be eligible to participate in the Plan on the Effective Date. In addition, each other Employee of an Employer who is a participant in the Retirement Savings Plan will become a Participant in the Plan upon the date that the contributions that he or she would otherwise receive under the Retirement Savings Plan are limited by one or more of the following:

(i) By operation of Code Section 415;

(ii) Because Supplemental Compensation is not taken into account under the Retirement Savings Plan; or

(iii) Because a period required to be included as service pursuant to an employment, severance or other written agreement with an Employer is not taken into account under the Retirement Savings Plan.

3.2 Period of Participation

Each Employee who becomes a Participant in the Plan shall continue as a Participant until the earlier of the date that all of his or her vested SERP Benefits (if any) have been distributed or his or her death.

3.3 Reemployed Participants

(a) In the event a Participant who terminated employment with the Corporation and all Controlled Group Members prior to January 1, 2005 is reemployed by the Controlled Group Members on or after the Effective Date, the following rules shall apply:

(i) The Participant's SERP Benefits that were earned and vested as of December 31, 2004 and that have been distributed or are in distribution status as of his or her reemployment date shall continue to be distributed in accordance with the terms of the Sara Lee SERP as in effect on his or her earlier Separation from Service and shall not be subject to the requirements of Code Section 409A; and

(ii) The Participant's SERP Benefits that either (i) were earned and vested as of December 31, 2004 and (A) have not been distributed, or (B) are not in distribution status, or (ii) were not earned and vested as of December 31, 2004, shall be subject to the applicable terms of this Plan document and the requirements of Code Section 409A.

(b) In the event a Participant who Separated from Service with the Corporation and all Controlled Group Members on or after January 1, 2005 is reemployed by the Controlled Group Members on or after the Effective Date, the SERP Benefits determined as of the Participant's initial Separation from Service shall be subject to the applicable terms of this Plan document and the requirements of Code Section 409A and distribution of those amounts shall not be impacted by the Participant's reemployment.

SECTION 4

SERP Benefits

4.1 RSSERP Benefit

Subject to Subsection 4.3, a Participant's RSSERP Benefit shall be equal to the balance in the Account maintained on behalf of the Participant under the Plan, which Account balance shall be equal to the sum of (a) plus (b) plus (c) below, and as adjusted pursuant to (d) below:

(a) Pre-Effective Date Benefit. A Participant's Account under the Plan shall be credited with the amount of the Participant's Sara Lee 401(k) SERP Benefit determined under the Sara Lee SERP, if any, determined as of the date immediately preceding the Effective Date.

(b) Plan Year RSSERP Credits. A Participant's Account under the Plan shall be credited with the Plan Year RSSERP Credit equal to (i) plus (ii) plus (iii) below, if any, as of the last day of each Plan Year:

(i) Annual Company Credit. The amount equal to (A) minus (B) below:

(A) The annual company contribution that would have been made on behalf of the Participant (if any) under the Retirement Savings Plan (or, in 2006, under the Sara Lee 401(k) Plan) for the applicable Plan Year based on the Participant's Supplemental Compensation and without regard to Code Section 415; minus

(B) The annual company contribution actually made on behalf of the Participant under the Retirement Savings Plan (or, in 2006, under the Sara Lee 401(k) Plan) for such Plan Year.

(ii) Matching Credit. The amount equal to the Matching Credit that would have been made on behalf of the Participant under the Retirement Savings

Plan for the Plan Year based on his or her Supplemental Compensation less any matching contributions received (or deemed received as described below) by the Participant under the Retirement Savings Plan for that Plan Year; provided, however, that for purposes of determining the Matching Credit under this Plan, the Participant will be deemed to (A) have made 401(k) contributions (excluding catch-up contributions) of 4% of the Participant's Supplemental Compensation, and (B) have received the appropriate matching contribution under the Retirement Savings Plan based upon such deemed 401(k) contribution (regardless of the Participant's actual contribution rate).

(iii) The A&B Level Transition Credit, if any.

(iv) The Salaried Employee Transition Credit, if any.

(c) Forfeited Retirement Savings Plan Benefit. To the extent that service under a separation agreement is included in SERP vesting service, a Participant's Account under the Plan shall be credited with any amount of the Participant's Retirement Savings Plan benefit that would be vested under the Retirement Savings Plan recognizing SERP vesting service but that is forfeited due to his or her Separation from Service with the Controlled Group Members prior to becoming fully vested under the Retirement Savings Plan.

(d) Adjustment of Account. The Account maintained on behalf of a Participant under the Plan shall be adjusted from time to time to reflect a hypothetical investment in the Hanesbrands Inc. Common Stock Fund under the Retirement Savings Plan; provided, however, that for as long as the Corporation is a Controlled Group Member of Sara Lee Corporation, the Account maintained on behalf of a Participant under the Plan shall be adjusted from time to time to reflect a hypothetical investment in the Sara Lee Corporation Common Stock Fund under the Sara Lee Corporation 401(k) Plan. The Committee may establish such rules and procedures relating to the maintenance, adjustment, and liquidation of

Participants' Accounts, the crediting of credits and the notional income, losses, expenses, appreciation, and depreciation attributable thereto, as are considered necessary or advisable. In addition to the Account described above, the Committee may maintain such other Accounts as the Committee considers necessary or desirable.

4.2 Pension SERP Benefit

Subject to Subsection 4.3, a Transferred Participant's Pension SERP Benefit shall be equal to the Transferred Participant's Sara Lee Pension SERP Benefit determined under the Sara Lee SERP, if any, determined as of the Effective Date.

In the case of a Participant in compensation band 3, 4 or 5 who is entitled to receive severance benefits under the Hanesbrands Inc. Severance Pay Plan (previously known as the Sara Lee Corporation Severance Pay Plan for Employees of Sara Lee Branded Apparel) , and who would satisfy the requirements for early retirement under the Pension Plan if his/her severance period (as defined in the separation agreement pursuant to which the severance benefits are paid) were a period of actual employment under the Pension Plan, then to the extent provided in the Participant's separation agreement, the Participant's SERP Benefit shall be increased to reflect the difference between (i) the Pension Plan benefit that would be payable if the years of severance period was recognized as years of vesting service as defined in the Pension Plan; and (ii) the actual Pension Plan benefit; provided, however, that such Participant's severance period shall not be considered as credited service for purposes of determining the amount of the Participant's accrued Pension SERP Benefit.

4.3 Vesting of Benefits

A Participant shall have a nonforfeitable right to his or her SERP Benefit as provided in Subparagraphs (a) and (b) below, as applicable.

(a) RSSERP Benefit. A Participant's RSSERP Benefit shall become nonforfeitable on the same basis and at the same time as his or her employer contributions become nonforfeitable under the Retirement Savings Plan provided, however, that

an individual who had a Matching Credit balance under the Sara Lee SERP on December 31, 2002 shall be fully vested in his or her RSSERP Benefit on and after January 1, 2003.

(b) Pension SERP Benefit. A Participant's Pension SERP Benefit shall become nonforfeitable on the same basis and at the same time as his or her benefit under the Pension Plan.

In determining whether a Participant is vested in his or her SERP Benefit, any period required to be included as service pursuant to an employment, severance or other written agreement with an Employer shall be considered service with an Employer under the Plan.

4.4 Payment of Benefits

A Participant's SERP Benefit shall, subject to the further provisions of this Plan, be payable to or on account of the Participant as follows:

(a) RSSERP Benefit.

(i) If the value of the Participant's vested RSSERP Benefit (determined without regard to any Residual Credit) is less than $50,000 on the Participant's Determination Date, then any 2006 Special Election made by the Participant shall be void, and the Participant's RSSERP Benefit shall be paid in a lump sum as soon as administratively practicable following the Participant's Determination Date, but in no event later than the end of the calendar year after the calendar year of the Participant's Determination Date. Any Residual Credit to the Participant's Account after his or her Determination Date shall be paid in a lump sum as soon as practicable after such credit is made, but in no event later than the end of the calendar year after the calendar year of the Participant's Determination Date. Notwithstanding the foregoing, in no event shall distribution to a Specified Employee be made earlier than 6 months following his or her Separation from Service.

(ii) If the value of the Participant's vested RSSERP Benefit (determined without regard to any Residual Credit) is $50,000 or more on the Participant's Determination Date, the Participant's RSSERP Benefit will be paid as follows:

(A) Subject to Subparagraph (B) below, the Participant's RSSERP Benefit shall be paid in a lump sum on or as soon as practicable after the Default Payment Date, but in no event later than the end of the calendar year after the calendar year of the Participant's Determination Date.

(B) In lieu of the payment method described in Subparagraph (A), during the Election Period, the Participant may elect to receive his or her RSSERP Benefit in one of the following forms, in accordance with rules and procedures established by the Committee:

(1) In a lump sum paid as of the first business day of the calendar year beginning 5 years after the Default Payment Date (or any calendar year thereafter); or

(2) In annual installments over a period of 5 or 10 years commencing as of the first business day of the calendar year beginning 5 years after the Default Payment Date (or any calendar year thereafter).

(C) If the Participant made a valid 2006 Special Election and does not make an election described in Subparagraph (B), his or her RSSERP Benefit shall be paid in accordance with such 2006 Special Election commencing as soon as administratively practicable following the Participant's Default Payment Date.

If a proper election is not made during the Election Period, the Participant shall be deemed to have elected a distribution under Subparagraph (A).

(b) Pension SERP Benefit.

(i) If the Present Value of the Participant's vested Pension SERP Benefit is less than $50,000 on the Participant's Determination Date or if the Participant does not qualify as a Retired Participant or a Totally Disabled Participant, then any 2006 Special Election made by the Participant shall be void, and the Present Value of the Participant's Pension SERP Benefit shall be paid in a lump sum as soon as administratively practicable following the Participant's Determination Date, but in no event later than the end of the calendar year after the calendar year of the Participant's Determination Date. Notwithstanding the foregoing, in no event shall distribution to a Specified Employee be made earlier than 6 months following his or her Separation from Service. If the Participant's distribution is suspended due to the waiting period imposed by operation of Code Section 409A and the related terms of the Plan, it shall be accumulated with interest at the Pension SERP Interest Rate.

(ii) If the Present Value of the vested portion of the Participant's Pension SERP Benefit is $50,000 or more on the Participant's Determination Date and the Participant qualifies as either a Retired Participant or a Totally Disabled Participant, then the Participant's Pension SERP Benefit will be paid as follows:

(A) Subject to Subparagraph (B) below, if the Participant did not make a valid 2006 Special Election, the Participant's Pension SERP Benefit shall be paid the Present Value of his or her Pension SERP Benefit shall be paid in a lump sum as soon as administratively practicable following the Default Payment Date but in no event later than the end of the calendar year after the calendar year of the Participant's Determination Date.

(B) In lieu of the payment method and timing described in Subparagraph (A), and subject to the timing restrictions in Subparagraph (C), during the Election Period, the Participant may elect to receive his or her Pension SERP Benefit in one of the following forms, in accordance with rules and procedures established by the Committee:

(1) The Present Value paid in a lump sum; or

(2) The Present Value paid in monthly installments over a period of 5 or 10 years (as elected).

(C) If a Participant makes an election as described in Subparagraph (B) during the Election Period, payments will commence as follows:

(1) As elected by the Participant, as of the first day of any month following the date that is 5 years after the Default Payment Date.

(2) The amount of the Participant's Pension SERP Benefit will be determined as of the date the Participant retires and will be accumulated with interest at the Pension SERP Interest Rate to the payment date.

(D) If the Participant made a valid 2006 Special Election and does not make an election described in Subparagraph (B), his or her Pension SERP Benefit shall be paid in accordance with such 2006 Special Election.

4.5 Payments Upon Death

Notwithstanding any provision of Subsection 4.4 to the contrary, the following rules shall apply upon a Participant's death:

(a) RSSERP Benefit. If the Participant dies before complete payment of his or her vested RSSERP Benefit under Subparagraph 4.4(a), payment of his or her remaining RSSERP Benefit shall be made to his or her RSSERP Beneficiary in a lump sum as soon as practicable following the date of the Participant's death (but in no event later than the end of the calendar year following the calendar year of his or her death).

(b) Pension SERP Benefit.

(i) Death Before Commencement.

(A) If a Participant Separates from Service before qualifying as a Retired Participant and dies before commencement of his or her Pension SERP Benefit, the Present Value of the Participant's Pension SERP Benefit shall be paid to the Participant's Pension SERP Beneficiary in a lump sum as soon as practicable following the date of the Participant's death (but in no event later than the end of the calendar year following the calendar year of his or her death).

(B) If a Retired Participant dies before commencement of his or her Pension SERP Benefit payments, then the Present Value of his or her Pension SERP Benefit shall be paid to the Participant's Pension SERP Beneficiary in a lump sum as soon as practicable following the date of the Participant's death (but in no event later than the end of the calendar year following the calendar year of his or her death).

(C) Death while Active. If a Participant dies while actively employed by the Corporation, the Present Value of the Participant's Pension SERP Benefit attributable to the active death benefit, as determined under the Pension Plan, shall be paid to the Participant's Pension SERP Beneficiary in a lump sum as soon as practicable following the date of the Participant's death (but in no event later than the end of the calendar year following the calendar year of his or her death). If such benefit is payable to the Participant's surviving spouse, the Present Value shall be determined based on the surviving spouse's age on the date of the Participant's death. If such benefit is payable to a Pension SERP Beneficiary other than the Participant's surviving spouse, the Present Value shall be determined as if such amount were payable to a spouse the same age as the Participant.

(ii) Death After Commencement. If the Participant dies after commencement of his or her Pension SERP Benefit payments, the Present Value of the unpaid portion of his or her Pension SERP Benefit shall be paid to his or her Pension SERP Beneficiary in a lump sum as soon as practicable following the date of the Participant's death (but in no event following the later of the end of the calendar year following the calendar year of his or her death).

4.6 Payment of FICA Tax on Pension SERP Benefit

Notwithstanding anything contained in the Plan to the contrary, an initial Pension SERP Benefit payment shall be made on behalf of the Participant in the amount of the Federal Insurance Contributions Act ("FICA") tax due from the Participant on his or her Pension SERP Benefit, determined as of the date such FICA tax is due. All later calculations and payments related to the Participant's Pension SERP Benefit shall be adjusted to reflect this initial payment.

4.7 Benefits Provided by Employers

Benefits payable under this Plan to a Participant or his or her surviving spouse, beneficiary or estate shall be paid directly by the Participant's Employer. No Employer shall be required to segregate any assets to be applied for the payment of benefits under this Plan.

4.8 Other Employment

A Participant or his or her surviving spouse or beneficiary who is receiving SERP Benefits hereunder will continue to be entitled thereto regardless of other employment or self-employment.

SECTION 5

General

5.1 Committee

This Plan will be administered by the Committee appointed by the Board of Directors of the Corporation or a committee thereof. The Committee may delegate any of its authority hereunder to a committee or to one or more individuals provided such delegation is in writing. Any such delegation is incorporated herein by this reference. The Committee, and to the extent applicable its delegates, shall have the discretionary authority to determine factual issues and eligibility for Plan coverage and benefits, to interpret the provisions and terms of Plan and to decide claims for benefits under the terms of the Plan. Subject to applicable law, any interpretation of the provisions of the Plan (including any Supplement) and any decision on any matter within the discretion of the Committee, or as applicable its delegates, made by it or them in good faith shall be final and binding on all persons. A misstatement or other mistake of fact shall be corrected when it becomes known, and the Committee or as applicable its delegates shall make such adjustment on account thereof as it considers equitable and practicable. The Committee shall not be liable in any manner for any determination of fact made in good faith. Any claim for benefits under the Plan shall be handled by the Committee, or as applicable its delegates, pursuant to the claims procedures under the Retirement Savings Plan or the Pension Plan, as applicable, and such procedures are incorporated herein by this reference. No action at law or in equity may be brought to recover benefits under the Plan until the Participant has exercised all appeal rights and the Plan benefits requested in such appeal have been denied in whole or in part. Benefits under the Plan shall be paid only if the Committee, or as applicable its delegates, in its or their discretion, determines that a Participant (or other claimant) is entitled to them.

5.2 Interests Not Transferable

Except as provided under an agreement between the Participant and the Corporation or required for purposes of withholding of any tax under the laws of the United States or any State

or locality, the interest of any Participant, his or her spouse or minor children under the Plan is not subject to the claims of creditors and may not be voluntarily or involuntarily sold, transferred, assigned, alienated or encumbered.

5.3 Facility of Payment

When, in the Committee's opinion, a Participant or beneficiary is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the amounts payable to such person may be paid to such person's legal representative, or to a relative or friend of such person for his or her benefit, or such amounts may be applied for the benefit of such person in any way the Committee considers advisable.

5.4 Gender and Number

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

5.5 Controlling Law

To the extent not superseded by the laws of the United States, the laws of North Carolina (without regard to any state's conflict of law principles) shall be controlling in all matters relating to the Plan.

5.6 Successors

This Plan is binding on each Employer and will inure to the benefit of any successor of an Employer, whether by way of purchase, merger, consolidation or otherwise.

5.7 Rights Not Conferred by the Plan

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

5.8 Litigation by Participants

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

5.9 Uniform Rules

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

5.10 Action by Employers

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

5.11 Tax Effects

The Corporation, the Committee, the Controlled Group Members, and their representatives and delegates do not in any way guarantee the tax treatment of benefits for any individual, and the Corporation, the Committee, the Controlled Group Members, and their representatives and delegates do not in any way guarantee or assume any responsibility or liability for the legal, tax, or other implications or effects of the Plan. In the event of any legal, tax, or other change that may affect the Plan, the Corporation, or the Controlled Group Members, the Corporation may, in its sole discretion, take any actions it deems necessary or desirable as a result of such change.

SECTION 6

Amendment and Termination

While the Employers expect to continue the Plan indefinitely, the Corporation reserves the right to amend or terminate the Plan by action of the Board of Directors of the Corporation or by action of a committee or an individual authorized to amend or terminate the Plan, provided that in no event shall any Participant's SERP Benefit accrued to the date of such amendment or termination be reduced or modified by such action.

SUPPLEMENT A

TO

HANESBRANDS INC.

SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

Provisions Relating to Transferred Participants Previously Participating in

the Earthgrains Company Supplemental Executive Retirement Plan

A-1. **History and Purpose**. The purpose of this Supplement A is to describe the benefits that would have been payable under the Earthgrains SERP to each Supplement A Participant (defined below) and to describe the benefits payable to each eligible Supplement A Participant under the Plan. This Supplement A is intended to supersede the terms of the Earthgrains SERP as applied to any Supplement A Participant. Accordingly, any benefit payable to or on behalf of a Supplement A Participant under this Supplement shall be considered to have been provided under the Earthgrains SERP for all purposes. A Supplement A Participant who receives the benefits described in this Supplement shall be deemed to have received his or her entire Earthgrains SERP benefit. Except as otherwise specifically provided herein, a Supplement A Participant is not intended to receive any rights under this Supplement A in addition to his or her rights under the Earthgrains SERP. "Supplement A Participant" means each Transferred Participant who was an active participant in the Earthgrains SERP as of December 31, 2002.

A-2. **Supplement A Pension SERP Benefit**. In lieu of a Pension SERP Benefit, a Supplement A Participant shall be entitled to the following:

(a) **Amount of Supplement A Pension SERP Benefit**. Subject to the requirements set forth below, each Supplement A Participant who retires or terminates employment with all Controlled Group Members shall be entitled to a benefit equal to the following:

(i) The benefit which would be payable to the Supplement A Participant under the Earthgrains supplement to the Pension Plan, determined (A) without regard to the limitation of Code Section 401(a)(17), and (B) using the definition of Earthgrains Formula Compensation (as defined in the Sara Lee SERP); minus

(ii) The Supplement A Participant's actual accrued benefit under the Earthgrains supplement of the Pension Plan.

(b) **Form of Payment**.

(i) The benefit payable to a Supplement A Participant (the Participant's "Supplement A SERP Benefit") shall be paid as follows:

(A) Subject to Subparagraphs (B) and (C) below, if the Participant did not make a valid 2006 Supplement A Special Election (as defined below), the Participant's Supplement A SERP Benefit shall be paid in a lump sum as soon as practicable after such Supplement A Participant's Separation from Service; provided, however, that in no event shall distribution to a Specified Employee be made less than 6 months following his or her Separation from Service.

(B) If the Supplement A Participant made a valid 2006 Supplement A Special Election, the Participant's Supplement A Benefit shall be paid in accordance with such election. A "2006 Supplement A Special Election" means a Supplement A Participant's valid election, made prior to December 31, 2005 in accordance with rules and procedures established by the Committee, to receive his or her Supplement A Benefit in actuarially equivalent quarterly installments, semi-annual installments or annual installments (as elected) for a period not to exceed 5 years, commencing as soon as practicable after such Supplement

A Participant's Separation from Service (or, for a Specified Employee, 6 months following his or her Separation from Service).

(C) In lieu of the payment method and timing described in Subparagraphs (A) or (B), the Participant may elect to receive his or her Supplement A Benefit in actuarially equivalent quarterly installments, semi-annual installments or annual installments (as elected) for a period not to exceed 5 years, commencing 5 years after the later of (x) the Participant's Separation from Service, or (y) the date the Participant otherwise would have commenced payment of his or her Supplement A Benefit under Subparagraphs (A) or (B) above, as applicable; provided, however that an election under this Subparagraph (C) must be made in accordance with rules and procedures established by the Committee and must be received by the Committee at least 1 year before Participant's Separation from Service. A new election under this Subparagraph shall revoke all prior elections; provided, however, that an election received within 1 year of the date of the Participant's Separation from Service shall be invalid.

(c) **Actuarial Factors**. The following actuarial factors shall apply for purposes of this Paragraph A-2:

(i) **Present Value**. Present value shall be determined using the factors set forth in the Pension Plan;

(ii) **Early Retirement Reduction**. The reduction for early commencement shall be determined using the early retirement reduction factors set forth in the Earthgrains supplement to the Pension Plan; provided, however, that no reduction shall apply if the Supplement A Participant retires after attaining age 62 with 20 Years of Service.

(iii) **Installment Payments**. The actuarial factors for determining installment payments shall be determined using the factors set forth in the Pension Plan.

A-3. **Plan Provisions**. All provisions of the Plan, to the extent that they are consistent with the provisions of this Supplement, shall apply to Supplement A Participants; provided, however, that a Supplement A Participant shall only be entitled to a benefit under the Plan to the extent such benefit is specifically provided under this Supplement A.

Exhibit 10.7

HANESBRANDS INC.
PERFORMANCE-BASED ANNUAL INCENTIVE PLAN

CERTIFICATE

I hereby certify that the attached document is the official version of the Hanesbrands Inc. Performance-Based Annual Incentive Plan adopted by the Board of Directors of the Company by resolution dated June 26, 2006 and subsequently finalized by the duly authorized officers of the Company effective as of July 2, 2006.

Dated this 1st day of September, 2006.

HANESBRANDS INC.

By /s/ Kevin Oliver

Its Senior Vice President, Human Resources

HANESBRANDS INC.

PERFORMANCE-BASED ANNUAL INCENTIVE PLAN

1. **Purpose**. The purpose of the Hanesbrands Inc. Performance-Based Annual Incentive Plan (the "*Plan*") is to advance the interests of Hanesbrands Inc. and its stockholders by providing certain of its key executives with annual incentive compensation which is tied to the achievement of pre-established and objective performance goals. The *Plan* is intended to provide *Participants* with annual incentive compensation which is not subject to the deduction limitation rules prescribed under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "*Code*"), and should be construed to the extent possible as providing for remuneration which is "performance-based compensation" within the meaning of Section 162(m) of the *Code* and the regulations promulgated thereunder.

2. **Definitions**. Where the context of the *Plan* permits, words in the masculine gender shall include the feminine gender, the plural form of a word shall include the singular form, and the singular form of a word shall include the plural form. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

(a) *Board* means the Board of Directors of Hanesbrands Inc.

(b) *Committee* means the Compensation and Benefits Committee of the *Board*, a subcommittee thereof, or such other committee as may be appointed by the *Board*. The *Committee* shall be comprised of two or more non-employee members of the *Board* who shall qualify to administer the *Plan* as "outside directors" under Section 162(m) of the *Code* and who shall qualify as "independent" under the New York Stock Exchange listing requirements.

(c) *Corporation* means Hanesbrands Inc., a Maryland corporation, and any successor thereto.

(d) *Incentive Pool Fund* means an amount equal to *3.0%* of *Operating Income*.

(e) *Operating Income* means the *Corporation*'s operating income for the applicable *Performance Period* as reported in the *Corporation's* income statement and as

adjusted to eliminate the effects of charges for restructurings, discontinued operations, extraordinary items, other unusual or non-recurring items, and the cumulative effect of tax or accounting changes, each as determined in accordance with Generally Accepted Accounting Principles and identified in the financial statements, in the notes to the financial statements or in the Management's Discussion and Analysis section of the financial statements.

(f) *Participant* means (i) a "covered employee," as defined in Section 162(m) of the *Code* and the regulations promulgated thereunder, of the *Corporation* or its *Subsidiaries* who has been selected by the *Committee* to participate in the *Plan* during a *Performance Period* and (ii) each other employee of the *Corporation* or its *Subsidiaries* who has been selected by the *Committee* to participate in the *Plan* during a *Performance Period*.

(g) *Performance Award* means an award granted pursuant to the terms of section 4 of this *Plan*. A *Participant* shall have no right to any *Performance Award* until that award is paid.

(h) *Performance Period* means the *Corporation's* fiscal year, or such other period as designated by the *Committee*.

(i) *Plan* means the Hanesbrands Inc. Performance-Based Annual Incentive Plan, as amended from time to time.

(j) *Pool Fund Allocation* means the percentage of the *Incentive Pool Fund* that is allocated to each *Participant* with respect to any *Performance Period*. A maximum of *40%* may be allocated to any single *Participant*. The total allocation may not exceed 100%.

(k) *Subsidiary* or *Subsidiaries* means any corporation or entity of which the *Corporation* owns directly or indirectly, at least 50% of the total voting power or in which it has at least a 50% economic interest, and which is authorized to participate in the *Plan*.

3. **Plan Administration**. The *Committee* shall have full discretion, power and authority to administer and interpret the *Plan* and to establish rules and procedures for its administration as the *Committee* deems necessary and appropriate. The *Committee* may delegate to officers and employees of the *Corporation* the authority to manage the day-to-day administration of the *Plan* including without limitation the discretionary authority to (i) administer and interpret the terms of the *Plan*, and (ii) amend the *Plan* only as necessary to reflect any ministerial, administrative or managerial functions; provided that any such amendment does not increase the *Incentive Pool Fund* or the *Pool Fund Allocation*. *Pool Fund Allocations* shall be established by the *Committee* for a *Participant* (or group of *Participants*) no later than ninety (90) days after the commencement of each *Performance Period* (or the date on which 25% of the *Performance Period* has elapsed, if earlier).

Any interpretation of the *Plan* or other act of the *Committee* (or its delegate) in administering the *Plan* shall be final and binding upon all *Participants*.

4. **Performance Awards**. For each *Performance Period*, the *Committee* shall determine the amount of a *Participant's Performance Award* as follows:

(a) **General.** The maximum amount of a *Participant's Performance Award* shall be equal to the *Participant's Pool Fund Allocation* of the *Incentive Pool Fund* for the *Performance Period*. The actual amount of a *Participant's Performance Award* may be reduced or eliminated by the *Committee* as set forth in subsection (c) below.

(b) **Allocation of Incentive Pool Fund**. The *Incentive Pool Fund* for each *Performance Period* shall be allocated among *Participants*. The maximum award for a *Participant* is equal to the *Participant's Pool Fund Allocation*.

(c) **Reduction or Elimination of Pool Fund**. The *Pool Fund Allocation* for each *Participant* may be reduced or eliminated by the *Committee* in its sole discretion; provided, however, that under no circumstances may the amount of the *Incentive Pool Fund*, or the *Pool Fund Allocation* to any *Participant*, be increased. Once

the *Committee* has determined the amount of a *Participant's Performance Award* pursuant to subsections (a), (b), and (c) in this section 4, and upon the certification required under section 5 hereto, the *Committee* shall pay the *Participant's Performance Award* pursuant to such terms and procedures as the *Committee* shall adopt under section 3 hereto.

5. **Payment of Performance Awards**. Subject to any stockholder approval required by law, payment of any *Performance Award* to a *Participant* for any *Performance Period* shall be made in cash (or in stock or stock-based awards under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 as restated and/or amended from time to time) after written certification by the *Committee* that the performance goal for the *Performance Period* was achieved, and any other material terms of the *Performance Award* were satisfied. Any *Performance Award* may be deferred pursuant to the terms and conditions of the *Corporation's* deferred compensation plan or plans then in effect.

A *Participant* is not entitled to any award hereunder for the *Performance Period* during which *Participant* breaches any confidentiality, proprietary information, or non-compete provisions of any agreement or plan then in effect between *Corporation* and *Participant*, and shall immediately forfeit his right to any accrued but unpaid amounts attributable to any *Performance Period*. *Further,* if a *Participant* breaches any confidentiality, proprietary information, or non-compete provisions of any agreement or plan between *Corporation* and the *Participant* in effect after the *Participant's* termination of employment, the *Participant* shall repay to *Corporation* any award paid to the *Participant* under the *Plan* within one year of such breach (plus the cost of collection and a reasonable rate of interest) and shall immediately forfeit his right to any accrued unpaid amounts attributable to any *Performance Period*.

The *Committee* may make retroactive adjustments to and the *Participant* shall reimburse to the *Corporation* any cash or equity based incentive compensation paid to the *Participant* where such compensation was predicated upon achieving certain financial results that were

substantially the subject of a restatement, and as a result of the restatement it is determined that the *Participant* otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from the *Participant's* misconduct. In each such instance, the *Corporation* will, to the extent practicable, seek to recover the amount by which the *Participant's* cash or equity based incentive compensation for the relevant period exceeded the lower payment that would have been made based on the restated financial results. The *Corporation* will, to the extent permitted by governing law, require reimbursement of any cash or equity based incentive compensation paid to any named executive officer (for purposes of this policy "named executive officers" has the meaning given that term in Item 402(a)(3) of Regulation S-K under the Securities Exchange Act of 1934) where: (i) the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a substantial restatement, and (ii) in the *Committee's* view the officer engaged in fraud or misconduct that caused or partially caused the need for the substantial restatement. In each instance described above, the *Corporation* will, to the extent practicable, seek to recover the described cash or equity based incentive compensation for the relevant period, plus a reasonable rate of interest.

6. **Plan Amendment and Termination**. Except as explicitly provided by law, this *Plan* is provided at the *Corporation's* sole discretion and the *Board* or the *Committee* may modify or terminate it at any time, prospectively or retroactively, without notice or obligation for any reason, subject to obtaining any necessary stockholder approval as required by law, regulation, or listing exchange requirement. In addition, there is no obligation to extend the *Plan* or establish a replacement plan in subsequent years.

7. **Miscellaneous Provisions**.

(a) **Employment Rights**. The *Plan* does not constitute a contract of employment and participation in the *Plan* will not give a *Participant* the right to continue in the employ of the *Corporation*, or any of its subsidiaries or affiliates, on a full-time, part-time, or any other basis. Participation in the *Plan* will not give any *Participant* any right or claim to any benefit under the *Plan*, unless such right or claim has specifically been granted by the *Committee* under the terms of the *Plan*.

(b) **Committee's Decision Final**. Any interpretation of the *Plan* and any decision on any matter pertaining to the *Plan* which is made by the *Committee* in its discretion in good faith shall be binding on all persons.

(c) **Governing Law.** Except to the extent superseded by the laws of the United States, the laws of the State of North Carolina, without regard to any state's conflict of laws principles, shall govern in all matters relating to the *Plan*. Any legal action related to this *Plan* shall be brought only in a federal or state court located in North Carolina.

(d) **Interests Not Transferable**. Any interests of *Participants* under the *Plan* may not be voluntarily sold, transferred, alienated, assigned or encumbered, other than by will or pursuant to the laws of descent and distribution.

(e) **Severability.** In the event any provision of the *Plan* shall be held to be illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts of the *Plan*, and the *Plan* shall be construed and enforced as if such illegal or invalid provision(s) had never been contained in the *Plan*.

(f) **Withholding.** The *Corporation* will withhold from any amounts payable under this *Plan* all federal, state, foreign, city and local taxes as shall be legally required.

(g) **Effect on Other Plans or Agreements.** Payments or benefits provided to a *Participant* under any stock, deferred compensation, savings, retirement or other employee benefit plan are governed solely by the terms of such plan.

8. **Effective Date.** This *Plan* shall be effective as of July 2, 2006, as approved by Sara Lee Corporation as the sole shareholder of the *Corporation*. The *Plan* shall automatically terminate as of the first meeting of shareholders on and after the first anniversary of the date on which the *Corporation* first issues equity securities of the *Corporation* that are required to be registered under Article II of the Securities Exchange Act of 1934, as amended, unless resubmitted to and approved by shareholders prior to that date.

Exhibit 10.8

HANESBRANDS INC.

EXECUTIVE DEFERRED COMPENSATION PLAN

(Effective January 1, 2006 and as Conformed Through the First Amendment)

Section 1

Introduction

1.1 **The Plan and Its Effective Date**. The Hanesbrands Inc. Executive Deferred Compensation Plan is established as of January 1, 2006.

1.2 **Purpose**.

(a) The *Company* has established this *Plan* to allow *Eligible Employee*s to defer compensation as described herein. The *Plan* is intended to be a top-hat plan described in Section 201(2) of *ERISA*.

(b) Amounts deferred under the *Plan* on and after the *Effective Date* (and amounts described in Paragraph 5 of Supplement I to the *Plan*) are subject to the provisions of Section 409A of the *Code*; accordingly, as applied to those amounts, the *Plan* shall at all times be interpreted and administered so that it is consistent with such *Code* section notwithstanding any provision of the *Plan* to the contrary.

1.3 **Administration**. The *Plan* shall be administered by the *Committee*. The *Committee* shall have the powers set forth in the *Plan* and the complete discretionary power to interpret its provisions. Any decisions of the *Committee* shall be final and binding on all persons with regard to the *Plan*. The *Committee* may delegate its authority hereunder to the Senior Vice President, Human Resources of the *Company* or to such other officers of the *Company* as it may deem appropriate.

1.4 **Plan Year**. The *Plan* shall be administered on the basis of the *Plan Year*.

Section 2

Glossary of Terms

2.1 "*Annual Base Salary*" means the regular rate of compensation to be paid to the *Eligible Employee* for services rendered during the *Plan Year* excluding severance or termination payments, commissions, foreign service payments, payments for consulting services and such other unusual or extraordinary payments as the *Committee* may determine.

2.2 "*Annual Bonus*" means an *Eligible Employee*'s Annual Bonus for a year due under an Annual Bonus Plan or any other short-term incentive plan of the *Company* or an *Employer*.

2.3 "*Beneficiary*" means the individual(s) or entity designated by a *Participant* to receive the balance of the *Participant's Deferral Account* in the event of the *Participant's* death prior to the payment of the *Participant's* entire *Deferral Account*. To be effective, any beneficiary designation shall be filed in such manner as prescribed by the *Committee*. A *Participant* may revoke an existing beneficiary designation by filing another *Beneficiary* designation in such manner as prescribed by the *Committee*. The latest beneficiary designation received by the *Committee* shall be controlling. If no *Beneficiary* is named by a *Participant* or if he survives all of his named *Beneficiaries*, the *Deferral Account* shall be paid in the following order of precedence:

(a) the *Participant's* spouse;

(b) the *Participant's* children (including adopted children), per stirpes; or

(c) the *Participant's* estate.

2.4 "*Code*" means the Internal Revenue *Code* of 1986, as amended.

2.5 "*Committee*" means the Employee Benefits Administrative Committee of the Sara Lee Corporation for as long as the *Company* is a member of Sara Lee Corporation's controlled group of corporations (as defined in Section 414 of the *Code* and the regulations thereunder). Thereafter, "*Committee*" shall mean the Employee Benefits Administrative Committee of the *Company*.

2.6 "*Company*" means Hanesbrands Inc.

2.7 "*Deferral*" means the amount deferred pursuant to a *Deferral Election* and, as the context warrants, includes an "*Employer Deferral*" which is an amount credited to a *Participant's Deferral Account* by an *Employer*.

2.8 "*Deferral Account*" means the bookkeeping account established in the name of the *Participant* to hold all amounts deferred pursuant to the *Participant's Deferral Election*s or pursuant to an *Employer Deferral*. As described in Supplement I to this *Plan*, separate rules apply to *Transferred Participant's Grandfathered Deferrals*.

2.9 "*Deferral Crediting Date*" means the business day coinciding with or next following the 15th day of each calendar month and the business day coinciding with or next following the last day of each calendar month.

2.10 "*Deferral Election*" means a *Participant's* irrevocable election to defer receipt of an *Incentive Payment*, an *Annual Bonus*, and/or *Annual Base Salary* for a *Plan Year*.

2.11 "*Deferral Program*" means the terms and conditions, described herein, pursuant to which a *Participant* may on or after January 1, 2006 defer payment of an *Incentive Payment*, an *Annual Bonus*, and/or *Annual Base Salary*.

2.12 "*Distribution Date*" means the date on which an *Eligible Employee* elects to have a *Deferral* paid pursuant to a *Deferral Election*.

2.13 "*Effective Date*" means the effective date of the *Plan*, January 1, 2006.

2.14 "*Eligible Employee*" means each salary band one through six level executive of the *Company* or an *Employer* on a U.S. payroll, the Chief Executive Officer of the *Company*, the Executive Chairman of the Board of the *Company*, and each other executive of the *Company* or an *Employer* who is identified as eligible by the *Committee*.

2.15 "*Employer*" means any subsidiary or affiliate of the *Company* incorporated under the laws of any state in the United States that has adopted the *Plan* with the consent of the *Committee*.

2.16 "*Employer Deferral*" means an amount credited to a *Participant's Deferral Account* by an *Employer*.

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

2.18 "*Incentive Payment*" means any payment due under a long-term performance incentive plan of the *Company* or an *Employer*.

2.19 "*Interest Account*" means the investment alternative under which interest is credited to a *Participant's Deferral Account* each *Plan Year*.

2.20 "*Market Value*" of common stock means the average of the high and low quotes for the applicable common stock on the applicable day on the New York Stock Exchange Composite Transaction Tape.

2.21 "*Participant*" means any *Eligible Employee* who makes a *Deferral Election* or has a *Deferral Account* under the *Plan*.

2.22 "*Plan*" means the Hanesbrands Inc. Executive Deferred Compensation Plan.

2.23 "*Plan Year*" means the calendar year.

2.24 "*Re-Deferral Election*" means a *Participant's* irrevocable election to extend a *Distribution Date*.

2.25 "*Stock Equivalent Account*" means the investment alternative under which a *Participant's Deferral Account* is treated as if it is invested in common stock equivalents.

2.26 "*Top-50 Employee*" means an employee who meets the key employee requirements of *Code* Section 416(i)(1)(A)(i), (ii) or (iii) (applied in accordance with the

regulations thereunder and disregarding *Code* Section 416(i)(5)) at any time during the 12-month period ending each December 31st. If an employee is a *Top-50 Employee* as of any December 31st, the person is treated as a *Top-50 Employee* for the 12-month period beginning on the March 1st following that December 31st.

2.27 "*Trust*" means the grantor *Trust* or *Trusts*, if any, that the *Company* or an *Employer* may maintain to hold assets to be used for payment of benefits under the *Plan*.

2.28 "*Unforeseeable Financial Emergency*" means a severe financial hardship to the *Participant* resulting from (i) an illness or accident of the *Participant* or of a dependent of the *Participant*; (ii) loss of the *Participant's* property due to casualty; or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the *Participant* as determined by the *Committee*. If the *Committee* determines that a *Participant* has an *Unforeseeable Financial Emergency*, then the *Participant's Deferral Elections* then in effect shall be revoked for the balance of the *Plan Year* with respect to all amounts not previously deferred, however such *Participant* may make a new *Deferral Election* in the following *Plan Year.*

2.29 "*Valuation Date*" means the business day coinciding with or next following each June 30 and December 31.

Section 3

Participation and Deferral Elections

3.1 **Participation**. Subject to the conditions and limitations of the *Plan*, any *Eligible Employee* who makes a *Deferral Election* as described in Section 3.2 shall become a *Participant* in the *Plan* and shall remain a *Participant* until the entire balance of his *Deferral Account* is distributed to him.

3.2 **Rules for Deferral Elections**. Any *Eligible Employee* may make a *Deferral Election* for a *Plan Year* in accordance with the rules set forth below.

(a) **Eligibility.** An *Eligible Employee* shall be eligible to make a *Deferral Election* only if he is an active, regular, full-time employee on the date such election is made.

(b) **Deferral Amounts.** Under the *Deferral Program*, for each *Plan Year*, an *Eligible Employee* may make no more than one *Deferral Election* for each of the *Eligible Employee*'s *Incentive Payments*, *Annual Bonus*, *Annual Base Salary* and other payments in the amounts set forth below:

(i) All or any portion of the *Eligible Employee's Annual Base Salary*.

(ii) All or any portion not less than 25 percent of the *Eligible Employee's Annual Bonus*.

(iii) All or any portion not less than 25 percent of the *Eligible Employee's Incentive Payment*.

(iv) With respect to any other bonuses and incentive payments under any plan or arrangement established by the *Company* or an *Employer* as the *Committee* may designate as compensation eligible for deferral under this *Plan*, in such increments and subject to such limitations and restrictions as the *Committee* may establish.

(c) **Timing and Other Requirements for Deferral Elections.** All *Deferral Elections* must be made in such form as the *Committee* may prescribe and must be received by the *Committee* no later than the date specified by the *Committee*. With respect to deferrals of *Annual Base Salary*, the date specified by the *Committee* generally may be no later than the end of the calendar year preceding the calendar year in which the *Annual Base Salary* is anticipated to be paid. With respect to deferrals of *Annual Bonuses*, the date

specified by the *Committee* generally may be no later than the end of the calendar year preceding the beginning of the measurement period for such *Annual Bonus*; provided, however, that if the *Committee* determines that such *Annual Bonus* qualifies as "performance-based compensation" (as defined in *Code* Section 409A(4)(B)(iii) and the regulations thereunder), such *Deferral Election* may be made no later than 6 months before the end of the measurement period. With respect to deferrals of *Incentive Payments*, the date specified by the *Committee* generally may be no later than the end of the calendar year preceding the calendar year in which vesting in such *Incentive Payment* would begin; provided, however, that if the *Committee* determines that such *Incentive Payment* qualifies as "performance-based compensation" (as defined above), such *Deferral Election* may be made no later than 6 months before the end of the measurement period. The *Committee*, in its complete discretion, may modify the general rules set forth above as permitted by IRS Notice 2005-1 and regulations issued under *Code* Section 409A.

(d) **Special Rule for Newly Eligible Employees.** Notwithstanding anything in paragraph (c) above to the contrary, in the first year in which an *Eligible Employee* becomes eligible to participate in the *Plan*, such *Participant* may make a *Deferral Election* within 30 days after the date the *Participant* first become eligible to participate; provided, however, that such election may only apply to compensation with respect to services to be performed subsequent to the election (with *Annual Bonuses* and *Incentive Payments* prorated to the extent necessary to comply with regulations issued under *Code* Section 409A).

(e) **Elections Generally Irrevocable.** *Deferral Elections* shall be irrevocable; provided, that if the *Committee* determines that a *Participant* has an *Unforeseeable Financial Emergency*, then the *Participant's Deferral Elections* then in effect shall be revoked with respect to all amounts not previously deferred.

(f) **Investment Election.** As part of each *Deferral Election*, an *Eligible Employee* must elect the investment alternatives that shall apply to the *Deferral* in accordance with Section 4.2.

(g) **Distribution Dates.** As part of each *Deferral Election*, the *Eligible Employee* must specify a *Distribution Date*. The *Distribution Dates* specified may be the earlier of a specified date or the *Eligible Employee's* termination of employment, but in no case shall the *Distribution Date* be prior to the January 1 following the first anniversary of the date the *Deferral Election* is made. The *Distribution Date*s specified in an *Eligible Employee's Deferral Elections* may, but need not necessarily, be the same for all *Deferrals*. Except as provided in subsection (i) below, each *Distribution Date* is irrevocable and shall apply only to that portion of the *Participant's Deferral Account* which is attributable to the *Deferral*.

(h) **Distribution Form**. As part of each *Deferral Election*, an *Eligible Employee* must elect the form in which the *Deferral* will be paid beginning on the selected *Distribution Date* in accordance with Section 5.1. The distribution form specified may, but need not necessarily be the same for all distribution events. Except as provided in Section 5.1, an *Eligible Employee's* election as to the method of payment shall be irrevocable.

(i) **Re-Deferrals.** A *Participant* may make a *Re-Deferral Election*; provided, that no *Re-Deferral Election* shall be effective unless (i) the *Committee* receives the election not later than 12 months prior to the *Distribution Date* to be changed, and (ii) the new *Distribution Date* is not earlier than the fifth anniversary of the prior *Distribution Date*. All *Re-Deferral Elections* must be made

pursuant to such rules as the *Committee* may prescribe. The *Committee*, in its complete discretion, may modify the general rules set forth above as permitted by IRS Notice 2005-1 and regulations issued under *Code* Section 409A. In addition, during 2005 and 2006, *Re-Deferral Elections* need not be received by the *Committee* 12 months prior to the *Distribution Date* to be changed, and the new *Distribution Date* may be earlier than the fifth anniversary of the prior *Distribution Date*; provided, however that *Re-Deferral Elections* made in 2006 may neither specify a *Distribution Date* in 2006 nor defer amounts otherwise payable in 2006.

3.3 **Transfers**. With the consent of the *Committee* and subject to such limits and in accordance with such rules as the *Committee* may establish in its sole discretion, a *Participant* who is employed by a subsidiary of the *Company* may elect to transfer his entire *Deferral Account* to a similar deferred compensation plan maintained by such subsidiary; provided, that no portion of a *Participant's Deferral Account* that is attributable to a *Deferral*, the *Distribution Date* for which has or will have occurred before the scheduled transfer date, may be transferred under this provision.

3.4 **Employer Deferrals**. In addition to *Deferrals* made pursuant to a *Participant's Deferral Election* under this Section 3, an *Employer* may credit an *Employer Deferral* to a *Participant's Deferral Account*. The amount of any *Employer Deferral* shall be determined by the *Employer* it its complete discretion. At the time the *Employer Deferral* is credited to the *Participant's Deferral Account*, the *Employer* shall specify the *Distribution Date* and the form of payment for the *Employer Deferral*. Once credited to the *Participant's Deferral Account*, the *Employer Deferral* shall be treated as any other *Deferral* under the *Plan*.

Section 4

Deferral Accounts

4.1 **Deferral Accounts**. All amounts deferred pursuant to a *Participant's Deferral Elections* under the *Plan* shall be allocated to the *Participant's Deferral Account* and the *Committee* shall maintain a separate subaccount under a *Participant's Deferral Account* for each *Deferral*. *Deferrals* shall be credited to the *Deferral Account* as of the *Deferral Crediting Date* coinciding with or next following the date on which, in the absence of a *Deferral Election*, the *Participant* would otherwise have received the *Deferral*.

4.2 **Investment Alternatives**. A *Participant* must make an investment election at the time of each *Deferral Election*. The investment election must be made pursuant to such rules as the *Committee* may prescribe, subject to Section 4.3, and shall designate the portion of the *Deferral* which is to be treated as invested in each investment alternative. Subject to the *Committee's* right to change the investment alternatives in the future, the investment alternatives are as follows:

(a) **Stock Equivalent Account**.

(i) Under the *Stock Equivalent Account*, the value of the *Participant's Deferral* shall be determined as if the *Deferral* were invested in common stock equivalents as of the *Deferral Crediting Date*. Subject to the special transition rules set forth in subparagraph (ii) below, until the *Company* ceases to be a member of Sara Lee Corporation's controlled group of corporations (as defined in Section 414 of the *Code* and the regulations thereunder) (referred to herein as the "*Spin-Off Date*"), Sara Lee Corporation common stock equivalents shall be used, and after the *Spin-Off Date*, *Company* common stock equivalents shall be used.

(ii) In connection with Sara Lee Corporation's intent to distribute to its shareholders all of Sara Lee Corporation's interest in the *Company*, each *Participant* deemed to be invested in the *Stock Equivalent Account* will automatically be deemed to have part of his or her *Stock Equivalent Account* based on *Company* common stock equivalents in the same ratio as all other shareholders of Sara Lee Corporation common shares. With respect to the remaining portion of the *Participant's* interest in the *Stock Equivalent Account* that is determined based on Sara Lee Corporation common stock equivalents, each *Participant* invested in the *Stock Equivalent Account* shall be permitted to elect to have his or her interest in the *Stock Equivalent Account*: (A) determined as if such amounts were invested in *Company* common stock, or (B) transferred to the *Interest Account.* The *Participant* election described in the immediately preceding sentence shall be made at such times and in accordance with such rules as shall be established by the *Committee;* provided, however, that no such election shall be permitted after the end of the quarter containing the one-year anniversary of the *Spin-Off Date*. If a *Participant* with a balance in the *Stock Equivalent Account* that is determined based on Sara Lee Corporation common stock equivalents does not make such an election pursuant to this subparagraph, amounts in the *Participant's Stock Equivalent Account* shall continue to be determined as if the amounts were invested in Sara Lee Corporation common stock; provided, however, that at the end of the quarter containing the one-year anniversary of the *Spin-Off Date*, any amounts which are still determined as if the amounts were invested in Sara Lee Corporation common

stock shall thereafter be transferred to the *Interest Account*. The foregoing transition rules only apply to *Stock Equivalent Account* amounts deemed invested in the Sara Lee Corporation common stock equivalents or prior to December 31, 2006; after that date, investments in the *Stock Equivalent Account* shall be determined as if the amounts were invested in *Company* common stock.

(iii) The conversion of Sara Lee Corporation's common stock equivalents to *Company* stock equivalents shall be determined by the *Committee* in its complete discretion based on the *Market Value* for Sara Lee Corporation and for *Company* common stock from time to time.

(iv) The number of common stock equivalents to be credited to the *Participant's Deferral Account* and appropriate subaccounts on each *Deferral Crediting Date* shall be determined by dividing the *Deferral* to be "invested" on that date by the *Market Value* of the Sara Lee Corporation or *Company* common stock, as applicable. Fractional stock equivalents will be computed to two decimal places.

(v) An amount equal to the number of common stock equivalents multiplied by the dividend paid on applicable common stock on each dividend payment date shall be credited to the *Participant's Deferral Account* and appropriate subaccount as of the *Deferral Crediting Date* coincident with or next following the dividend payment date and "invested" in additional common stock equivalents as though such dividend credits were a *Deferral*.

(vi) In the event of any stock dividend, stock split, combination or exchange of securities, merger, consolidation, recapitalization, spin-off or other distribution (other than normal cash dividends) of any or all of the assets of Sara Lee Corporation or of the *Company* to stockholders, or any other similar change or event, such proportionate adjustments, if any, as the *Committee* in its discretion may deem appropriate to reflect such change or event shall be made with respect to the number of common stock equivalents credited to a *Participant's Deferral Account*.

(vii) The number of shares of applicable common stock to be paid to a *Participant* on a *Distribution Date* shall be equal to the number of common stock equivalents accumulated in the *Stock Equivalent Account* on the *Distribution Date* divided by the total of the payments to be made. All payments from the *Stock Equivalent Account* shall be made in whole shares of common stock with fractional shares credited to federal income taxes withheld.

(b) **Interest Account**. Under the *Interest Account*, interest will be credited to the *Participant's Deferral Account* on a monthly basis and on the date the final payment of a *Deferral* is to be made based on the balance in the *Participant's Deferral Account* deemed invested in the *Interest Account* on the *Valuation Date* or such final payment date. The rate of interest to be credited will be set based on a current external rate determined by the *Committee* from time to time; provided, however, that the rate of interest from the *Effective Date* through the end of the *Company's* 2006 fiscal year shall be 4.775%. If installment payments are elected, the amount to be paid to the *Participant* on a *Distribution Date* shall be determined as follows: the amount of each installment shall be

determined by dividing the *Participant's Deferral Account* balance by the number of remaining installment payments. All payments from the *Interest Account* shall be made in cash.

4.3 **Investment Elections and Changes**. A *Participant's* investment elections shall be subject to the following rules:

(a) Except as provided in subsection (b) below with respect to *Incentive Payments* that would have been paid in the form of common stock, if the *Participant* fails to make an investment election with respect to a *Deferral*, the *Deferral* shall be deemed to be invested in the *Interest Account*.

(b) Any *Deferral* attributable to an *Incentive Payment* in the form of common stock, restricted or otherwise, shall automatically be deemed to be invested in the *Stock Equivalent Account*.

(c) All investments in the *Stock Equivalent Account* shall be irrevocable.

(d) A *Participant* may elect to transfer amounts invested in the *Interest Account* to the *Stock Equivalent Account* as of any *Valuation Date* by filing an investment change election with the *Committee* prior to the *Valuation Date* the change is to become effective. The amount elected to be transferred to the *Stock Equivalent Account* shall be treated as invested in common stock equivalents as of the *Valuation Date* and the number of common stock equivalents to be credited to the *Participant's Deferral Account* and appropriate subaccounts as of the *Valuation Date* shall be determined by dividing the amount to be transferred by the *Market Value* of the applicable company stock on such *Valuation Date*.

(e) Until invested as of the *Deferral Crediting Date* in either the *Interest Account* or *Stock Equivalent Account*, a *Participant's Deferral* shall be credited with interest in such amount as the *Committee* may determine.

4.4 **Vesting**. A *Participant* shall be fully vested at all times in the balance of his *Deferral Account*.

Section 5

Payment of Benefits

5.1 **Time and Method of Payment Under the Deferral Program**.

(a) **Distribution Options.** Payment of a *Participant's Deferral* made under the *Deferral Program* shall be made in a single lump sum or in substantially equal annual installments over a period not exceeding ten years as elected by the *Participant* in the *Deferral Election*. If a *Participant* fails to elect a method of payment, such payment shall be payable in a single lump sum.

(b) **Time When Payments Begin.** If a *Participant's Deferral Account* is payable in a single lump sum, the payment shall be made as soon as practicable following the *Distribution Date* but not later than 30 days following the *Distribution Date*. If a *Participant's Deferral* is payable in installment payments, then the *Participant's Deferral* shall be paid in substantially equal annual installments commencing as soon as practicable following the *Distribution Date*. Subsequent installment payments shall be paid each January 1st over the period as elected by the *Participant* in the *Deferral Election*. Notwithstanding any other provision of the *Plan* to the contrary, distributions to be made to a *Top-50 Employee* upon his

retirement or other termination of employment shall not be made before the date that is six (6) months after the *Top-50 Employee's* retirement or other separation from service.

(c) **Changing Distribution Method.** A *Participant* may make a one-time election after the original *Deferral Election* to change the method of payment elected by the *Participant*; provided, that such election shall be treated as a *Re-Deferral Election*. Installment payments shall be treated as a single payment for purposes of making a *Re-Deferral Election*, and the first scheduled installment will be the measuring standard for purposes of determining whether a *Re-Deferral Election* complies with the requirements of Section 3.2 above, specifically, no *Re-Deferral Election* shall be effective unless (i) the *Committee* receives the election not later than 12 months prior to the *Distribution Date* to be changed, and (ii) the new *Distribution Date* is not earlier than the fifth anniversary of the prior *Distribution Date*. The *Committee*, in its complete discretion, may modify the general rules set forth above as permitted by IRS Notice 2005-1 and regulations issued under *Code* Section 409A.

(d) **Special Rule for Small Amounts.** Notwithstanding any election by the *Participant* regarding the timing and manner of payment of his *Deferrals*, upon a *Participant's* retirement or other termination of employment, if the total value of the *Participant's Deferral Account* (excluding *Grandfathered Deferrals* described in Supplement I to this *Plan*, and determined as of the *Valuation Date* coinciding with or immediately following the *Participant's* termination of employment) is less than $25,000, then the *Participant's Deferral Account* shall be distributed in a lump sum as soon as practicable following the *Participant's* retirement or other termination of employment. Pursuant to Section 5.1(b) above, a six month delay may be required for any such distribution to a *Top-50 Employee*.

5.2 **Payment Upon Total Disability**. In the event a *Participant* becomes totally disabled before all amounts credited to his *Deferral Account* have been paid, payment of the *Participant's Deferral Account* shall be made in a lump sum as soon as practicable after the *Participant* is determined to be totally disabled. A *Participant* will be considered to be totally disabled if the *Participant* is determined to be (i) unable to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the *Participant's Employer*.

5.3 **Payment Upon Death of a Participant**. In the event a *Participant* dies before all amounts credited to his *Deferral Account* have been paid, payment of the *Participant's Deferral Account* shall be made to the *Participant's Beneficiary* in a single lump sum payment as soon as practicable after the *Participant's* death.

5.4 **Form of Payment**. The payment of that portion of a *Deferral* deemed to be invested in the *Interest Account* shall be made in cash. The distribution of that portion of a *Deferral* deemed to be invested in the *Stock Equivalent Account* less applicable withholding shall be distributed in whole shares of common stock with fractional shares credited to federal income taxes withheld.

5.5 **Unforeseeable Financial Emergency**. If the *Committee* or its designee determines that a *Participant* has incurred an *Unforeseeable Financial Emergency*, the *Participant* may withdraw in cash and/or stock the portion of the balance of his *Deferral Account* needed to satisfy the *Unforeseeable Financial Emergency*, to the extent that the *Unforeseeable Financial Emergency* may not be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the *Participant's* assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. A withdrawal on account of an *Unforeseeable Financial Emergency* shall be paid as soon as possible following the date on which the withdrawal is approved.

5.6 **Withholding of Taxes**. The *Company* shall withhold any applicable Federal, state or local income tax from payments due under the *Plan*. The *Company* may also be required to withhold Social Security taxes, including the Medicare portion of such taxes, and any other employment taxes as necessary to comply with applicable laws.

Section 6

Miscellaneous

6.1 **Funding**. Benefits payable under the *Plan* to any *Participant* shall be paid directly by the *Participant's Employer* (including the *Company* if the *Participant* is employed by the *Company*). The *Company* and the *Employer*s shall not be required to fund, or otherwise segregate assets to be used for payment of benefits under the *Plan*. Notwithstanding the foregoing, the *Company* and the *Employer*s, in the discretion of the *Committee*, may maintain one or more *Trusts*. The assets of any such *Trusts* with respect to benefits payable to the employees of each *Employer* shall remain the assets of such *Employer* subject to the claims of its general creditors. Any payments by a *Trust* of benefits provided to a *Participant* under the *Plan* shall be considered payment by the *Company* or the *Employer* and shall discharge the *Company* or the *Employer* of any further liability under the *Plan* for such payments.

6.2 **Account Statements**. As soon as practical after the end of each calendar year (or after such additional date or dates as the *Committee*, in its discretion, may designate), each *Participant* shall be provided with a statement of the balance of his *Deferral Account* hereunder as of the last day of such calendar year (or as of such other dates as the *Committee*, in its discretion, may designate).

6.3 **Employment Rights**. Establishment of the *Plan* shall not be construed to give any *Eligible Employee* the right to be retained in the *Company's* service or to any benefits not specifically provided by the *Plan*.

6.4 **Interests Not Transferable**. No benefit payable at any time under the *Plan* shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal process, or encumbrance of any kind, except (a) as provided for under the sections of a *Company* plan or agreement that state the *Company's* authority to demand repayment of amounts owed to the *Company* pursuant to those sections, (b) as required for purposes of withholding of any tax under the laws of the United States or any state or locality, or (c) pursuant to a court-approved property settlement agreement issued incident to the *Participant's* divorce. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No person shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber his benefits under the *Plan*, or if by any reason of his bankruptcy or other event happening at any time, such benefits would devolve upon any other person or would not be enjoyed by the person entitled thereto under the *Plan*, then the *Committee*, in its discretion, may terminate the interest in any such benefits of the person entitled thereto under the *Plan* and hold or apply them for or to the benefit of such person entitled thereto under the *Plan* or his spouse, children or other dependents, or any of them, in such manner as the *Committee* may deem proper.

6.5 **Forfeitures and Unclaimed Amounts**. Unclaimed amounts shall consist of the amounts of the *Deferral Account* of a *Participant* that are not distributed because of the *Committee's* inability, after a reasonable search, to locate a *Participant* or his *Beneficiary*, as applicable, within a period of two (2) years after the *Distribution Date* upon which the payment of any benefits becomes due. Unclaimed amounts shall be forfeited at the end of such two-year period. These forfeitures will reduce the obligations of the *Company* under the *Plan* and the *Participant* or *Beneficiary*, as applicable, shall have no further right to his *Deferral Account*.

6.6 **Controlling Law**. The law of North Carolina, without regard to any state's choice of law principles, shall be controlling in all matters relating to the *Plan* to the extent not preempted by *ERISA*.

6.7 **Gender and Number**. Words in the masculine gender shall include the feminine, and the plural shall include the singular and the singular shall include the plural.

6.8 **Action by the Company**. Except as otherwise specifically provided herein, any action required of or permitted by the *Company* under the *Plan* shall be by resolution of the Board of Directors of the *Company* or by action of any member of the *Committee* or person(s) authorized by resolution of the Board of Directors of the *Company*.

Section 7

Employer Participation

Any subsidiary or affiliate of the *Company* incorporated under the laws of any state in the United States may, with the approval of the *Committee* and under such terms and conditions as the *Committee* may prescribe, adopt the *Plan*. The *Committee* may amend the *Plan* as necessary or desirable to reflect the adoption of the *Plan* by an *Employer*; provided, however, that an adopting *Employer* shall not have the authority to amend or terminate the *Plan* under Section 8.

Section 8

Amendment and Termination

The *Company* intends the *Plan* to be permanent, but reserves the right at any time by action of its Board of Directors to modify, amend or terminate the *Plan*; provided, however, that any amendment or termination of the *Plan* shall not reduce or eliminate any *Deferral Account* accrued through the date of such amendment or termination. Upon termination of the *Plan*, the *Committee* may provide that, notwithstanding the *Distribution Date* or form selected by each *Participant*, all *Deferral Account*s will be distributed on a date and in a form selected by the *Committee*.

The *Committee* shall have the authority to adopt amendments to the *Plan* as set forth in resolutions of the Compensation and Employee Benefits Committee of the Board of

Directors of the *Company*. The *Committee* shall provide notice of amendments it adopts to the Compensation and Employee Benefits Committee of the Board of Directors of the *Company* on a timely basis.

SUPPLEMENT I
TO
HANESBRANDS INC.
EXECUTIVE DEFERRED COMPENSATION PLAN

(Effective January 1, 2006)

Transfer Of Liabilities From
Sara Lee Corporation
Executive Deferred Compensation Plan

1. **Background.** Sara Lee Corporation ("*Sara Lee*") maintains the Sara Lee Corporation Executive Deferred Compensation *Plan* (the "*Sara Lee Plan*"). In connection with the establishment of the *Company*, *Sara Lee* and the *Company* desire to cause the liabilities under the *Sara Lee Plan* attributable to current and former employees of the *Company* (and of the *Company's* predecessor, the Branded Apparel division of *Sara Lee*) to be transferred to the *Plan*. Current and former employees described in the immediately preceding sentence are described herein as "*Transferred Participants*".

2. **Transfer, Effect of Transfer.** Effective on January 1, 2006 (the "*Transfer Date*"), the liabilities/account balances of the *Sara Lee Plan* attributable to the *Transferred Participants* shall be transferred to the *Company*, to be held and administered in accordance with the terms of the *Plan*, as amended; provided, that any elections and beneficiary designations made under the *Sara Lee Plan* shall remain in effect under the *Plan*. The *Plan* is the successor to the *Sara Lee Plan* with regard to *Transferred Participants*.

3. **Special Rules for *Grandfathered Deferrals***. Any deferrals made by a *Transferred Participant* under the *Sara Lee Plan* prior to January 1, 2005 ("*Grandfathered Deferrals*") shall be subject to the rules set forth below.

(a) **Previously Elected Distribution Dates.** As part of each *Deferral Election*, the *Transferred Participant* was required to specify a *Distribution Date* for the *Grandfathered Deferral*, which may differ for various *Grandfathered Deferrals*. Except as provided below, each *Distribution Date* is irrevocable and shall apply only to that portion of the *Transferred Participant's Deferral Account* which is attributable to that *Grandfathered Deferral*.

(b) **Previously Elected Distribution Form.** As part of each *Deferral Election*, a *Transferred Participant* was required to elect the form in which the *Grandfathered Deferral* will be paid beginning on the selected *Distribution Date* as either (i) a single lump sum or (ii) substantially equal annual installments (each January 1) over a period not exceeding ten years. If a *Transferred Participant's Grandfathered Deferral* is payable in a single lump sum, the payment shall be made as soon as practicable following the *Distribution Date* but not later than 30 days following the *Distribution Date*. If a *Transferred Participant's Grandfathered Deferral* is payable in installment payments, then payments shall be made in substantially equal annual installments (each January 1) over the period as elected by the *Transferred Participant* in the *Deferral Election* commencing as soon as practicable following the *Distribution Date* but not later than 30 days following the *Distribution Date*. Except as provided below, a *Transferred Participant's* election as to the time and method of payment shall be irrevocable.

(c) **Re-Deferral Elections for Grandfathered Amounts.** A *Transferred Participant* may make a *Re-Deferral Election* with respect to *Grandfathered Deferrals*; provided, that no *Re-Deferral Election* shall be effective unless (i) the *Committee* receives the election prior to the

December 1 of the calendar year preceding the calendar year in which the *Distribution Date* to be changed occurs, and (ii) the new *Distribution Date* is not earlier than the January 1 immediately following the first anniversary of the date the *Re-Deferral Election* is made. All *Re-Deferral Election*s must be made pursuant to such rules as the *Committee* may prescribe.

(d) **Change in Method of Payment of Grandfathered Deferrals.** A *Transferred Participant* may make a one-time election to change the method of payment elected by the *Transferred Participant*; provided, that such election shall not be effective unless the election to change the method of payment is received by the *Committee* prior to the December 1 of the calendar year preceding the calendar year in which the *Distribution Date* specified in the original *Deferral Election* occurs. All such elections must be made pursuant to such rules as the Committee may prescribe.

(e) **Early Withdrawal With Penalty**. Notwithstanding the other provisions of the *Plan* and this Supplement to the Contrary, a *Transferred Participant* may request a withdrawal from his *Grandfathered Deferrals*, pro rata, by filing a request with the *Committee* or its designee in such form as the *Committee* may prescribe. Any withdrawal under this provision will be charged with a 10 percent early withdrawal penalty which will be withheld from the amount withdrawn and forfeited.

(f) **Disability**. In the event a *Transferred Participant* becomes totally disabled (as defined above) before all *Grandfathered Deferrals* have been paid, payment of the *Transferred Participant's Grandfathered Deferrals* shall be made in a lump sum as soon as practicable after the *Transferred Participant* is determined to be totally disabled.

(g) **Death**. In the event a *Transferred Participant* dies before all *Grandfathered Deferrals* have been paid, payment of the *Transferred Participant's Grandfathered Deferrals* shall be made in a single lump sum payment as soon as practicable after the *Transferred Participant's* death.

(h) **Small Amounts.** Notwithstanding any election by the *Transferred Participant* regarding the timing and manner of payment of his *Grandfathered Deferrals*, upon a *Participant's* retirement or other termination of employment, if the total value of the *Transferred Participant's Grandfathered Deferrals* (determined as of the *Valuation Date* coinciding with or immediately following the *Transferred Participant's* termination of employment) is less than $10,000, then the *Transferred Participant's Grandfathered Deferrals* shall be distributed in a lump sum as soon as practicable following the *Participant's* retirement or other termination of employment.

4. **Liberty Fabrics Plan Transfer**. Effective June 30, 2002, the account balance of certain participants in the Liberty Fabrics, Inc. Nonqualified Deferred Compensation *Plan* (the "*Liberty Plan*") was transferred to and became subject to the provisions of the *Sara Lee Plan*. Those balances in the *Sara Lee Plan* were transferred to the *Plan* as part of the transfers described in this Supplement and shall be treated as separate *Grandfathered Deferrals* under the *Plan*. Accordingly, each *Liberty Plan* participant has specified a *Distribution Date*, method of payment, and investment alternative with respect to such transferred account balance. However, notwithstanding anything contained in the *Plan* to the contrary, a *Liberty Plan* participant may not make a one-time election to change the method of payment under Paragraph 3 above with respect to his or her transferred account balance.

5. **Rules for Non-Grandfathered Amounts.** Amounts transferred from the *Sara Lee Plan* that were deferred on or after January 1, 2005 shall be subject to the rules described in the *Plan* rather than under Paragraph 3 of this Supplement.

6. **General.** Except as expressly provided to the contrary in this Supplement, *Transferred Participants* will be subject to the terms and conditions of the *Plan*, as amended from time to time. The terms expressly defined in this Supplement shall supersede any conflicting terms of the *Plan*. All other defined terms used in this Supplement shall have the same meanings assigned to them by the *Plan*.

Exhibit 10.9

HANESBRANDS INC.
EXECUTIVE LIFE INSURANCE PLAN

(Effective as of January 1, 2006)

CERTIFICATE

I hereby certify that the attached document is the official version of the Hanesbrands Inc. Executive Life Insurance Plan adopted by the Board of Directors of the Company by resolution dated June 26, 2006 and subsequently finalized by the duly authorized officers of the Company effective as of January 1, 2006.

Dated this 1st day of September, 2006.

HANESBRANDS INC.

By /s/ Kevin Oliver

Its Senior Vice President, Human Resources

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HANESBRANDS INC.
EXECUTIVE LIFE INSURANCE PLAN

(Effective as of January 1, 2006)

SECTION 1

Introduction and Definitions

1.1 Introduction

The Hanesbrands Inc. Executive Life Insurance Plan, effective as of January 1, 2006 (the "Plan") is established by Hanesbrands Inc. (the "Company") to provide life insurance benefits to a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of the Company. The Plan, as set forth herein, is considered to be a "Top-Hat Plan" as defined in DOL Regulation Section 2520.104-24 for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

1.2 Definitions

For purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

(a) "Base Salary" means the annual cash compensation relating to services performed during any calendar year, excluding distributions from nonqualified deferred compensation plans, bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, director fees and other fees, and automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Participant's gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or non-qualified plans of the Company and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by the Company; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Participant.

For purposes of determining a Participant's Base Salary for premium purposes pursuant to Section 2 for any Policy Year, up to and including the Policy Year in which the Participant Retires, becomes Disabled, or experiences a Termination of Employment, the Participant's Base Salary shall be measured and annualized as of the March 31 preceding the date on which such Participant Retires, becomes Disabled or experiences a Termination of Employment. If a Participant's Base Salary increases after the Committee has determined the amount of such

Participant's Base Salary for premium purposes for a particular Policy Year, the amount of the Participant's increased Base Salary shall not be considered for purposes of this Plan until the next Policy Year. For purposes of determining a Participant's Base Salary for premium purposes pursuant to Section 2 after the Policy Year in which the Participant Retires, becomes Disabled, or experiences a Termination of Employment, the Participant's Base Salary shall be measured and annualized as of the March 31 preceding the date on which such Participant Retired, became Disabled, or experienced a Termination of Employment.

(b) "Board" means the Board of Directors of the Company.

(c) "Code" means the Internal Revenue Code of 1986, as amended.

(d) "Committee" means the Hanesbrands Inc. Employee Benefits Administrative Committee appointed by the Board of Directors of the Company to administer the Plan, which committee shall be a named fiduciary of the Plan, as defined in Section 402 of ERISA.

(e) "Company" means Hanesbrands Inc., a Maryland corporation, and any successor thereto, including any corporation that is a successor to all or substantially all of the Company's assets or business.

(f) "Disability" or "Disabled" means a determination by the Committee, or its delegate, in its sole discretion, that a Participant is disabled in accordance with the terms of the Hanesbrands Inc. Long Term Disability Plan. Upon request by the Committee, or its delegate, the Participant must timely submit proof of continued disability.

(g) "Employee" means a person who is an active full-time employee of the Company who is in Salary Bands one through five and the Chief Executive Officer and Chairman of the Board. Individuals classified by the Company as independent contractors, consultants, leased employees or similar types of non-employee positions are specifically excluded from the Plan, even if retroactively classified as an employee by a court, the Internal Revenue Service or another governmental agency.

(h) "Effective Date" means January 1, 2006, the effective date of this Plan document.

(i) "Insurance Company" means the applicable insurance company that has issued the Policy(ies) providing benefits under the Plan for a Participant.

(j) "Participant" means an Employee of the Company who is selected to participate in the Plan and who has satisfied the conditions for Plan participation as set forth in Section 2.

(k) "Plan" means this Hanesbrands Inc. Executive Life Insurance Plan, effective as of January 1, 2006, as it may be amended from time to time.

(l) “Plan Agreement” means a written agreement, as may be amended from time to time, which is entered into by and between the Company and a Participant. Each Plan Agreement executed by a Participant and the Company shall provide for the entire benefit to which such Participant is entitled under the Plan; should there be more than one Plan Agreement, the Plan Agreement bearing the latest date of acceptance by the Company shall supersede all previous Plan Agreements in their entirety and shall govern such entitlement. The terms of any Plan Agreement may be different for any Participant, and any Plan Agreement may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan; provided, however, that any such additional benefits or benefit limitations must be agreed to by both the Company and the Participant.

(m) “Plan Year” means the consecutive twelve (12) month period commencing on January 1 of each year and ending on the next following December 31.

(n) “Policy” means the life insurance policy (or life insurance policies if more than one is required because of death benefit amounts or otherwise) purchased on a Participant’s life that is subject to the terms and conditions of this Plan.

(o) “Policy Year” means the twelve (12) month period commencing on the date the Policy is issued by the insurer, and every twelve (12) month period commencing thereafter.

(p) “Projected Premium Payment Period” means the number of Policy Years projected to occur between the Policy issue date and the later of the Participant’s (i) Projected Retirement Date, (ii) attainment of age sixty (60), or (iii) attainment of ten (10) Years of Plan Participation.

(q) “Projected Retirement Date” means the date on which the Committee assumes the Participant will retire, solely for purposes of this Plan; provided, however, the Committee may use its discretion to revise this assumption as necessary at any time during the Participant’s participation in the Plan.

(r) “Retirement”, “Retire(s)” or “Retired” means severance from employment from the Company for any reason other than a leave of absence, death or Disability on or after the date on which the Participant is eligible for a retirement benefit under the Hanesbrands Inc. Pension Plan, as determined by the Committee in its sole discretion.

(s) “Termination of Employment” means the severing of employment with the Company, voluntarily or involuntarily, for any reason other than Retirement, Disability, death or an authorized leave of absence. A Participant’s Termination of Employment will be deemed to occur when the Participant ceases to be a full-time employee of the Company, even though the Participant may continue to serve as a director of the Company, or as a consultant or independent contractor.

(t) “Years of Plan Participation” means the total number of full Plan Years a Participant has been a Participant in the Plan prior to his or her Termination of Employment. Any partial year shall not be counted for purposes of the Plan.

SECTION 2

Eligibility and Benefits

2.1 Eligibility for Participation

An Employee of the Company shall be eligible to participate in this Plan and become a Participant in the Plan on the date he or she meets all five of the following requirements:

(a) Has been designated in writing by the Company, in its sole and absolute discretion, as a Participant;

(b) Completes and returns to the Committee, no later than thirty (30) days after he or she receives written notice of such designation, a Plan Agreement, and such administrative and other forms as the Committee may require for participation;

(c) Completes such insurance forms, exams and questions as the Committee may designate from time to time;

(d) Timely completes any other participation conditions as may be prescribed by the Committee from time to time; and

(e) Is insurable.

If an Employee fails to meet all of the above-listed requirements within a reasonable time, as determined by the Committee in its sole discretion, the Committee shall provide that Employee with written notice within thirty (30) days of such failure, and that person shall not be eligible to become a Participant under this Plan.

2.2 Acquisition of Insurance

The Participant agrees to cooperate in applying for and obtaining an insurance policy on his or her life. The selection of the life insurance policy used for this Plan shall be at the sole discretion of the Company. The Policy shall be issued in the name of the Participant as the sole and exclusive owner of the Policy. The Participant shall have the right to name the beneficiary of the Policy proceeds. At the sole discretion of the Committee, the Participant may designate a person or entity other than the Participant as the owner of the Policy, provided that such owner agrees to be bound to the terms and conditions of this Plan. In no event will a death benefit be payable to a Participant prior to the issuance of a Policy on the Participant’s life. A reduced amount of death benefit coverage may be provided to a Participant under any Policy issued on a rated basis.

2.3 Additional Life Insurance Coverage

During the term of this Plan, the death benefit coverage under the Policy may be increased from time to time. The Participant agrees to cooperate in applying for and obtaining such additional coverage. If the Participant does not so cooperate, and such coverage cannot be obtained because of that, the Company shall have no obligation under this Plan to provide such

additional coverage. Further, if the Participant is not insurable on a guaranteed issue basis at the time such additional coverage is sought, or if coverage is offered on a rated basis that is higher than standard, nonsmoker, then the Company shall have no obligation under this Plan to provide such additional coverage. A reduced amount of death benefit coverage may be provided to a Participant under any Policy issued on a rated basis.

2.4 Company's Payment of Premiums Prior to Retirement, Termination of Employment, Disability or Death

Subject to subsections 2.1 and 2.2 above, prior to the Participant's Retirement, Disability, Termination of Employment or death, the Company shall pay premiums to the Insurance Company on behalf of the Participant during each Policy Year. The amount of the premiums due in each Policy Year shall be determined based on the following assumptions regardless of whether such assumptions are applicable at the time any premium is paid: (i) premiums shall be made over the Projected Premium Payment Period, (ii) premiums shall assume current carrier rates for a standard nonsmoker in effect for that Policy Year, (iii) a death benefit equal to three (3) times Base Salary, calculated in accordance with subparagraph 1.2(a), shall be provided until the end of the Policy Year of the Participant's Projected Retirement Date, and (iv) after the Projected Retirement Date, the Policy shall have sufficient cash value (assuming standard nonsmoker rates) to sustain a death benefit equal to one (1) times the Participant's Base Salary, calculated in accordance with subparagraph 1.2(a), projected to endow at age 95.

2.5 Company's Payment of Premiums after Retirement

Subject to subsections 2.1 and 2.2 above, after a Participant's Retirement, the Company shall continue to pay premiums to the Insurance Company on behalf of the Participant during each Policy Year until the later of the end of the Policy Year in which the Participant attains (i) age sixty (60), or (ii) ten (10) Years of Plan Participation (or such longer period as the Committee deems appropriate in its sole discretion). The amount of the premiums due in each Policy Year shall be determined based on the following assumptions regardless of whether such assumptions are applicable at the time any premium is paid: (i) premiums shall be made over the Projected Premium Payment Period, (ii) premiums shall assume current carrier rates for a standard nonsmoker in effect for that Policy Year, (iii) a death benefit equal to one (1) times Base Salary, calculated in accordance with subparagraph 1.2(a), shall be provided, and (iv) the Policy shall have sufficient cash value (assuming standard nonsmoker rates) to sustain a death benefit equal to one (1) times the Participant's Base Salary, calculated in accordance with subparagraph 1.2(a), projected to endow at age 95.

2.6 Company's Payment of Premiums after Disability

Subject to subsections 2.1 and 2.2 above, if a Participant becomes Disabled, the Company shall continue to pay premiums to the Insurance Company on behalf of the Participant during each Policy Year until the later of (i) twenty-four (24) months following the date of such Participant's Disability, (ii) the end of the Policy Year in which the Participant attains age sixty (60), or (ii) the end of the Policy Year in which the Participant attains ten (10) Years of Plan Participation (or such longer period as the Committee deems appropriate in its sole discretion). The amount of the premiums due in each Policy Year shall be determined based on the following

assumptions regardless of whether such assumptions are applicable at the time any premium is paid: (i) premiums shall be made over the Projected Premium Payment Period, (ii) premiums shall assume current carrier rates for a standard nonsmoker in effect for that Policy Year, (iii) a death benefit equal to three (3) times Base Salary, calculated in accordance with subparagraph 1.2(a), shall be provided for a period of twenty-four (24) months following the date of the Participant's Disability, and (iv) after the expiration of twenty-four (24) months following the Participant's Disability, the Policy shall have sufficient cash value (assuming standard nonsmoker rates) to sustain a death benefit equal to one (1) times the Participant's Base Salary, calculated in accordance with subparagraph 1.2(a), projected to endow at age 95.

2.7 Company's Payment of Premiums During Authorized Absences from Employment

Subject to subsections 2.1 and 2.2 above, the Company shall continue to pay premiums to the Insurance Company on behalf of the Participant during each Policy Year in which a Participant is authorized by the Company to take (i) a paid or unpaid leave of absence from the employment of the Company, or (ii) an authorized leave of absence from the employment of the Company pursuant to the Family and Medical Leave Act. The amount of the premiums due in each Policy Year shall be determined based on the following assumptions regardless of whether such assumptions are applicable at the time any premium is paid: (i) premiums shall be made over the Projected Premium Payment Period, (ii) premiums shall assume current carrier rates for a standard nonsmoker in effect for that Policy Year, (iii) a death benefit equal to three (3) times Base Salary, calculated in accordance with subparagraph 1.2(a), shall be provided until the end of the Policy Year of the Participant's Projected Retirement Date, and (iv) after the Projected Retirement Date, the Policy shall have sufficient cash value (assuming standard nonsmoker) to sustain a death benefit equal to one (1) times the Participant's Base Salary, calculated in accordance with subparagraph 1.2(a), projected to endow at age 95.

2.8 Cessation of Premium Payments

Notwithstanding the provisions of subsections 2.1, 2.2, 2.3, or 2.4 to the contrary, the Company's payment of premiums to the Insurance Company for the benefit of any Participant shall cease at the end of the Policy Year in which the earliest of the following occurs: (i) the Participant borrows or withdraws all or any portion of the Policy's cash value; (ii) the Participant's employment ends for any reason other than Disability or Retirement; (iii) the Participant commences part-time employment; (iv) the Participant no longer meets the Plan's eligibility requirements; or (iv) the Company terminates the Plan.

2.9 Optional Premium Payments by Participants

If the Company ceases to pay premiums on a Policy for the benefit of any Participant in accordance with subsection 3.5 of this Plan, such Participant may (i) continue to pay the premiums on the Policy directly to the Insurance Company, if permitted by such Insurance Company, or (ii) surrender the Policy.

2.10 Loss of Benefits

Notwithstanding any other provision of this Plan to the contrary, no benefits shall be payable from any Policy covered by this Plan (i) if the Participant commits suicide within two (2) years from the date on which a Policy is issued, (ii) the Participant's death is determined to be from a bodily or mental cause or causes, the information about which was withheld, knowingly concealed, or falsely provided by the Participant at the time such Policy was issued, or (iii) if the terms of the Policy are violated in any manner by the Participant.

2.11 Tax Withholding

Each premium payment paid by the Company shall be treated as a bonus payment to the Participant and will be taxable to the Participant in the year in which such premium payment is made. The Company shall withhold from the Participant's compensation all federal, state and local income, employment and other taxes required to be withheld by the Company in connection with the premium payments, in amounts and in a manner to be determined in the sole discretion of the Company.

SECTION 3

Administration

3.1 Administration

This Plan shall be administered by the Committee. The Committee shall have the full discretionary authority to construe and interpret all of the provisions of this Plan, including making factual determinations thereunder, to adopt procedures and practices concerning the administration of this Plan, and to make any determinations necessary hereunder, which shall, subject to Section 4 below, be binding and conclusive on all parties. The Committee may appoint one or more individuals and delegate such of its power and duties as it deems desirable to any such individual, in which case every reference herein made to the Committee shall be deemed to mean or include the individuals as to matters within their jurisdiction. Notwithstanding the foregoing, the Insurance Company insuring benefits under the applicable underlying insurance Policy(ies) shall have the full discretionary authority to interpret the terms and provisions of such insurance Policy(ies).

3.2 Decisions and Actions of the Committee

The Committee may act at a meeting or in writing without a meeting. All decisions and actions of the Committee shall be made by vote of the majority, including actions in writing taken without a meeting.

3.3 Rules and Records of the Committee

The Committee may make such rules and regulations in connection with its administration of this Plan as are consistent with the terms and provisions hereof. The Committee shall keep a record of each Participant’s name, address, social security number, benefit commencement date, and the amount of benefit.

3.4 Employment of Agents

The Committee may employ agents, including without limitation, accountants, actuaries, consultants, or attorneys, to exercise and perform the powers and duties of the Committee as the Committee delegates to them, and to render such services to the Committee as the Committee may determine, and the Committee may enter into agreements setting forth the terms and conditions of such service.

3.5 Plan Expenses

The Company shall pay all expenses reasonably incurred in the administration of this Plan. The members of the Committee shall serve without compensation for their services as such, but all expenses of the Committee shall be paid by the Company. No employee of the Company shall receive compensation from this Plan regardless of the nature of his or her services to this Plan.

3.6 Indemnification

To the extent permitted by law, the Committee, and all agents and representatives of the Committee, shall be indemnified by the Company and saved harmless against any claims, and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of this Plan except claims arising from gross negligence, willful neglect, or willful misconduct.

SECTION 4

Claims Procedures

4.1 Presentation of Claim

Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

4.2 Notification of Decision

The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(b) the specific reason(s) for the denial of the claim, or any part of it;

(c) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(i) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(ii) an explanation of the claim review procedure; and

(iii) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

4.3 Review of a Denied Claim

On or before sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee , in its sole discretion, may grant.

4.4 Decision on Review

The Committee shall render its decision on review promptly, and no later than sixty (60) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

Benefits shall be paid under the Plan only if the Committee in its discretion determines that the Claimant is entitled to them.

4.5 Legal Action

A Claimant's compliance with the foregoing provisions of this Section 5 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan. Any further legal action taken by a Participant against the Plan, the Company (and its employees or directors), or the Committee must be filed in a court of law no later than ninety (90) days after the Committee's final decision on review of an appealed claim.

4.6 Disability Determinations

Notwithstanding the foregoing provisions of this Section 4 to the contrary, a Participant's claim for Disability benefits under this Plan must be made in accordance with the terms and provisions of the Hanesbrands Inc. Long Term Disability Plan.

SECTION 5

Miscellaneous

5.1 Binding Effect

This Plan shall bind the Participant and the Company and their beneficiaries, survivors, executors, administrators and transferees.

5.2 No Guarantee of Employment

This Plan is not an employment policy or contract. It does not give the Participant the right to remain an employee of the Company, nor does it interfere with the Company's right to discharge the Participant. It also does not require the Participant to remain an employee nor interfere with the Participant's right to terminate employment at any time.

5.3 Applicable Law

The Agreement and all rights hereunder shall be governed by the internal laws of the State of North Carolina without regard to its conflict of laws provisions, except to the extent preempted by the laws of the United States of America.

5.4 Non-Transferability

Benefits under this Agreement cannot be sold, transferred, assigned, pledged, attached or encumbered in any manner.

5.5 Named Fiduciary

The Committee shall be the named fiduciary and plan administrator under this Agreement. The named fiduciary may delegate to others certain aspects of the management and operation responsibilities of the Plan including the employment of advisors and the delegation of ministerial duties to qualified individuals. The Committee has delegated to the Insurance Company the discretionary authority to determine claims for benefits and appeal of denied claims under the terms of the applicable Policy.

5.6 Gender and Number

Where the context admits, words in the masculine gender include the feminine gender, the singular includes the plural, and vice versa.

5.7 Non-Assignability and Facility of Payment

Benefits under the Plan are not in any way subject to the debts or other obligations of the persons entitled thereto and may not be voluntarily or involuntarily sold, transferred or assigned. When any person entitled to benefits under the Plan is under a legal disability or in the Committee's opinion is in any way incapacitated so as to be unable to manage his affairs, the Committee may cause such person's benefits to be paid to or for the benefit of such person in any manner that the Committee may determine.

5.8 Mistake of Fact

Any mistake of fact or misstatement of fact shall be corrected when it becomes known and proper adjustment made by reason thereof.

5.9 Information to be Furnished by Covered Employees

Covered Employees under the Plan must furnish the Committee with such evidence, data or information as the Committee considers necessary or desirable to administer the Plan. A fraudulent misstatement or omission of fact made by a Covered Employee in an enrollment form, evidence of insurability form, or in a claim for benefits (inclusive of all documents filed in support of the claim) may be used to cancel coverage and/or to deny claims for benefits.

5.10 Company and Committee Decision Final

The Company, the Committee and any entity or organization to which the Company delegates authority pursuant to the terms of the Plan, shall have the discretionary authority to construe and interpret the Plan and make factual determinations thereunder, including the authority to determine eligibility of employees and the amount of benefits payable under the Plan, and to decide claims under the terms of the Plan. Subject to applicable law, any interpretation of the provisions of the Plan and any decisions on any matter within the discretion of the Company, Committee or other applicable entity made 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 Company, Committee or other applicable entity shall make such adjustment on account thereof as it considers equitable and practicable. The Company, Committee or other applicable entity shall not be liable in any manner for any determination of fact made in good faith. Benefits will be paid under the Plan only if the Committee or its delegate determines in its discretion that the applicant is entitled to them.

5.11 Action by Company or Employer

Any action required or permitted to be taken by the Company or an Employer under the Plan shall be by resolution of its Board of Directors or by an officer or officers as may be authorized to act for the Board with respect to the Plan.

5.12 Waiver of Notice

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

5.13 Recovery of Benefits

In the event a Covered Employee 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 overpayment from such Covered Employee or his or her Estate.

The Committee may, however, at its option, deduct the amount of such excess from any subsequent Benefits payable to, or for, the Covered Employee.

5.14 Additional Employers

Any Subsidiary of the Company may adopt the Plan by:

(a) Filing with the Company a written instrument to that effect, and

(b) Filing with the Committee a statement consenting to such action signed by the President or any Vice President of the Company on its behalf.

5.15 Uniform Rules

The Committee shall administer the Plan on a reasonable and nondiscriminatory basis and shall apply uniform rules to all persons similarly situated.

5.16 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.

SECTION 6

Amendment and Termination

6.1 Amendment

The Plan may be amended by the Company at any time and from time to time, except that any benefits which had become payable under the Plan prior to the date an amendment is effected shall be determined in accordance with the terms of the Plan as in effect immediately prior to the date of the amendment.

6.2 Termination

The Plan, as applied to all Employers, may be terminated at any time by action of the then Employers hereunder, and the Plan as applied to any single Employer may be terminated at any time by such Employer, subject only to the same limitations with respect to the effect of any such termination as are set forth in subsection 6.1 with respect to amendments of the Plan.

6.3 Mergers and Acquisitions

Notwithstanding any Plan provision to the contrary, in the case of any merger or consolidation with, or acquisition of another business by the Company (whether a division or Subsidiary), the provisions of the Plan, as applicable to employees of such business (e.g., eligibility, enrollment, evidence of good health, etc.) will be as specified in the Purchase Agreement between the Company and such other business, and if not so specified, shall apply as if such business was a new participating Employer hereunder and such employees were newly hired employees of such Employer. If the Purchase Agreement provides that the Company will credit the employees of such business with service, then, in the Company's discretion, such employees will not be treated as newly hired employees of such Employer for purposes of eligibility, enrollment, evidence of good health, etc.

Exhibit 10.10

HANESBRANDS INC.

EXECUTIVE LONG TERM DISABILITY PLAN

(Effective as of January 1, 2006)

CERTIFICATE

I hereby certify that the attached document is the official version of the Hanesbrands Inc. Executive Long Term Disability Plan adopted by the Board of Directors of the Company by resolution dated June 26, 2006 and subsequently finalized by the duly authorized officers of the Company effective as of January 1, 2006.

Dated this 1st day of September, 2006.

HANESBRANDS INC.

By /s/ Kevin Oliver

Its Senior Vice President, Human Resources

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HANESBRANDS INC.
EXECUTIVE LONG TERM DISABILITY PLAN

(Effective as of January 1, 2006)

SECTION 1

Introduction and Definitions

1.1 Introduction

Hanesbrands Inc. (the "Company") established the Hanesbrands Inc. Executive Long Term Disability Plan (the "Plan") in order to provide long term disability benefits for persons employed by its divisions and Subsidiaries as eligible Executives. The Hanesbrands Inc. Executive Long Term Disability Plan, as set forth herein, is established effective as of January 1, 2006. It is the intent of the Company that the Plan, as set forth herein, constitute a "Top-Hat Plan" as defined in DOL Regulation Section 2520.104-24 for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

1.2 Definitions

As used in the Plan or in any supplement or schedule hereto, the following terms shall have the following meanings:

(a) "Benefit" or "Benefits" means the disability benefit or benefits for Executives of the Employers under this Plan.

(b) "Committee" means the Hanesbrands Inc. Employee Benefits Administrative Committee appointed by the Board of Directors of the Company, to administer the Plan, which committee shall be a named fiduciary of the Plan as defined in Section 402 of ERISA.

(c) "Company" means Hanesbrands Inc., a Maryland corporation and any successor thereto, including any corporation that is a successor to all or substantially all of the Company's assets or business.

(d) "Conclusive Medical Evidence" means a specific diagnosis made by a Physician and supported by objective medical documentation.

(e) "Covered Employee" means an Executive who is participating in the Plan in accordance with subsection 2.2 and whose participation has not terminated in accordance with subsection 2.3. For purposes of the Plan, a Covered Employee is considered an employee only if specifically treated or classified as an employee for purposes of withholding federal employment and income taxes. If classified by an Employer as an independent contractor, consultant, leased employee or similar position, an individual is specifically excluded from Plan participation, even if a court, the Internal Revenue Service, or any other third party finds that an individual should be treated as a common-law employee of an Employer.

(f) “Disability Accommodation” means the Employer’s reasonable accommodation of the Covered Employee’s Total Disability to assist the Covered Employee to return to active employment with the Covered Employer in either the Covered Employee’s prior position or a position in the Covered Employee’s regular occupation.

(g) “Effective Date” means January 1, 2006, the effective date of this Plan document.

(h) “Elimination Period” means a continuous period of 180 days commencing with the day following an employee’s last day of active employment or work prior to commencement of an absence on account of disability during which the employee is continuously Totally Disabled, as defined in subsection 2.6. Successive periods of absence on account of disability due to the same or related cause or causes shall be considered a single period of absence unless separated by a return to active employment or work with the Employer of at least thirty (30) consecutive work days. For purposes of this thirty (30) consecutive work days provision, a Covered Employee shall be considered to have worked one “work day” if the Covered Employee performs any duties for the Employer during any portion of a work day.

(i) “Employer” means the Company, its divisions and any Subsidiary of the Company designated a Covered Employer under the Plan, which Employer adopts the Plan, as provided in the Plan or as set forth in a Schedule to the Plan.

(j) “Executive” means an employee in Salary Bands one (1) through five (5) and the Chief Executive Officer and Chairman of the Board.

(k) “Physician” or “Doctor” means a person legally licensed to practice medicine, psychiatry, psychology or psychotherapy, who is neither a Covered Employee nor a member of a Covered Employee’s immediate family. A licensed medical practitioner is a doctor as applicable state law requires that such practitioner be recognized for purposes of certification of disability, and the treatment provided by the practitioner is within the scope of his or her license.

(l) “Plan” means the Hanesbrands Inc. Executive Long Term Disability Plan, effective as of January 1, 2006, including any supplements or schedules thereto.

(m) “Plan Year” means the consecutive twelve-month period commencing each January 1 and ending on the next following December 31.

(n) “Subsidiary” or “Subsidiaries” means any corporation more than fifty percent of the voting stock of which is owned, directly or indirectly, by the Company.

(o) “Vocational Rehabilitation Services” means such services as the Committee determines in its discretion will assist the Covered Employee in returning to an occupation for wage or profit that he or she is reasonably qualified to do by education, training or experience or that he or she may become reasonably qualified to do by education, training or experience. Vocational Rehabilitation Services may include job modification, job retraining, and job placement services.

SECTION 2

Eligibility and Benefits

2.1 Eligibility to Participate

Each Executive in the employ of an Employer shall, subject to the terms and conditions of the Plan, be eligible to participate in this Plan on the later of the Effective Date or as of the first day of active service as an Executive with his or her Employer. Part time, seasonal, and temporary employees are not eligible to participate in the Plan.

2.2 Effective Date of Participation

Each Executive may elect to participate in, and become a Covered Employee under, the Plan by signing an application form provided by his or her Employer, and the effective date of his or her participation will be the date on which he or she first becomes eligible to participate.

2.3 Termination of Participation

A Covered Employee will cease to be a Covered Employee on the earliest of the following dates:

(a) The date he or she ceases to be employed by an Employer as an Executive.

(b) The date of his or her retirement from his or her employment with all Employers, or the last day worked, whichever is later.

(c) The date of his or her termination of employment with all Employers, or the last day worked, whichever is later.

(d) The date he or she is no longer actively at work due to an unpaid leave of absence. Notwithstanding the foregoing, an unpaid leave qualifying as a leave under the Family and Medical Leave Act of 1993 (“FMLA”) or the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended (“USERRA”) shall be administered in accordance with the benefits requirements of the FMLA and USERRA and the regulations thereunder.

2.4 Payment of Benefits

Subject to subsection 2.8, upon receipt by the Committee of due proof and Conclusive Medical Evidence, in accordance with subsection 2.7, that a Covered Employee has become Totally Disabled, as defined in subsection 2.6, as a result of sickness or bodily injury, benefits will be payable in the amount determined in accordance with subsection 2.9. Such payment will commence with the first day following the expiration of the Elimination Period. Benefits will be payable for the period during which Total Disability continues following the Elimination Period and during which the Covered Employee is under the continuous care of a Physician and during which a defined treatment plan specifically appropriate for the disability is in progress. Benefits

shall terminate with the payment for the month, or part of the month, in which occurs the earlier of (i) the date the Covered Employee ceases to be Totally Disabled, as defined in subsection 2.6; or (ii) the applicable date described in (a) or (b) next below:

(a) if such disability first occurs at or before the Covered Employee's attainment of age sixty (60) years, the date he or she attains age sixty-five (65) years; or

(b) if such disability first occurs after the Covered Employee's attainment of age sixty (60) years, upon the fifth anniversary of the date he or she first qualified for monthly disability benefits.

If a Covered Employee fails or refuses to submit to a medical examination requested by the Committee, his or her Benefit payments shall be suspended, and payment of Benefits shall resume only when the Covered Employee submits to such medical examination and then only if such medical examination results in a finding of Conclusive Medical Evidence and satisfactory to the Committee that the Covered Employee continues to be Totally Disabled, as defined in subsection 2.6. Benefits may be denied, suspended or withheld if Plan assets are not sufficient.

2.5 Successive Periods of Disability

After completion of a Covered Employee's Elimination Period, successive periods of disability resulting from the same or related cause or causes will be considered a single period of disability unless the periods of disability are separated by his or her return to the active service of his or her Employer for a period of at least six (6) consecutive months.

2.6 Total Disability

During the Elimination Period and during the first twenty-four (24) months thereafter, a Covered Employee shall be deemed "Totally Disabled" if, due to sickness or bodily injury, he or she is unable to perform each and all of the material duties pertaining to his or her occupation, and is not engaged in any occupation or employment for wage or profit for which he or she is reasonably qualified by education, training or experience. This means the Covered Employee can perform one or more, but not all, of the material duties of his or her position or a similar position available to him or her with the Covered Employer. The term "material duty" means a duty or responsibility that is designated as a "key job element", "essential function", "specific responsibility" or "major responsibility" in a job or position description applicable to the Covered Employee's job or similar job of the Covered Employee. After the expiration of the Elimination Period and the first twenty-four (24) months thereafter, as described above, "Total Disability" means the continuous inability of the Covered Employee, due to sickness or bodily injury, to engage in each and every occupation or employment for wage or profit that he or she is reasonably qualified to do or may become reasonably qualified to do by education, training or experience; and from which occupation or employment the Covered Employee may be expected to receive a monthly rate of income or earnings in an amount equal to at least eighty (80) percent of his or her Monthly Compensation, as defined in subsection 2.12. For purposes of the preceding sentence, disability from each and every occupation or employment shall be determined without regard to (i) whether such occupation or employment exists in the

geographic area in which the Covered Employee resides, (ii) whether a specific vacancy in such occupation or employment exists, (iii) whether a Covered Employee is likely to be hired if he or she applied for such occupation or employment, and (iv) whether the earnings of such occupation or employment are comparable to those earned by a Covered Employee before his or her disability, provided that such earnings equal at least eighty (80) percent of his or her pre-disability earnings.

2.7 Entitlement to Benefits

Entitlement to Benefits under the Plan is subject to the following:

(a) A Covered Employee must support his initial entitlement to Benefits by submitting, on a form provided by the Committee, written proof of claim (including conclusive medical evidence) covering the occurrence, character and extent of disability, which proof of claim must be filed with the Committee not later than one year measured from the last day the Covered Employee worked for the Employer prior to incurring the alleged disability. Thereafter, as requested by the Committee from time to time, the Covered Employee may be required to submit Conclusive Medical Evidence of the continuance of his or her disability. As a condition to a Covered Employee's entitlement to disability benefits, the Committee shall have the right to direct such employee to submit, from time to time, to an independent medical examination by a Physician designated by the Committee.

(b) A Covered Employee must be under the continuous care of a Physician who with respect to the Covered Employee's disability is practicing within the scope of his or her license, and must be under a defined course of treatment appropriate for the Covered Employee's disability. If a Covered Employee's disability is a mental or nervous disorder, his or her treatment must include care by a board certified, licensed Physician who specializes in psychiatric medicine.

(c) No later than the expiration of a continuous period of ninety (90) days during which a Covered Employee is disabled, the employee must apply for initial disability benefits under the Social Security Act. He or she must appeal initial and reconsideration level denials of such Social Security benefits within the 60-day appeal period, and he or she must supply the Committee with proof of application for, and any denial of, disability benefits under the Social Security Act and of any such appeal or award letters. As a pre-condition to receiving benefits under the Plan, the Covered Employee must execute a reimbursement agreement in which the Covered Employee agrees in writing to reimburse his or her Employer an amount equal to any overpayment of Benefits under the Plan due to a retroactive award of Federal Social Security benefits (Disability or Retirement). Any such overpayment shall be reimbursed to the Employer by the participant in a lump sum within thirty (30) days of the date the Covered Employee is notified in writing of the amount of such overpayment. If a Covered Employee fails to reimburse the Employer in a lump sum as required above, the Committee, in its

sole discretion, may cause his or her disability benefits to be reduced or eliminated until the amount of such overpayment has been recovered by the Employer.

(d) A Covered Employee must accept a Disability Accommodation, if applicable.

(e) A Covered Employee must participate in Vocational Rehabilitation Services, if applicable.

(f) A Covered Employee must accept an offer of employment related to Vocational Rehabilitation Services, if applicable.

All proof submitted pursuant to this subsection must be acceptable to the Committee, which shall have sole discretion in determining the acceptability of such proof. In the event any Covered Employee fails to submit due and acceptable proof when so requested or fails or refuses to submit to an independent medical examination when so requested hereunder, the Committee may automatically withhold or suspend payment of his or her Benefits in accordance with subsection 2.4. Notwithstanding the foregoing, if it is shown to the Committee's satisfaction that furnishing proof required by this subsection was not reasonably possible within any time limits prescribed by the Committee and if due and acceptable proof is furnished as soon as reasonably possible, but in no event later than one year from the time such proof is otherwise required, any payment of Benefits which has been withheld or denied shall be made as soon as practicable after such proof has been supplied.

2.8 Disability for Which Benefits Are Not Payable

Benefits will not be payable for any disability resulting from war, insurrection, rebellion, participation in a riot, intentionally self-inflicted injuries or commission of a felony by the employee, or, if the disability application form, together with Conclusive Medical Evidence supporting a finding of Total Disability, is submitted later than one year measured from the last day the Covered Employee worked for the Employer prior to incurring the alleged disability. If the disability application form is filed within the one year period described above, but the application is materially incomplete or the Covered Employee's status as Totally Disabled cannot be verified because the Covered Employee fails to undergo or complete one or more independent medical examinations, as are prescribed by the Committee, or the Covered Employee (or the Covered Employee's Physician on behalf of the Covered Employee) fails to furnish all medical evidence and records as are requested by the Committee, then the disability application form with Conclusive Medical Evidence shall be considered to have not been timely filed within the one year period described above. Timely submission of the disability application form and proof of claim (including Conclusive Medical Evidence) under this Plan is a condition of receiving benefits under this Plan. Accordingly, in no event shall disability benefits be payable or paid with respect to or on behalf of a Covered Employee (or legal representative who initiates or completes a disability application form and supporting documents) under this Plan after the end of the one year period measured from the last day the Executive worked for the Employer prior to incurring the alleged disability.

2.9 Amount of Monthly Benefits

Except as provided in subsections 2.10 and 2.11 below and subject to the succeeding provisions of this subsection, the monthly amount of Benefit payable to a Covered Employee who becomes Totally Disabled due to a sickness or bodily injury which first occurs on or after the Effective Date shall be an amount (not to exceed $41,667) equal to 75% of his or her Monthly Compensation (as defined in subsection 2.12) immediately prior to the occurrence of his or her Total Disability (up to a maximum annual salary of $500,000) plus, if a Short Term (Annual) Incentive bonus has been paid, 50% of the Covered Employee's three-year average Short Term (Annual) Incentive Plan bonus (up to an average bonus of $250,000) for three (3) years immediately preceding the onset of Total Disability. If the Covered Employee has not received three (3) years of Short Term (Annual) Incentive Plan bonuses to average, the Plan will average the bonus payments received as of the onset of Total Disability. The monthly amount determined above shall be subtracted by any of the following amounts paid or payable for the same month:

(a) Amounts initially awarded as a monthly primary and dependent benefit(s) under the Federal Social Security Act (Disability or Retirement). Future increases awarded by Social Security will not be offset from the monthly benefit.

(b) Amounts paid or payable under any worker's compensation, occupational disease or similar law (other than lump sum payments or awards made under any such law for loss or partial loss, or loss or partial loss of use of, a bodily member).

(c) Amounts paid or payable under any state compulsory disability benefit law.

(d) Amounts paid or payable under any other plan of the Employer, providing benefits for disability or retirement (other than amounts paid or payable from any other defined contribution plan maintained by an Employer).

In the event any amount described in subparagraph (b) or (d) above which is otherwise payable to a Covered Employee in monthly, weekly or other periodic payments is paid to him or her in a lump sum, such lump sum payment shall be applied in reduction of the monthly Benefits otherwise payable under the Plan by reducing such benefits (i) in the case of payments described in subparagraph (b) above, by the amount of such payment the Covered Employee would have received during each month had payment not been made in a lump sum until an amount equal to such lump sum has been applied; and (ii) in case of payments described in subparagraph (d) above, by the amount of the monthly or other periodic payment which would otherwise have been made. If after the Elimination Period and during the first twenty-four months of Total Disability, a Covered Employee engages in other employment while unable to fully perform the duties of his or her occupation for his or her Employer as a result of sickness or injury, the monthly amount of Benefit to which he or she is entitled under the Plan for any month while so engaged shall be reduced by 66-2/3% of the monthly compensation or income the Covered Employee receives from such other employment during such month. For this purpose, the term "other employment" means any employment engaged in by such employee whether part-time or full-time, or as an employee, independent contractor or a self-employed person.

2.10 Minimum Amount of Monthly Benefits

Notwithstanding the provisions of subsection 2.9 to the contrary, the amount of monthly Benefits payable to a Covered Employee on account of a disability due to sickness or bodily injury which first occurs on or after the Effective Date shall not be less than $50.00 a month.

2.11 Amount of Benefits for a Part of a Month

If monthly Benefits are payable for any period of time which is less than a full month, the amount of monthly Benefits for such period will be proportionately reduced.

2.12 Compensation

For purposes of this Plan, “Monthly Compensation” shall mean the monthly amount of basic salary (exclusive of commissions and bonuses, distributions from nonqualified deferred compensation plans, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, directors’ and other fees, and automobile and other allowances) the Covered Employee was receiving from the Employer as of his or her last day of active employment prior to his or her absence due to Total Disability. The Plan considers Monthly Compensation up to a maximum annual base salary of $500,000.

2.13 Monthly Benefits for Periods of Disability Commencing Before the Effective Date

The amount of monthly benefit payable to a disabled employee whose period of disability first commenced before the Effective Date shall be determined in accordance with the then applicable provisions of the Plan.

2.14 Source of Benefits

No contributions shall be required or permitted by Covered Employees under this Plan. Any benefits which become payable under the Plan shall be paid from the general assets of the Employers, and neither a Covered Employee nor any other person shall by reason of the establishment of the Plan acquire any right in or title to any assets, funds, or property of the Employers.

SECTION 3

Administration

3.1 Administration

This Plan shall be administered by the Committee. The Committee shall have the full discretionary authority to construe and interpret all of the provisions of this Plan, including making factual determinations thereunder, to adopt procedures and practices concerning the administration of this Plan, and to make any determinations necessary hereunder, which shall, subject to Section 4 below, be binding and conclusive on all parties. The Committee may appoint one or more individuals and delegate such of its power and duties as it deems desirable to any such individual, in which case every reference herein made to the Committee shall be deemed to mean or include the individuals as to matters within their jurisdiction.

3.2 Decisions and Actions of the Committee

The Committee may act at a meeting or in writing without a meeting. All decisions and actions of the Committee shall be made by vote of the majority, including actions in writing taken without a meeting.

3.3 Rules and Records of the Committee

The Committee may make such rules and regulations in connection with its administration of this Plan as are consistent with the terms and provisions hereof. The Committee shall keep a record of each Participant’s name, address, social security number, benefit commencement date, and the amount of benefit.

3.4 Employment of Agents

The Committee may employ agents, including without limitation, accountants, actuaries, consultants, or attorneys, to exercise and perform the powers and duties of the Committee as the Committee delegates to them, and to render such services to the Committee as the Committee may determine, and the Committee may enter into agreements setting forth the terms and conditions of such service.

3.5 Plan Expenses

The Company shall pay all expenses reasonably incurred in the administration of this Plan. The members of the Committee shall serve without compensation for their services as such, but all expenses of the Committee shall be paid by the Company. No employee of the Company shall receive compensation from this Plan regardless of the nature of his or her services to this Plan.

3.6 Indemnification

To the extent permitted by law, the Committee, and all agents and representatives of the Committee, shall be indemnified by the Company and saved harmless against any claims, and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of this Plan except claims arising from gross negligence, willful neglect, or willful misconduct.

SECTION 4

Claims Procedures

4.1 Presentation of Claim

Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within (180) days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

4.2 Notification of Decision

The Committee shall consider a Claimant's claim within a reasonable time, but no later than forty-five (45) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial forty-five (45) day period. In no event shall such extension exceed a period of thirty (30) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. If the Claims Administrator determines that an additional extension is needed, the Claims Administrator shall notify the claimant in writing within the first 30-day extension period. If an extension is necessary because additional information is needed from the claimant, the notice of extension shall also specifically describe the missing information, and the claimant shall have at least forty-five (45) days from receipt of the notice within which to provide the requested information. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(b) the specific reason(s) for the denial of the claim, or any part of it;

(c) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(d) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(e) an explanation of the claim review procedure; and

(f) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

4.3 Review of a Denied Claim

On or before one hundred eighty (180) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee , in its sole discretion, may grant.

4.4 Decision on Review

The Committee shall render its decision on review promptly, and no later than forty-five (45) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial forty-five (45) day period. In no event shall such extension exceed a period of forty-five (45) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits;

(d) any internal rule, guideline, protocol or other similar criterion relied on in the denial, or a statement that a copy of such rule, guideline, protocol or other similar criterion will be provided free of charge on request; and

(e) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

Benefits shall be paid under the Plan only if the Committee in its discretion determines that the Claimant is entitled to them.

4.5 Legal Action

A Claimant's compliance with the foregoing provisions of this Section 5 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan. Any further legal action taken by a Participant against the Plan, the Company (and its employees or directors), or the Committee must be filed in a court of law no later than ninety (90) days after the Committee's final decision on review of an appealed claim.

SECTION 5

Miscellaneous

5.1 Gender and Number

Where the context admits, words in the masculine gender include the feminine gender, the singular includes the plural, and vice versa.

5.2 Non-Assignability and Facility of Payment

Benefits under the Plan are not in any way subject to the debts or other obligations of the persons entitled thereto and may not be voluntarily or involuntarily sold, transferred or assigned. When any person entitled to benefits under the Plan is under a legal disability or in the Committee's opinion is in any way incapacitated so as to be unable to manage his affairs, the Committee may cause such person's benefits to be paid to or for the benefit of such person in any manner that the Committee may determine.

5.3 Mistake of Fact

Any mistake of fact or misstatement of fact shall be corrected when it becomes known and proper adjustment made by reason thereof.

5.4 Applicable Law

Except to the extent superseded by the laws of the United States, the Plan and all rights and duties thereunder shall be governed, construed and administered in accordance with the laws of the State of North Carolina.

5.5 No Guarantee of Employment

Employment rights of an employee shall not be deemed to be enlarged or diminished by reason of establishment of the Plan, nor shall establishment of the Plan confer any right upon any employee to be retained in the service of an Employer.

5.6 Information to be Furnished by Covered Employees

Covered Employees under the Plan must furnish the Committee with such evidence, data or information as the Committee considers necessary or desirable to administer the Plan. A fraudulent misstatement or omission of fact made by a Covered Employee in an enrollment form, evidence of insurability form, or in a claim for benefits (inclusive of all documents filed in support of the claim) may be used to cancel coverage and/or to deny claims for benefits.

5.7 Company and Committee Decision Final

The Company, the Committee and any entity or organization to which the Company delegates authority pursuant to the terms of the Plan, shall have the discretionary authority to

construe and interpret the Plan and make factual determinations thereunder, including the authority to determine eligibility of employees and the amount of benefits payable under the Plan, and to decide claims under the terms of the Plan. Subject to applicable law, any interpretation of the provisions of the Plan and any decisions on any matter within the discretion of the Company, Committee or other applicable entity made 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 Company, Committee or other applicable entity shall make such adjustment on account thereof as it considers equitable and practicable. The Company, Committee or other applicable entity shall not be liable in any manner for any determination of fact made in good faith. Benefits will be paid under the Plan only if the Committee or its delegate determines in its discretion that the applicant is entitled to them.

5.8 Action by Company or Employer

Any action required or permitted to be taken by the Company or an Employer under the Plan shall be by resolution of its Board of Directors or by an officer or officers as may be authorized to act for the Board with respect to the Plan.

5.9 Waiver of Notice

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

5.10 Recovery of Benefits

In the event a Covered Employee 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 overpayment from such Covered Employee or his or her Estate. The Committee may, however, at its option, deduct the amount of such excess from any subsequent Benefits payable to, or for, the Covered Employee.

5.11 Additional Employers

Any Subsidiary of the Company may adopt the Plan by:

(a) Filing with the Company a written instrument to that effect, and

(b) Filing with the Committee a statement consenting to such action signed by the President or any Vice President of the Company on its behalf.

5.12 Uniform Rules

The Committee shall administer the Plan on a reasonable and nondiscriminatory basis and shall apply uniform rules to all persons similarly situated.

5.13 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.

5.14 Investigation of Claims

The Company and the Committee may investigate claims for benefits under the Plan and may designate a person or entity to investigate such claims.

SECTION 6

Amendment and Termination

6.1 Amendment

The Plan may be amended by the Company at any time and from time to time, except that any benefits which had become payable under the Plan prior to the date an amendment is effected shall be determined in accordance with the terms of the Plan as in effect immediately prior to the date of the amendment.

6.2 Termination

The Plan, as applied to all Employers, may be terminated at any time by action of the then Employers hereunder, and the Plan as applied to any single Employer may be terminated at any time by such Employer, subject only to the same limitations with respect to the effect of any such termination as are set forth in subsection 6.1 with respect to amendments of the Plan.

6.3 Mergers and Acquisitions

Notwithstanding any Plan provision to the contrary, in the case of any merger or consolidation with, or acquisition of another business by the Company (whether a division or Subsidiary), the provisions of the Plan, as applicable to employees of such business (e.g., eligibility, enrollment, evidence of good health, etc.) will be as specified in the Purchase Agreement between the Company and such other business, and if not so specified, shall apply as if such business was a new participating Employer hereunder and such employees were newly hired employees of such Employer. If the Purchase Agreement provides that the Company will credit the employees of such business with service, then, in the Company's discretion, such employees will not be treated as newly hired employees of such Employer for purposes of eligibility, enrollment, evidence of good health, etc.

Exhibit 10.11

HANESBRANDS INC.
EMPLOYEE STOCK PURCHASE PLAN OF 2006

CERTIFICATE

I hereby certify that the attached document is the official version of the Hanesbrands Inc. Employee Stock Purchase Plan of 2006 adopted by the Board of Directors of the Company by resolution dated July 19, 2006 and subsequently finalized by the duly authorized officers of the Company effective as of June 27, 2006.

Dated this 1st day of September, 2006.

HANESBRANDS INC.

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

HANESBRANDS INC.
EMPLOYEE STOCK PURCHASE PLAN OF 2006

1. **Purpose**. The Hanesbrands Inc. Employee Stock Purchase Plan of 2006 (the "*Plan*") provides eligible employees of Hanesbrands Inc. (the "*Corporation*"), and its *Subsidiaries* an opportunity to purchase common stock of the *Corporation* through payroll deductions on an after-tax basis. The *Plan* is intended to qualify for favorable tax treatment under section 423 of the Internal Revenue Code of 1986, as amended (the "*Code*").

2. **Definitions**. Where the context of the *Plan* permits, words in the masculine gender shall include the feminine gender, the plural form of a word shall include the singular form, and the singular form of a word shall include the plural form. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

(a) *Administrator* means the shareholder services division of the *Corporation* or such independent third party administrator as the *Corporation* may engage to administer the Plan.

(b) *Authorization Form* means a payroll deduction form which authorizes payroll deductions from a *Participant's Basic Pay* and evidences the *Participant's* membership in the *Plan.*

(c) *Basic Pay* means, in relation to a *Participant* for a payroll period, the *Participant's* regular compensation earned during such payroll period, before any deductions or withholding, but excluding overtime, bonuses, amounts paid as reimbursement of expenses (including those paid as part of commissions) and any other additional compensation.

(d) *Board* means the Board of Directors of the *Corporation*.

(e) *Committee* means the Compensation and Benefits Committee of the *Board*.

(f) *Country Program* means detailed rules specific to a country or group of countries as set forth in a supplement to the *Plan*. The terms and provisions of each supplement to the *Plan* that outline the rules for a *Country Program* are a part of the *Plan* and supersede the provisions of the *Plan* to the extent necessary to eliminate inconsistencies between the *Plan* and the supplement.

(g) *Corporation* means Hanesbrands Inc., a Maryland corporation, or any successor thereto.

(h) *Eligible Employee* is defined in section 4 below.

(i) *Exchange Act* means the Securities Exchange Act of 1934, as amended.

(j) *Exercise Date* with respect to any *Offering Period* means the *Grant Date* of the immediately following *Offering Period*.

(k) *Exercise Price* with respect to any *Offering Period* means, subject to the terms and conditions of each *Country Program*, an amount established by the *Committee* prior to the *Offering Period* which amount shall in no event be less than 85% of the *Fair Market Value* of *Shares* on the *Offering Period's Exercise Date.*

(l) *Fair Market Value* of a *Share* on any date shall be the closing price of the *Corporation's* Stock as reported on the New York Stock Exchange - Composite Transactions Tape ("*Composite Tape*") for such date.

(m) *Grant Date* means the first Monday of each *Offering Period* on which sales of the *Corporation's Shares* are reported on the *Composite Tape* or if no *Shares* are sold on that Monday, then on the next succeeding day on which there is a sale.

(n) *Offering Period* means a three-month period beginning on the first Monday of each February, May, August, and November, respectively, (or such alternative four months in a cycle of three-month intervals as the *Committee* may establish in its discretion) and ending on the first Monday of the succeeding three-month period. If no *Shares* are sold on the first Monday of an *Offering Period*, then that *Offering Period* shall commence, and the immediately preceding *Offering Period* shall end, on the next succeeding day on which there is a sale. Notwithstanding the definition of *Offering Period*, the *Initial Offering Period* means that period commencing on the date established by the *Committee* for implementing the *Plan* provided that such date is not sooner that the date on which the *Corporation* first issues equity securities of the *Corporation* that are required to be registered under Article II of the *Exchange Act*, and ending on the first Monday of the next following regular *Offering Period* under the *Plan.*

(o) *Participant* means an Eligible Employee who has completed an Authorization Form and who continues to make contributions to the Plan, or who no longer contributes to the Plan, but has Shares still held by the Administrator in accordance with this Plan.

(p) *Participating Subsidiaries* means corporations, 50% or more of each class of the outstanding voting stock or voting power of which is beneficially owned, directly or indirectly, by the *Corporation*, which are authorized by the *Corporation* to participate in the *Plan* and which have agreed to participate.

(q) *Plan* means the Hanesbrands Inc. Employee Stock Purchase Plan of 2006, as amended from time to time. The *Plan* is effective June 27, 2006 (the "*Effective Date*").

(r) *Plan Account* means a payroll deduction account maintained by the *Committee* for each *Participant* to which shall be credited all payroll deductions and from which shall be deducted amounts charged for the purchase of *Shares* hereunder and withdrawals.

(s) *Shares* mean shares of Hanesbrands Inc. common stock, par value $.01 per share.

3. **Shares Subject to the Plan.** There is hereby reserved for issuance under the *Plan* an aggregate of 2,442,000 *Shares*. Available *Shares* shall be from such authorized but unissued *Shares* or from *Shares* reacquired from time to time.

4. **Eligible Employees.** All employees of the *Corporation* or any of its *Participating Subsidiaries* shall be eligible to participate in the *Plan*, except employees whose customary employment is 20 hours or less per week or not more than five months in any calendar year, or who, immediately after any *Grant Date*, own 5% or more of the total combined voting power or value of all classes of stock of the *Corporation* or any *Participating Subsidiary*.

5. **Participation in the Plan.** An *Eligible Employee* may participate voluntarily, by completing and submitting an *Authorization Form* at designated times, according to the applicable *Country Program* procedures. Such *Authorization Form* may authorize payroll deductions from the employee's *Basic Pay*, or some other means of contributions received from employees (defined according to local procedures). An employee may actively participate in only one *Country Program* at a time.

6. **Purchase Price.** The purchase price of the *Shares* shall be determined in accordance with the terms of each *Country Program*. Unless otherwise defined in the *Country Program* the purchase price shall be the *Exercise Price* as defined herein.

7. **Number of Shares Purchasable.** No *Participant* may be permitted to acquire more than $25,000 worth of *Shares* under the *Plan* per year (with such limit being measured using the purchase price set forth in the applicable *Country Program*). This limit shall be monitored by the *Committee* or its delegate(s).

8. **Plan Accounts/Shares Acquired.** *Participating Subsidiaries* shall maintain *Plan Accounts* for *Participants*, where applicable. *Shares* purchased pursuant to the *Plan* shall be

recorded on the stock transfer records of the *Corporation* in book entry form and no stock certificates with respect to any *Shares* will be issued. *Share* ownership shall be kept electronically in the *Participant's* name, or if specified on the *Participant's Authorization Form*, in the *Participant's* name and the name of another person of legal age as joint tenants with right of survivorship. As deemed appropriate by the *Committee* acting in its discretion, and consistent with the terms of the *Country Programs*, *Participants* shall receive periodic statements detailing their *Plan Account* balances.

9. **Changes in Participation.** Subject to rules set forth in each *Country Program* (and consistent with otherwise applicable *Plan* limitations), a *Participant* may change the amount of his or her payroll deduction or contributions pursuant to administrative rules established by the *Committee*.

10. **Termination of Participation.** Subject to rules set forth in each *Country Program*, a *Participant*, at any time and for any reason, may voluntarily terminate participation in the *Plan* by written notification of withdrawal delivered to the appropriate office pursuant to administrative rules established by the *Committee*. A *Participant's* participation in the *Plan* shall be involuntarily terminated by his/her employer upon termination of employment for any reason, or upon the *Participant* no longer being eligible for participation. In the event of a *Participant's* voluntary or involuntary termination of participation in the *Plan*, no payroll deduction shall be taken from any pay due thereafter; and at the election of such *Participant* or *Participant's* estate, as the case may be, the balance in the *Participant's Plan Account* shall be paid either to the *Participant* or the *Participant's* estate, or shall be retained to purchase *Shares* in accordance with normal procedures. Except as provided above, a *Participant* may not withdraw any credit balance in the *Participant's Plan Account*, in whole or in part.

11. **Rights as a Stockholder.** Except as provided in section 12, none of the rights or privileges of a stockholder of the *Corporation* shall exist with respect to *Shares* purchased under the *Plan* unless and until a statement representing such *Shares* shall have been issued to the *Participant*.

12. **Dividends.** Cash dividends on *Shares* acquired under the *Plan* will accrue to *Participants* in the same manner as for other shareholders. *Participants* shall be invited to enroll in the *Corporation's* automatic dividend reinvestment plan (unless such enrollment is automatic pursuant to the applicable *Country Program*).

13. **Rights Not Transferable.** Rights under the *Plan* are not transferable by a *Participant* other than by will or the laws of descent, and are exercisable during the *Participant's* lifetime only by the *Participant*.

14. **Application of Funds.** All funds received or held by the *Corporation* under the *Plan* may be used for any corporate purposes.

15. **Adjustments in Case of Changes Affecting Shares.** In the event of a subdivision of outstanding *Shares*, or the payment of a stock dividend, the number of *Shares* authorized for issuance under the *Plan* shall be increased proportionately, and such equitable adjustments shall be made by the *Committee*. In the event of any other change affecting the *Corporation's* common stock, such equitable adjustment shall be made by the *Committee* to give proper effect to such event.

16. **Administration of Plans.** The *Plan* and the detailed *Country Programs* shall be administered by the *Committee*. The *Committee* shall have authority to make rules and regulations for the administration of the *Country Programs* including when and how purchases shall be made, and its interpretations and decisions with regard thereto shall be final and conclusive. The *Committee* shall have authority to delegate its ministerial tasks hereunder to the *Corporation's* Human Resources and Shareholder Accounting Departments and the Human Resources Departments of *Participating Subsidiaries* which employ *Participants*.

17. **Amendments to Plans.** The *Board* or any person or persons authorized by the *Board*, at any time, or from time to time, may amend, suspend, or terminate the *Plan* or any of the *Country Programs*, provided, however, that except to conform the *Plan* or any *Country Program* to the requirements of local legislation, no amendment shall be made withdrawing the administration of the *Plan* or *Country Programs* from the *Committee*, or permitting any rights under the *Plan* to be granted to any employee who is a member of the *Committee* administering the *Plan*.

18. **Termination**. The *Plan* shall terminate upon the earlier of the date it is terminated by the *Board* and the date that no more *Shares* remain to be acquired under the *Plan*. Upon the termination of the *Plan*, all remaining credit balances from authorized payroll deductions in *Participants' Plan Accounts* shall be returned to such *Participants*.

19. **Governmental Regulations.** The *Corporation's* obligation to sell and deliver *Shares* under the *Plan* is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such stock.

20. **Stockholder Approval**. This *Plan* shall be effective as of June 27, 2006, as approved by Sara Lee Corporation as the sole shareholder of the *Corporation*.

SUPPLEMENT A
TO
HANESBRANDS INC.
EMPLOYEE STOCK PURCHASE PLAN OF 2006

US PROGRAM

1. **Purpose**. The purpose of this Supplement A to the Hanesbrands Inc. 2006 Employee Stock Purchase Plan is to modify and further specify the terms and conditions of the *Plan* as applied to employees in the United States and Puerto Rico (*the* "*US Program*"). With respect to employees in the United States, the *US Program* is intended to qualify as an employee stock purchase plan under section 423 of the Code. Any defined term not defined in section 2 of this Supplement A shall be defined pursuant to the *Plan*.

2. **Contributions**. An *Eligible Employee* may participate in the *US Program* at any time by completing and filing with the appropriate payroll office an *Authorization Form*. The *Committee*, in its discretion, may establish a minimum deduction per payroll period. Such deductions shall commence with the pay period beginning after such *Authorization Form* is filed and recorded in the appropriate payroll office and shall continue until the *Participant* terminates participation in the *US Program* or until the *US Program* is terminated. Subject to the minimum and maximum deductions set forth in the *Plan* and this *US Program*, a *Participant* may change the amount of his or her payroll deduction no more than twice in each calendar year by filing a new *Authorization Form* with the appropriate payroll office. The change shall not become effective earlier than the first payroll period in the next succeeding *Offering Period* after the *Authorization Form* is received and recorded by the appropriate payroll office. Payroll deductions will be held in the *Corporation* or *Participating Subsidiary's* general accounts until the end of the *Offering Period* at which time they will be applied solely for the purchase of *Shares* under the *US Program. Participants* will receive periodic statements of their *Plan Account* balance.

3. **Share Purchases.** On each *Exercise Date*, each *Participant's Plan Account* shall be charged for the amount of the *Shares* to be purchased on that date. The number of *Shares* to be purchased on an *Exercise Date* shall be determined by dividing the balance of the *Participant's Plan Account* (including any balance in the *Participant's Plan Account* after the

immediately prior *Exercise Date*) by the *Exercise Price*, and then rounding downward to the nearest whole *Share*. No fractional *Shares* shall be purchased, and any balance remaining in the *Participant's Plan Account* after the *Shares* have been purchased on the *Exercise Date* shall be carried forward to the next succeeding *Offering Period*. As soon as practicable after the *Exercise Date*, a statement shall be delivered to the *Participant* which shall include the number of *Shares* purchased on the *Exercise Date* and the aggregate number of *Shares* purchased on behalf of such Participant under the *US Program*. *Share* ownership shall be kept electronically in the name of the *Participant*, or if so specified in the *Participant's Authorization Form*, in the *Participant's* name and the name of another person of legal age as joint tenants with right of survivorship.

4. **Ceasing Contributions/Rights of Participants Who Leave Service.** A *Participant* whose participation in the *US Program* has terminated (either upon the *Participant's* request or upon the *Participant's* termination of employment for any reason) may not rejoin the *US Program* until the third succeeding *Offering Period* following the date of such termination.

5. **Contracts of Employment and Other Employment Rights.** The *US Program* may be terminated at any time at the discretion of the *Corporation* and no compensation will be due to a *Participant* as a result. Neither the value of the *Shares* nor the discount derived from the *Purchase Price* shall be added to a *Participant's* income for the purpose of calculating any employee benefits. No additional rights arise to a *Participant* as a result of participating in the *US Program* or the opportunity to participate. Participation in the *US Program* does not confer on any *Participant* any right to future employment. Participation in the *US Program* is at the discretion of *Eligible Employees.* No representation or warranty is given by the *Corporation* or *Participating Subsidiaries* as to the present or future benefit of participation in the *US Program.* If a *Corporation* or a *Participating Subsidiary* ceases participation in the *US Program* or the *Corporation* ceases operation of the *Plan*, employees will have no right or action against the *Participating Subsidiary*, the *Committee* or the *Corporation* for such termination.

6. **Administration.**

(a) The *Committee* (or its delegate(s)) will be responsible for:

(i) administering the *US Program* in unison with the *Administrator* and the *Corporation*;

(ii) informing *Participants* of the current market price of the *Shares* upon request;

(iii) informing *Participants* of the *Exercise Price* for each *Offering Period*;

(iv) informing *Eligible Employees* about the *US Program*, making deductions from *Basic Pay*, converting foreign currencies, and maintaining *Participants' Plan Accounts*; and

(v) obtaining information from the *Administrator* needed by the *Corporation* or *Participating Subsidiaries* in order to comply with any applicable reporting and withholding requirements.

(b) The *Administrator* will be responsible for:

(i) holding the *Shares* in trust in a book account;

(ii) maintaining all relevant records and issuing documents required for tax purposes by the *Corporation*, the *Participating Subsidiaries* and *Participants*;

(iii) providing quarterly statements and other documents as required to the *Participating Subsidiaries* for distribution to *Participants*; and

(iv) providing management information reports to the *Committee* and *Participating Subsidiaries*.

7. **Amendments to the US Program**. The *Corporation* may at any time or from time to time amend, suspend or terminate the *US Program*. No amendment may be made and no suspension or termination may take effect in respect of rights already accrued to a *Participant* as a holder of *Shares*. The *Corporation* may at any time or from time to time amend the *US Program* to comply with the requirements of legislation or any regulatory body in the United States.

8. **Governmental Regulation.** The *US Program* shall be suspended and become inoperative with respect to *Shares* not theretofore optioned under the *US Program* during any period in which no registration statement or amendment thereto under the Securities Act of 1933, as amended, is in effect with respect to the *Shares* so remaining to be purchased under the *US Program*.

Exhibit 10.12

HANESBRANDS INC.
NON-EMPLOYEE DIRECTOR DEFERRED COMPENSATION PLAN

CERTIFICATE

I hereby certify that the attached document is the official version of the Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan adopted by the Board of Directors of the Company by resolution dated July 19, 2006 and subsequently finalized by the duly authorized officers of the Company effective as of July 2, 2006.

Dated this 1st day of September, 2006.

HANESBRANDS INC.

By /s/ Kevin Oliver

Its Senior Vice President, Human Resources

HANESBRANDS INC.
NON-EMPLOYEE DIRECTOR DEFERRED COMPENSATION PLAN

1. **Purpose**. The purpose of the *Hanesbrands Inc*. ("*HBI*") Non-Employee Director Deferred Compensation Plan (the "*Plan*") is to allow *Non-Employee Directors* of the *Corporation* to defer the payment of *Annual Retainers* and/or *Meeting Fees.* Notwithstanding any provision of the *Plan* to the contrary, amounts deferred under the *Plan* are subject to the provisions of Section 409A of the Internal Revenue Code (the "Code") and at all times the *Plan* as applied to those amounts shall be interpreted and administered so that it is consistent with such Code section.

2. **Definitions**. Where the context of this *Plan* permits, words in the masculine gender shall include the feminine gender, the plural form of a word shall include the singular form, and the singular form of a word shall include the plural form. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

(a) *Annual Retainer* means the annual cash retainer fee payable by the *Corporation* to a *Non-Employee Director* for services as a director of the *Corporation*, as such amount may be changed from time to time.

(b) *Board* means the Board of Directors of the *Corporation*.

(c) *Change in Control* means "Change in Control" as defined under the terms of the *Stock Plan.*

(d) *Committee* means the Compensation and Benefits Committee of the *Board*.

(e) *Corporation* means Hanesbrands Inc., a Maryland corporation, and any successor thereto.

(f) *Deferral* means an amount deferred pursuant to a *Deferral Election* and any automatic deferral of restricted stock units as described in section 5 below .

(g) *Deferral Account* means a bookkeeping account in the name of a *Non-Employee Director* who elects to defer all or a portion of an *Annual Retainer* or *Meeting Fees.*

(h) *Deferral Crediting Date means the business day coinciding with or next following the 15th day of each calendar month and the business day coinciding with or next following the last day of each calendar month.*

(i) *Deferral Elections* means irrevocable elections to defer receipt of *Annual Retainer* and/or *Meeting Fees*.

(j) *Fair Market Value* means the fair market value of *Stock* determined at any time in such manner as the *Committee* may deem equitable, or as required by applicable law or regulation.

(k) *Interest Account* means the default alternative from among the two investment alternatives (the other being an *Stock Equivalent Account*) in which a *Non-Employee Director* may elect to invest a *Deferral* or portion thereof as described in sections 6 and 7 below.

(l) Meeting Fees means the annual fees payable by the *Corporation* to a *Non-Employee Director* for services as a member or chair of a *Board* committee, as such amounts may be changed from time to time.

(m) *Non-Employee Director* means a director of the *Corporation* who is not an employee of the *Corporation* or any subsidiary of the *Corporation*.

(n) *Plan* means this Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan.

(o) *Plan Year* means the calendar year.

(p) *Stock* means a share of the common stock of the *Corporation* that, by its terms, may be voted on all matters submitted to stockholders of the *Corporation* generally.

(q) *Stock Equivalent Account* means one of two investment alternatives (the other being an *Interest Account*) in which a *Non-Employee Director* may elect to invest a *Deferral* or portion thereof as described in sections 6 and 7 below.

(r) *Stock Plan* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006 or any successor thereto that provides for the issuance of *Stock* to *Non-Employee Directors.*

(s) *Valuation Date means each June 30 and December 31*.

3. **Administration.** The *Plan* shall be administered by the *Committee*. The *Committee* shall have full power and authority to interpret and construe the *Plan* and adopt such rules and regulations as it shall deem necessary and advisable to implement and administer the *Plan* and to designate persons other than members of the *Committee* to carry out its responsibilities, subject to applicable law and such limitations, restrictions and conditions as it may prescribe, such determinations to be made in accordance with the *Committee's* best business judgment as to the best interests of the *Corporation* and its stockholders and in accordance with

the purposes of the *Plan*. The *Committee* may delegate administrative duties under the *Plan* to one or more agents, as it shall deem necessary or advisable. A majority of the *Committee* shall constitute a quorum at any meeting of the *Committee*, and all determinations of the *Committee* shall be made by a majority of its members. Any determination of the *Committee* under the *Plan* may be made without notice or a meeting of the *Committee* by a written consent signed by all members of the *Committee*. No member of the *Committee* or the *Board* shall be personally liable for any action or determination made in good faith with respect to the *Plan* or to any settlement of any dispute between a *Non-Employee Director* and the *Corporation*. Any decision or action taken by the *Committee* or the *Board* with respect to the administration or interpretation of the *Plan* shall be conclusive and binding upon all persons.

4. **Deferral Elections.** Any eligible *Non-Employee Director* may make irrevocable elections to defer receipt of all or any portion not less than 25 percent of his *Annual Retainer* and/or *Meeting Fees* (each such election shall be referred to as a "*Deferral Election*" and any amount deferred pursuant to such election is referred to as a "*Deferral*") for a *Plan Year* in accordance with the rules set forth below.

(a) A *Non-Employee Director* shall be eligible to make a *Deferral Election* only if he is an active member of the *Board*, or has been elected to the *Board* on the date such election is made.

(b) For a *Plan Year*, a *Non-Employee Director* may make no more than one *Deferral Election* with respect to the *Non-Employee Director's Annual Retainer* and/or *Meeting Fees*.

(c) All *Deferral Elections* must be made in writing on such forms as the *Committee* may prescribe and must be received by the *Committee* no later than the date specified by the *Committee*. In no event will the date specified by the *Committee* with respect to a *Deferral Election* be later than the end of the *Plan Year* preceding the *Plan Year* in which the *Annual Retainer* or *Meeting Fees* would otherwise be paid. In the case of the first year in which the *Non-Employee Director* first becomes eligible to participate, such election may be made with respect to services to be performed subsequent to the election within 30 days after the date the *Non-Employee Director* becomes eligible to participate.

(d) As part of each *Deferral Election*, the *Non-Employee Director* must specify the date on which the *Deferral* will be paid or commence (a "*Distribution Date*"). The *Distribution Dates* specified in a *Non-Employee Director's Deferral Elections* may, but need not necessarily, be the same for all *Deferrals*. Except as provided in subsection (f) below, each *Distribution Date* is irrevocable and shall

apply only to that portion of the *Non-Employee Director's Deferral Account* which is attributable to the *Deferral* The *Distribution Date* for the automatic deferral of restricted stock or restricted stock units, as described below in section 5, shall, at all times be the date which is six months following the termination of the *Non-Employee Director's Board* service.

(e) The *Distribution Date* selected by a *Non-Employee Director* as part of a *Deferral Election* shall not be earlier than the January 1 immediately following the first anniversary of the date on which the *Deferral Election* is made.

(f) A *Non-Employee Director* may make an irrevocable election to extend a *Distribution Date* (a "*Re-Deferral Election*"); provided, that no *Re-Deferral Election* shall be effective unless (i) the *Committee* receives the election not later than 12 months prior to the *Distribution Date* to be changed, and (ii) the new *Distribution Date* is not earlier than the fifth anniversary of the prior *Distribution Date* and provided further that no *Re-Deferral Election* shall be permitted with respect to the automatic deferral of restricted stock units as described under section 5 below. All *Re-Deferral Elections* must be made in writing on such forms and pursuant to such rules as the *Committee* may prescribe.

(g) As part of each *Deferral Election*, a *Non-Employee Director* must elect the form in which the *Deferral* will be paid beginning on the selected *Distribution Date*. The *Deferral* may be paid in a single lump sum or in substantially equal annual installments over a period not exceeding ten years as provided under section 9. Except as provided in section 9, a *Non-Employee Director's* election as to the form of payment shall be irrevocable. If the *Non-Employee Director* elects an installment method of payment the *Distribution Date* must be in January. If a *Non-Employee Director* fails to elect a method of payment, such payment shall be payable in a single lump sum.

(h) As part of each *Deferral Election*, a *Non-Employee Director* must elect the investment alternatives that shall apply to the *Deferral* in accordance with sections 6 and 7 below.

(i) *Deferrals* and *Deferral Elections* shall be irrevocable; provided, that if the *Committee* determines that a *Non-Employee Director* has an *Unforeseeable Financial Emergency* (as defined in section 13), then the *Non-Employee Director's Deferral Elections* then in effect shall be revoked with respect to all amounts not previously deferred.

5. **Automatic Deferral of Stock Grants.** In addition to any elective *Deferrals* made by a *Non-Employee Director* as provided under section 4 above, any restricted stock or restricted stock units awarded to a *Non-Employee Director* that are automatically deferred pursuant to the terms of the award agreement shall be deferred under the *Plan* and credited to a *Non-Employee Director's Deferral Account* as described below.

6. **Deferral Accounts**. All amounts deferred pursuant to a *Non-Employee Director's Deferral Elections* under section 4 above as well as any automatic *Deferrals* under section 5 above shall be allocated to a bookkeeping account in the name of the *Non-Employee Director*. *Deferrals* shall be credited to the *Deferral Account* as of the *Deferral Crediting Date* coinciding with or next following the date on which, in the absence of a *Deferral Election*, the *Non-Employee Director* would otherwise have received the *Deferral*. A *Non-Employee Director* shall be fully vested at all times in the balance of his *Deferral Account*.

7. **Investment Alternatives**. A *Non-Employee Director* must make an investment election at the time of each *Deferral Election*. The investment election must be made in writing on such forms and pursuant to such rules as the *Committee* may prescribe, subject to section 7 below, and shall designate the portion of the *Deferral* which is to be treated as invested in each investment alternative. The two investment alternatives shall be as follows:

(a) **Stock Equivalent Account**. Under the *Stock Equivalent Account*, the value of the *Non-Employee Director's Deferral* shall be determined as if the *Deferral* were invested in *Stock* as of the *Deferral Crediting Date*. If payment of *Stock* is deferred (such as in the case of the automatic deferral of restricted stock and restricted stock unit awards), the number of *Stock* equivalents to be credited to the *Non-Employee Director's Deferral Account* and appropriate subaccounts on each *Deferral Crediting Date* shall equal the number of shares deferred. If payment of cash is deferred, the number of *Stock* equivalents to be credited to the *Non-Employee Director's Deferral Account* and appropriate subaccounts on each *Deferral Crediting Date* shall be determined by dividing the *Deferral* to be "invested" on that date by the *Fair Market Value* of a *Stock* on that date. Fractional *Stock* equivalents will be computed to two decimal places. An amount equal to the number of *Stock* equivalents multiplied by the dividend paid on a share of *Stock* on each dividend payment date shall be credited to the *Non-Employee Director's Deferral Account* and appropriate subaccount as of the *Deferral Crediting Date* coincident with or next following the dividend payment date and "invested" in additional *Stock* equivalents as though such dividend credits were a *Deferral*. The number of shares of *Stock* to be paid to a *Non-Employee Director* on a *Distribution Date* shall be equal to the number of *Stock* equivalents accumulated in the *Stock Equivalent Account* on the *Distribution Date* divided by the total of the payments to be made.

Corporation may but is not required to match any amounts that a *Non-Employee Director* elects to invest in the *Stock Equivalent Account*.

(b) **Interest Account**. Under the *Interest Account*, interest will be credited to the *Non-Employee Director's Deferral Account* as of the business day coinciding

with or next following each *Valuation Date* and on the date the final payment of a *Deferral* is to be made based on the balance in the *Non-Employee Director's Deferral Account* deemed invested in the *Interest Account* on the *Valuation Date* or such final payment date. The rate of interest to be credited as of a *Valuation Date* under the *Interest Account* shall equal the 5-year constant maturity treasury note interest rate as published by the Federal Reserve in effect on the first business date of the calendar year in which the *Valuation Date* occurs. If installment payments are elected, the amount to be paid to the *Non-Employee Director* on a *Distribution Date* shall be determined by dividing the current principal balance by the number of remaining installment payments.

8. **Investment Elections and Changes.** A *Non-Employee Director's* investment elections shall be subject to the following rules:

(a) With respect to *Annual Retainer* payments or *Meeting Fees* that would have been paid in the form of cash, if the *Non-Employee Director* fails to make an investment election with respect to a *Deferral*, the *Deferral* shall be deemed to be invested in the *Interest Account*.

(b) All Deferrals of restricted stock and restricted stock unit awards that are deferred automatically as provided in the award agreement as described in section 5 above shall be invested in the Stock Equivalent Account.

(c) All investments in the *Stock Equivalent Account* shall be irrevocable.

(d) A *Non-Employee Director* may elect to transfer amounts invested in the *Interest Account* to the *Stock Equivalent Account* as of any *Valuation Date* by filing an investment change election with the *Committee* prior to the *Valuation Date* the change is to become effective. The amount elected to be transferred to the *Stock Equivalent Account* shall be treated as invested in *Stock* equivalents as of the *Valuation Date* and the number of *Stock* equivalents to be credited to the *Non-Employee Director's Deferral Account* and appropriate subaccounts as of the *Valuation Date* shall be determined by dividing the amount to be transferred by the *Fair Market Value* on such *Valuation Date*.

(e) Until invested as of the *Deferral Crediting Date* in either the *Interest Account* or *Share Equivalent Account*, a *Non-Employee Director's Deferral* shall be credited with interest in such amount as the *Committee* may determine.

9. **Time and Method of Payment.** Payment of a *Non-Employee Director's Deferral Account* shall be made in a single lump sum or shall commence in installments as elected by the *Non-Employee Director* in the *Deferral Election*. A *Non-Employee Director* may make elect after the original *Deferral Election* to change the method of payment previously elected by the *Non-Employee Director*; provided, that such election shall not be effective unless the election to change the method of payment is received by the *Committee* not later that 12

months prior to the *Distribution Date* specified in the original *Deferral Election*. If a *Non-Employee Director* has elected a single lump sum and later elects installment payments, such election shall constitute a *Re-Deferral* and will require a new *Distribution Date* that is not earlier than the fifth anniversary of the previous *Distribution Date*. If a *Non-Employee Director's Deferral Account* is payable in a single lump sum, the payment shall be made as soon as practicable following the *Distribution Date* but not later than 30 days following the *Distribution Date*. If a *Non-Employee Director's Deferral Account* is payable in installment payments, then the *Non-Employee Director's Deferral Account* shall be paid in substantially equal annual installments over the period as elected by the *Non-Employee Director* in the *Deferral Election* commencing as soon as practicable following the *Distribution Date* but not later than 30 days following the *Distribution Date.*

10. **Payment Upon Death of a Non-Employee Director**. In the event a *Non-Employee Director* dies before all amounts credited to his *Deferral Account* have been paid, payment of the *Non-Employee Director's Deferral Account* shall be made in a single sum payment to the *Non-Employee Director's Beneficiary* as soon as practicable but not later than 30 days following the *Non-Employee Director's* death.

11. **Beneficiary**. **A** *Non-Employee Director's* "*Beneficiary*" shall mean the individual(s) or entity designated by the *Non-Employee Director* to receive the balance of the *Non-Employee Director's Deferral Account* in the event of the *Non-Employee Director's* death prior to the payment of his entire *Deferral Account*. To be effective, any *Beneficiary* designation shall be filed in writing with the *Committee*. A *Non-Employee Director* may revoke an existing *Beneficiary* designation by filing another written *Beneficiary* designation with the *Committee*. The latest *Beneficiary* designation received by the *Committee* prior to the *Non-Employee Director's* death shall be controlling. If no *Beneficiary* is named by a *Non-Employee Director* or if he survives all of his named Beneficiaries, the *Deferral Account* shall be paid in the following order of precedence:

(a) the *Non-Employee Director's* spouse;

(b) the *Non-Employee Director's* children (including adopted children), per stirpes; or

(c) the *Non-Employee Director's* estate.

12. Form of Payment. The payment of that portion of a *Deferral Account* deemed to be invested in the *Interest Account* shall be made in cash. The distribution of that portion of a *Deferral Account* deemed to be invested in the *Stock Equivalent Account* shall be distributed under the *Stock Plan* in whole shares of *Stock* with fractional shares distributed in cash.

13. **Unforeseeable Financial Emergency**. If the *Committee* or its designee determines that a *Non-Employee Director* has incurred an *Unforeseeable Financial Emergency* (as defined below), the *Non-Employee Director* may withdraw in cash and/or *Stock* the portion of the balance of his *Deferral Account* needed to satisfy the *Unforeseeable Financial Emergency*, to the extent that the *Unforeseeable Financial Emergency* may not be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the *Non-Employee Director's* assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. An "*Unforeseeable Financial Emergency*" is a severe financial hardship to the *Non-Employee Director* resulting from (i) a sudden and unexpected illness or accident of the *Non-Employee Director* or of a dependent of the *Non-Employee Director*; (ii) loss of the *Non-Employee Director's* property due to casualty; or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the *Non-Employee Director* as determined by the *Committee*. A withdrawal on account of an *Unforeseeable Financial Emergency* shall be paid as soon as possible following the date on which the withdrawal is approved.

14. **Funding.** Payouts under the *Plan* to any *Non-Employee Director* shall be paid directly by the *Corporation*. The *Corporation* shall not be required to fund, or otherwise segregate assets to be used for payment of benefits under the *Plan*. Notwithstanding the foregoing, the *Corporation*, in the discretion of the *Committee*, may maintain one or more grantor trusts to hold assets to be used for payment of benefits under the *Plan*. The assets of any such trust shall remain the assets of the *Corporation* subject to the claims of its general creditors. Any payments from such a trust of benefits provided to a *Non-Employee Director* under the *Plan* shall be considered payment by the *Corporation* and shall discharge the *Corporation* of any further liability under the *Plan* for such payments.

15. **Interests Not Transferable.** No benefit payable at any time under the *Plan* shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefits, whether currently or thereafter payable, shall be void. No person shall, in any manner, be liable for or subject to the debts or liabilities of any person entitled to such benefits. If any person shall attempt to, or shall alienate, sell, transfer, assign, pledge or otherwise encumber his benefits under the *Plan*, or if by any reason of his bankruptcy or other event happening at any time, such benefits would devolve upon any other person or would not be enjoyed by the person entitled thereto under the *Plan*, then the *Committee*, in its discretion, may terminate the interest in any such benefits of the person entitled thereto under the *Plan* and hold or apply them for or to the benefit of such person entitled thereto under the *Plan* or his spouse, children or other dependents, or any of them, in such manner as the *Committee* may deem proper.

16. **Forfeitures of Unclaimed Amounts.** Unclaimed amounts shall consist of the amounts of the *Deferral Account* of a *Non-Employee Director* that are not distributed because of the *Committee's* inability, after a reasonable search, to locate a *Non-Employee Director* or his Beneficiary, as applicable, within a period of two (2) years after the *Distribution Date* upon which the payment of any benefits becomes due. Unclaimed amounts shall be forfeited at the end of such two-year period. These forfeitures will reduce the obligations of the *Corporation* under the *Plan* and the *Non-Employee Director* or *Beneficiary*, as applicable, shall have no further right to his *Deferral Account*.

17. **Change in Control.** Notwithstanding a *Non-Employee Director's* elections under section 4 and 8 above or the other terms of the *Plan* regarding the form and timing of payment, upon the *Non-Employee Director's* termination of service on the *Board* following *Change in Control*, the *Non-Employee Director's Deferral Account* shall be payable in a single lump sum as soon as administratively practicable but not later than 30 days following the Non-Employee Director's termination of *Board* service.

18. **Amendment and Termination.** The *Board* may amend the *Plan* from time to time or terminate the *Plan* at any time and may unilaterally modify the terms and conditions of an outstanding election under the *Plan* as necessary, including revoking an election entirely, to reflect changes in applicable law.

19. **Adjustment Provisions.** In the event of any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of *Stock* other than a regular cash dividend, the number of *Stock* equivalents in the *Stock Equivalent Account* under the *Plan* shall be equitably adjusted by the *Committee*.

20. **Governing Law.** Except to the extent superseded by the laws of the United States, the laws of the State of North Carolina, without regard to any state's conflict of laws principles, shall govern in all matters relating to the *Plan*. Any legal action related to this *Plan* shall be brought only in a federal or state court located in North Carolina.

21. **Effective Date of Plan.** This *Plan* shall be effective as of July 2, 2006, as approved by the *Board*.

Exhibit 10.13

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this 1st day of September 2006, by and between Hanesbrands Inc., a Maryland corporation (the "*Company* "), and Richard A. Noll ("*Executive*").

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

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

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

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

(a) **Eligibility for Severance.**

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

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

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

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

(A) A termination for *Cause*. For purposes of this *Agreement*, "*Cause"* means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;

(B) A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

(C) A termination due to death;

(D) A termination due to *Retirement.* For purposes of this *Agreement "Retirement"* shall mean *Executive's* voluntary termination of employment on or after *Executive's* attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the "*Retirement Plan"*);

(E) A voluntary termination of employment other than at the request of *Company*;

(F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

(G) The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

(H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

(I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

(iii) **Characterization of Termination**. The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

(iv) **Termination Date**. For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date specified in the separation and release agreement described under section 2(e) below.

(b) **Severance Benefits Payable**. If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of

any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

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

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

(A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). In this Agreement, "*Short Year*" means an incentive period of less than 12 months duration occurring immediately subsequent to the *Company's* exit from the Sara Lee Corporation's controlled group of corporations (within the meaning of Section 1563(a) of the Code)). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

(B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan* ") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

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

(iii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, *Company* shall subsidize the premium charged during the *Severance Period* so that the amount of such premium payable by such *Executive* shall equal the amount payable by an active executive of *Company* for similar coverage as adjusted from time to time; provided, however, that *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be different (greater) than the premium charged during the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's* life insurance program. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance**. The *Salary Portion of Severance* shall be paid in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be made as soon as practicable following the *Termination Date*, but in no event later

than the fifteenth day of the third month after the date of termination), unless *Company* reasonably determines that Section 409A of the United States Internal Revenue Code of 1986, as amended, and any successors thereto (the *"Code"*) will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in Section 409A(a)(2)(B)(i) in which case, all missed payments will be paid on the date that is six (6) months and one (1) day following the date of *Executive's* separation from service (as defined in *Code* Section 409A) or, if earlier, the date of death of *Executive* (the "*Delayed Payment Date*"). The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid. All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

(d) **Termination of Benefits**. Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(e) **Separation and Release Agreement**. No benefits under this section 2 shall be payable to *Executive* until *Executive* and *Company* have executed a separation and release agreement and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

(f) **Death of Executive**. In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. **Change in Control Benefits.**

(a) **Eligibility for Change in Control Benefits**.

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

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

(A) A material adverse change in *Executive's* duties or responsibilities;

(B) A reduction in *Executive's* annual base salary except for any reduction of not more than ten (10) percent applicable to all senior executives;

(C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;

(D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*;

(E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*;

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

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

(A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*");

provided, however, that the following acquisitions shall not constitute a *Change in Control*:

1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

2) Any acquisition by *Company*;

3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or

4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

(B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:

1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without

limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company*'s property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

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

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

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

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

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

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

(i) In consideration of *Executive's* covenant in section 4 below, *Company* shall pay *Executive*:

(A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

(B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above;

(C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment(as determined in accordance with subparagraph 2(b)(ii)(B) above; and

(D) A lump sum payment equal to three times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three fiscal years immediately preceding the year in which the *Change in Control* occurs (including for this purpose any annual incentive received from Sara Lee Corporation); and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

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

(ii) For a period of 36 months following *Executive's Termination Date* (the "*CIC Severance Period*"), *Executive* shall have the right to elect continuation of the health insurance, life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*; provided, however, that *Executive's* right to COBRA continuation coverage under any group health plan shall be

reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and may be different (greater) than the premium charged during the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

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

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.

(c) **Termination for Disability**. If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(d) **Termination for Retirement or Death**. If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's*

benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(e) **Termination for Cause, or Other Than for Good Reason or Retirement**. If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.

(f) **Separation and Release Agreement**. No benefits under this section 3 shall be payable to *Executive* until *Executive* and *Company* have executed a "*Separation and Release Agreement"* (in substantially the form attached hereto as Exhibit A) and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

(g) **Deferred Compensation**. All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

(h) **Notice of Termination**. Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination")*.

(i) **Termination of Benefits**. All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(j) **Form and Timing of Benefits**. Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid in cash to in a single lump sum as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of termination, unless *Company* reasonably determines that *Code* Section 409A will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in *Code* Section 409A(a)(2)(B)(i) in which case such payment will be paid on the *Delayed Payment Date* as defined in section 2(c) of this *Agreement*.

(k) **Excise Tax Equalization Payment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will be subject to the tax (the "*Excise Tax*") imposed by *Code* Section 4999 (or any similar tax that may hereafter be imposed), *Company* shall pay to *Executive* in cash an additional amount (the "*Gross-Up Payment*") such that the net amount retained by *Executive* after deduction of any *Excise Tax* on the *Total Payments* and any federal, state and local income tax, penalties, interest and *Excise Tax* upon the *Gross-Up Payment* provided for by this section 3 (including FICA and FUTA), shall be equal to the *Total Payments*. Any such payment shall be made by *Company* to *Executive* as soon as practical following the *Termination Date*, but in no event beyond twenty (20) days from such date. *Executive* shall only be entitled to a *Gross-Up Payment* under this section 3 if *Executive's* "parachute payments" (as such term is defined in *Code* Section 280G) exceed three hundred thirty percent (330%) (the "*Threshold*") of *Executive's* "base amount" (as determined under *Code* Section 280G(b)). In the event *Executive's* parachute payments do not exceed the *Threshold*, the benefits provided to such *Executive* under this *Agreement* that are classified as parachute payments shall be reduced such that the value of the *Total Payments* that *Executive* is entitled to receive shall be one dollar ($1) less than the maximum amount which such *Executive* may receive without becoming subject to the tax imposed by *Code* Section 4999, or which *Company* may pay without loss of deduction under *Code* Section 280G(a). For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, the amounts of such *Excise Tax* and the amount of any *Gross Up Payment*, the following shall apply:

(i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Person*s) shall be treated as "parachute payments" within the meaning of *Code* Section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* Section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* Section 280G(b)(4) in excess of the base amount within the meaning of *Code* Section 280G(b)(3), or are otherwise not subject to the *Excise Tax*;

(ii) The amount of the *Total Payments* which shall be treated as subject to the *Excise Tax* shall be equal to the lesser of (A) the total amount of the *Total Payments*; or (B) the amount of excess parachute payments within the meaning of *Code* Section 280G(b)(1) (after applying the provisions of this section 3(i) above);

(iii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);

(iv) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the *Gross-Up Payment* is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes;

(v) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(j), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole, plus a market rate of interest, as determined by the *Committee*; and

(vi) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* is not required to pay the full amount of the excise tax assumed to have been owing in the determination of the *Gross-Up Payment* hereunder (or receives a refund of all or a portion of such excise tax), *Executive* shall repay to *Company* within twenty (20) days of the date the actual refund or credit of such portion has been made to *Executive* such portion of the *Gross-Up Payment* as shall exceed the amount of federal, state and local taxes actually determined to be owed together with such interest received or credited to him by such tax authority for the period he held such portion.

(l) **Company's Payment Obligation.** *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(j) above.

(m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

(n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall pay all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3.

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

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

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

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

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

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

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

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

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

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

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

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

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

EXECUTIVE

/s/ Richard A. Noll
Richard A. Noll

HANESBRANDS INC.

By: /s/ Kevin Oliver
Kevin Oliver
Title: Senior Vice President, Human Resources

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc.(the "Company") and Richard A. Noll ("Executive") enter into this Separation and Release Agreement which was received by Executive on the __ day of _____, 200__, signed by Executive on the __ day of _____, 200__, and is effective on the __ day of _____, 200__ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

W I T N E S S E T H:

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

WHEREAS, Executive's employment with the Company is terminated as of _____, 200__ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____, 2006 (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to Change in Control benefits provided Executive executes a separation and release agreement acceptable to Company; and

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

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

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

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

3. **Receipt of Other Compensation**. Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's

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

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

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

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

7. **Confidentiality**. At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or

prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

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

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

10. **Release**.

(a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the

Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are

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

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

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

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

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

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

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

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

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

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

To Executive at:

[add address]

To the Company at:

Hanesbrands Inc.
Attention: General Counsel
[update address]

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

EXECUTIVE

_____

HANESBRANDS INC.

By: _____

Title: _____

EXHIBIT 10.14

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this 1st day of September 2006, by and between Hanesbrands Inc., a Maryland corporation (the "*Company* "), and Joan P. McReynolds ("*Executive*").

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

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

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

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

(a) **Eligibility for Severance.**

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

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

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

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

(A) A termination for *Cause*. For purposes of this *Agreement*, "*Cause"* means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;

(B) A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

(C) A termination due to death;

(D) A termination due to *Retirement.* For purposes of this *Agreement "Retirement"* shall mean *Executive's* voluntary termination of employment on or after *Executive's* attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the "*Retirement Plan"*);

(E) A voluntary termination of employment other than at the request of *Company*;

(F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

(G) The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

(H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

(I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

(iii) **Characterization of Termination**. The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

(iv) **Termination Date**. For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date specified in the separation and release agreement described under section 2(e) below.

(b) **Severance Benefits Payable**. If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of

any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

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

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

(A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). In this Agreement, "*Short Year*" means an incentive period of less than 12 months duration occurring immediately subsequent to the *Company's* exit from the Sara Lee Corporation's controlled group of corporations (within the meaning of Section 1563(a) of the Code)). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

(B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan* ") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

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

(iii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, *Company* shall subsidize the premium charged during the *Severance Period* so that the amount of such premium payable by such *Executive* shall equal the amount payable by an active executive of *Company* for similar coverage as adjusted from time to time; provided, however, that *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be different (greater) than the premium charged during the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's* life insurance program. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance**. The *Salary Portion of Severance* shall be paid in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be made as soon as practicable following the *Termination Date*, but in no event later

than the fifteenth day of the third month after the date of termination), unless *Company* reasonably determines that Section 409A of the United States Internal Revenue Code of 1986, as amended, and any successors thereto (the *"Code"*) will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in Section 409A(a)(2)(B)(i) in which case, all missed payments will be paid on the date that is six (6) months and one (1) day following the date of *Executive's* separation from service (as defined in *Code* Section 409A) or, if earlier, the date of death of *Executive* (the "*Delayed Payment Date*"). The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid. All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

(d) **Termination of Benefits**. Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(e) **Separation and Release Agreement**. No benefits under this section 2 shall be payable to *Executive* until *Executive* and *Company* have executed a separation and release agreement and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

(f) **Death of Executive**. In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. **Change in Control Benefits.**

(a) **Eligibility for Change in Control Benefits**.

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

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

(A) A material adverse change in *Executive's* duties or responsibilities;

(B) A reduction in *Executive's* annual base salary except for any reduction of not more than ten (10) percent applicable to all senior executives;

(C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;

(D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*;

(E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*;

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

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

(A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*");

provided, however, that the following acquisitions shall not constitute a *Change in Control*:

1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

2) Any acquisition by *Company*;

3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or

4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

(B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:

1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without

limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company*'s property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

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

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

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

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

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

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

(i) In consideration of *Executive's* covenant in section 4 below, *Company* shall pay *Executive*:

(A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

(B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above;

(C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(B) above; and

(D) A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three fiscal years immediately preceding the year in which the *Change in Control* occurs (including for this purpose any annual incentive received from Sara Lee Corporation); and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

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

(ii) For a period of 24 months following *Executive's Termination Date* (the "*CIC Severance Period*"), *Executive* shall have the right to elect continuation of the health insurance, life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*; provided, however, that *Executive's* right to COBRA continuation coverage under any group health plan shall be

reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and may be different (greater) than the premium charged during the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

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

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.

(c) **Termination for Disability**. If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(d) **Termination for Retirement or Death**. If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's*

benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(e) **Termination for Cause, or Other Than for Good Reason or Retirement**. If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.

(f) **Separation and Release Agreement**. No benefits under this section 3 shall be payable to *Executive* until *Executive* and *Company* have executed a "*Separation and Release Agreement"* (in substantially the form attached hereto as Exhibit A) and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

(g) **Deferred Compensation**. All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

(h) **Notice of Termination**. Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination")*.

(i) **Termination of Benefits**. All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(j) **Form and Timing of Benefits**. Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid in cash to in a single lump sum as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of termination, unless *Company* reasonably determines that *Code* Section 409A will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in *Code* Section 409A(a)(2)(B)(i) in which case such payment will be paid on the *Delayed Payment Date* as defined in section 2(c) of this *Agreement*.

(k) **Excise Tax Equalization Payment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will be subject to the tax (the "*Excise Tax*") imposed by *Code* Section 4999 (or any similar tax that may hereafter be imposed), *Company* shall pay to *Executive* in cash an additional amount (the "*Gross-Up Payment*") such that the net amount retained by *Executive* after deduction of any *Excise Tax* on the *Total Payments* and any federal, state and local income tax, penalties, interest and *Excise Tax* upon the *Gross-Up Payment* provided for by this section 3 (including FICA and FUTA), shall be equal to the *Total Payments*. Any such payment shall be made by *Company* to *Executive* as soon as practical following the *Termination Date*, but in no event beyond twenty (20) days from such date. *Executive* shall only be entitled to a *Gross-Up Payment* under this section 3 if *Executive's* "parachute payments" (as such term is defined in *Code* Section 280G) exceed three hundred thirty percent (330%) (the "*Threshold*") of *Executive's* "base amount" (as determined under *Code* Section 280G(b)). In the event *Executive's* parachute payments do not exceed the *Threshold*, the benefits provided to such *Executive* under this *Agreement* that are classified as parachute payments shall be reduced such that the value of the *Total Payments* that *Executive* is entitled to receive shall be one dollar ($1) less than the maximum amount which such *Executive* may receive without becoming subject to the tax imposed by *Code* Section 4999, or which *Company* may pay without loss of deduction under *Code* Section 280G(a). For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, the amounts of such *Excise Tax* and the amount of any *Gross Up Payment*, the following shall apply:

(i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Person*s) shall be treated as "parachute payments" within the meaning of *Code* Section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* Section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* Section 280G(b)(4) in excess of the base amount within the meaning of *Code* Section 280G(b)(3), or are otherwise not subject to the *Excise Tax*;

(ii) The amount of the *Total Payments* which shall be treated as subject to the *Excise Tax* shall be equal to the lesser of (A) the total amount of the *Total Payments*; or (B) the amount of excess parachute payments within the meaning of *Code* Section 280G(b)(1) (after applying the provisions of this section 3(i) above);

(iii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);

(iv) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the *Gross-Up Payment* is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes;

(v) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(j), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole, plus a market rate of interest, as determined by the *Committee*; and

(vi) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* is not required to pay the full amount of the excise tax assumed to have been owing in the determination of the *Gross-Up Payment* hereunder (or receives a refund of all or a portion of such excise tax), *Executive* shall repay to *Company* within twenty (20) days of the date the actual refund or credit of such portion has been made to *Executive* such portion of the *Gross-Up Payment* as shall exceed the amount of federal, state and local taxes actually determined to be owed together with such interest received or credited to him by such tax authority for the period he held such portion.

(l) **Company's Payment Obligation.** *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(j) above.

(m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

(n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall pay all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3.

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

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

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

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

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

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

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

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

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

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

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

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

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

EXECUTIVE

/s/ Joan P. McReynolds
Joan P. McReynolds

HANESBRANDS INC.

By: /s/ Kevin Oliver
Kevin Oliver
Title: Senior Vice President, Human Resources

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc. (the "Company") and Joan P. McReynolds ("Executive") enter into this Separation and Release Agreement which was received by Executive on the __ day of _____, 200_, signed by Executive on the __ day of _____, 200_, and is effective on the __ day of _____, 200_ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

W I T N E S S E T H:

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

WHEREAS, Executive's employment with the Company is terminated as of _____, 200_ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____, 2006 (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to Change in Control benefits provided Executive executes a separation and release agreement acceptable to Company; and

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

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

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

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

3. **Receipt of Other Compensation**. Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's

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

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

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

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

7. **Confidentiality**. At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or

prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

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

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

10. **Release**.

(a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the

Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are

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

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

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

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

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

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

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

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

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

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

To Executive at:

[add address]

To the Company at:

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

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

EXECUTIVE

_____

HANESBRANDS INC.

By: _____

Title: _____

EXHIBIT 10.15

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this 1st day of September 2006, by and between Hanesbrands Inc., a Maryland corporation (the "*Company"*), and Kevin Hall ("*Executive*").

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

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

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

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

(a) **Eligibility for Severance.**

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

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

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

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

(A) A termination for *Cause*. For purposes of this *Agreement*, "*Cause"* means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;

(B) A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

(C) A termination due to death;

(D) A termination due to *Retirement.* For purposes of this *Agreement "Retirement"* shall mean *Executive's* voluntary termination of employment on or after *Executive's* attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the "*Retirement Plan"*);

(E) A voluntary termination of employment other than at the request of *Company*;

(F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

(G) The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

(H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

(I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

(iii) **Characterization of Termination**. The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

(iv) **Termination Date**. For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date specified in the separation and release agreement described under section 2(e) below.

(b) **Severance Benefits Payable**. If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of

any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

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

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

(A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). In this Agreement, "*Short Year*" means an incentive period of less than 12 months duration occurring immediately subsequent to the *Company's* exit from the Sara Lee Corporation's controlled group of corporations (within the meaning of Section 1563(a) of the Code)). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

(B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan* ") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

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

(iii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, *Company* shall subsidize the premium charged during the *Severance Period* so that the amount of such premium payable by such *Executive* shall equal the amount payable by an active executive of *Company* for similar coverage as adjusted from time to time; provided, however, that *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be different (greater) than the premium charged during the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's* life insurance program. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance**. The *Salary Portion of Severance* shall be paid in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be made as soon as practicable following the *Termination Date*, but in no event later

than the fifteenth day of the third month after the date of termination), unless *Company* reasonably determines that Section 409A of the United States Internal Revenue Code of 1986, as amended, and any successors thereto (the *"Code"*) will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in Section 409A(a)(2)(B)(i) in which case, all missed payments will be paid on the date that is six (6) months and one (1) day following the date of *Executive's* separation from service (as defined in *Code* Section 409A) or, if earlier, the date of death of *Executive* (the "*Delayed Payment Date*"). The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid. All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

(d) **Termination of Benefits**. Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(e) **Separation and Release Agreement**. No benefits under this section 2 shall be payable to *Executive* until *Executive* and *Company* have executed a separation and release agreement and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

(f) **Death of Executive**. In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. **Change in Control Benefits.**

(a) **Eligibility for Change in Control Benefits**.

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

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

(A) A material adverse change in *Executive's* duties or responsibilities;

(B) A reduction in *Executive's* annual base salary except for any reduction of not more than ten (10) percent applicable to all senior executives;

(C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;

(D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*;

(E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*;

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

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

(A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*");

provided, however, that the following acquisitions shall not constitute a *Change in Control*:

1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

2) Any acquisition by *Company*;

3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or

4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

(B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:

1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without

limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company*'s property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

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

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

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

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

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

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

(i) In consideration of *Executive's* covenant in section 4 below, *Company* shall pay *Executive*:

(A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

(B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above;

(C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(B) above; and

(D) A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three fiscal years immediately preceding the year in which the *Change in Control* occurs (including for this purpose any annual incentive received from Sara Lee Corporation); and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

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

(ii) For a period of 24 months following *Executive's Termination Date* (the "*CIC Severance Period*"), *Executive* shall have the right to elect continuation of the health insurance, life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*; provided, however, that *Executive's* right to COBRA continuation coverage under any group health plan shall be

reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and may be different (greater) than the premium charged during the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

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

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.

(c) **Termination for Disability**. If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(d) **Termination for Retirement or Death**. If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's*

benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(e) **Termination for Cause, or Other Than for Good Reason or Retirement**. If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.

(f) **Separation and Release Agreement**. No benefits under this section 3 shall be payable to *Executive* until *Executive* and *Company* have executed a "*Separation and Release Agreement"* (in substantially the form attached hereto as Exhibit A) and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

(g) **Deferred Compensation**. All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

(h) **Notice of Termination**. Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination")*.

(i) **Termination of Benefits**. All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(j) **Form and Timing of Benefits**. Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid in cash to in a single lump sum as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of termination, unless *Company* reasonably determines that *Code* Section 409A will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in *Code* Section 409A(a)(2)(B)(i) in which case such payment will be paid on the *Delayed Payment Date* as defined in section 2(c) of this *Agreement*.

(k) **Excise Tax Equalization Payment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will be subject to the tax (the "*Excise Tax*") imposed by *Code* Section 4999 (or any similar tax that may hereafter be imposed), *Company* shall pay to *Executive* in cash an additional amount (the "*Gross-Up Payment*") such that the net amount retained by *Executive* after deduction of any *Excise Tax* on the *Total Payments* and any federal, state and local income tax, penalties, interest and *Excise Tax* upon the *Gross-Up Payment* provided for by this section 3 (including FICA and FUTA), shall be equal to the *Total Payments*. Any such payment shall be made by *Company* to *Executive* as soon as practical following the *Termination Date*, but in no event beyond twenty (20) days from such date. *Executive* shall only be entitled to a *Gross-Up Payment* under this section 3 if *Executive's* "parachute payments" (as such term is defined in *Code* Section 280G) exceed three hundred thirty percent (330%) (the "*Threshold*") of *Executive's* "base amount" (as determined under *Code* Section 280G(b)). In the event *Executive's* parachute payments do not exceed the *Threshold*, the benefits provided to such *Executive* under this *Agreement* that are classified as parachute payments shall be reduced such that the value of the *Total Payments* that *Executive* is entitled to receive shall be one dollar ($1) less than the maximum amount which such *Executive* may receive without becoming subject to the tax imposed by *Code* Section 4999, or which *Company* may pay without loss of deduction under *Code* Section 280G(a). For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, the amounts of such *Excise Tax* and the amount of any *Gross Up Payment*, the following shall apply:

(i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Person*s) shall be treated as "parachute payments" within the meaning of *Code* Section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* Section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* Section 280G(b)(4) in excess of the base amount within the meaning of *Code* Section 280G(b)(3), or are otherwise not subject to the *Excise Tax*;

(ii) The amount of the *Total Payments* which shall be treated as subject to the *Excise Tax* shall be equal to the lesser of (A) the total amount of the *Total Payments*; or (B) the amount of excess parachute payments within the meaning of *Code* Section 280G(b)(1) (after applying the provisions of this section 3(i) above);

(iii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);

(iv) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the *Gross-Up Payment* is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes;

(v) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(j), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole, plus a market rate of interest, as determined by the *Committee*; and

(vi) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* is not required to pay the full amount of the excise tax assumed to have been owing in the determination of the *Gross-Up Payment* hereunder (or receives a refund of all or a portion of such excise tax), *Executive* shall repay to *Company* within twenty (20) days of the date the actual refund or credit of such portion has been made to *Executive* such portion of the *Gross-Up Payment* as shall exceed the amount of federal, state and local taxes actually determined to be owed together with such interest received or credited to him by such tax authority for the period he held such portion.

(l) **Company's Payment Obligation.** *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(j) above.

(m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

(n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall pay all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3.

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

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

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

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

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

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

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

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

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

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

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

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

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

EXECUTIVE

/s/ Kevin D. Hall
Kevin D. Hall

HANESBRANDS INC.

By: /s/ Kevin Oliver
Kevin Oliver
Title: Senior Vice President, Human Resources

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc.(the "Company") and Kevin Hall ("Executive") enter into this Separation and Release Agreement which was received by Executive on the __ day of _____, 200_, signed by Executive on the __ day of _____, 200_, and is effective on the __ day of _____, 200_ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

W I T N E S S E T H:

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

WHEREAS, Executive's employment with the Company is terminated as of _____, 200_ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____, 2006 (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to Change in Control benefits provided Executive executes a separation and release agreement acceptable to Company; and

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

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

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

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

3. **Receipt of Other Compensation**. Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's

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

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

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

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

7. **Confidentiality**. At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or

prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

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

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

10. **Release**.

(a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are

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

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

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

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

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

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

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

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

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

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

To Executive at:

[add address]

To the Company at:

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

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

EXECUTIVE

_____

HANESBRANDS INC.

By: _____
Title: _____

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this 1st day of September 2006, by and between Hanesbrands Inc., a Maryland corporation (the "*Company*"), and Michael Flatow ("*Executive*").

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

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

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

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

(a) **Eligibility for Severance.**

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

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

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

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

(A) A termination for *Cause*. For purposes of this *Agreement*, "*Cause"* means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;

(B) A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

(C) A termination due to death;

(D) A termination due to *Retirement.* For purposes of this *Agreement "Retirement"* shall mean *Executive's* voluntary termination of employment on or after *Executive's* attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the "*Retirement Plan"*);

(E) A voluntary termination of employment other than at the request of *Company*;

(F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

(G) The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

(H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

(I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

(iii) **Characterization of Termination**. The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

(iv) **Termination Date**. For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date specified in the separation and release agreement described under section 2(e) below.

(b) **Severance Benefits Payable**. If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of

any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

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

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

(A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). In this Agreement, "*Short Year*" means an incentive period of less than 12 months duration occurring immediately subsequent to the *Company's* exit from the Sara Lee Corporation's controlled group of corporations (within the meaning of Section 1563(a) of the Code)). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

(B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan* ") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

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

(iii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, *Company* shall subsidize the premium charged during the *Severance Period* so that the amount of such premium payable by such *Executive* shall equal the amount payable by an active executive of *Company* for similar coverage as adjusted from time to time; provided, however, that *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be different (greater) than the premium charged during the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's* life insurance program. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance**. The *Salary Portion of Severance* shall be paid in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be made as soon as practicable following the *Termination Date*, but in no event later

than the fifteenth day of the third month after the date of termination), unless *Company* reasonably determines that Section 409A of the United States Internal Revenue Code of 1986, as amended, and any successors thereto (the *"Code"*) will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in Section 409A(a)(2)(B)(i) in which case, all missed payments will be paid on the date that is six (6) months and one (1) day following the date of *Executive's* separation from service (as defined in *Code* Section 409A) or, if earlier, the date of death of *Executive* (the "*Delayed Payment Date*"). The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid. All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

(d) **Termination of Benefits**. Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(e) **Separation and Release Agreement**. No benefits under this section 2 shall be payable to *Executive* until *Executive* and *Company* have executed a separation and release agreement and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

(f) **Death of Executive**. In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. **Change in Control Benefits.**

(a) **Eligibility for Change in Control Benefits**.

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

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

(A) A material adverse change in *Executive's* duties or responsibilities;

(B) A reduction in *Executive's* annual base salary except for any reduction of not more than ten (10) percent applicable to all senior executives;

(C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;

(D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*;

(E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*;

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

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

(A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*");

provided, however, that the following acquisitions shall not constitute a *Change in Control*:

1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

2) Any acquisition by *Company*;

3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or

4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

(B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:

1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without

limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company*'s property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

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

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

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

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

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

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

(i) In consideration of *Executive's* covenant in section 4 below, *Company* shall pay *Executive*:

(A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

(B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above;

(C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(B) above; and

(D) A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three fiscal years immediately preceding the year in which the *Change in Control* occurs (including for this purpose any annual incentive received from Sara Lee Corporation); and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

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

(ii) For a period of 24 months following *Executive's Termination Date* (the "*CIC Severance Period*"), *Executive* shall have the right to elect continuation of the health insurance, life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*; provided, however, that *Executive's* right to COBRA continuation coverage under any group health plan shall be

reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and may be different (greater) than the premium charged during the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

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

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.

(c) **Termination for Disability**. If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(d) **Termination for Retirement or Death**. If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's*

benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(e) **Termination for Cause, or Other Than for Good Reason or Retirement**. If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.

(f) **Separation and Release Agreement**. No benefits under this section 3 shall be payable to *Executive* until *Executive* and *Company* have executed a "*Separation and Release Agreement"* (in substantially the form attached hereto as Exhibit A) and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

(g) **Deferred Compensation**. All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

(h) **Notice of Termination**. Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination")*.

(i) **Termination of Benefits**. All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(j) **Form and Timing of Benefits**. Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid in cash to in a single lump sum as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of termination, unless *Company* reasonably determines that *Code* Section 409A will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in *Code* Section 409A(a)(2)(B)(i) in which case such payment will be paid on the *Delayed Payment Date* as defined in section 2(c) of this *Agreement*.

(k) **Excise Tax Equalization Payment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will be subject to the tax (the "*Excise Tax*") imposed by *Code* Section 4999 (or any similar tax that may hereafter be imposed), *Company* shall pay to *Executive* in cash an additional amount (the "*Gross-Up Payment*") such that the net amount retained by *Executive* after deduction of any *Excise Tax* on the *Total Payments* and any federal, state and local income tax, penalties, interest and *Excise Tax* upon the *Gross-Up Payment* provided for by this section 3 (including FICA and FUTA), shall be equal to the *Total Payments*. Any such payment shall be made by *Company* to *Executive* as soon as practical following the *Termination Date*, but in no event beyond twenty (20) days from such date. *Executive* shall only be entitled to a *Gross-Up Payment* under this section 3 if *Executive's* "parachute payments" (as such term is defined in *Code* Section 280G) exceed three hundred thirty percent (330%) (the "*Threshold*") of *Executive's* "base amount" (as determined under *Code* Section 280G(b)). In the event *Executive's* parachute payments do not exceed the *Threshold*, the benefits provided to such *Executive* under this *Agreement* that are classified as parachute payments shall be reduced such that the value of the *Total Payments* that *Executive* is entitled to receive shall be one dollar ($1) less than the maximum amount which such *Executive* may receive without becoming subject to the tax imposed by *Code* Section 4999, or which *Company* may pay without loss of deduction under *Code* Section 280G(a). For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, the amounts of such *Excise Tax* and the amount of any *Gross Up Payment*, the following shall apply:

(i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Person*s) shall be treated as "parachute payments" within the meaning of *Code* Section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* Section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* Section 280G(b)(4) in excess of the base amount within the meaning of *Code* Section 280G(b)(3), or are otherwise not subject to the *Excise Tax*;

(ii) The amount of the *Total Payments* which shall be treated as subject to the *Excise Tax* shall be equal to the lesser of (A) the total amount of the *Total Payments*; or (B) the amount of excess parachute payments within the meaning of *Code* Section 280G(b)(1) (after applying the provisions of this section 3(i) above);

(iii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);

(iv) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the *Gross-Up Payment* is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes;

(v) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(j), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole, plus a market rate of interest, as determined by the *Committee*; and

(vi) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* is not required to pay the full amount of the excise tax assumed to have been owing in the determination of the *Gross-Up Payment* hereunder (or receives a refund of all or a portion of such excise tax), *Executive* shall repay to *Company* within twenty (20) days of the date the actual refund or credit of such portion has been made to *Executive* such portion of the *Gross-Up Payment* as shall exceed the amount of federal, state and local taxes actually determined to be owed together with such interest received or credited to him by such tax authority for the period he held such portion.

(l) **Company's Payment Obligation.** *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(j) above.

(m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

(n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall pay all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3.

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

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

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

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

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

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

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

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

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

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

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

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

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

EXECUTIVE

/s/ Michael Flatow
Michael Flatow

HANESBRANDS INC.

By: /s/ Kevin Oliver
Kevin Oliver
Title: Senior Vice President, Human Resources

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc. (the "Company") and Michael Flatow ("Executive") enter into this Separation and Release Agreement which was received by Executive on the __ day of _____, 200_, signed by Executive on the __ day of _____, 200_, and is effective on the __ day of _____, 200_ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

W I T N E S S E T H:

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

WHEREAS, Executive's employment with the Company is terminated as of _____, 200_ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____, 2006 (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to Change in Control benefits provided Executive executes a separation and release agreement acceptable to Company; and

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

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

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

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

3. **Receipt of Other Compensation**. Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's

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

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

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

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

7. **Confidentiality**. At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or

prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

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

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

10. **Release**.

(a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the

Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are

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

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

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

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

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

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

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

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

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

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

To Executive at:

[add address]

To the Company at:

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

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

EXECUTIVE

_____

HANESBRANDS INC.

By: _____
Title: _____

EXHIBIT 10.17

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this 1st day of September 2006, by and between Hanesbrands Inc., a Maryland corporation (the "*Company*"), and Gerald W. Evans Jr. ("*Executive*").

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

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

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

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

(a) **Eligibility for Severance.**

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

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

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

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

(A) A termination for *Cause*. For purposes of this *Agreement*, "*Cause"* means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;

(B) A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

(C) A termination due to death;

(D) A termination due to *Retirement.* For purposes of this *Agreement "Retirement"* shall mean *Executive's* voluntary termination of employment on or after *Executive's* attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the "*Retirement Plan"*);

(E) A voluntary termination of employment other than at the request of *Company*;

(F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

(G) The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

(H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

(I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

(iii) **Characterization of Termination**. The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

(iv) **Termination Date**. For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date specified in the separation and release agreement described under section 2(e) below.

(b) **Severance Benefits Payable**. If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of

any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

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

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

(A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). In this Agreement, "*Short Year*" means an incentive period of less than 12 months duration occurring immediately subsequent to the *Company's* exit from the Sara Lee Corporation's controlled group of corporations (within the meaning of Section 1563(a) of the Code)). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

(B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan* ") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

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

(iii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, *Company* shall subsidize the premium charged during the *Severance Period* so that the amount of such premium payable by such *Executive* shall equal the amount payable by an active executive of *Company* for similar coverage as adjusted from time to time; provided, however, that *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be different (greater) than the premium charged during the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's* life insurance program. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance**. The *Salary Portion of Severance* shall be paid in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be made as soon as practicable following the *Termination Date*, but in no event later

than the fifteenth day of the third month after the date of termination), unless *Company* reasonably determines that Section 409A of the United States Internal Revenue Code of 1986, as amended, and any successors thereto (the *"Code"*) will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in Section 409A(a)(2)(B)(i) in which case, all missed payments will be paid on the date that is six (6) months and one (1) day following the date of *Executive's* separation from service (as defined in *Code* Section 409A) or, if earlier, the date of death of *Executive* (the "*Delayed Payment Date*"). The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid. All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

(d) **Termination of Benefits**. Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(e) **Separation and Release Agreement**. No benefits under this section 2 shall be payable to *Executive* until *Executive* and *Company* have executed a separation and release agreement and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

(f) **Death of Executive**. In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. **Change in Control Benefits.**

(a) **Eligibility for Change in Control Benefits**.

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

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

(A) A material adverse change in *Executive's* duties or responsibilities;

(B) A reduction in *Executive's* annual base salary except for any reduction of not more than ten (10) percent applicable to all senior executives;

(C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;

(D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*;

(E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*;

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

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

(A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*");

provided, however, that the following acquisitions shall not constitute a *Change in Control*:

1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

2) Any acquisition by *Company*;

3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or

4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

(B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:

1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without

limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company*'s property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

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

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

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

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

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

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

(i) In consideration of *Executive's* covenant in section 4 below, *Company* shall pay *Executive*:

(A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

(B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above;

(C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(B) above; and

(D) A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three fiscal years immediately preceding the year in which the *Change in Control* occurs (including for this purpose any annual incentive received from Sara Lee Corporation); and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

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

(ii) For a period of 24 months following *Executive's Termination Date* (the "*CIC Severance Period*"), *Executive* shall have the right to elect continuation of the health insurance, life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*; provided, however, that *Executive's* right to COBRA continuation coverage under any group health plan shall be

reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and may be different (greater) than the premium charged during the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

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

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.

(c) **Termination for Disability**. If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(d) **Termination for Retirement or Death**. If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's*

benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(e) **Termination for Cause, or Other Than for Good Reason or Retirement**. If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.

(f) **Separation and Release Agreement**. No benefits under this section 3 shall be payable to *Executive* until *Executive* and *Company* have executed a "*Separation and Release Agreement"* (in substantially the form attached hereto as Exhibit A) and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

(g) **Deferred Compensation**. All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

(h) **Notice of Termination**. Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination")*.

(i) **Termination of Benefits**. All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(j) **Form and Timing of Benefits**. Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid in cash to in a single lump sum as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of termination, unless *Company* reasonably determines that *Code* Section 409A will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in *Code* Section 409A(a)(2)(B)(i) in which case such payment will be paid on the *Delayed Payment Date* as defined in section 2(c) of this *Agreement*.

(k) **Excise Tax Equalization Payment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will be subject to the tax (the "*Excise Tax*") imposed by *Code* Section 4999 (or any similar tax that may hereafter be imposed), *Company* shall pay to *Executive* in cash an additional amount (the "*Gross-Up Payment*") such that the net amount retained by *Executive* after deduction of any *Excise Tax* on the *Total Payments* and any federal, state and local income tax, penalties, interest and *Excise Tax* upon the *Gross-Up Payment* provided for by this section 3 (including FICA and FUTA), shall be equal to the *Total Payments*. Any such payment shall be made by *Company* to *Executive* as soon as practical following the *Termination Date*, but in no event beyond twenty (20) days from such date. *Executive* shall only be entitled to a *Gross-Up Payment* under this section 3 if *Executive's* "parachute payments" (as such term is defined in *Code* Section 280G) exceed three hundred thirty percent (330%) (the "*Threshold*") of *Executive's* "base amount" (as determined under *Code* Section 280G(b)). In the event *Executive's* parachute payments do not exceed the *Threshold*, the benefits provided to such *Executive* under this *Agreement* that are classified as parachute payments shall be reduced such that the value of the *Total Payments* that *Executive* is entitled to receive shall be one dollar ($1) less than the maximum amount which such *Executive* may receive without becoming subject to the tax imposed by *Code* Section 4999, or which *Company* may pay without loss of deduction under *Code* Section 280G(a). For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, the amounts of such *Excise Tax* and the amount of any *Gross Up Payment*, the following shall apply:

(i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Person*s) shall be treated as "parachute payments" within the meaning of *Code* Section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* Section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* Section 280G(b)(4) in excess of the base amount within the meaning of *Code* Section 280G(b)(3), or are otherwise not subject to the *Excise Tax*;

(ii) The amount of the *Total Payments* which shall be treated as subject to the *Excise Tax* shall be equal to the lesser of (A) the total amount of the *Total Payments*; or (B) the amount of excess parachute payments within the

meaning of *Code* Section 280G(b)(1) (after applying the provisions of this section 3(i) above);

(iii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);

(iv) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the *Gross-Up Payment* is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes;

(v) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(j), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole, plus a market rate of interest, as determined by the *Committee*; and

(vi) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* is not required to pay the full amount of the excise tax assumed to have been owing in the determination of the *Gross-Up Payment* hereunder (or receives a refund of all or a portion of such excise tax), *Executive* shall repay to *Company* within twenty (20) days of the date the actual refund or credit of such portion has been made to *Executive* such portion of the *Gross-Up Payment* as shall exceed the amount of federal, state and local taxes actually determined to be owed together with such interest received or credited to him by such tax authority for the period he held such portion.

(l) **Company's Payment Obligation.** *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(j) above.

(m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

(n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall pay all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3.

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

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

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

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

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

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

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

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

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

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

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

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

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

EXECUTIVE

/s/ Gerald W. Evans Jr.

Gerald W. Evans Jr.

HANESBRANDS INC.

By: /s/ Kevin Oliver

Kevin Oliver

Title: Senior Vice President, Human Resources

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc. (the "Company") and Gerald W. Evans Jr. ("Executive") enter into this Separation and Release Agreement which was received by Executive on the __ day of _____, 200_, signed by Executive on the __ day of _____, 200_, and is effective on the __ day of _____, 200_ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

W I T N E S S E T H:

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

WHEREAS, Executive's employment with the Company is terminated as of _____, 200_ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____, 2006 (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to Change in Control benefits provided Executive executes a separation and release agreement acceptable to Company; and

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

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

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

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

3. **Receipt of Other Compensation**. Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's

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

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

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

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

7. **Confidentiality**. At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or

prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

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

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

10. **Release**.

(a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the

Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are

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

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

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

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

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

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

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

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

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

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

To Executive at:

[add address]

To the Company at:

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

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

EXECUTIVE

_____

HANESBRANDS INC.

By: _____
Title: _____

EXHIBIT 10.18

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this 1st day of September 2006, by and between Hanesbrands Inc., a Maryland corporation (the "*Company*"), and E. Lee Wyatt Jr. ("*Executive*").

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

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

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

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

(a) **Eligibility for Severance.**

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

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

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

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

(A) A termination for *Cause*. For purposes of this *Agreement*, "*Cause"* means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;

(B) A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

(C) A termination due to death;

(D) A termination due to *Retirement.* For purposes of this *Agreement "Retirement"* shall mean *Executive's* voluntary termination of employment on or after *Executive's* attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the "*Retirement Plan"*);

(E) A voluntary termination of employment other than at the request of *Company*;

(F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

(G) The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

(H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

(I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

(iii) **Characterization of Termination**. The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

(iv) **Termination Date**. For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date specified in the separation and release agreement described under section 2(e) below.

(b) **Severance Benefits Payable**. If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of

any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

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

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

(A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). In this Agreement, "*Short Year*" means an incentive period of less than 12 months duration occurring immediately subsequent to the *Company's* exit from the Sara Lee Corporation's controlled group of corporations (within the meaning of Section 1563(a) of the Code)). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

(B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan* ") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

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

(iii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, *Company* shall subsidize the premium charged during the *Severance Period* so that the amount of such premium payable by such *Executive* shall equal the amount payable by an active executive of *Company* for similar coverage as adjusted from time to time; provided, however, that *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be different (greater) than the premium charged during the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's* life insurance program. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance**. The *Salary Portion of Severance* shall be paid in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be made as soon as practicable following the *Termination Date*, but in no event later

than the fifteenth day of the third month after the date of termination), unless *Company* reasonably determines that Section 409A of the United States Internal Revenue Code of 1986, as amended, and any successors thereto (the *"Code"*) will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in Section 409A(a)(2)(B)(i) in which case, all missed payments will be paid on the date that is six (6) months and one (1) day following the date of *Executive's* separation from service (as defined in *Code* Section 409A) or, if earlier, the date of death of *Executive* (the "*Delayed Payment Date*"). The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid. All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

(d) **Termination of Benefits**. Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(e) **Separation and Release Agreement**. No benefits under this section 2 shall be payable to *Executive* until *Executive* and *Company* have executed a separation and release agreement and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

(f) **Death of Executive**. In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. **Change in Control Benefits.**

(a) **Eligibility for Change in Control Benefits**.

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

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

(A) A material adverse change in *Executive's* duties or responsibilities;

(B) A reduction in *Executive's* annual base salary except for any reduction of not more than ten (10) percent applicable to all senior executives;

(C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;

(D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*;

(E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*;

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

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

(A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*");

provided, however, that the following acquisitions shall not constitute a *Change in Control*:

1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

2) Any acquisition by *Company*;

3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or

4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

(B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:

1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without

limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company*'s property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

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

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

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

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

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

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

(i) In consideration of *Executive's* covenant in section 4 below, *Company* shall pay *Executive*:

(A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

(B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above;

(C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(B) above; and

(D) A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three fiscal years immediately preceding the year in which the *Change in Control* occurs (including for this purpose any annual incentive received from Sara Lee Corporation); and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

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

(ii) For a period of 24 months following *Executive's Termination Date* (the "*CIC Severance Period*"), *Executive* shall have the right to elect continuation of the health insurance, life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*; provided, however, that *Executive's* right to COBRA continuation coverage under any group health plan shall be

reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and may be different (greater) than the premium charged during the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

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

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.

(c) **Termination for Disability**. If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(d) **Termination for Retirement or Death**. If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's*

benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(e) **Termination for Cause, or Other Than for Good Reason or Retirement**. If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.

(f) **Separation and Release Agreement**. No benefits under this section 3 shall be payable to *Executive* until *Executive* and *Company* have executed a "*Separation and Release Agreement"* (in substantially the form attached hereto as Exhibit A) and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

(g) **Deferred Compensation**. All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

(h) **Notice of Termination**. Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination")*.

(i) **Termination of Benefits**. All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(j) **Form and Timing of Benefits**. Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid in cash to in a single lump sum as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of termination, unless *Company* reasonably determines that *Code* Section 409A will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in *Code* Section 409A(a)(2)(B)(i) in which case such payment will be paid on the *Delayed Payment Date* as defined in section 2(c) of this *Agreement*.

(k) **Excise Tax Equalization Payment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will be subject to the tax (the "*Excise Tax*") imposed by *Code* Section 4999 (or any similar tax that may hereafter be imposed), *Company* shall pay to *Executive* in cash an additional amount (the "*Gross-Up Payment*") such that the net amount retained by *Executive* after deduction of any *Excise Tax* on the *Total Payments* and any federal, state and local income tax, penalties, interest and *Excise Tax* upon the *Gross-Up Payment* provided for by this section 3 (including FICA and FUTA), shall be equal to the *Total Payments*. Any such payment shall be made by *Company* to *Executive* as soon as practical following the *Termination Date*, but in no event beyond twenty (20) days from such date. *Executive* shall only be entitled to a *Gross-Up Payment* under this section 3 if *Executive's* "parachute payments" (as such term is defined in *Code* Section 280G) exceed three hundred thirty percent (330%) (the "*Threshold*") of *Executive's* "base amount" (as determined under *Code* Section 280G(b)). In the event *Executive's* parachute payments do not exceed the *Threshold*, the benefits provided to such *Executive* under this *Agreement* that are classified as parachute payments shall be reduced such that the value of the *Total Payments* that *Executive* is entitled to receive shall be one dollar ($1) less than the maximum amount which such *Executive* may receive without becoming subject to the tax imposed by *Code* Section 4999, or which *Company* may pay without loss of deduction under *Code* Section 280G(a). For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, the amounts of such *Excise Tax* and the amount of any *Gross Up Payment*, the following shall apply:

(i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Person*s) shall be treated as "parachute payments" within the meaning of *Code* Section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* Section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* Section 280G(b)(4) in excess of the base amount within the meaning of *Code* Section 280G(b)(3), or are otherwise not subject to the *Excise Tax*;

(ii) The amount of the *Total Payments* which shall be treated as subject to the *Excise Tax* shall be equal to the lesser of (A) the total amount of the *Total Payments*; or (B) the amount of excess parachute payments within the meaning of *Code* Section 280G(b)(1) (after applying the provisions of this section 3(i) above);

(iii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);

(iv) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the *Gross-Up Payment* is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes;

(v) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(j), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole, plus a market rate of interest, as determined by the *Committee*; and

(vi) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* is not required to pay the full amount of the excise tax assumed to have been owing in the determination of the *Gross-Up Payment* hereunder (or receives a refund of all or a portion of such excise tax), *Executive* shall repay to *Company* within twenty (20) days of the date the actual refund or credit of such portion has been made to *Executive* such portion of the *Gross-Up Payment* as shall exceed the amount of federal, state and local taxes actually determined to be owed together with such interest received or credited to him by such tax authority for the period he held such portion.

(l) **Company's Payment Obligation.** *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(j) above.

(m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

(n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall pay all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3.

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

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

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

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

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

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

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

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

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

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

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

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

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

EXECUTIVE

/s/ E. Lee Wyatt Jr.
E. Lee Wyatt Jr.

HANESBRANDS INC.

By: /s/ Kevin Oliver
Kevin Oliver
Title: Senior Vice President, Human Resources

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc. (the "Company") and E. Lee Wyatt Jr. ("Executive") enter into this Separation and Release Agreement which was received by Executive on the __ day of _____, 200_, signed by Executive on the __ day of _____, 200_, and is effective on the __ day of _____, 200_ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

W I T N E S S E T H:

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

WHEREAS, Executive's employment with the Company is terminated as of _____, 200_ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____, 2006 (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to Change in Control benefits provided Executive executes a separation and release agreement acceptable to Company; and

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

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

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

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

3. **Receipt of Other Compensation**. Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's

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

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

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

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

7. **Confidentiality**. At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or

prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

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

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

10. **Release**.

(a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the

Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are

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

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

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

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

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

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

15. **Assignability**. The rights and benefits under this Agreement are personal to Executive and such rights and benefits shall not be subject to assignment, alienation or transfer, except to the extent such rights and benefits are lawfully available to the estate or beneficiaries of Executive upon death. Company may assign this Agreement to any parent, affiliate or subsidiary

or any entity which at any time whether by merger, purchase, or otherwise acquires all or substantially all of the assets, stock or business of Company.

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

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

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

To Executive at:

[add address]

To the Company at:

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

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

EXECUTIVE

_____

HANESBRANDS INC.

By: _____
Title: _____

Exhibit 10.19

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this 1st day of September 2006, by and between Hanesbrands Inc., a Maryland corporation (the "*Company*"), and Lee A. Chaden ("*Executive*").

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

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

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

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

(a) **Eligibility for Severance.**

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

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

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

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

(A) A termination for *Cause*. For purposes of this *Agreement*, "*Cause"* means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;

(B) A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

(C) A termination due to death;

(D) A termination due to *Retirement.* For purposes of this *Agreement "Retirement"* shall mean *Executive's* voluntary termination of employment on or after *Executive's* attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the "*Retirement Plan"*);

(E) A voluntary termination of employment other than at the request of *Company*;

(F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

(G) The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

(H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

(I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

(iii) **Characterization of Termination.** The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

(iv) **Termination Date.** For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date specified in the separation and release agreement described under section 2(e) below.

(b) **Severance Benefits Payable.** If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of

any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

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

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

(A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). In this Agreement, "*Short Year*" means an incentive period of less than 12 months duration occurring immediately subsequent to the *Company's* exit from the Sara Lee Corporation's controlled group of corporations (within the meaning of Section 1563(a) of the Code)). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

(B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan* ") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

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

(iii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, *Company* shall subsidize the premium charged during the *Severance Period* so that the amount of such premium payable by such *Executive* shall equal the amount payable by an active executive of *Company* for similar coverage as adjusted from time to time; provided, however, that *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be different (greater) than the premium charged during the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's* life insurance program. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance.** The *Salary Portion of Severance* shall be paid in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be made as soon as practicable following the *Termination Date*, but in no event later

than the fifteenth day of the third month after the date of termination), unless *Company* reasonably determines that Section 409A of the United States Internal Revenue Code of 1986, as amended, and any successors thereto (the *"Code"*) will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in Section 409A(a)(2)(B)(i) in which case, all missed payments will be paid on the date that is six (6) months and one (1) day following the date of *Executive's* separation from service (as defined in *Code* Section 409A) or, if earlier, the date of death of *Executive* (the "*Delayed Payment Date*"). The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid. All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

(d) **Termination of Benefits.** Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(e) **Separation and Release Agreement.** No benefits under this section 2 shall be payable to *Executive* until *Executive* and *Company* have executed a separation and release agreement and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

(f) **Death of Executive.** In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. Change in Control Benefits.

(a) **Eligibility for Change in Control Benefits.**

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

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

(A) A material adverse change in *Executive's* duties or responsibilities;

(B) A reduction in *Executive's* annual base salary except for any reduction of not more than ten (10) percent applicable to all senior executives;

(C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;

(D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*;

(E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*;

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

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

(A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*");

provided, however, that the following acquisitions shall not constitute a *Change in Control*:

1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

2) Any acquisition by *Company*;

3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or

4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

(B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:

1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without

limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company*'s property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

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

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

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

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

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

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

(i) In consideration of *Executive's* covenant in section 4 below, *Company* shall pay *Executive*:

(A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

(B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above;

(C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment(as determined in accordance with subparagraph 2(b)(ii)(B) above; and

(D) A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three fiscal years immediately preceding the year in which the *Change in Control* occurs (including for this purpose any annual incentive received from Sara Lee Corporation); and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

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

(ii) For a period of 24 months following *Executive's Termination Date* (the "*CIC Severance Period*"), *Executive* shall have the right to elect continuation of the health insurance, life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*; provided, however, that *Executive's* right to COBRA continuation coverage under any group health plan shall be

reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and may be different (greater) than the premium charged during the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

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

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.

(c) **Termination for Disability.** If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(d) **Termination for Retirement or Death.** If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's*

benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(e) **Termination for Cause, or Other Than for Good Reason or Retirement.** If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.

(f) **Separation and Release Agreement.** No benefits under this section 3 shall be payable to *Executive* until *Executive* and *Company* have executed a "*Separation and Release Agreement"* (in substantially the form attached hereto as Exhibit A) and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

(g) **Deferred Compensation.** All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

(h) **Notice of Termination.** Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination")*.

(i) **Termination of Benefits.** All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(j) **Form and Timing of Benefits.** Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid in cash to in a single lump sum as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of termination, unless *Company* reasonably determines that *Code* Section 409A will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in *Code* Section 409A(a)(2)(B)(i) in which case such payment will be paid on the *Delayed Payment Date* as defined in section 2(c) of this *Agreement*.

(k) **Excise Tax Equalization Payment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will be subject to the tax (the "*Excise Tax*") imposed by *Code* Section 4999 (or any similar tax that may hereafter be imposed), *Company* shall pay to *Executive* in cash an additional amount (the "*Gross-Up Payment*") such that the net amount retained by *Executive* after deduction of any *Excise Tax* on the *Total Payments* and any federal, state and local income tax, penalties, interest and *Excise Tax* upon the *Gross-Up Payment* provided for by this section 3 (including FICA and FUTA), shall be equal to the *Total Payments*. Any such payment shall be made by *Company* to *Executive* as soon as practical following the *Termination Date*, but in no event beyond twenty (20) days from such date. *Executive* shall only be entitled to a *Gross-Up Payment* under this section 3 if *Executive's* "parachute payments" (as such term is defined in *Code* Section 280G) exceed three hundred thirty percent (330%) (the "*Threshold*") of *Executive's* "base amount" (as determined under *Code* Section 280G(b)). In the event *Executive's* parachute payments do not exceed the *Threshold*, the benefits provided to such *Executive* under this *Agreement* that are classified as parachute payments shall be reduced such that the value of the *Total Payments* that *Executive* is entitled to receive shall be one dollar ($1) less than the maximum amount which such *Executive* may receive without becoming subject to the tax imposed by *Code* Section 4999, or which *Company* may pay without loss of deduction under *Code* Section 280G(a). For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, the amounts of such *Excise Tax* and the amount of any *Gross Up Payment*, the following shall apply:

(i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Person*s) shall be treated as "parachute payments" within the meaning of *Code* Section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* Section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* Section 280G(b)(4) in excess of the base amount within the meaning of *Code* Section 280G(b)(3), or are otherwise not subject to the *Excise Tax*;

(ii) The amount of the *Total Payments* which shall be treated as subject to the *Excise Tax* shall be equal to the lesser of (A) the total amount of the *Total Payments*; or (B) the amount of excess parachute payments within the meaning of *Code* Section 280G(b)(1) (after applying the provisions of this section 3(i) above);

(iii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);

(iv) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the *Gross-Up Payment* is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes;

(v) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(j), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole, plus a market rate of interest, as determined by the *Committee*; and

(vi) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* is not required to pay the full amount of the excise tax assumed to have been owing in the determination of the *Gross-Up Payment* hereunder (or receives a refund of all or a portion of such excise tax), *Executive* shall repay to *Company* within twenty (20) days of the date the actual refund or credit of such portion has been made to *Executive* such portion of the *Gross-Up Payment* as shall exceed the amount of federal, state and local taxes actually determined to be owed together with such interest received or credited to him by such tax authority for the period he held such portion.

(l) **Company's Payment Obligation.** *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(j) above.

(m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

(n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall pay all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3.

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

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

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

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

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

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

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

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

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

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

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

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

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

EXECUTIVE

/s/ Lee A. Chaden
Lee A. Chaden

HANESBRANDS INC.

By: /s/ Kevin Oliver
Kevin Oliver
Title: Senior Vice President, Human Resources

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc.(the "Company") and Lee A. Chaden ("Executive") enter into this Separation and Release Agreement which was received by Executive on the __ day of _____, 200_, signed by Executive on the __ day of _____, 200_, and is effective on the __ day of _____, 200_ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

W I T N E S S E T H:

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

WHEREAS, Executive's employment with the Company is terminated as of _____, 200_ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____, 2006 (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to Change in Control benefits provided Executive executes a separation and release agreement acceptable to Company; and

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

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

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

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

3. **Receipt of Other Compensation.** Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's

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

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

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

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

7. **Confidentiality.** At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or

prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

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

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

10. **Release.**

(a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the

Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are

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

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

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

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

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

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

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

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

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

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

To Executive at:

[add address]

To the Company at:

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

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

EXECUTIVE

_____

HANESBRANDS INC.

By: _____

Title: _____

Exhibit 10.20

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this 1st day of September 2006, by and between Hanesbrands Inc., a Maryland corporation (the "*Company*"), and Kevin W. Oliver ("*Executive*").

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

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

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

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

(a) **Eligibility for Severance.**

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

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

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

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

(A) A termination for *Cause*. For purposes of this *Agreement*, "*Cause"* means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;

(B) A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

(C) A termination due to death;

(D) A termination due to *Retirement.* For purposes of this *Agreement "Retirement"* shall mean *Executive's* voluntary termination of employment on or after *Executive's* attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the "*Retirement Plan"*);

(E) A voluntary termination of employment other than at the request of *Company*;

(F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

(G) The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

(H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

(I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

(iii) **Characterization of Termination.** The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

(iv) **Termination Date.** For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date specified in the separation and release agreement described under section 2(e) below.

(b) **Severance Benefits Payable.** If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of

any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

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

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

(A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). In this Agreement, "*Short Year*" means an incentive period of less than 12 months duration occurring immediately subsequent to the *Company's* exit from the Sara Lee Corporation's controlled group of corporations (within the meaning of Section 1563(a) of the Code)). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

(B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan* ") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

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

(iii) Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, *Company* shall subsidize the premium charged during the *Severance Period* so that the amount of such premium payable by such *Executive* shall equal the amount payable by an active executive of *Company* for similar coverage as adjusted from time to time; provided, however, that *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be different (greater) than the premium charged during the *Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage;

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's* life insurance program. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

(c) **Payment of Severance.** The *Salary Portion of Severance* shall be paid in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be made as soon as practicable following the *Termination Date*, but in no event later

than the fifteenth day of the third month after the date of termination), unless *Company* reasonably determines that Section 409A of the United States Internal Revenue Code of 1986, as amended, and any successors thereto (the *"Code"*) will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in Section 409A(a)(2)(B)(i) in which case, all missed payments will be paid on the date that is six (6) months and one (1) day following the date of *Executive's* separation from service (as defined in *Code* Section 409A) or, if earlier, the date of death of *Executive* (the "*Delayed Payment Date*"). The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid. All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

(d) **Termination of Benefits.** Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(e) **Separation and Release Agreement.** No benefits under this section 2 shall be payable to *Executive* until *Executive* and *Company* have executed a separation and release agreement and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

(f) **Death of Executive**. In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. Change in Control Benefits.

(a) **Eligibility for Change in Control Benefits.**

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

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

(A) A material adverse change in *Executive's* duties or responsibilities;

(B) A reduction in *Executive's* annual base salary except for any reduction of not more than ten (10) percent applicable to all senior executives;

(C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;

(D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*;

(E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*;

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

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

(A) Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*");

provided, however, that the following acquisitions shall not constitute a *Change in Control*:

1) Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

2) Any acquisition by *Company*;

3) Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or

4) Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

(B) Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:

1) All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without

limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company*'s property or assets, directly or indirectly) (the "*Resulting Entity*") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

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

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

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

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

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

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

(i) In consideration of *Executive's* covenant in section 4 below, *Company* shall pay *Executive*:

(A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

(B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above;

(C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment(as determined in accordance with subparagraph 2(b)(ii)(B) above; and

(D) A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three fiscal years immediately preceding the year in which the *Change in Control* occurs (including for this purpose any annual incentive received from Sara Lee Corporation); and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

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

(ii) For a period of 24 months following *Executive's Termination Date* (the "*CIC Severance Period*"), *Executive* shall have the right to elect continuation of the health insurance, life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control*; provided, however, that *Executive's* right to COBRA continuation coverage under any group health plan shall be

reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any COBRA continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and may be different (greater) than the premium charged during the *CIC Severance Period*. *Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* is eligible for early retirement under the terms of the *Retirement Plan* (or would become eligible if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in any retiree medical plan available to similarly situated senior executives in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he or she elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage;

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

(iv) Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated *Executives* of *Company*, shall cease on *Executive's Termination Date*.

(c) **Termination for Disability.** If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(d) **Termination for Retirement or Death.** If *Executive's* employment is terminated by reason of his retirement or death following a *Change in Control*, *Executive's*

benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

(e) **Termination for Cause, or Other Than for Good Reason or Retirement.** If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Retirement* or *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.

(f) **Separation and Release Agreement.** No benefits under this section 3 shall be payable to *Executive* until *Executive* and *Company* have executed a "*Separation and Release Agreement"* (in substantially the form attached hereto as Exhibit A) and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

(g) **Deferred Compensation.** All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

(h) **Notice of Termination.** Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination")*.

(i) **Termination of Benefits.** All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(j) **Form and Timing of Benefits.** Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid in cash to in a single lump sum as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of termination, unless *Company* reasonably determines that *Code* Section 409A will result in the imposition of additional tax on account of such payment before the expiration of the six-month period described in *Code* Section 409A(a)(2)(B)(i) in which case such payment will be paid on the *Delayed Payment Date* as defined in section 2(c) of this *Agreement*.

(k) **Excise Tax Equalization Payment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will be subject to the tax (the "*Excise Tax*") imposed by *Code* Section 4999 (or any similar tax that may hereafter be imposed), *Company* shall pay to *Executive* in cash an additional amount (the "*Gross-Up Payment*") such that the net amount retained by *Executive* after deduction of any *Excise Tax* on the *Total Payments* and any federal, state and local income tax, penalties, interest and *Excise Tax* upon the *Gross-Up Payment* provided for by this section 3 (including FICA and FUTA), shall be equal to the *Total Payments*. Any such payment shall be made by *Company* to *Executive* as soon as practical following the *Termination Date*, but in no event beyond twenty (20) days from such date. *Executive* shall only be entitled to a *Gross-Up Payment* under this section 3 if *Executive's* "parachute payments" (as such term is defined in *Code* Section 280G) exceed three hundred thirty percent (330%) (the "*Threshold*") of *Executive's* "base amount" (as determined under *Code* Section 280G(b)). In the event *Executive's* parachute payments do not exceed the *Threshold*, the benefits provided to such *Executive* under this *Agreement* that are classified as parachute payments shall be reduced such that the value of the *Total Payments* that *Executive* is entitled to receive shall be one dollar ($1) less than the maximum amount which such *Executive* may receive without becoming subject to the tax imposed by *Code* Section 4999, or which *Company* may pay without loss of deduction under *Code* Section 280G(a). For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, the amounts of such *Excise Tax* and the amount of any *Gross Up Payment*, the following shall apply:

(i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Person*s) shall be treated as "parachute payments" within the meaning of *Code* Section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* Section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* Section 280G(b)(4) in excess of the base amount within the meaning of *Code* Section 280G(b)(3), or are otherwise not subject to the *Excise Tax*;

(ii) The amount of the *Total Payments* which shall be treated as subject to the *Excise Tax* shall be equal to the lesser of (A) the total amount of the *Total Payments*; or (B) the amount of excess parachute payments within the meaning of *Code* Section 280G(b)(1) (after applying the provisions of this section 3(i) above);

(iii) The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);

(iv) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the *Gross-Up Payment* is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes;

(v) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(j), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole, plus a market rate of interest, as determined by the *Committee*; and

(vi) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(j) so that *Executive* is not required to pay the full amount of the excise tax assumed to have been owing in the determination of the *Gross-Up Payment* hereunder (or receives a refund of all or a portion of such excise tax), *Executive* shall repay to *Company* within twenty (20) days of the date the actual refund or credit of such portion has been made to *Executive* such portion of the *Gross-Up Payment* as shall exceed the amount of federal, state and local taxes actually determined to be owed together with such interest received or credited to him by such tax authority for the period he held such portion.

(l) **Company's Payment Obligation.** *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(j) above.

(m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

(n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall pay all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3.

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

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

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

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

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

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

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

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

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

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

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

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

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

EXECUTIVE

/s/ Kevin W. Oliver
Kevin W. Oliver

HANESBRANDS INC.

By: /s/ Richard A. Noll
Richard A. Noll
Title: President and Chief Executive Officer

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc.(the "Company") and Kevin W. Oliver ("Executive") enter into this Separation and Release Agreement which was received by Executive on the __ day of _____, 200_, signed by Executive on the __ day of _____, 200_, and is effective on the __ day of _____, 200_ (the "Effective Date"). The Effective Date shall be no less than 7 days after the date signed by Executive.

W I T N E S S E T H:

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

WHEREAS, Executive's employment with the Company is terminated as of _____, 200_ (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated _____, 2006 (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to Change in Control benefits provided Executive executes a separation and release agreement acceptable to Company; and

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

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

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

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

3. **Receipt of Other Compensation.** Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's

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

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

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

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

7. **Confidentiality.** At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or

prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

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

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

10. **Release.**

(a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the

Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are

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

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

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

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

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

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

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

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

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

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

To Executive at:

[add address]

To the Company at:

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

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

EXECUTIVE

_____

HANESBRANDS INC.

By: _____

Title: _____

Exhibit 99.1

August 11, 2006

Dear Sara Lee Stockholder:

I am pleased to inform you that on August 7, 2006, the Board of Directors of Sara Lee Corporation approved the spin off of Hanesbrands Inc., our wholly-owned subsidiary that operates our branded apparel business.

The spin off will separate the ownership and management of our business and that of Hanesbrands, which we think will better enable both companies to focus on their core businesses. Following the spin off, Sara Lee will become a more tightly focused company, focusing on its food, beverage and household products businesses. We are confident that the new Sara Lee will be well-positioned to achieve its long-term growth targets.

We will effect the spin off by distributing Hanesbrands' common stock in a pro rata dividend to holders of our common stock as of August 18, 2006. The dividend will represent 100% of the common stock of Hanesbrands outstanding at the time of the spin off. We expect to distribute shares of Hanesbrands on or about September 5, 2006.

Stockholder approval for the spin off is not required, and you are not required to take any action to participate in the spin off. You do not need to pay any consideration or surrender or exchange your shares of Sara Lee common stock. Following the spin off, Sara Lee common stock will continue to trade on the New York Stock Exchange under the symbol "SLE," and Hanesbrands common stock will trade on the New York Stock Exchange under the symbol "HBI."

We intend for the spin off to be tax free for stockholders for U.S. federal income tax purposes. To that end, we have obtained a favorable ruling regarding the spin off from the Internal Revenue Service.

The enclosed information statement, which is being provided to all Sara Lee stockholders, describes the spin off in detail and contains important business and financial information about Hanesbrands.

I look forward to your continued support as a stockholder of both Sara Lee and Hanesbrands.

Sincerely,

Brenda C. Barnes
Chairman and Chief Executive Officer

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HANESbrandsINC

August 11, 2006

Dear Hanesbrands Inc. Stockholder:

It is our pleasure to welcome you as a stockholder of our new company. Although we are a newly independent company, our product portfolio includes some of the most recognized apparel essentials brands in the United States, including *Hanes*, *Champion*, *Playtex*, *Bali*, *Just My Size*, *barely there* and *Wonderbra*. We design, manufacture, source and sell a broad range of products such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. In fiscal 2005, we generated $4.7 billion in net sales and $359.5 million in income from operations. Our mission is to create value for you, our stockholders, and for our customers through effective supply chain management, competitive prices, high quality and service excellence. Our strong brands and dedicated employees will drive this value.

Our management team is excited about our spin off from Sara Lee Corporation, and is committed to realizing the potential that exists for us as an independent company focused on apparel essentials. We invite you to learn more about our company by reading the enclosed information statement and we look forward to updating you on our progress in realizing our vision and mission. We would like to thank you in advance for your support as a stockholder in our new company.

Sincerely,

Lee A. Chaden
Executive Chairman

Richard A. Noll
Chief Executive Officer

HbI

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INFORMATION STATEMENT

Hanesbrands Inc.

Common Stock
(Par Value $0.01)

Sara Lee Corporation is furnishing this information statement to its stockholders in connection with the spin off of our company. In the spin off, Sara Lee will transfer to us the assets and businesses which Sara Lee attributes to its branded apparel business and distribute on a pro rata basis to its stockholders all of the outstanding shares of our common stock.

For every eight shares of Sara Lee common stock held of record by you as of 5:00 p.m., New York City time, on August 18, 2006, the record date for the distribution, you will receive one share of our common stock. You will receive cash in lieu of any fractional shares of our common stock which you would have received after application of the above ratio. As discussed under "The Spin Off—Trading of Sara Lee Common Stock Between the Record Date and Distribution Date," if you sell your shares of Sara Lee common stock in the "regular way" market after the record date and before the spin off, you also will be selling your right to receive shares of our common stock in connection with the spin off. We expect the shares of our common stock to be distributed by Sara Lee to you on or about September 5, 2006. We refer to the date of the distribution as the "distribution date."

At the time of the spin off, each share of our common stock will have attached to it one preferred stock purchase right, the principal terms of which are described under "Description of Our Capital Stock—Common Stock—Preferred Stock Purchase Rights." Where appropriate, references in this information statement to our common stock include the associated rights.

No vote of Sara Lee's stockholders is required, and therefore you are not being asked for a proxy in connection with the spin off. You do not need to pay any consideration, exchange or surrender your existing shares of Sara Lee common stock or take any other action to receive your shares of our common stock.

There is no current trading market for our common stock, although we expect that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and we expect regular way trading of our common stock to begin on the first trading day following the completion of the spin off. Our common stock has been authorized for listing on the New York Stock Exchange under the symbol "HBI."

In reviewing this information statement, you should carefully consider the matters described under the caption " Risk Factors" beginning on page 11.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is August 11, 2006

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Trademarks, Trade Names and Service Marks

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the more important trademarks that we own or have rights to use that appear in this information statement include the *Hanes*, *Champion*, *C9 by Champion*, *Playtex*, *Bali*, *L'eggs*, *Just my Size*, *barely there*, *Wonderbra*, *Beefy-T*, *Outer Banks* and *Duofold* marks, which may be registered in the United States and other jurisdictions. Each trademark, trade name or service mark of any other company appearing in this information statement is, to our knowledge, owned by such other company.

SUMMARY

The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the spin off or other information that may be important to you. To better understand the spin off and our business and financial position, you should carefully review this entire information statement. Unless the context otherwise requires, references in this information statement to "Hanesbrands," "we," "our" and "us" mean the Sara Lee Branded Apparel Americas and Asia business which will be contributed in the spin off to Hanesbrands Inc., a Maryland corporation, and its subsidiaries. References in this information statement to "Sara Lee" mean Sara Lee Corporation, a Maryland corporation, and its subsidiaries, unless the context otherwise requires.

We describe in this information statement the businesses to be transferred to us by Sara Lee in the spin off as if the transferred businesses were our business for all historical periods described. References in this information statement to our historical assets, liabilities, products, businesses or activities of our business are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the transferred businesses as the businesses were conducted as part of Sara Lee and its subsidiaries prior to the spin off.

Our Company

We are a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion*, *Playtex*, *Bali*, *Just My Size*, *barely there* and *Wonderbra*. We design, manufacture, source and sell a broad range of apparel essentials such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. Our brands hold either the number one or number two U.S. market position by sales in most product categories in which we compete.

	Industrywide U.S. Retail Sales (in billions) 2005	Compound Annual Growth Rate Between 2003 and 2005	Hanesbrands 2005 U.S. Market Position by Sales
T-shirts	$ 21.3	8.4%	#1
Bras	5.1	4.5	2
Fleece	4.9	(2.7)	1
Socks	4.7	3.5	1
Men's Underwear	3.0	3.7	1
Panties	3.0	3.1	2
Sheer Hosiery	1.0	(16.7)	1
Kids' Underwear	0.8	5.4	1

Source: The NPD Group/Consumer Panel Track[SM], rolling year-end, as of December 2005.

In fiscal 2005, we generated $4.7 billion in net sales and $359.5 million in income from operations. Our products are sold through multiple distribution channels. In fiscal 2005, 48% of our net sales were to mass merchants, 11% were to national chains, 6% were to department stores, 8% were direct to consumer, 8% were in our international segment and 19% were to other retail channels such as embellishers, specialty retailers, warehouse clubs and sporting goods stores. In addition to designing and marketing apparel essentials, we have a long history of operating a global supply chain which incorporates a mix of self-manufacturing, third-party contractors and third-party sourcing.

The apparel essentials segment of the apparel industry is characterized by frequently replenished items, such as t-shirts, bras, panties, men's underwear, kids' underwear, socks and hosiery. Growth and sales in the apparel

essentials industry are not primarily driven by fashion, in contrast to other areas of the broader apparel industry. Rather, we focus on the core attributes of comfort, fit and value, while remaining current with regard to consumer trends.

Our business is currently part of Sara Lee, and our assets and liabilities consist of those that Sara Lee attributes to its branded apparel business (excluding its European and U.K. operations, which have been sold by Sara Lee). Following the spin off, we will be an independent, publicly traded company, and Sara Lee will not retain any ownership interest in us. In connection with the spin off, we and Sara Lee will enter into a number of agreements that will govern our relationship following the spin off, including agreements pursuant to which we will provide each other with services during a transition period and indemnify each other against certain liabilities arising from our respective businesses and from the spin off. For a more detailed description of these agreements, see "Agreements with Sara Lee."

Our business is subject to risks. For a more detailed description of these risks, see "Risk Factors."

Our Competitive Strengths

Strong Brands with Leading Market Positions. Our brands have a strong heritage in the apparel essentials industry. According to The NPD Group/Consumer Panel Track[SM], or "NPD," our brands possess either the number one or number two market position in the United States in most of the product categories in which we compete. Our brands enjoy high awareness among consumers according to a 2006 brand equity analysis by Millward Brown Market Research. According to a 2005 survey of consumer brand awareness by Women's Wear Daily, we own three of the top five most recognized apparel and accessory brands among women in the United States, with *Hanes* (number one), *L'eggs* (number three) and *Hanes Her Way* (number four) (now referred to as *Hanes*). According to NPD, our largest brand, *Hanes*, is the top selling apparel brand in the United States by units sold. Our creative, focused advertising campaigns have been an important element in the continued success and visibility of our brands. We employ a multimedia marketing plan involving national television, radio, Internet, direct mail and in-store advertising, as well as targeted celebrity endorsements, to communicate the key features and benefits of our brands to consumers. We believe that these marketing programs reinforce and enhance our strong brand awareness across our product categories.

High-Volume, Core Essentials Focus. We sell high-volume, frequently replenished apparel essentials. The majority of our core styles continue from year to year, with variations only in color, fabric or design details, and are frequently replenished by consumers. For example, we believe the average U.S. consumer makes 3.5 trips to retailers to purchase men's underwear and 4.5 trips to purchase panties annually. We believe that our status as a high-volume seller of core apparel essentials creates a more stable and predictable revenue base and reduces our exposure to dramatic fashion shifts often observed in the general apparel industry.

Significant Scale of Operations. We are the largest seller of apparel essentials in the United States as measured by sales. As an example of the scale of our operations, we manufactured and sold over 400 million t-shirts (innerwear and outerwear) and almost half a billion pairs of socks in fiscal 2005. Most of our products are sold to large retailers which have high-volume demands. We have met the demands of our customers by developing vertically integrated operations and an extensive network of owned facilities and third-party manufacturers over a broad geographic footprint. We believe that we are able to leverage our significant scale of operations to provide us with greater manufacturing efficiencies, purchasing power and product design, marketing and customer management resources than our smaller competitors.

Strong Customer Relationships. We sell our products primarily through large, high-volume retailers, including mass merchants, department stores and national chains. We have strong, long-term relationships with our top customers, including relationships of over ten years with each of our top ten customers. The size and operational scale of the high-volume retailers with which we do business require extensive category and product

knowledge and specialized services regarding the quantity, quality and planning of orders. In the late 1980s, we undertook a shift in our approach to our relationships with our largest customers when we sought to align significant parts of our organization with corresponding parts of their organizations. For example, we are organized into teams that sell to and service our customers across a range of functional areas, such as demand planning, replenishment and logistics. We also have entered into customer-specific programs such as the introduction in 2004 of *C9 by Champion* products marketed and sold through Target stores. Through these efforts, we have become the largest apparel essentials supplier to many of our customers.

Significant Cash Flow Generation. Due to our strong brands and market position, our business has historically generated significant cash flow. In fiscal 2003, 2004 and 2005, we generated $416.7 million, $410.2 million and $446.8 million, respectively, of cash from operating activities net of cash used in investing activities. Our cash flow gives us the flexibility to create shareholder value by investing in our business, reducing debt and returning capital to our shareholders.

Strong Management Team. We have strengthened our management team through the addition of experienced executives in key leadership roles. Richard Noll, our Chief Executive Officer, has extensive management experience in the apparel and consumer products industries. During his 14-year tenure at Sara Lee, Mr. Noll led Sara Lee's sock and hosiery businesses, Sara Lee Direct and Sara Lee Mexico (all of which are now part of our business), as well as the Sara Lee Bakery Group and Sara Lee Australia. Lee Wyatt, our Chief Financial Officer, has broad experience in executive financial management, including tenures as Chief Financial Officer at Sonic Automotive, a publicly traded automotive aftermarket supplier, and Sealy Corporation. Gerald Evans, our Chief Supply Chain Officer and Michael Flatow, our General Manager, Wholesale Americas, also add significant experience and leadership to our management team. The additions of Messrs. Noll and Wyatt complement the leadership and experience provided by Lee Chaden, our Executive Chairman, who has extensive experience within the apparel and consumer products industries.

Key Business Strategies

Historically, we have operated as part of Sara Lee, sharing services and capital with Sara Lee's food, beverage and household products businesses. Following our spin off from Sara Lee, we will become a more tightly focused apparel essentials company. As an independent publicly traded company, we believe we will be better positioned to compete in the apparel essentials industry and to invest in and grow our business. Our mission is to grow earnings and cash flow by integrating our operations, optimizing our supply chain, increasing our brand leadership and leveraging and strengthening our retail relationships. Specifically, we intend to focus on the following strategic initiatives:

Create a More Integrated, Focused Company. Historically, we have had a decentralized operating structure, with many distinct operating units. We are in the process of consolidating functions, such as purchasing, finance, manufacturing/sourcing, planning, marketing and product development, across all of our product categories in the United States. We also are in the process of integrating our distribution operations and information technology systems. We believe that these initiatives will streamline our operations, improve our inventory management, reduce costs, standardize processes and allow us to distribute our products more effectively to retailers. We expect that our initiative to integrate our technology systems also will provide us with more timely information, increasing our ability to allocate capital and manage our business more effectively.

Develop a Lower-Cost Efficient Supply Chain. As a provider of high-volume products, we are continually seeking to improve our cost-competitiveness and operating flexibility through supply chain initiatives. In this regard, we have recently launched two textile manufacturing projects outside of the United States —an owned textile manufacturing facility in the Dominican Republic, which began production in early 2006, and a strategic alliance with a third-party textile manufacturer in El Salvador, which began production in 2005. Over the

next several years, we will continue to transition additional parts of our supply chain from the United States to locations in Central America, the Caribbean Basin and Asia in an effort to optimize our cost structure. We intend to continue to self-manufacture core products where we can protect or gain a significant cost advantage through scale or in cases where we seek to protect proprietary processes and technology. We plan to continue to selectively source from third-party manufacturers product categories that do not meet these criteria. We expect that in future years our supply chain will become more balanced across the Eastern and Western Hemispheres. Our customers require a high level of service and responsiveness, and we intend to continue to meet these needs through a carefully managed facility migration process. We expect that these changes in our supply chain will result in significant cost efficiencies and increased asset utilization.

Increase the Strength of Our Brands with Consumers. Our advertising and marketing campaigns have been an important element in the success and visibility of our brands. We intend to increase our level of marketing support behind our key brands with targeted, effective advertising and marketing campaigns. For example, in fiscal 2005, we launched a comprehensive marketing campaign titled "Look Who We've Got Our Hanes on Now," which we believe significantly increased positive consumer attitudes about the *Hanes* brand in the areas of stylishness, distinctiveness and up-to-date products.

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

- Tagless garments—where the label is embroidered or printed directly on the garment instead of attached on a tag—which we first released in t-shirts under our *Hanes* brand (2002), and subsequently expanded into other products such as outerwear tops (2003) and panties (2004).
- "Comfort Soft" bands in our underwear and bra lines, which deliver to our consumers a softer, more comfortable feel with the same durable fit (2004 and 2005).
- New versions of our Double Dry wicking products and Friction Free running products under our *Champion* brand (2005).
- The "no poke" wire which was successfully introduced to the market in our *Bali* brand bras (2004).

Strengthen Our Retail Relationships. We intend to expand our market share at large, national retailers by applying our extensive category and product knowledge, leveraging our use of multi-functional customer management teams and developing new customer-specific programs such as *C9 by Champion* for Target. Our goal is to strengthen and deepen our existing strategic relationships with retailers and develop new strategic relationships. Additionally, we plan to expand distribution by providing manufacturing and production of apparel essentials products to specialty stores and other distribution channels, such as direct to consumer through the Internet.

We were incorporated in Maryland on September 30, 2005. Our principal executive offices are located at 1000 East Hanes Mill Road, Winston-Salem, North Carolina 27105. Our main telephone number is (336) 519-4400.

Questions and Answers Relating to the Spin Off

The following is a brief summary of the terms of the spin off. Please see "The Spin Off" for a more detailed description of the matters described below.

Q: What is the spin off?

A: The spin off is the method through which Sara Lee will separate its existing businesses into two independent, publicly traded companies. In the spin off, Sara Lee will distribute to its stockholders all of the outstanding shares of our common stock. Following the spin off, we will be a separate company from Sara Lee, and Sara Lee will not retain any ownership interest in us. The number of shares of Sara Lee common stock you own will not change as a result of the spin off, although the value of shares of Sara Lee common stock may initially decline as a result of the spin off because the value of our business will no longer be part of the value of Sara Lee.

Q: What is being distributed in the spin off?

A: Approximately 95.1 million shares of our common stock will be distributed in the spin off, based upon the number of shares of Sara Lee common stock outstanding on July 28, 2006. The shares of our common stock to be distributed by Sara Lee will constitute all of the issued and outstanding shares of our common stock immediately after the spin off. Each share of our common stock will have attached to it one preferred stock purchase right. For more information on the shares being distributed in the spin off, see "Description of Our Capital Stock—Common Stock" and "Description of Our Capital Stock—Certain Provisions of Maryland Law and of Our Charter and Bylaws That Could Have the Effect of Delaying, Deferring or Preventing a Change in Control—Rights Agreement."

Q: What will I receive in the spin off?

A: Holders of Sara Lee common stock will receive a pro rata dividend of one share of our common stock for every eight shares of Sara Lee common stock held by them on the record date and not subsequently sold in the "regular way" market. For more information on the shares being distributed in the spin off, see "Description of Our Capital Stock—Common Stock."

Q: What is the reason for the spin off?

A: The following potential benefits were considered by Sara Lee's board of directors in making the determination to approve the spin off:

- enabling investors to invest directly in our business;
- allowing both Sara Lee and us to focus on our respective core businesses;
- creating more effective management incentives; and
- providing our business with direct access to capital to further invest in our growth.

For more information on the reasons for the spin off, see "The Spin Off—Reasons for the Spin Off."

Q: What do I have to do to participate in the spin off?

A: Nothing. If you are a holder of record of Sara Lee common stock on the record date for the spin off you will not be required to pay any cash or deliver any other consideration, including any shares of Sara Lee common stock, in order to receive shares of our common stock in the spin off. As discussed under "The Spin Off—Trading of Sara Lee Common Stock Between the Record Date and Distribution Date," if you sell your shares of Sara Lee common stock in the "regular way" market after the record date and before the spin

off, you also will be selling your right to receive shares of our common stock in connection with the spin off. You are not being asked to provide a proxy with respect to any of your shares of Sara Lee common stock in connection with the spin off.

Q: How will Sara Lee distribute shares of Hanesbrands common stock to me?

A: Holders of shares of Sara Lee common stock on the record date that do not subsequently sell their shares in the "regular way" market will receive shares of our common stock through the transfer agent's book-entry registration system. These shares will not be in certificated form. As such, instead of a share certificate, Sara Lee stockholders will receive a statement from our transfer agent that details their ownership interest and the method by which they may access their account. For more information, see "The Spin Off—Manner of Effecting the Spin Off."

Q: If I sell, on or before the distribution date, shares of Sara Lee common stock that I held on the record date, am I still entitled to receive shares of Hanesbrands common stock distributable with respect to the shares of Sara Lee common stock I sold?

A: Shortly before the record date for the spin off, Sara Lee's common stock will begin to trade in two markets on the NYSE: a "regular way" market and an "ex-distribution" market. If you are a holder of record of shares of Sara Lee common stock as of the record date for the spin off and sell those shares in the "regular way" market after the record date for the spin off and before the spin off, you also will be selling the right to receive the shares of our common stock in connection with the spin off. Conversely, if you are a holder of record of shares of Sara Lee common stock as of the record date for the spin off and sell those shares in the "ex-distribution" market after the record date for the spin off and before the spin off, you will still receive the shares of our common stock in the spin off.

Q: How will fractional shares be treated in the spin off?

A: Sara Lee will not distribute fractional shares of our common stock in the spin off. The distribution agent will aggregate all of the fractional shares and sell them in the open market at then prevailing prices on behalf of our stockholders. You will then receive a cash payment in the amount of your proportionate share of the net sale proceeds, based on the average gross selling price per share of our common stock after making appropriate deductions for any required tax withholdings. For more information on fractional shares, see "The Spin Off—Treatment of Fractional Shares."

Q: What is the distribution date for the spin off?

A: Shares of our common stock will be distributed by the distribution agent, on behalf of Sara Lee, on or about September 5, 2006.

Q: What are the U.S. federal income tax consequences to me of the spin off?

A: Other than with respect to fractional shares of our common stock, no gain or loss will be recognized by, and no amount will be included in the income of, a holder of Sara Lee common stock upon the receipt of shares of our common stock pursuant to the spin off.

If you receive cash in lieu of a fractional share of our common stock as part of the spin off, you will be treated as though you first received a distribution of the fractional share in the spin off and then sold it for the amount of such cash. You generally will recognize capital gain or loss, provided that the fractional share is considered to be held as a capital asset, measured by the difference between the cash you receive for such fractional share and your tax basis in that fractional share. Such capital gain or loss will be a long-term capital gain or loss if your holding period for such fractional share is more than one year on the distribution date.

Please see "The Spin Off—Material U.S. Federal Income Tax Consequences of the Spin Off" for more detail.

Q: ***Does Hanesbrands intend to pay cash dividends?***

A: Effective upon the consummation of the distribution, we intend to adopt a policy of paying, subject to legally available funds, a modest quarterly cash dividend on outstanding shares of our common stock. Our board of directors is free to change our dividend policy at any time, including to increase, decrease or eliminate our dividend. For more information about our dividend policy, see "Dividend Policy."

Q: ***Who will manage Hanesbrands after the spin off?***

A: We benefit from a management team with an extensive background in both brand management in the consumer goods industry at Sara Lee as well as expertise in effectively executing product extensions and designing and building efficient manufacturing operations. Led by Lee Chaden, who will be our Executive Chairman after the spin off, and Richard Noll, who will be our Chief Executive Officer, our management team possesses deep knowledge of, and extensive experience in, our industry. For more information on our management, see "Management."

Q: ***What will the relationship be between Sara Lee and Hanesbrands following the spin off?***

A: After the spin off, Hanesbrands and Sara Lee will be independent, publicly traded companies, and Sara Lee will no longer have any ownership interest in us. We will, however, be parties to agreements that will define our ongoing relationship after the spin off. For example, under the terms of a master transition services agreement that we expect to enter into with Sara Lee prior to the consummation of the spin off, Hanesbrands and Sara Lee will provide to each other, for a fee, for a period of 12 months after the spin off, specified support services including human resources and payroll functions, financial and accounting functions and information technology. For more information on our relationship with Sara Lee after the spin off, see "Agreements with Sara Lee."

Q: ***Who is the distribution agent for the spin off?***

A: Computershare Investor Services, LLC is the distribution agent for the spin off.

Q: ***Where will Hanesbrands common stock trade?***

A: Currently, there is no public market for our common stock. Our common stock has been authorized for listing on the New York Stock Exchange under the symbol "HBI."

We anticipate that trading will commence on a when-issued basis shortly before the record date. In the context of a spin off, when-issued trading refers to trading in our stock commencing two days before the record date for the distribution and made conditionally because the securities of the spun off entity have not yet been distributed. When-issued trades generally settle within three trading days after the distribution date. On the first trading day following the distribution date, any when-issued trading in respect of our common stock will end and regular way trading will begin. Regular way trading refers to trading after the security has been distributed and typically involves a trade that settles on the third full day following the date of distribution. Shares of our common stock generally will be freely tradable after the spin off. We cannot predict the trading prices for our common stock before or after the distribution date.

For more information on the trading market for our shares, see "The Spin Off—Listing and Trading of Our Common Stock."

Q: ***Do I have appraisal rights?***

A: No. Holders of Sara Lee common stock have no appraisal rights in connection with the spin off.

Q: ***Who is the transfer agent for your common stock?***

A: Computershare Investor Services, LLC is the transfer agent for our common stock.

SUMMARY FINANCIAL AND OTHER DATA

The following table presents summary historical and pro forma financial data, as well as other data. The statements of income data for each of the fiscal years in the three fiscal years ended July 2, 2005 have been derived from our audited Combined and Consolidated Financial Statements included elsewhere in this information statement. The statements of income data for the thirty-nine weeks ended April 2, 2005 and April 1, 2006 and the balance sheet data as of April 1, 2006 have been derived from our Unaudited Interim Condensed Combined and Consolidated Financial Statements included elsewhere in this information statement. The Unaudited Interim Condensed Combined and Consolidated Financial Statements are not necessarily indicative of the results to be expected for any other interim period or for fiscal 2006 as a whole. However, in the opinion of management, the unaudited interim financial statements include all adjustments (consisting of normal recurring accruals) that are necessary for the fair presentation of the results for the interim period. The historical financial data should be read in conjunction with our historical financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Combined and Consolidated Financial Statements" included elsewhere in this information statement.

The unaudited pro forma and pro forma as adjusted financial data have been derived from our historical financial statements and adjusted to give effect to the spin off and the related debt incurrence and the use of the proceeds therefrom. These adjustments are described under "Unaudited Pro Forma Combined and Consolidated Financial Statements." Our historical and unaudited pro forma and pro forma as adjusted financial data are not necessarily indicative of our future performance or of what our financial position and results of operations would have been if we had operated as a separate, stand-alone entity during the periods shown.

	Years Ended			Thirty-nine Weeks Ended	
	June 28, 2003	July 3, 2004	July 2, 2005	April 2, 2005 (unaudited)	April 1, 2006 (unaudited)
	(in thousands, except per share data)				
Statements of Income Data:					
Net sales	$ 4,669,665	$ 4,632,741	$ 4,683,683	$ 3,528,333	$ 3,352,699
Cost of sales	3,010,383	3,092,026	3,223,571	2,428,997	2,248,828
Gross profit	1,659,282	1,540,715	1,460,112	1,099,336	1,103,871
Selling, general and administrative expenses	1,126,065	1,087,964	1,053,654	775,607	749,236
Charges for (income from) exit activities	(14,397)	27,466	46,978	(815)	945
Income from operations	547,614	425,285	359,480	324,544	353,690
Interest expense	44,245	37,411	35,244	18,458	19,295
Interest income	(46,631)	(12,998)	(21,280)	(19,318)	(7,783)
Income before income taxes	550,000	400,872	345,516	325,404	342,178
Income tax expense (benefit)	121,560	(48,680)	127,007	97,911	78,970
Net income	$ 428,440	$ 449,552	$ 218,509	$ 227,493	$ 263,208
Pro Forma:					
Net income per share basic (1)	$ 4.51	$ 4.73	$ 2.30	$ 2.39	$ 2.77
Net income per share diluted (2)					
Other Data:					
EBITDA (3)	$ 656,269	$ 539,514	$ 477,371	$ 408,630	$ 436,014
Cash flows from (used in):					
Operating activities	493,986	471,436	506,871	390,961	460,140
Investing activities	(77,296)	(61,259)	(60,080)	(35,689)	(71,416)
Financing activities	(233,082)	(25,813)	(41,377)	(11,214)	(1,015,812)

	April 1, 2006		
	Actual	Pro Forma (4)	Pro Forma as Adjusted (5)
		(in thousands)	
Balance Sheet Data:			
Cash and cash equivalents	$ 455,895	$ —	$ 150,000
Total assets	4,205,112	3,233,372	3,430,172
Noncurrent liabilities:			
Noncurrent capital lease obligations	3,951	3,951	3,951
Noncurrent deferred tax liabilities	7,171	14,748	14,748
Other noncurrent liabilities	43,477	377,320	377,320
Total noncurrent liabilities	54,599	396,019	396,019
Total long-term debt	—	—	2,577,125
Total parent companies' equity	2,662,193	1,746,739	(206,461)

(1) The number of shares used to compute basic earnings per share is 95,016,942, which is the number of shares of our common stock assumed to be outstanding on the distribution date, based on a distribution ratio of one share of our common stock for every eight shares of Sara Lee common stock that was outstanding at April 1, 2006.

(2) The number of shares used to compute diluted earnings per share will be based on the number of shares of our common stock described in (1) above used to compute basic earnings per share, plus the potential dilution that could occur if restricted stock units and options granted under the equity-based compensation arrangements were exercised or converted into common stock. There will be no potentially dilutive securities outstanding on the distribution date; however potentially dilutive securities will be outstanding shortly after the distribution date, and any resulting dilution could be significant. We have approved certain initial equity compensation awards to our executive officers and other employees, which approvals have been based on a specified dollar value for each award. The number of shares underlying these approved awards will be determined based on the fair market value per share of our common stock on the grant date, which is the 15th trading day after the distribution date. All action necessary to approve these awards has been taken; however, the number of shares subject to the awards cannot be computed until the grant date.

(3) "EBITDA" represents net income before interest, income taxes and depreciation and amortization. EBITDA does not represent and should not be considered as an alternative to net income or net cash from operating activities, as determined by generally accepted accounting principles, or "GAAP," and our calculation thereof may not be comparable to that reported by other companies. We present EBITDA because we understand that it is used by some investors and lenders to determine a company's historical ability to service and/or incur indebtedness and to fund ongoing capital expenditures. This belief is based in part on our negotiations with our lenders, who have indicated that the amount of indebtedness we will be permitted to incur will be based, in part, on our EBITDA. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- EBITDA does not reflect our capital expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA does not reflect the significant interest expense, or the cash requirement necessary to service interest or principal payments, on our debts;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, you should not consider EBITDA as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally. The following is a reconciliation of net income to EBITDA for each of the applicable periods:

	Years Ended			Thirty-nine Weeks Ended	
	June 28, 2003	July 3, 2004	July 2, 2005	April 2, 2005	April 1, 2006
Net income	$428,440	$449,552	$218,509	$227,493	$263,208
Interest expense	44,245	37,411	35,244	18,458	19,295
Interest income	(46,631)	(12,998)	(21,280)	(19,318)	(7,783)
Income tax expense (benefit)	121,560	(48,680)	127,007	97,911	78,970
Depreciation	101,420	105,517	108,791	77,888	75,797
Amortization	7,235	8,712	9,100	6,198	6,527
Total EBITDA	$656,269	$539,514	$477,371	$408,630	$436,014

See our statements of income data set forth in our historical financial statements included elsewhere in this information statement.

(4) Assumes that the spin off occurred as of April 1, 2006.

(5) Assumes that the spin off and the related debt incurrence occurred as of April 1, 2006 and reflects the pro forma adjustments as described in the notes to our “Unaudited Pro Forma Combined and Consolidated Financial Statements,” as well as the incurrence of $1.65 billion of debt under a proposed new senior secured credit facility, $450.0 million of debt under a proposed new senior secured second lien credit facility and $500.0 million of debt under a proposed new bridge loan facility with an estimated blended interest rate of 8.0%, and the payment to Sara Lee of $2.4 billion from the proceeds of such debt incurrence.

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating our company and common stock. Any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our business, results of operations or financial condition.

Risks Related to Our Business

A significant portion of our textile manufacturing operations are located in higher-cost locations, placing us at a product cost disadvantage to our competitors who have a higher percentage of their manufacturing operations in lower-cost, offshore locations.

Though there has been a general industrywide migration of manufacturing operations to lower-cost locations, such as Central America, the Caribbean Basin and Asia, a significant portion of our textile manufacturing operations are still located in higher-cost locations, such as the United States. In addition, our competitors generally source or produce a greater portion of their textiles from regions with lower costs than us, placing us at a cost disadvantage. Our competitors are able to exert pricing pressure on us by using their manufacturing cost savings to reduce prices of their products, while maintaining higher margins than us. To remain competitive, we must, among other things, react to these pricing pressures by lowering our prices from time to time. We will continue to experience pricing pressure and remain at a cost disadvantage to our competitors unless we are able to successfully migrate a greater portion of our textile manufacturing operations to lower-cost locations. However, we cannot assure you that our migration plans, as executed, will relieve these pricing pressures and our cost disadvantage.

We are in the process of relocating a significant portion of our textile manufacturing operations to overseas locations and this process involves significant costs and the risk of operational interruption.

We are currently relocating and expect to continue to relocate a significant portion of our textile manufacturing operations to locations in Central America, the Caribbean Basin and Asia. The process of relocating significant portions of our textile manufacturing and production operations has resulted in and will continue to result in significant costs. This process may also result in operational interruptions, which may have an adverse effect on our business, results of operations and financial condition.

The integration of our information technology systems is complex, and any delay or problem with this integration may cause serious disruption or harm to our business.

As part of our efforts to consolidate our operations, we are in the process of integrating currently unrelated information technology systems across our company which have resulted in operational inefficiencies and in some cases increased our costs. This process involves the replacement of eight independent systems environments running on different technology platforms with a unified enterprise system, which will integrate all of our departments and functions onto common software that runs off a single database. We are subject to the risk that we will not able to absorb the level of systems change, commit the necessary resources or focus the management attention necessary for the implementation to succeed. Many key strategic initiatives of major business functions, such as our supply chain and our finance operations, depend on advanced capabilities enabled by the new systems and if we fail to properly execute or if we miss critical deadlines in the implementation of this initiative, we could experience serious disruption and harm to our business.

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

The apparel essentials market is highly competitive and evolving rapidly. Competition is generally based upon price, brand name recognition, product quality, selection, service and purchasing convenience. Our businesses face competition today from other large corporations and foreign manufacturers. These competitors include Fruit of the Loom, Inc., Warnaco Group Inc., VF Corporation and Maidenform Brands, Inc. in our

innerwear business segment and Gildan Activewear, Inc., Russell Corporation and Fruit of the Loom, Inc. in our outerwear business segment. We also compete with many small companies across all of our business segments.

Additionally, department stores and other retailers, including many of our customers, market and sell apparel essentials products under private labels that compete directly with our brands. These customers may buy goods that are manufactured by others, which represents a lost business opportunity for us, or they may sell private label products manufactured by us, which have significantly lower gross margins than our branded products. We also face intense competition from specialty stores that sell private label apparel not manufactured by us, such as Victoria's Secret, Old Navy and The Gap.

Increased competition may result in a loss of or a reduction in shelf space and promotional support and reduced prices, in each case decreasing our cash flows, operating margins and profitability. Our ability to remain competitive in the areas of price, quality, brand recognition, research and product development, manufacturing and distribution will, in large part, determine our future success. If we fail to compete successfully, our market share, results of operations and financial condition will be materially and adversely affected.

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

We are faced with the constant challenge of balancing our inventory with our ability to meet marketplace needs. Excess inventory reserves can result from the complexity of our supply chain, a long manufacturing process and the seasonal nature of certain products. As a result, we are subject to high levels of obsolescence and excess stock. Based on discussions with our customers and internally generated projections, we produce, purchase and/or store raw material and finished goods inventory to meet our expected demand for delivery. However, we sell a large number of our products to a small number of customers, and these customers are generally not required by contract to purchase our goods. If, after producing and storing inventory in anticipation of deliveries, demand is lower than expected, we may have to hold inventory for extended periods or sell excess inventory at reduced prices, in some cases below our cost. There are inherent uncertainties related to the recoverability of inventory, and it is possible that market factors and other conditions underlying the valuation of inventory may change in the future and result in further reserve requirements. Excess inventory can reduce gross margins or result in operating losses, lowered plant and equipment utilization and lowered fixed operating cost absorption, all of which could have a material adverse effect on our business, results of operations or financial condition. For example, due in part to lower demand for some of our products in 2005 than forecasted, our total inventory reserve for fiscal 2005 was $116 million (which represented an increase of $25 million over fiscal 2004).

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

Sales of and demand for our products may decrease if we fail to keep pace with evolving consumer preferences and trends.

Our success depends on our ability to anticipate and respond effectively to evolving consumer preferences and trends and to translate these preferences and trends into marketable product offerings. If we are unable to successfully anticipate, identify or react to changing styles or trends or misjudge the market for our products, our sales may be lower than expected and we may be faced with a significant amount of unsold finished goods inventory. In response, we may be forced to increase our marketing promotions, provide mark-down allowances to our customers or liquidate excess merchandise, any of which could have a material adverse effect on our net

sales and profitability. Our brand image may also suffer if customers believe that we are no longer able to offer innovative products, respond to consumer preferences or maintain the quality of our products.

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

In fiscal 2005, our top ten customers accounted for 64% of our net sales and our top customer, Wal-Mart, accounted for 31% of our net sales. We expect that these customers will continue to represent a significant portion of our net sales in the future. In addition, our top ten customers are the largest market participants in our primary distribution channels across all of our product lines. Any loss of or material reduction in sales to any of our top ten customers, especially Wal-Mart, would be difficult to recapture, and would have a material adverse effect on our business, results of operations and financial condition.

We generally do not sell our products under contracts, and, as a result, our customers are generally not contractually obligated to purchase our products.

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

Further consolidation among our customer base and continued growth of our existing customers could result in increased pricing pressure, reduced floor space for our products and other changes that could be harmful to our business.

In recent years there has been a growing trend toward retailer consolidation. As a result of this consolidation, the number of retailers to which we sell our products continues to decline and, as such, larger retailers are now able to exercise greater negotiating power when purchasing our products. Continued consolidation in the retail industry could result in further price and other competition that may damage our business. Additionally, as our customers grow larger, they increasingly may require us to provide them with some of our products on an exclusive basis, which could cause an increase in the number of stock keeping units, or “SKUs,” we must carry and, consequently, increase our inventory levels and working capital requirements.

Moreover, as our customers consolidate and grow larger they may increasingly seek markdown allowances, incentives and other forms of economic support which reduce our gross margins and affect our profitability. Our financial performance is negatively affected by these pricing pressures when we are forced to reduce our prices without being able to correspondingly reduce our production costs.

Our customers generally purchase our products on credit, and as a result, our results of operations and financial condition may be adversely affected if our customers experience financial difficulties.

During the past several years, various retailers, including some of our largest customers, have experienced significant difficulties, including restructurings, bankruptcies and liquidations. This could adversely affect us because our customers generally pay us after goods are delivered. Adverse changes in our customers’ financial position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer’s future purchases or limit our ability to collect accounts receivable relating to previous purchases by that customer, all of which could have a material adverse effect on our business, results of operations and financial condition.

International trade regulations may increase our costs or limit the amount of products that we can import from suppliers in a particular country.

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

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

Adverse international trade regulations, including those listed above, would harm our business.

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

Cotton is the primary raw material used in the manufacture of many of our products. Our costs for cotton yarn and cotton-based textiles vary based upon the fluctuating and often volatile cost of cotton, which is affected by weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. In addition, fluctuations in crude oil or petroleum prices may also influence the prices of related items used in our business, such as chemicals, dyestuffs, polyester yarn and foam.

We are not always successful in our efforts to protect our business from the volatility of the market price of cotton, through short-term supply agreements and hedges, and our business can be adversely affected by dramatic movements in cotton prices. For example, we estimate that, excluding the impact of futures contracts, a change of $0.01 per pound in cotton prices would affect our annual raw material costs by $3.5 million, at current levels of production. The ultimate effect of this change on our earnings cannot be quantified, as the effect of movements in cotton prices on industry selling prices are uncertain, but any dramatic increase in the price of cotton would have a material adverse effect on our business, results of operations and financial condition.

We are incurring substantial indebtedness in connection with the spin off, which will subject us to various restrictions and could decrease our profitability and otherwise adversely affect our business.

We are incurring substantial indebtedness in connection with the spin off and will have total debt of approximately $2.6 billion after giving effect to such incurrence. We will be subject to significant financial and operating restrictions contained in the credit agreements and similar instruments governing our indebtedness after the spin off. These restrictions will affect, and in some cases significantly limit or prohibit, among other things, our ability to:

- borrow funds;
- pay dividends or make other distributions;
- make investments;
- engage in transactions with affiliates; or
- create liens on our assets.

In addition, some of the credit agreements to which we will become subject will require us to maintain financial ratios. If we fail to comply with the covenant restrictions contained in these credit agreements, that failure could result in a default that accelerates the maturity of the indebtedness under such agreements.

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

After giving effect to our significant debt incurrence, we may not have sufficient funding for our operations and capital requirements.

We expect to pay $2.4 billion of the proceeds of the borrowings we are incurring in connection with the spin off to Sara Lee, and as a result, those proceeds will not be available for our business needs, such as funding working capital or the expansion of our operations. In addition, the restrictions contained in our credit agreements and similar instruments governing our debt obligations may restrict our ability to obtain additional capital in the future to:

- fund capital expenditures or acquisitions;
- meet our debt payment obligations and capital commitments;
- fund any operating losses or future development of our business affiliates;
- obtain lower borrowing costs that are available from secured lenders or engage in advantageous transactions that monetize our assets; or
- conduct other necessary or prudent corporate activities.

We may need to incur additional debt or issue equity in order to fund working capital and capital expenditures or to make acquisitions and other investments. We cannot assure you that debt or equity financing will be available to us on acceptable terms or at all. If we are not able to obtain sufficient financing, we may be unable to maintain or expand our business. It may be more expensive for us to raise funds through the issuance of additional debt than it was while we were part of Sara Lee.

If we raise funds through the issuance of debt or equity, any debt securities or preferred stock issued will have rights, preferences and privileges senior to those of holders of our common stock in the event of a liquidation, and the terms of the debt securities may impose restrictions on our operations. If we raise funds through the issuance of equity, the issuance would dilute your ownership interest.

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

We pay U.S. federal income taxes on that portion of the income of our foreign subsidiaries that is expected to be remitted to the United States and be taxable. The amount of the income of our foreign subsidiaries we remit to the United States may significantly impact our U.S. federal income tax rate. In order to service our substantial debt obligations, we may need to increase the portion of the income of our foreign subsidiaries that we expect to remit to the United States, which may significantly increase our income tax expense. Consequently, we believe that our tax rate in future periods is likely to be higher, on average, than our historical income tax rates.

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

In connection with our incurrence of indebtedness under the senior secured credit facility, the lenders will receive a pledge of substantially all of our existing and future direct and indirect subsidiaries, with certain customary or agreed-upon exceptions for foreign subsidiaries and certain other subsidiaries. Additionally, these lenders generally will have a lien on substantially all of our assets and the assets of our subsidiaries, with certain customary or agreed-upon exceptions. As a result of these pledges and liens, if we fail to meet our payment or other obligations under the senior secured credit facility, the lenders will be entitled to foreclose on substantially all of our assets and, at their option, liquidate these assets.

Our supply chain is reliant on an extensive network of foreign operations and any disruption to or adverse impact on our foreign operations may adversely affect our business, results of operations and financial condition.

We have an extensive global supply chain in which a significant portion of our products are manufactured in or sourced from locations in Central America, the Caribbean Basin, Mexico and Asia. Potential events that may disrupt our foreign operations include:

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

Disruptions to our foreign operations have an adverse impact on our supply chain which can result in production and sourcing interruptions, increases in our cost of sales and delayed deliveries of our products to our customers, all of which can have an adverse affect on our business, results of operations and financial condition.

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

We purchase all of the raw materials used in our products and approximately 15% of the apparel designed by us from a limited number of third-party suppliers and manufacturers. Our ability to meet our customers' needs depends on our ability to maintain an uninterrupted supply of raw materials and finished products from our third-party suppliers and manufacturers. Our business, financial condition or results of operations could be adversely

affected if any of our principal third-party suppliers or manufacturers experience production problems, lack of capacity or transportation disruptions. The magnitude of this risk depends upon the timing of the changes, the materials or products that the third-party manufacturers provide and the volume of production.

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

We may suffer negative publicity if we or our third-party manufacturers violate labor laws or engage in practices that are viewed as unethical or illegal.

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

We have approximately 50,000 employees worldwide, and our business operations and financial performance could be adversely affected by changes in our relationship with our employees or changes to U.S. or foreign employment regulations.

We have approximately 50,000 employees worldwide. This means we have a significant exposure to changes in domestic and foreign laws governing our relationships with our employees, including wage and hour laws and regulations, fair labor standards, minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements and payroll taxes, changes which would likely have a direct impact on our operating costs. We have approximately 35,500 employees outside of the United States. A significant increase in minimum wage or overtime rates in such countries could have a significant impact on our operating costs and may require that we relocate those operations or take other steps to mitigate such increases, all of which may cause us to incur additional costs, expend resources responding to such increases, and lower our margins.

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

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

We sell a majority of our products in transactions denominated in U.S. dollars; however, we purchase many of our products, pay a portion of our wages and make other payments in our supply chain in foreign currencies. As a result, if the U.S. dollar were to weaken against any of these currencies, our cost of sales could increase substantially. We are also exposed to gains and losses resulting from the effect that fluctuations in foreign currency exchange rates have on the reported results in our consolidated financial statements due to the translation of operating results and financial position of our foreign subsidiaries. In addition, currency fluctuations can impact the price of cotton, the primary raw material we use in our business.

We have significant unfunded employee benefit liabilities: if assumptions underlying our calculation of these liabilities prove incorrect, the amount of these liabilities could increase or we could be required to make contributions to these plans in excess of our current expectations, both of which could have a negative impact on our cash flows, liquidity and results of operations.

We will assume significant unfunded employee benefit liabilities for pension, postretirement and other retirement benefit qualified and nonqualified plans from Sara Lee in connection with the spin-off. These

unfunded liabilities are expected to be approximately $348.6 million. Included in these unfunded liabilities are pension obligations which have not been reflected in our historical financial statements, because these obligations have historically been obligations of Sara Lee. The pension obligations we are assuming are projected to be approximately $266.0 million more than the corresponding pension assets we are acquiring, which will result in our pension plans being underfunded. In addition, we could be required to make contributions to the pension plans in excess of our current expectations if financial conditions change or if the assumptions we have used to calculate our pension costs and obligations turn out to be inaccurate. A significant increase in our funding obligations could have a negative impact on our cash flows, liquidity and results of operations. See "Unaudited Pro Forma Combined and Consolidated Financial Statements."

Due to restrictions imposed on us related to Sara Lee's sale of its European branded apparel business, we are prohibited from selling our *Wonderbra* and *Playtex* intimate apparel products in the European Union, as well as certain other countries in Europe and South Africa.

In February 2006, Sara Lee sold its European branded apparel business to an affiliate of Sun Capital. In connection with the sale, Sun Capital received an exclusive, perpetual, royalty-free license to sell and distribute apparel products under the *Wonderbra* and *Playtex* trademarks in the member states of the European Union, or the "EU," as well as Russia, South Africa, Switzerland and certain other nations in Europe (together with the EU, the "Covered Nations"). Due to the exclusive license, we are not permitted to sell *Wonderbra* and *Playtex* branded products in the Covered Nations and Sun Capital is not permitted to sell *Wonderbra* and *Playtex* branded products outside of the Covered Nations. We are also not permitted to distribute or sell certain apparel products, not including *Hanes* products, in the Covered Nations until February 2007. Consequently, we will not be able to take advantage of business opportunities that may arise relating to the sale of *Wonderbra* and *Playtex* products in the Covered Nations. In addition, any misuse of the *Wonderbra* and *Playtex* brands by Sun Capital could result in bad press and a loss of sales for our products under these brands, any of which may have a material adverse effect on our business, results of operations or financial condition. For more information on these sales restrictions see "Description of Our Business—Intellectual Property."

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

We license some of our important trademarks to third parties. For example, we license *Champion* to third parties for athletic-oriented accessories. Although we make concerted efforts to protect our brands through quality control mechanisms and contractual obligations imposed on our licensees, there is a risk that some licensees may not be in full compliance with those mechanisms and obligations. In that event, or if a licensee engages in behavior with respect to the licensed marks that would cause us reputational harm, we could experience a significant downturn in that brand's business, adversely affecting our sales and results of operations.

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

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

Risks Related to the Spin Off

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

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

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

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

In the tax sharing agreement with Sara Lee, we will agree to indemnify Sara Lee and its affiliates for any liability for taxes of Sara Lee resulting from: (1) any action or failure to act by us or any of our affiliates following the completion of the spin off that would be inconsistent with or prohibit the spin off from qualifying as a tax-free transaction to Sara Lee and to you under Sections 355 and 368(a)(1)(D) of the Code, or (2) any action or failure to act by us or any of our affiliates following the completion of the spin off that would be inconsistent with or cause to be untrue any material, information, covenant, or representation made in connection with the private letter ruling obtained by Sara Lee from the IRS relating to, among other things, the qualification of the spin off as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code. For a more detailed discussion, see "Agreements with Sara Lee—Tax Sharing Agreement." Our indemnification obligations to Sara Lee and its affiliates are not limited in amount or subject to any cap. It is expected that the amount of any such taxes to Sara Lee would be substantial.

We have no operating history as an independent company upon which you can evaluate our performance and accordingly, our prospects must be considered in light of the risks that any newly independent company encounters.

Prior to the consummation of this distribution, we have operated as part of Sara Lee. Accordingly, we have no experience operating as an independent company and performing various corporate functions, including human resources, tax administration, legal (including compliance with the Sarbanes-Oxley Act of 2002 and with the periodic reporting obligations of the Securities Exchange Act of 1934), treasury administration, investor relations, internal audit, insurance, information technology and telecommunications services, as well as the accounting for many items such as equity compensation, income taxes, derivatives, intangible assets and

pensions. Our prospects must be considered in light of the risks, expenses and difficulties encountered by companies in the early stages of independent business operations, particularly companies such as ours in highly competitive markets with complex supply chain operations.

Our historical and pro forma financial information is not necessarily indicative of our results as a separate company and therefore may not be reliable as an indicator of our future financial results.

Our historical financial statements and Unaudited Pro Forma Combined and Consolidated Financial Statements have been created from Sara Lee's financial statements using our historical results of operations and historical bases of assets and liabilities as part of Sara Lee. Accordingly, the historical financial information we have included in this information statement is not necessarily indicative of what our financial position, results of operations and cash flows would have been if we had been a separate, stand-alone entity during the periods presented.

The historical financial information is not necessarily indicative of what our results of operations, financial position and cash flows will be in the future and does not reflect many significant changes that will occur in our capital structure, funding and operations as a result of the spin off. While our historical results of operations include all costs of Sara Lee's branded apparel business, our historical costs and expenses do not include all of the costs that would have been or will be incurred by us as an independent company. In addition, we have not made adjustments to our historical financial information to reflect changes, many of which are significant, that will occur in our cost structure, financing and operations as a result of the spin off, including the substantial debt and pension liabilities that we will assume in connection with the spin off. These changes include potentially increased costs associated with reduced economies of scale and purchasing power.

Our effective income tax rate as reflected in our historical financial information also may not be indicative of our future effective income tax rate. Among other things, the rate may be materially impacted by:

- changes in the mix of our earnings from the various jurisdictions in which we operate;
- the tax characteristics of our earnings;
- the timing and amount of earnings of foreign subsidiaries that we repatriate to the United States, which may increase our tax expense and taxes paid;
- the timing and results of any reviews of our income tax filing positions in the jurisdictions in which we transact business; and
- the expiration of the tax incentives for manufacturing operations in Puerto Rico, which have been repealed effective in fiscal 2007.

We and Sara Lee will provide a number of services to each other pursuant to a master transition services agreement. When the master transition services agreement terminates, we will be required to replace Sara Lee's services internally or through third parties on terms that may be less favorable to us.

Under the terms of a master transition services agreement that we expect to enter into with Sara Lee prior to the spin off, we and Sara Lee will provide to each other, for a fee, specified support services related to human resources and payroll functions, financial and accounting functions and information technology for a period of up to 12 months following the spin off. When the master transition services agreement terminates, Sara Lee will no longer be obligated to provide any of these services to us or pay us for the services we are providing Sara Lee, and we will be required to either enter into a new agreement with Sara Lee or another services provider or assume the responsibility for these functions ourselves. At such time, the economic terms of the new arrangement may be less favorable than the arrangement with Sara Lee under the master transition services agreement, which may have a material adverse effect on our business, results of operations and financial condition.

We will agree to certain restrictions in order to comply with U.S. federal income tax requirements for a tax-free spin off and may not be able to engage in acquisitions and other strategic transactions that may otherwise be in our best interests.

Current U.S. federal tax law that applies to spin offs generally creates a presumption that the spin off would be taxable to Sara Lee but not to its stockholders if we engage in, or enter into an agreement to engage in, a plan or series of related transactions that would result in the acquisition of a 50% or greater interest (by vote or by value) in our stock ownership during the four-year period beginning on the date that begins two years before the spin off, unless it is established that the transaction is not pursuant to a plan related to the spin off. United States Treasury Regulations generally provide that whether an acquisition of our stock and a spin off are part of a plan is determined based on all of the facts and circumstances, including specific factors listed in the regulations. In addition, the regulations provide certain "safe harbors" for acquisitions of our stock that are not considered to be part of a plan related to the spin off.

There are other restrictions imposed on us under current U.S. federal tax law for spin offs and with which we will need to comply in order to preserve the favorable tax treatment of the distribution, such as continuing to own and manage our apparel business and limitations on sales or redemptions of our common stock for cash or other property following the distribution.

In the tax sharing agreement with Sara Lee, we will agree that, among other things, we will not take any actions that would result in any tax being imposed on Sara Lee as a result of the spin off. Further, for the two-year period following the spin off, we will agree not to: (1) repurchase any of our stock except in certain circumstances permitted by the IRS guidelines, (2) voluntarily dissolve or liquidate or engage in any merger (except certain cash acquisition mergers), consolidation, or other reorganizations except for certain mergers of our wholly-owned subsidiaries to the extent not inconsistent with the tax-free status of the spin off, (3) sell, transfer, or otherwise dispose of more than 50% of our assets, excluding any sales conducted in the ordinary course of business or (4) cease, transfer or dispose of all or any portion of our socks business. We will, however, be permitted to take certain actions otherwise prohibited by the tax sharing agreement if we provide Sara Lee with an unqualified opinion of tax counsel or private letter ruling from the IRS, acceptable to Sara Lee, to the effect that these actions with not affect the tax-free nature of the spin off. These restrictions could substantially limit our strategic and operational flexibility, including our ability to finance our operations by issuing equity securities, make acquisitions using equity securities, repurchase our equity securities, raise money by selling assets, or enter into business combination transactions.

Substantial sales of our common stock following the distribution may have an adverse impact on the trading price of our common stock.

Some of the Sara Lee's stockholders who receive our shares of common stock may decide that their investment objectives do not include ownership of our shares, and may sell their shares of common stock following the distribution. In particular, certain Sara Lee stockholders that are institutional investors have investment parameters that depend on their portfolio companies maintaining a minimum market capitalization that we may not achieve after the distribution. Also, many employees of Sara Lee may be unwilling to continue to hold our common stock in their 401(k) or other retirement accounts because such employees will not be employed by us. For example, participants in the Sara Lee 401(k) Plan who fail to make an affirmative election to retain the shares of Hanesbrands common stock that they receive on the distribution date will have their entire holding of Hanesbrands common stock in their Sara Lee 401(k) Plan account liquidated shortly after the distribution date. In addition, participants in the Sara Lee 401(k) Plan who affirmatively elect to retain the shares of Hanesbrands common stock that they receive in their Sara Lee 401(k) Plan account will be required to liquidate those shares within one year after the distribution date. We cannot predict whether other stockholders will resell large numbers of our shares of common stock in the public market following the distribution or how quickly they may resell these shares. If our stockholders sell large numbers of our shares of common stock over a short period of time, or if investors anticipate large sales of our shares of common stock over a short period of time, this could adversely affect the trading price of our shares of common stock.

The terms of our spin off from Sara Lee, anti-takeover provisions of our charter and by-laws, as well as Maryland law and our stockholder rights agreement, may reduce the likelihood of any potential change of control or unsolicited acquisition proposal that you might consider favorable.

The terms of our spin off from Sara Lee could delay or prevent a change of control that you may favor. An acquisition or issuance of our common stock could trigger the application of Section 355(e) of the Code. For a discussion of Section 355(e) of the Code, please see "The Spin Off—Material U.S. Federal Income Tax Consequences of the Spin Off." Under the tax sharing agreement we will enter into with Sara Lee, we would be required to indemnify Sara Lee for the resulting tax in connection with such an acquisition or issuance and this indemnity obligation might discourage, delay or prevent a change of control that you may consider favorable. Our charter and bylaws and Maryland law contain provisions that could make it harder for a third-party to acquire us without the consent of our board of directors. Our charter permits our board of directors, without stockholder approval, to amend the charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have the authority to issue. In addition, our board of directors may classify or reclassify any unissued shares of common stock or preferred stock and may set the preferences, conversion or other rights, voting powers, and other terms of the classified or reclassified shares. Our board of directors could establish a series of preferred stock that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders. Our board of directors also is permitted, without stockholder approval, to implement a classified board structure at any time.

Our bylaws, which can only be amended by our board of directors, provide that nominations of persons for election to our board of directors and the proposal of business to be considered at a stockholders meeting may be made only in the notice of the meeting, by our board of directors or by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures of our bylaws. Also, under Maryland law, business combinations, including issuances of equity securities, between us and any person who beneficially owns 10% or more of our common stock or an affiliate of such person, are prohibited for a five-year period unless exempted by the statute. After this five-year period, a combination of this type must be approved by two super-majority stockholder votes, unless some conditions are met or the business combination is exempted by our board of directors.

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

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

See "Agreements with Sara Lee—Tax Sharing Agreement" and "Description of Our Capital Stock" for a more detailed description of these agreements and of these provisions of Maryland law, our charter and bylaws.

Until the distribution occurs Sara Lee has the sole discretion to change the terms of the spin off in ways which may be unfavorable to us.

Until the distribution occurs Sara Lee will have the sole and absolute discretion to determine and change the terms of, and whether to proceed with, the distribution, including the establishment of the record date and distribution date. These changes could be unfavorable to us. In addition, Sara Lee may decide at any time not to proceed with the spin off.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and other materials we have filed or will file with the Securities and Exchange Commission, or the "SEC," contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. 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 included under "The Spin Off," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Our Business" contain forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- our ability to migrate our production and manufacturing operations to lower-cost centers around the world;
- the highly competitive and evolving nature of the industry in which we compete;
- our ability to effectively manage our inventory and reduce inventory reserves;
- any failure by us to successfully streamline our operations;
- retailer consolidation and other changes in the apparel essentials industry;
- our ability to keep pace with changing consumer preferences in intimate apparel;
- any loss of or reduction in sales to any of our top customers, especially Wal-Mart;
- financial difficulties experienced by any of our top customers;
- risks associated with our foreign operations or foreign supply sources, such as disruption of markets, changes in import and export laws, currency restrictions and currency exchange rate fluctuations;
- the impact of economic and business conditions and industry trends in the countries in which we operate on our supply chain;
- any failure by us to protect against dramatic changes in the volatile market price of cotton, the primary material used in the manufacture of our products;
- costs and adverse publicity arising from violations of labor and environmental laws by us or any of our third-party manufacturers;
- our ability to attract and retain key personnel;
- our substantial debt and debt service requirements which restrict our operating and financial flexibility, and impose significant interest and financing costs;
- the risk of inflation or deflation;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- rapid technological changes;
- future financial performance, including availability, terms and deployment of capital;
- the outcome of any pending or threatened litigation;
- our ability to comply with environmental and occupational health and safety laws and regulations;

- general economic conditions; and
- possible terrorists attacks and ongoing military action in the Middle East and other parts of the world.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this information statement. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any other change in events, conditions or circumstances on which any such statement is based, other than as required by law.

THE SPIN OFF

Background

Our business is currently part of Sara Lee and our assets and liabilities consist of those that Sara Lee attributes to its branded apparel business (excluding its European and U.K. operations, which have been sold by Sara Lee). The board of directors of Sara Lee has determined to separate its branded apparel business segment from its other business segments by means of a spin off. To accomplish the spin off, Sara Lee is distributing all of its equity interests in our company, consisting of all of the outstanding shares of our common stock, to Sara Lee's stockholders on a pro rata basis. Following the spin off, Sara Lee will cease to own any equity interest in our company, and we will be an independent, publicly traded company. No vote of Sara Lee's stockholders is required or being sought in connection with the spin off, and Sara Lee's stockholders have no appraisal rights in connection with the spin off.

Reasons for the Spin Off

Among other things, the board of directors of Sara Lee considered the following potential benefits in making its determination to approve the spin off:

- *Enabling investors to invest directly in our business*. Because our company and Sara Lee's other business segments operate primarily in different industries, an equity investment in each company may appeal to investors with different goals, interests and concerns. Establishing separate equity securities will allow investors to make separate investment decisions with respect to our and Sara Lee's respective businesses.
- *Allowing us and Sara Lee to focus on our respective core businesses*. Sara Lee is implementing a transformation plan in order to make Sara Lee and us more tightly focused companies—with Sara Lee focusing on its food, beverage and household products business and us focusing on the branded apparel business as an independent company. Sara Lee's lines of business have financial and operational characteristics which are distinct from those of our business. The spin off will allow Sara Lee to adopt more focused strategies around its core businesses and will enable us to better focus on the growth and development of our business.
- *Creating more effective management incentives*. We and Sara Lee believe that the spin off will enable each of our companies to create more effective management incentive and retention programs. Following the spin off, stock-based compensation and other incentive awards held by employees of each of our companies will be tied more directly to the performance of the company for which the employees work.
- *Direct access to capital*. Historically, our working capital requirements and capital for general corporate purposes, including acquisitions and capital expenditures, have been satisfied as part of the corporate wide cash management policies of Sara Lee. We expect to have better and more direct access to the capital markets after the spin off as our investors will not be forced to understand and make investment decisions with respect to Sara Lee's other businesses that are fundamentally different from our business. Sara Lee also will benefit since its investors will not need to understand and make investment decisions with respect to our business. In addition, we and Sara Lee will have the option to use our own respective equity as acquisition or financing currency should the appropriate strategic opportunities arise.

Neither we nor Sara Lee can assure you that, following the spin off, any of these benefits will be realized to the extent anticipated or at all.

Manner of Effecting the Spin Off

On the distribution date, Sara Lee will effect the spin off by distributing to holders of record of its common stock (or their designees) as of the record date a dividend of one share of our common stock for every eight shares of Sara Lee common stock held by them on the record date and not subsequently sold in the "regular way" market.

Prior to the spin off, Sara Lee will deliver all of the issued and outstanding shares of our common stock to the distribution agent. On or about September 5, 2006, which we refer to as the "distribution date," the distribution agent will effect delivery of the shares of our common stock issuable in the spin off through the transfer agent's book-entry registration system by mailing to each record holder a statement of holdings detailing the record holder's ownership interest in our company and the method by which the record holder may access its account and, if desired, trade its shares of our common stock. Please note that if any stockholder of Sara Lee on the record date sells shares of Sara Lee common stock after the record date but on or before the distribution date, the buyer of those shares, and not the seller, will become entitled to receive the shares of our common stock issuable in respect of the shares sold. See "—Trading of Sara Lee Common Stock Between the Record Date and the Distribution Date" below for more information.

A delivery of a share of our common stock in connection with the distribution also will constitute the delivery of the preferred stock purchase right associated with the share. The existence of the preferred stock purchase rights may deter a potential acquiror from making a hostile takeover proposal or a tender offer. For a more detailed discussion of these rights, see "Description of Our Capital Stock—Certain Provisions of Maryland Law and of Our Charter and Bylaws That Could Have the Effect of Delaying, Deferring or Preventing a Change in Control—Rights Agreement."

You are not being asked to take any action in connection with the spin off. You also are not being asked for a proxy or to surrender any of your shares of Sara Lee common stock for shares of our common stock. The number of outstanding shares of Sara Lee common stock will not change as a result of the spin off, although the value of shares of Sara Lee common stock will be affected.

Treatment of Fractional Shares

Fractional shares of our common stock will not be issued to Sara Lee stockholders as part of the distribution nor credited to book-entry accounts. Record stockholders of fewer than eight shares of Sara Lee common stock on the record date, which would entitle them to receive less than one whole share of our common stock, will receive cash in lieu of fractional shares. The distribution agent will aggregate all of the fractional shares and sell them in the open market at then prevailing prices on behalf of these stockholders. These stockholders will receive cash payments in the amount of their proportionate share of the net sale proceeds from the sale of the aggregated fractional shares, based upon the average gross selling price per share of our common stock after making appropriate deductions for any required withholdings for U.S. federal income tax purposes. See "—Material U.S. Federal Income Tax Consequences of the Spin Off" for a discussion of the U.S. federal income tax treatment of the proceeds received from the sale of fractional shares. We will bear the cost of brokerage fees incurred in connection with these sales. We anticipate that these sales will occur as soon after the date of the spin off as practicable as determined by the distribution agent. None of Sara Lee, us or the distribution agent will guarantee any minimum sale price for the fractional shares. The distribution agent will have the sole discretion to select the broker-dealer(s) through which to sell the shares and to determine when, how and at what price to sell the shares. Further, neither the distribution agent nor the selected broker-dealer(s) will be our affiliate or an affiliate of Sara Lee.

Material U.S. Federal Income Tax Consequences of the Spin Off

The following is a summary of certain material U.S. federal income tax consequences to Sara Lee and the holders of Sara Lee common stock resulting from the spin off. This discussion is based upon the Code, existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions, all as in effect as of the date of this information statement, and all of which are subject to change. Any such change, which may or may not be retroactive, could materially alter the tax consequences to Sara Lee or the holders of Sara Lee common stock as described in this information statement. This summary does not discuss all U.S. federal income tax considerations that may be relevant to you in light of your particular circumstances or to a stockholder that may be subject to special tax rules, including, without limitation:

- stockholders subject to the alternative minimum tax;

- banks, insurance companies, or other financial institutions;
- tax-exempt organizations;
- dealers in securities or commodities;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- stockholders whose "functional currency" is not the U.S. dollar;
- stockholders holding their common stock through partnerships and other pass-through entities; and
- U.S. expatriates and non-U.S. persons.

In addition, the following discussion does not address the tax consequences of the spin off under state, local, or foreign tax laws, the tax consequences of transactions effectuated prior to or after the spin off (whether or not such transactions are undertaken in connection with the spin off), or the tax consequences to stockholders who received our common stock pursuant to the exercise of employee stock options, under an employee stock purchase plan, or otherwise as compensation.

This summary of the material U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, you are urged to consult your own tax advisors concerning the U.S. federal, state, and local, and non-U.S. tax consequences of the spin off to you.

Sara Lee has received a private letter ruling from the IRS to the effect that the spin off will qualify as a tax-free distribution under Section 355 and a tax-free reorganization under Section 368(a)(1)(D) of the Code. Such ruling provides that, for U.S. federal income tax purposes, among other things:

- no gain or loss will be recognized by Sara Lee upon the distribution of shares of our common stock to holders of Sara Lee common stock pursuant to the spin off;
- other than with respect to fractional shares of our common stock, no gain or loss will be recognized by, and no amount will be included in the income of, a holder of Sara Lee common stock upon the receipt of shares of our common stock pursuant to the spin off;
- a Sara Lee stockholder who receives shares of our common stock in the spin off will have an aggregate adjusted basis in its shares of our common stock (including any fractional share in respect of which cash is received) and its shares of Sara Lee common stock immediately after the spin off equal to the aggregate adjusted basis of the stockholder's Sara Lee common stock held prior to the spin off, which will be allocated in proportion to their relative fair market values; and
- the holding period of the shares of our common stock received in the spin off by a Sara Lee stockholder will include the holding period of its shares of Sara Lee common stock, provided that such shares of Sara Lee common stock were held as a capital asset on the distribution date.

United States Treasury Regulations also generally provide that if a Sara Lee stockholder holds different blocks of Sara Lee common stock (generally shares of Sara Lee common stock purchased or acquired on different dates or at different prices), the aggregate basis for each block of Sara Lee common stock purchased or acquired on the same date and at the same price will be allocated, to the greatest extent possible, between the shares of our common stock (including any fractional share) received in the spin off in respect of such block of Sara Lee common stock and such block of Sara Lee common stock, in proportion to their respective fair market values, and the holding period of the shares of our common stock (including any fractional share) received in the spin off in respect of such block of Sara Lee common stock will include the holding period of such block of Sara Lee common stock, provided that such block of Sara Lee common stock was held as a capital asset on the distribution date. If a Sara Lee stockholder is not able to identify which particular shares of our common stock (including any fractional share) are received in the spin off with respect to a particular block of Sara Lee

common stock, for purposes of applying the rules described above, the stockholder may designate which shares of our common stock (including any fractional share) are received in the spin off in respect of a particular block of Sara Lee common stock, provided that such designation is consistent with the terms of the spin off. Holders of Sara Lee common stock are urged to consult their own tax advisors regarding the application of these rules to their particular circumstances.

If you receive cash in lieu of a fractional share of our common stock as part of the spin off, you will be treated as though you first received a distribution of the fractional share in the spin off and then sold it for the amount of such cash. You will generally recognize capital gain or loss, provided that the fractional share is considered to be held as a capital asset, measured by the difference between the cash you receive for such fractional share and your tax basis in that fractional share, as determined above. Such capital gain or loss will be a long-term capital gain or loss if your holding period (as determined above) for such fractional share of Sara Lee common stock is more than one year on the distribution date.

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

If the spin off does not qualify for tax-free treatment, then Sara Lee will recognize taxable gain in an amount equal to the excess of the value of the shares of our common stock held by Sara Lee immediately prior to the spin off over Sara Lee's tax basis in such shares of our common stock. In addition, a holder of Sara Lee's common stock will be subject to tax as if the holder had received a taxable distribution in an amount equal to the fair market value of the shares of our common stock received in the spin off by such holder. See "Risk Factors—Risks Related to the Spin Off—The spin off could result in substantial tax liability."

Current U.S. federal tax law that applies to spin offs generally creates a presumption that the spin off would be taxable to Sara Lee but not to its stockholders if we engage in, or enter into an agreement to engage in, a plan or series of related transactions that would result in 50% or greater change (by vote or by value) in our stock ownership during the four-year period beginning on the date that begins two years before the spin off, unless it is established that the transaction is not pursuant to a plan related to the spin off. United States Treasury Regulations generally provide that whether an acquisition of our stock and a spin off are part of a plan is determined based on all of the facts and circumstances, including specific factors listed in the regulations. In addition, the regulations provide certain "safe harbors" for acquisitions of our stock that are not considered to be part of a plan related to the spin off.

There are other restrictions imposed on us under current U.S. federal tax law for spin offs and with which we will need to comply in order to preserve the favorable tax treatment of the distribution, such as continuing to own and manage our apparel business and limitations on sales or redemptions of our common stock for cash or other property following the distribution.

In the tax sharing agreement with Sara Lee, we will agree that, among other things, we will not take any actions that would result in any tax being imposed on the spin off. Please see "Agreements with Sara Lee—Tax Sharing Agreement" for more detail.

Treasury Regulations under Section 355 of the Code require that certain Sara Lee stockholders who receive shares of our common stock pursuant to the spin off attach statements to their U.S. federal income tax returns for the taxable year in which such stockholder receives the shares of our common stock in the spin off, which statement shows the applicability of Section 355 of the Code to the spin off.

Sara Lee will make available to the Sara Lee stockholders who may be subject to this requirement any information known to Sara Lee and necessary to comply with this requirement.

Results of the Spin Off

After the spin off, we will be an independent public company owning and operating what had previously been Sara Lee's branded apparel business (excluding certain of Sara Lee's branded apparel business operations in Europe and the U.K.). Immediately following the spin off, we expect to have outstanding approximately 95.1 million shares of our common stock and approximately 81,350 holders of record of shares of our common stock, based upon the number of shares of Sara Lee common stock outstanding and the number of record holders of Sara Lee common stock on July 28, 2006.

The spin off will not affect the number of outstanding Sara Lee shares or any rights of Sara Lee stockholders, although it will affect the market value of the outstanding Sara Lee common stock.

Listing and Trading of Our Common Stock

As of the date of this information statement, there is no public market for our common stock. Further, as of the date of this information statement, there are no shares of Hanesbrands common stock that are subject to outstanding options or warrants to purchase, or securities convertible into, Hanesbrands common stock. Similarly, other than shares held by Sara Lee, there are no shares of Hanesbrands common stock that may be sold pursuant to Rule 144. Our common stock has been authorized for listing on the New York Stock Exchange under the symbol "HBI." After the spin off, Sara Lee common stock will continue to be listed on the New York Stock Exchange under the symbol "SLE."

There currently is no trading market for our common stock, although we expect that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and we expect regular way trading of our common stock will begin on the first trading day after the completion of the spin off. Neither we nor Sara Lee can assure you as to the trading price of our common stock after the spin off or as to whether the combined trading prices of our common stock and Sara Lee's common stock after the spin off will be less than, equal to or greater than the trading prices of Sara Lee's common stock prior to the spin off. See "Risk Factors—Risks Related to the Spin Off." The trading price of our common stock is likely to fluctuate significantly, particularly until an orderly market develops.

The shares of our common stock distributed to Sara Lee's stockholders will be freely transferable, except for shares received by individuals who are our affiliates. Individuals who may be considered our affiliates after the spin off include individuals who control, are controlled by or are under common control with us, as those terms generally are interpreted for federal securities law purposes. This may include some or all of our executive officers and directors. In addition, individuals who are affiliates of Sara Lee on the distribution date may be deemed to be affiliates of ours. Individuals who are our affiliates will be permitted to sell their shares of common stock received in the spin off only pursuant to an effective registration statement under the Securities Act of 1933, of the "Securities Act," an appropriate exemption from registration, or pursuant to Rule 144 once 90 days have expired since the date that the registration statement of which this information statement is a part was declared effective. In general, under Rule 144, an affiliate who receives shares of our common stock in the distribution, for a period of at least one year is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then-outstanding shares of common stock; and
- the average weekly trading volume of the common stock during the four calendar weeks preceding the date on which the notice of the sale is filed with the Securities and Exchange Commission.

Sales under Rule 144 are also subject to provisions relating to notice, manner of sale, volume limitations and the availability of current public information about us. As of the distribution date, based on their holdings of

Sara Lee common stock as of July 3, 2006, we estimate that our officers and directors will collectively hold 12,342 shares of our common stock that will be subject to Rule 144.

Trading of Sara Lee Common Stock Between the Record Date and Distribution Date

Shortly before the record date for the spin off, Sara Lee's common stock will begin to trade in two markets on the NYSE: a "regular way" market and an "ex-distribution" market. Between this time and the consummation of the spin off, shares of Sara Lee common stock that are sold on the regular way market will include an entitlement to receive shares of our common stock distributable in the spin off. Conversely, shares sold in the "ex-distribution" market will not include an entitlement to receive shares of our common stock distributable in the spin off, as the entitlement will remain with the original holder. Therefore, if you own shares of Sara Lee common stock on the record date and thereafter sell those shares in the regular way market on or prior to the distribution date, you also will be selling the shares of our common stock that would have been distributed to you in the spin off with respect to the shares of Sara Lee common stock you sell. If you own shares of Sara Lee common stock on the record date and thereafter sell those shares in the "ex-distribution" market on or prior to the distribution date, you will still receive the shares of our common stock in the spin off. On the first trading day following the distribution date, shares of Sara Lee common stock will begin trading without any entitlement to receive shares of our common stock.

Material Changes to the Terms of the Spin Off

Sara Lee will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the date of the distribution. Hanesbrands does not intend to notify Sara Lee stockholders of any modifications to the terms of the spin off that, in the judgment of its board of directors, are not material. For example, Sara Lee's board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be contributed or the liabilities to be assumed in the spin off. To the extent that the board of directors determines that any modifications by Sara Lee materially change the material terms of the distribution, we or Sara Lee will notify Sara Lee shareholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to the information statement.

Reasons for Furnishing this Information Statement

This information statement is being furnished solely to provide information about us and about the spin off to Sara Lee stockholders who will receive shares of our common stock in the spin off. It is not and should not be construed as an inducement or encouragement to buy or sell any of our securities or any securities of Sara Lee. We believe that the information contained in this information statement is accurate as of the date set forth on the cover. Changes to the information contained in this information statement may occur after that date, and neither we nor Sara Lee undertake any obligation to update the information except in the normal course of our respective public disclosure obligations and practices.

DIVIDEND POLICY

We currently do not pay regular dividends on our outstanding stock. Effective upon the consummation of the distribution, we intend to adopt a policy of paying, subject to legally available funds, a modest quarterly cash dividend on outstanding shares of our common stock.

The declaration of any future dividends and, if declared, the amount of any such dividends, will be subject to our actual future earnings, capital requirements, regulatory restrictions, debt covenants, other contractual restrictions and to the discretion of our board of directors. Our board of directors may take into account such matters as general business conditions, our financial condition and results of operations, our capital requirements, our prospects and such other factors as our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our capitalization on a historical basis as of April 1, 2006, pro forma to give effect to the spin off and as adjusted to give effect to the incurrence of indebtedness and the use of the proceeds therefrom.

This table should be read in conjunction with "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Combined and Consolidated Financial Statements" and our Unaudited Interim Condensed Combined and Consolidated Financial Statements and corresponding notes included elsewhere in this information statement.

	April 1, 2006		
	Actual	Pro Forma(1)	Pro Forma as Adjusted(2)
		(in thousands)	
Cash and cash equivalents	$ 455,895	$ —	$ 150,000
Debt, including current and long-term:			
New senior secured credit facility:			
Term A facility	$ —	$ —	$ 350,000
Term B facility	—	—	1,300,000
Revolving credit facility	—	—	—
Second lien facility	—	—	450,000
Bridge loan facility	—	—	500,000
Capital lease obligations	7,342	7,342	7,342
Notes payable to banks	30,375	30,375	30,375
Total debt(3)	37,717	37,717	2,637,717
Debt payable to parent companies and related entities to be extinguished	888,550	450,000	—
Total parent companies' equity	2,662,193	1,746,739	(206,461)
Total capitalization	$ 3,588,460	$ 2,234,456	$ 2,431,256

(1) Assumes that the spin off occurred as of April 1, 2006.

(2) Assumes that the spin off and the related debt incurrence occurred as of April 1, 2006 and reflects the pro forma adjustments as described in the notes to our "Unaudited Pro Forma Combined and Consolidated Statements," as well as the incurrence of $ 1.65 billion of debt under a proposed new senior secured credit facility, $450.0 million of debt under a proposed new senior secured second lien credit facility and $500.0 million of debt under a proposed new bridge loan facility with an estimated blended interest rate of 8.0%, and the payment to Sara Lee of $2.4 billion of the proceeds of such debt incurrence.

(3) Excludes debt payable to parent companies and related entities to be extinguished.

SELECTED HISTORICAL FINANCIAL DATA

The following table presents our selected historical and pro forma financial data. The statements of income data for each of the fiscal years in the three fiscal years ended July 2, 2005 and the balance sheet data as of June 28, 2003, July 3, 2004 and July 2, 2005 have been derived from our audited Combined and Consolidated Financial Statements included elsewhere in this information statement. The financial data as of April 1, 2006 and for the thirty-nine weeks ended April 2, 2005 and April 1, 2006 have been derived from our Unaudited Interim Condensed Combined and Consolidated Financial Statements included elsewhere in this information statement. The Unaudited Interim Condensed Combined and Consolidated Financial Statements are not necessarily indicative of the results to be expected for any other interim period or for fiscal 2006 as a whole. However, in the opinion of management, the unaudited interim financial statements include all adjustments (consisting of normal recurring accruals) that are necessary for the fair presentation of the results for the interim period. The financial data as of and for the years ended June 30, 2001 and June 29, 2002 have been derived from our financial statements not included in this information statement.

Our historical financial data are not necessarily indicative of our future performance or what our financial position and results of operations would have been if we had operated as a separate, stand-alone entity during the periods shown. The data should be read in conjunction with our historical financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Combined and Consolidated Financial Statements" included elsewhere in this information statement.

	Years Ended					Thirty-nine Weeks Ended	
	June 30, 2001(1)	June 29, 2002	June 28, 2003	July 3, 2004	July 2, 2005	April 2, 2005	April 1, 2006
	(unaudited)	(unaudited)	(dollars in thousands, except per share data)			(unaudited)	(unaudited)
Statements of Income Data:							
Net sales	$ 5,010,548	$ 4,920,840	$ 4,669,665	$ 4,632,741	$ 4,683,683	$ 3,528,333	$ 3,352,699
Cost of sales	3,337,522	3,278,506	3,010,383	3,092,026	3,223,571	2,428,997	2,248,828
Gross profit	1,673,026	1,642,334	1,659,282	1,540,715	1,460,112	1,099,336	1,103,871
Selling, general and administrative expenses	1,299,844	1,146,549	1,126,065	1,087,964	1,053,654	775,607	749,236
Charges for (income from) exit activities	200,450	27,580	(14,397)	27,466	46,978	(815)	945
Income from operations	172,732	468,205	547,614	425,285	359,480	324,544	353,690
Interest expense	13,711	2,509	44,245	37,411	35,244	18,458	19,295
Interest income	(4,712)	(13,753)	(46,631)	(12,998)	(21,280)	(19,318)	(7,783)
Income before income taxes	163,733	479,449	550,000	400,872	345,516	325,404	342,178
Income tax expense (benefit)	12,885	139,488	121,560	(48,680)	127,007	97,911	78,970
Net income	$ 150,848	$ 339,961	$ 428,440	$ 449,552	$ 218,509	$ 227,493	$ 263,208
Pro Forma:							
Net income per share basic (2)	$ 1.59	$ 3.58	$ 4.51	$ 4.73	$ 2.30	$ 2.39	$ 2.77
Net income per share diluted (3)							
Weighted average shares basic (2)	95,017	95,017	95,017	95,017	95,017	95,017	95,017
Weighted average shares diluted (3)							

	June 30, 2001	June 29, 2002	June 28, 2003	July 3, 2004	July 2, 2005	April 1, 2006
	(unaudited)	(unaudited)	(in thousands)			(unaudited)
Balance Sheet Data:						
Cash and cash equivalents	$ 222,768	$ 106,250	$ 289,816	$ 674,154	$ 1,080,799	$ 455,895
Total assets	4,093,700	4,064,730	3,915,573	4,402,758	4,237,154	4,205,112
Noncurrent liabilities:						
Noncurrent capital lease obligations	14,307	12,171	10,054	7,200	6,188	3,951
Noncurrent deferred tax liabilities	6,732	10,140	6,599	—	7,171	7,171
Other noncurrent liabilities	141,971	37,660	32,598	28,734	40,200	43,477
Total noncurrent liabilities	163,010	59,971	49,251	35,934	53,559	54,599
Total parent companies' equity	1,724,851	1,762,824	2,237,448	2,797,370	2,602,362	2,662,193

(1) In fiscal 2001, we disposed of our Australian apparel business and certain *Champion* assets that were used in sales to college bookstores. The net sales and operating loss related to these operations, which are included in the fiscal 2001 reported results above, are $108.7 million and $(2.3) million, respectively.

(2) The number of shares used to compute basic earnings per share is 95,016,942, which is the number of shares of our common stock assumed to be outstanding on the distribution date, based on a distribution ratio of one share of our common stock for every eight shares of Sara Lee common stock that was outstanding at April 1, 2006.

(3) The number of shares used to compute diluted earnings per share will be based on the number of shares of our common stock described in (2) above used to compute basic earnings per share, plus the potential dilution that could occur if restricted stock units and options granted under the equity-based compensation arrangements were exercised or converted into common stock. There will be no potentially dilutive securities outstanding on the distribution date; however potentially dilutive securities will be outstanding shortly after the distribution date, and any resulting dilution could be significant. We have approved certain initial equity compensation awards to our executive officers and other employees, which approvals have been based on a specified dollar value for each award. The number of shares underlying these approved awards will be determined based on the fair market value per share of our common stock on the grant date, which is the 15th trading day after the distribution date. All action necessary to approve these awards has been taken; however, the number of shares subject to the awards cannot be computed until the grant date.

UNAUDITED PRO FORMA COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

The Unaudited Pro Forma Combined and Consolidated Financial Statements consist of Unaudited Pro Forma Combined and Consolidated Statements of Income for the thirty-nine weeks ended April 1, 2006 and for the fiscal year ended July 2, 2005 and an Unaudited Pro Forma Combined and Consolidated Balance Sheet as of April 1, 2006. The Unaudited Pro Forma Combined and Consolidated Financial Statements should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations," our Combined and Consolidated Financial Statements and the corresponding notes, and our Unaudited Interim Condensed Combined and Consolidated Financial Statements and the corresponding notes included elsewhere in this information statement.

The Unaudited Pro Forma Combined and Consolidated Financial Statements included in this information statement have been derived from our historical financial statements included elsewhere in this information statement and do not necessarily reflect what our financial position and results of operations would have been if we had operated as a separate stand-alone entity during the periods shown.

The Unaudited Pro Forma Combined and Consolidated Statements of Income reflect our combined and consolidated results as if the spin off and related transactions described below had occurred as of July 4, 2004, the beginning of the most recent fiscal year for which audited financial statements are available. The Unaudited Pro Forma Combined and Consolidated Balance Sheet reflects our combined and consolidated results as if the spin off and related transactions described below had occurred as of April 1, 2006.

The pro forma adjustments give effect to the following transactions:

- The contribution by Sara Lee to us of the assets and liabilities that comprise our business.
- The execution of our senior secured credit facility and the borrowing of approximately $1.65 billion under that credit facility.
- The execution of our senior secured second lien credit facility and the borrowing of approximately $450.0 million under that facility.
- The execution of our bridge loan facility and the borrowing of approximately $500.0 million under that facility.
- The payment by us to Sara Lee of $2.4 billion from the proceeds of such borrowings.
- The distribution of approximately 95.1 million shares of our common stock to holders of Sara Lee common stock, based upon the number of shares of Sara Lee common stock outstanding on July 28, 2006.
- The estimated cost of $46.8 million associated with the debt incurrence described above.
- Settlement of intercompany accounts.

The Unaudited Pro Forma Combined and Consolidated Financial Statements do not include certain non-recurring separation costs we expect to incur in connection with the spin off. Excluded are cash costs to be incurred in the first year estimated at $10 million related to legal, consulting and rebranding activities. In addition, we expect non-recurring revenues of approximately $4 million for transition services to be provided to Sara Lee in accordance with the separation agreements, offset by non-recurring costs of approximately $7 million for us to provide such transition services. See "Agreements with Sara Lee." The historical service fees paid to Sara Lee for support services in fiscal 2005 and the thirty-nine weeks ended April 1, 2006 were $8.9 million and $4.7 million, respectively.

For the fiscal year ended July 2, 2005 and the thirty-nine weeks ended April 1, 2006, Sara Lee allocated to us general and administrative (including corporate) expenses in the amount of $34 million and $27 million, respectively. General and administrative expenses include costs related to human resources, legal, treasury, insurance, finance, internal audit, strategy, public affairs and other services. Effective with the spin off, we will assume responsibility for all of these functions and related costs. We expect our general and administrative expenses, in aggregate, to be approximately $40 million in fiscal 2006. No pro forma adjustments have been made to our financial statements to reflect the costs and expenses described in this paragraph.

Hanesbrands Inc.
Unaudited Pro Forma Combined and Consolidated Statement of Income
Year Ended July 2, 2005

(dollars in thousands, except per share amounts)

	Historical	Pro Forma Adjustments	Pro Forma	Capital Structure Adjustments	Pro Forma As Adjusted
Net sales	$4,683,683	$ —	$4,683,683	$ —	$4,683,683
Cost of sales	3,223,571	—	3,223,571	—	3,223,571
Gross profit	1,460,112	—	1,460,112	—	1,460,112
Selling, general and administrative expenses	1,053,654	11,333(q)	1,064,987	—	1,064,987
Charges for (income from) exit activities	46,978	—	46,978	—	46,978
Income from operations	359,480	(11,333)	348,147	—	348,147
Interest expense	35,244	(18,530)(a)	16,714	216,531(b)	233,245
Interest income	(21,280)	16,275(a)	(5,005)	—	(5,005)
Income before income taxes	345,516	(9,078)	336,438	(216,531)	119,907
Income tax expense	127,007	(6,244)(c)	129,350	(84,231)(d)	45,119
		8,587(d)			
Net income	$ 218,509	$ (11,421)	$ 207,088	$ (132,300)	$ 74,788
Unaudited pro forma earnings per share:					
Basic					$ 0.79(e)
Diluted					(f)
Weighted average shares used in calculating earnings per share:					
Basic					95,017(e)
Diluted					(f)

See accompanying notes to Unaudited Pro Forma Combined and Consolidated Financial Statements.

Hanesbrands Inc.
Unaudited Pro Forma Combined and Consolidated Statement of Income
Thirty-nine Weeks Ended April 1, 2006
(dollars in thousands, except per share amounts)

	Historical	Pro Forma Adjustments	Pro Forma	Capital Structure Adjustments	Pro Forma As Adjusted
Net sales	$3,352,699	$ —	$3,352,699	$ —	$3,352,699
Cost of sales	2,248,828	—	2,248,828	—	2,248,828
Gross profit	1,103,871	—	1,103,871	—	1,103,871
Selling, general and administrative expenses	749,236	8,500(q)	757,736	—	757,736
Charges for (income from) exit activities	945	—	945	—	945
Income from operations	353,690	(8,500)	345,190	—	345,190
Interest expense	19,295	(10,265)(a)	9,030	162,398(b)	171,428
Interest income	(7,783)	5,538(a)	(2,245)	—	(2,245)
Income before income taxes	342,178	(3,773)	338,405	(162,398)	176,007
Income tax expense	78,970	(14,500)(c)	68,085	(63,173)(d)	4,912
		3,615(d)			
Net income	$ 263,208	$ 7,112	$ 270,320	$ (99,225)	$ 171,095
Unaudited pro forma earnings per share:					
Basic					$ 1.80(e)
Diluted					(f)
Weighted average shares used in calculating earnings per share:					
Basic					95,017(e)
Diluted					(f)

See accompanying notes to Unaudited Pro Forma Combined and Consolidated Financial Statements.

Hanesbrands Inc.
Unaudited Pro Forma Combined and Consolidated Balance Sheet
April 1, 2006
(in thousands)

	Historical	Pro Forma Adjustments	Pro Forma	Capital Structure Adjustments	Pro Forma As Adjusted
Assets					
Cash and cash equivalents	$ 455,895	$ (455,895)(h)	$ —	$ 150,000(g)	$ 150,000
Trade accounts receivable	500,490	—	500,490	—	500,490
Due from related entities	229,375	(229,375)(h)	—	—	—
Inventories	1,257,906	—	1,257,906	—	1,257,906
Notes receivable from parent companies	507,678	(507,678)(h)	—	—	—
Deferred tax assets	33,026	(1,635)(i)	31,391	—	31,391
Other current assets	45,607	—	45,607	—	45,607
Total current assets	3,029,977	(1,194,583)	1,835,394	150,000	1,985,394
Property, net	617,125	—	617,125	—	617,125
Trademarks and other intangibles, net	139,436	—	139,436	—	139,436
Goodwill	278,737	—	278,737	—	278,737
Deferred tax assets	134,463	50,641(j)	343,358	—	343,358
		(16,796)(i)			
		175,050(p)			
Other noncurrent assets	5,374	4,458(k)	19,322	46,800(n)	66,122
		9,490(j)			
Total assets	$4,205,112	$ (971,740)	$3,233,372	$ 196,800	$3,430,172
Liabilities and Parent Companies' Equity					
Accounts payable	$ 188,573	$ —	$ 188,573	$ —	$ 188,573
Due to related entities	36,472	(36,472)(h)	—	—	—
Accrued liabilities	380,822	40,844(j)	421,666	—	421,666
Current portion of long-term debt	—	—	—	22,875(l)	22,875
Notes payable to banks	30,375	—	30,375	—	30,375
Funding payable with parent companies	195,479	(195,479)(h)	—	—	—
Notes payable to parent companies	203,536	(203,536)(h)	—	—	—
	—	450,000(p)	450,000	(450,000)(g)	—
Notes payable to related entities	453,063	(453,063)(h)	—	—	—
Total current liabilities	1,488,320	(397,706)	1,090,614	(427,125)	663,489
Long-term debt	—	—	—	2,577,125(l)	2,577,125
Deferred tax liabilities	7,171	7,577(k)	14,748	—	14,748
Other noncurrent liabilities	47,428	307,736(j)	381,271	—	381,271
		26,107(k)			
Total liabilities	1,542,919	(56,286)	1,486,633	2,150,000	3,636,633
Parent companies' equity investment	2,677,678	(242,058)(m)	1,856,272	(1,950,000)(g)	—
	—	(455,895)(h)		(3,200)(h)	
		151,497(h)		96,928(o)	
		175,050(p)			
		(450,000)(p)			
Common stock	—	—	—	950(o)	950
Additional paid in capital	—	—	—	(95,978)(o)	(95,978)
Accumulated other comprehensive loss	(15,485)	(94,048)(j)	(109,533)	—	(109,533)
Total parent companies' equity	2,662,193	(915,454)	1,746,739	(1,953,200)	(206,461)
Total liabilities and parent companies' equity	$4,205,112	$ (971,740)	$3,233,372	$ 196,800	$3,430,172

See accompanying notes to Unaudited Pro Forma Combined and Consolidated Financial Statements.

Hanesbrands Inc.
Notes to Unaudited Pro Forma Combined and Consolidated Financial Statements

(a) Reflects the removal of historical interest expense and interest income on related party debt balances and cash management programs with Sara Lee. We will not participate in Sara Lee's cash management programs after the spin off.

(b) Adjusted to reflect assumed interest expense (including facility fees and amortization of debt issuance costs) on borrowings under (i) a new senior secured credit facility of $1.65 billion, consisting of a $350.0 million Term A facility, a $1.3 billion Term B facility and an additional $500.0 million revolving credit facility which we expect to be undrawn at the closing of the spin off, (ii) a new $450.0 million senior secured second lien credit facility, and (iii) a $500.0 million bridge loan facility. We have received a commitment letter from Merrill Lynch Capital Corporation and Morgan Stanley Senior Funding, Inc. related to the credit facilities. Our credit facilities will bear interest at a rate based on the federal funds rate or the Eurodollar rate, as determined by the administrative agent, plus a margin based on our leverage ratios as in effect from time to time. The following table sets forth the maturities and assumed interest rates for each component of our credit facilities, based on our current expectations regarding the terms of the credit facilities and our assumed leverage ratios.

	Principal Outstanding (dollars in thousands)	Assumed Interest Rate	Maturity
Credit facility:			
Term A facility	$ 350,000	LIBOR plus 1.75%	Sixth anniversary of the spin off closing date
Term B facility	1,300,000	LIBOR plus 2.00%	Seventh anniversary of the spin off closing date
Revolving credit facility	—	LIBOR plus 1.75%	Fifth anniversary of the spin off closing date
Second lien facility	450,000	LIBOR plus 3.50%	90 months after the spin off closing date
Bridge loan facility	500,000	LIBOR plus 4.00%	Eighth anniversary of the spin off closing date
Total	$ 2,600,000		

In preparing the pro forma financial statements, we used the current 90-day LIBOR rate of 5.5% plus the applicable margin in the above table, resulting in an estimated blended interest rate of 8%. A 1/8% change to the blended interest rate would change net income by approximately $2 million on an annual basis.

We expect that the final terms of the new senior secured credit facility, senior secured second lien facility and bridge loan facility will be consistent with those set forth in the commitment letter. However, we could be required to make changes to certain of those terms, such as the allocation of principal amounts among the facilities, the interest rates applicable to the facilities or the maturities of the facilities, if necessary to syndicate the facilities to bank lenders. For more information about the senior secured credit facility, the senior secured second lien facility and the bridge loan facility, see "Description of Certain Indebtedness."

(c) Reflects the removal of the historical tax effect of contingencies and finalization of tax reviews and audits. The contingency adjustments for historic tax liabilities which remain with Sara Lee after the spin off totaled $26.1 million in fiscal 2005 and $14.5 million in fiscal 2006, and are related to issues of transfer pricing, loss utilization and valuation. In fiscal 2005 the IRS audits of fiscal 2001 and fiscal 2002 were finalized for $19.9 million less than originally anticipated.

(d) Adjusted to reflect the income tax effects of the pro forma adjustments at the applicable income tax rates.

(e) The number of shares used to compute basic earnings per share is 95,016,942, which is the number of shares of our common stock assumed to be outstanding on the distribution date, based on a distribution ratio of one share of our common stock for every eight shares of Sara Lee common stock that was outstanding at April 1, 2006.

(f) The number of shares used to compute diluted earnings per share will be based on the number of shares of our common stock described in (e) above used to compute basic earnings per share, plus the potential dilution that could occur if restricted stock units and options granted under the equity-based compensation arrangements were exercised or converted into common stock. There will be no potentially dilutive securities outstanding on the distribution date; however potentially dilutive securities will be outstanding shortly after the distribution date, and any resulting dilution could be significant. We have approved certain initial equity compensation awards to our executive officers and other employees, which approvals have been based on a specified dollar value for each award. The number of shares underlying these approved awards will be determined based on the fair market value per share of our common stock on the grant date, which is the 15th trading day after the distribution date. All action necessary to approve these awards has been taken; however, the number of shares subject to the awards cannot be computed until the grant date.

(g) Reflects $2.4 billion paid to Sara Lee from proceeds of the debt described in note (l) and the impact of such payment on cash.

(h) Reflects the repayment and recapitalization of our net borrowings from Sara Lee and related entities.

(i) Reflects the removal of certain deferred tax assets related to net operating losses of $7.2 million and charitable contribution deductions of $11.2 million to be retained by Sara Lee after the spin off. Net deferred tax assets relating to U.S. capital losses, which are carried at zero due to a full valuation allowance, will also be retained by Sara Lee after the spin off.

(j) Reflects the assumption of unfunded employee benefit liabilities for pension, postretirement and other retirement benefit qualified and nonqualified plans from Sara Lee. As a result of the funded status of the plans, an additional minimum liability has been reflected in the pro forma adjustment with an offset to the “Accumulated other comprehensive loss” line.

(k) Adjusted to reflect our workers’ compensation, disability, general, product and automobile insurance liabilities that will be assumed by us at the spin off date.

(l) Reflects borrowings under (i) a new senior secured credit facility of $1.65 billion, consisting of a Term A loan facility, a Term B loan facility and an additional $500.0 million revolving credit facility which we expect to be undrawn at the closing of the spin off, (ii) a senior secured second lien credit facility and (iii) a bridge loan facility to be funded at the closing of the spin off.

(m) Reflects the impact on parent companies’ equity investment of the adjustments described in the notes above, other than the adjustments described in notes (g) and (h).

(n) We expect to record approximately $ 46.8 million of debt issuance costs in connection with the incurrence of the debt described in note (l).

(o) Represents the reclassification of “Parent companies equity investment” into “Additional paid-in capital” and the balancing entry to reflect the par value of our outstanding common stock.

(p) Reflects the contribution of an intellectual property subsidiary with a note payable to Sara Lee and the related deferred tax asset. The note will be repaid from certain of the borrowings noted in (l) above.

(q) Reflects compensation expense related to restricted stock units and stock options that have been awarded to our executive officers and other employees under our equity-based compensation plans. The awards, which vest over a period of not more than three years, have been approved as a dollar value. The specific number of shares underlying these stock option and restricted stock unit awards cannot be determined until the grant date for such awards, which is the 15th trading day after the distribution date.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section discusses our results of operations, financial condition and liquidity, risk management activities and significant accounting policies and critical estimates. This discussion should be read in conjunction with our historical financial statements and related notes thereto, "Unaudited Pro Forma Combined and Consolidated Financial Statements" and the other disclosures contained elsewhere in this information statement. Our fiscal year ends on the Saturday closest to June 30. Fiscal years 2003, 2004 and 2005 were 52-, 53- and 52-week years, respectively. All reported results for fiscal 2004 include the impact of the additional week.

Overview

We are a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion*, *Playtex*, *Bali*, *Just My Size*, *barely there* and *Wonderbra*. We design, manufacture, source and sell a broad range of apparel essentials such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. Our operations are managed in four business segments: innerwear, outerwear, hosiery and international. We also incur costs in our corporate area that are not allocated to our business segments.

In February 2005, Sara Lee announced that it would spin off our company as part of a plan designed to improve Sara Lee's performance and better position itself for the long term. We describe the businesses to be transferred to us by Sara Lee in the spin off as if the transferred businesses were our business for all historical periods presented. References to our historical assets, liabilities, products, businesses or activities of our business are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the transferred businesses as the businesses were conducted as part of Sara Lee and its subsidiaries prior to the spin off.

Business and Industry Trends

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

Our distribution channels range from national chain and department stores to warehouse clubs and mass-merchandise outlets. In fiscal 2005, 48% of our net sales were to mass merchants, 11% were to national chains, 6% were to department stores, 8% were direct to consumer, 8% were in our international segment and 19% were to other retail channels such as embellishers, specialty retailers, warehouse clubs and sporting goods stores. Our net sales in fiscal 2005 were $4.7 billion, up 1.1% from the prior fiscal year mainly as a result of volume gains.

In recent years, there has been a growing trend toward retailer consolidation, and as result, the number of retailers to which we sell our products continues to decline. In fiscal 2005, for example, our top ten customers accounted for 64% of our net sales and our top customer, Wal-Mart, accounted for over $1.4 billion of our net sales. Our largest customers in fiscal 2005 were Wal-Mart, Target and Kohl's, which accounted for 31%, 11% and 5% of total sales, respectively. This trend toward consolidation has had and will continue to have significant effects on our business. Consolidation creates pricing pressures as our customers grow larger and increasingly seek to have greater concessions in their purchase of our products, while they also are increasingly demanding that we provide them with some of our products on an exclusive basis. To counteract these and other effects of consolidation, it has become increasingly important to increase operational efficiency and lower costs. As discussed below, for example, we are moving more of our supply chain from domestic to foreign locations to lower our operational structure.

In addition to increasing operational efficiency, we are focused on growing our business through the continuous development of innovative products, breakthrough consumer marketing and promotion, customer partnerships, and expansion into new geographic markets such as China and India, where we recently opened sales offices and introduced Hanes branded products. We expect that improvements in product features, such as stretch in t-shirts and tagless garment labels, or in increased variety through new sizes or styles, such as half sizes and boy leg briefs, will enhance consumer appeal and category demand. In established markets, we are leveraging our brand power to drive sales through unique programs developed our relationships with key customers. An example of this strategy is C9 by Champion, a line of athletic performance apparel designed specifically for and marketed by Target.

Anticipating changes in and managing our operations in response to consumer preferences remains an important element of our business. In recent years, we have experienced changes in our net sales, revenues and cash flows in accordance with changes in consumer preferences and trends. For example, since fiscal 1995, net sales in our hosiery segment have declined in connection with a larger sustained decline in the hosiery industry. The hosiery segment only comprises 7% of our sales, and as a result, the decline in the hosiery segment has not had a significant impact on our net sales, revenues or cash flows. Generally, we manage the hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

Restructuring and Transformation Plans

Over the past several years, we have undertaken a variety of restructuring efforts designed to improve operating efficiencies and lower costs. For example, we have closed plant locations, reduced our workforce, and relocated some of our domestic manufacturing capacity to lower cost locations. While we believe that these efforts have had and will continue to have a beneficial impact on our operational efficiency and cost structure, we have incurred significant costs to implement these initiatives. In particular, we have recorded charges for severance and other employment-related obligations relating to workforce reductions, as well as payments in connection with lease and other contract terminations. These amounts are included in the “Charges for (income from) exit activities” and “Selling, general and administrative expenses” lines of our statements of income. As a result of the exit activities taken since the beginning of fiscal 2004, our cost structure was reduced and efficiencies improved. Savings generated from these restructuring efforts that are reflected in the results for fiscal 2005 and for the thirty-nine weeks ended April 1, 2006 were $25.2 million and $57.3 million, respectively. For more information about the fiscal 2003, 2004 and 2005 restructuring activities, see Note 5, titled “Exit Activities” to our Combined and Consolidated Financial Statements included elsewhere in this information statement.

As further plans are developed and approved by management and our board of directors, we expect to recognize additional exit costs to eliminate duplicative functions within the organization and transition a significant portion of our manufacturing capacity to lower-cost locations. As part of our efforts to consolidate our operations, we also are in the process of integrating information technology systems across our company. This process involves the replacement of eight independent information technology platforms with a unified enterprise system, which will integrate all of our departments and functions into common software that runs off a single database. Once this plan is developed and approved by management, a number of variables will impact the cost and timing of installing and transitioning to new information technology systems.

Description of Business Segments

Our operations are managed in four business segments: innerwear, outerwear, hosiery and international. Our innerwear, outerwear and hosiery segments principally sell products in the United States and our international segment exclusively sells products in foreign countries.

- *Innerwear*—The innerwear segment focuses on core apparel essentials, consisting of women’s intimate apparel, men’s underwear, kids’ underwear, socks, thermals and sleepwear. The innerwear segment manufactures and outsources underwear, intimate apparel and sock products in the United States and off-shore. Our fiscal 2005 net sales from our innerwear segment were $2.7 billion, representing approximately 58% of net sales.

- *Outerwear*—The outerwear segment is composed of products sold in the casualwear and activewear markets. The outerwear segment manufactures and outsources casualwear and activewear products in the United States and off-shore. Our fiscal 2005 net sales from our outerwear segment were $1.3 billion, representing approximately 27% of net sales.
- *Hosiery*—The hosiery segment consists of women's sheer hosiery. Our fiscal 2005 net sales from our hosiery segment were $353.5 million, representing approximately 7% of net sales. Consistent with a sustained decline in the hosiery industry due to changes in consumer preferences, our net sales from the hosiery segment have declined each year since fiscal 1995.
- *International*—The international segment is comprised of our innerwear, outerwear and hosiery products that we sell outside the United States. Fiscal 2005 net sales in our international segment were $354.5 million, representing approximately 8% of net sales and included sales in Asia, Canada and Latin America. Japan, Canada and Mexico are our largest international markets.

Components of Net Sales and Expense

Net sales

We generate net sales by selling apparel essentials such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. Our net sales are recognized net of discounts, coupons, rebates, volume-based incentives and cooperative advertising costs. We recognize net sales when title and risk of loss pass to our customers. Net sales include an estimate for returns and allowances based upon historical return experience. We also offer a variety of sales incentives to resellers and consumers that are recorded as reductions to net sales.

Cost of sales

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

Selling, general and administrative expenses

Our selling, general and administrative expenses, or "SG&A expenses," include selling, advertising, shipping, handling and distribution costs, rent on leased facilities, depreciation on owned facilities and equipment and other general and administrative expenses. Also included are allocations of corporate expenses and charges which consist of expenses for business insurance, medical insurance, employee benefit plan amounts and allocations from Sara Lee for certain centralized administration costs for treasury, real estate, accounting, auditing, tax, risk management, human resources and benefits administration. These allocations of centralized administration costs were determined on bases that we and Sara Lee considered to be reasonable and take into consideration and include relevant operating profit, fixed assets, sales and payroll. SG&A expenses also include management payroll, benefits, travel, information systems, accounting, insurance and legal expenses.

Charges for (income from) exit activities

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

Interest expense

As part of our historical relationship with Sara Lee, we engaged in intercompany borrowings. We also have borrowed monies from third-parties under a credit facility and a revolving line of credit. The interest charged under these facilities was recorded as interest expense. In the future, we will no longer be able to borrow from Sara Lee. As part of the spin off, we will incur substantial debt in the form of a new senior secured credit facility, $2.4 billion of the proceeds of which will be paid to Sara Lee. As a result, our interest expense in future periods will be substantially higher than in historical periods.

Interest income

Interest income is the return we earned on our cash and cash equivalents and, historically, on money we lent to Sara Lee as part of its corporate cash management practices. Our cash and cash equivalents are invested in highly liquid investments with original maturities of three months or less.

Income tax expense (benefit)

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

- changes in the mix of our earnings from the various jurisdictions in which we operate;
- the tax characteristics of our earnings;
- the timing and amount of earnings of foreign subsidiaries that we repatriate to the United States, which may increase our tax expense and taxes paid;
- the timing and results of any reviews of our income tax filing positions in the jurisdictions in which we transact business; and
- the expiration of the tax incentives for manufacturing operations in Puerto Rico, which have been repealed effective in fiscal 2007.

In particular, to service the substantial amount of debt we will incur in connection with the spin off and to meet other general corporate needs, we may have less flexibility than we have had previously regarding the timing or amount of future earnings that we repatriate from foreign subsidiaries. As a result, we believe that our income tax rate in future periods is likely to be higher, on average, than our historical effective tax rates.

Combined and Consolidated Results of Operations—Thirty-nine Weeks Ended April 1, 2006 Compared with Thirty-nine Weeks Ended April 2, 2005

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$3,528,333	$3,352,699	$(175,634)	(5.0)%
Cost of sales	2,428,997	2,248,828	(180,169)	(7.4)
Gross profit	1,099,336	1,103,871	4,535	0.4
Selling, general and administrative expenses	775,607	749,236	(26,371)	(3.4)
Charges for (income from) exit activities	(815)	945	1,760	NM
Income from operations	324,544	353,690	29,146	9.0
Interest expense	18,458	19,295	837	4.5
Interest income	(19,318)	(7,783)	11,535	59.7
Income before income taxes	325,404	342,178	16,774	5.2
Income tax expense	97,911	78,970	(18,941)	(19.3)
Net income	$ 227,493	$ 263,208	$ 35,715	15.7

Net Sales

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Net sales	$3,528,333	$3,352,699	$(175,634)	(5.0)%

Net sales declined mainly due to a $125 million impact from the discontinuation of low-margin product lines in the innerwear, outerwear and international segments and a $44 million impact from lower sales of sheer hosiery. Other factors netting to $6 million of this decline include lower selling prices and changes in product sales mix. Going forward, we expect the trend of declining hosiery sales to continue as a result of shifts in consumer preferences. We also anticipate that we will continue to eliminate low-margin product lines but to a lesser extent than completed in this past year.

Cost of Sales

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Cost of sales	$2,428,997	$2,248,828	$(180,169)	(7.4)%

Cost of sales declined primarily as a result of the decline in net sales. As a percent of net sales, gross margin increased from 31.2% in the thirty-nine weeks ended April 2, 2005 to 32.9% in the thirty-nine weeks ended April 1, 2006. The increase in the gross margin percentage was primarily due to a $118 million impact of lower cotton costs and lower costs for slow moving and obsolete inventories, and an $11 million impact from the benefits of prior restructuring actions, partially offset by a $65 million impact of lower selling prices and changes in product sales mix. While 2005 was benefited by lower cotton prices, we currently anticipate cotton costs to increase in future periods.

Selling, General and Administrative Expenses

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Selling, general and administrative expenses	$ 775,607	$ 749,236	$(26,371)	(3.4)%

SG&A expenses declined primarily due to a $29 million impact from a lower cost structure achieved through headcount reductions, reduced sales on variable distribution costs, and reduced media advertising and promotion expenses, partially offset by spin off related expenses during the thirty-nine weeks ended April 1, 2006 and a $12 million offsetting impact from higher bad debt recoveries during the thirty-nine weeks ended April 2, 2005. Measured as a percent of net sales, SG&A expenses increased from 22.0% during the thirty-nine weeks ended April 2, 2005 to 22.3% during the thirty-nine weeks ended April 1, 2006.

Charges for (Income from) Exit Activities

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Charges for (income from) exit activities	$ (815)	$ 945	$1,760	NM

The thirty-nine weeks ended April 2, 2005 income from exit activities resulted from the impact of certain exit activities that were completed for amounts more favorable than originally estimated. The thirty-nine weeks ended April 1, 2006 charge for exit activities primarily represents the expense to terminate certain employees.

Income from Operations

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Income from operations	$ 324,544	$ 353,690	$29,146	9.0%

Income from operations changed period over period as a result of the items discussed above.

Interest Expense and Interest Income

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Interest expense	$ 18,458	$ 19,295	$ 837	4.5%
Interest income	(19,318)	(7,783)	11,535	59.7
Net interest expense (income)	$ (860)	$ 11,512	$12,372	NM

Interest expense increased period over period as a result of increased average borrowings. Interest income decreased significantly as a result of lower average cash balances. After the spin off, our net interest expense will increase substantially as a result of our increased indebtedness.

Income Tax Expense

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Income tax expense	$ 97,911	$ 78,970	$(18,941)	(19.3)%

Our effective income tax rate decreased from 30.1% in the thirty-nine weeks ended April 2, 2005 to 23.1% in the thirty-nine weeks ended April 1, 2006. The change in the effective tax rate is attributable primarily to a $31.6 million charge in fiscal 2005 related to earnings repatriated under the provisions of the American Jobs Creation Act of 2004. The tax expense for both periods was impacted by a number of significant items which are described in the reconciliation of our effective tax rate to the U.S. statutory rate in Note 11 titled “Income Taxes” to our Unaudited Interim Condensed Combined and Consolidated Financial Statements.

Net Income

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Net income	$ 227,493	$ 263,208	$35,715	15.7%

Net income changed period over period as a result of the items discussed above.

Operating Results by Business Segment

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales:				
Innerwear	$2,012,896	$1,957,146	$ (55,750)	(2.8)%
Outerwear	1,012,667	930,916	(81,751)	(8.1)
Hosiery	289,459	244,964	(44,495)	(15.4)
International	258,716	293,819	35,103	13.6
Net sales	3,573,738	3,426,845	(146,893)	(4.1)
Intersegment	(45,405)	(74,146)	(28,741)	(63.3)
Total net sales	$3,528,333	$3,352,699	$(175,634)	(5.0)
Operating segment income:				
Innerwear	$ 209,844	$ 246,900	$ 37,056	17.7%
Outerwear	57,812	65,734	7,922	13.7
Hosiery	56,934	49,238	(7,696)	(13.5)
International	21,881	20,783	(1,098)	(5.0)
Total operating segment income	346,471	382,655	36,184	10.4
Items not included in operating segment income:				
Amortization of trademarks and other intangibles	(6,198)	(6,527)	(329)	(5.3)
General corporate expenses not allocated to the segments	(15,729)	(22,438)	(6,709)	(42.7)
Total income from operations	324,544	353,690	29,146	9.0
Net interest income (expense)	860	(11,512)	(12,372)	NM
Income before income taxes	$ 325,404	$ 342,178	$ 16,774	5.2

Innerwear

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$2,012,896	$1,957,146	$(55,750)	(2.8)%
Operating segment income	209,844	246,900	37,056	17.7

Net sales in the innerwear segment decreased primarily due to a $51 million impact of our exit from certain sleepwear product lines and lower sock sales due to both lower shipment volumes and lower pricing. Going forward, we anticipate that we will continue to eliminate low-margin products lines but to a lesser extent than completed in this past year.

Gross margin in the innerwear segment increased from 33.8% during the thirty-nine weeks ended April 2, 2005 to 35.9% during the thirty-nine weeks ended April 1, 2006, reflecting a $44 million impact of lower charges for slow moving and obsolete underwear inventories, lower cotton costs and benefits from prior restructuring actions, partially offset by lower gross margins for socks due to lower pricing and mix.

The increase in innerwear operating segment income is primarily attributable to the increase in the gross margin percentage and a $12 million impact of lower SG&A expenses due to headcount reductions.

Outerwear

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$1,012,667	$ 930,916	$(81,751)	(8.1)%
Operating segment income	57,812	65,734	7,922	13.7

Net sales in the outerwear segment decreased primarily due to the $58.4 million impact of our exit from certain lower-margin fleece product lines and a $56 million impact of lower sales of t-shirts and polo shirts to embellishers resulting from lower prices and an unfavorable sales mix, partially offset by a $32 million impact from higher *C9 by Champion* sales. Going forward, we anticipate that we will continue to eliminate low-margin product lines but a lesser extent than completed in this past year.

Gross margin in the outerwear segment increased from 18.7% in the thirty-nine weeks ended April 2, 2005 to 20.0% in the thirty-nine weeks ended April 1, 2006, reflecting a $13 million impact of lower cotton costs, benefits from prior restructuring actions, and the exit from certain lower-margin fleece product lines, partially offset by lower sales prices and an unfavorable sales mix of t-shirts and polo shirts sold to embellishers.

The increase in outerwear operating segment income is primarily attributable to lower cotton costs and a $4 million impact of lower SG&A expenses due to the benefits of restructuring actions.

Hosiery

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Net sales	$ 289,459	$ 244,964	$(44,495)	(15.4)%
Operating segment income	56,934	49,238	(7,696)	(13.5)

Net sales in the hosiery segment decreased primarily due to the continued decline in U.S. sheer hosiery consumption. We expect this trend to continue as a result of shifts in consumer preferences.

Gross margin in the hosiery segment increased from 42.4% in the thirty-nine weeks ended April 2, 2005 to 44.4% in the thirty-nine weeks ended April 1, 2006, mainly due to an improved product sales mix and price.

The decrease in hosiery operating segment income is primarily due to lower sales.

International

	Thirty-nine Weeks Ended April 2, 2005	Thirty-nine Weeks Ended April 1, 2006	Dollar Change	Percent Change
	(dollars in thousands)			
Net sales	$ 258,716	$ 293,819	$35,103	13.6%
Operating segment income	21,881	20,783	(1,098)	(5.0)

Net sales in the international segment increased primarily due to the acquisition at the end of fiscal 2005 of a Hong Kong based sourcing business, partially offset by lower sales in Latin America, which were mainly due to a $12 million impact from our exit of certain product lines. The acquired business contributed $38 million of sales in the thirty-nine weeks ended April 1, 2006, most of which were sales to our other business segments. Changes in foreign exchange rates increased net sales by $7 million.

Gross margin in the international segment decreased from 41.5% in the thirty-nine weeks ended April 2, 2005 to 36.2% in the thirty-nine weeks ended April 1, 2006, largely due to a $15 million impact from lower margins of the Hong Kong sourcing business, particularly on sales to our other business segments.

The decrease in international operating segment income is primarily attributable to higher costs associated with exit activities. Changes in foreign exchange rates had a positive impact of $1 million.

General Corporate Expenses

General corporate expenses not allocated to the segments increased in the thirty-nine weeks ended April 1, 2006 over the prior year period as we incurred costs to prepare for the spin off.

Combined and Consolidated Results of Operations—Fiscal 2005 Compared with Fiscal 2004

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$4,632,741	$4,683,683	$ 50,942	1.1%
Cost of sales	3,092,026	3,223,571	131,545	4.3
Gross profit	1,540,715	1,460,112	(80,603)	(5.2)
Selling, general and administrative expenses	1,087,964	1,053,654	(34,310)	(3.2)
Charges for (income from) exit activities	27,466	46,978	19,512	71.0
Income from operations	425,285	359,480	(65,805)	(15.5)
Interest expense	37,411	35,244	(2,167)	(5.8)
Interest income	(12,998)	(21,280)	(8,282)	(63.7)
Income before income taxes	400,872	345,516	(55,356)	(13.8)
Income tax expense (benefit)	(48,680)	127,007	175,687	NM
Net income	$ 449,552	$ 218,509	$(231,043)	(51.4)

Net Sales

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$4,632,741	$4,683,683	$50,942	1.1%

Net sales increased year over year primarily as a result of a $95 million impact from increases in net sales in the innerwear and outerwear segments. Approximately $102 million of this increase was due to increased sales of our *Champion* activewear products, primarily due to the introduction of our *C9 by Champion* line toward the end of fiscal 2004. Net sales were adversely affected by a $62 million impact from declines in the hosiery and international segments. The total impact of the 53rd week in fiscal 2004 was $77 million.

Cost of Sales

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Cost of sales	$3,092,026	$3,223,571	$131,545	4.3%

Cost of sales increased year over year as a result of the increase in net sales. Also contributing to the increase in cost of sales was a $94 million impact from higher raw material costs for cotton and charges for slow moving and obsolete inventories. Our gross margin declined from 33.3% in fiscal 2004 to 31.2% in fiscal 2005.

Selling, General and Administrative Expenses

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Selling, general and administrative expenses	$1,087,964	$1,053,654	$(34,310)	(3.2)%

SG&A expenses declined due to a $36 million impact from lower benefit plan costs, increased recovery of bad debts and a lower cost structure achieved through prior restructuring activities, offset in part by increases in total advertising and promotion costs. SG&A expenses in fiscal 2004 included a $7.5 million charge related to the discontinuation of the *Lovable* U.S. trademark, while SG&A expenses in fiscal 2005 included a $4.5 million charge for accelerated depreciation of leasehold improvements as a result of exiting certain store leases. Measured as a percent of net sales, SG&A expenses declined from 23.5% in fiscal 2004 to 22.5% in fiscal 2005.

Charges for (Income from) Exit Activities

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Charges for (income from) exit activities	$ 27,466	$ 46,978	$19,512	71.0%

The charge for exit activities in fiscal 2005 is primarily attributable to costs for severance actions related to the decision to terminate 1,126 employees, most of whom are located in the United States. The charge for exit activities in fiscal 2004 is primarily attributable to a charge for severance actions related to the decision to terminate 4,425 employees, most of whom are located outside the United States. The increase year over year is primarily attributable to the relative costs associated with terminating U.S. employees as compared to international employees.

Income from Operations

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Income from operations	$425,285	$359,480	$(65,805)	(15.5)%

Income from operations in fiscal 2005 was lower than in fiscal 2004 primarily due to higher raw material costs for cotton and charges for slow moving and obsolete inventories.

Interest Expense and Interest Income

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Interest expense	$ 37,411	$ 35,244	$ (2,167)	(5.8)%
Interest income	(12,998)	(21,280)	(8,282)	(63.7)
Net interest expense	$ 24,413	$ 13,964	$(10,449)	(42.8)

Interest expense decreased year over year as a result of lower average balances on borrowings from Sara Lee. Interest income increased significantly as a result of higher average cash balances. After the spin off, our net interest expense will increase substantially as a result of our increased indebtedness.

Income Tax Expense (Benefit)

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Income tax expense (benefit)	$ (48,680)	$ 127,007	$ 175,687	NM

Our effective income tax rate increased from a negative 12.1% in fiscal 2004 to 36.8% in fiscal 2005. The increase in our effective tax rate is attributable primarily to a $81.6 million charge in fiscal 2005 related to the repatriation of the earnings of foreign subsidiaries to the United States. Of this total, $50.0 million was recognized in connection with the remittance of current year earnings to the United States, and $31.6 million related to earnings repatriated under the provisions of the American Jobs Creation Act of 2004. The negative rate in fiscal 2004 is attributable primarily to an income tax benefit of $128.1 million resulting from Sara Lee's finalization of tax reviews and audits for amounts that were less than originally anticipated and recognized in fiscal 2004. The tax expense for both periods was impacted by a number of significant items which are set out in the reconciliation of our effective tax rate to the U.S. statutory rate in Note 19 titled "Income Taxes" to our Combined and Consolidated Financial Statements.

Net Income

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Net income	$449,552	$218,509	$(231,043)	(51.4)%

Net income in fiscal 2005 was lower than in fiscal 2004 as a result of the decline in income from operations and the increase in income tax expense, as discussed above.

Operating Results by Business Segment—Fiscal 2005 Compared with Fiscal 2004

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales:				
Innerwear	$2,704,500	$2,740,653	$ 36,153	1.3%
Outerwear	1,243,108	1,300,812	57,704	4.6
Hosiery	401,052	353,540	(47,512)	(11.8)
International	367,590	354,547	(13,043)	(3.5)
Net sales	4,716,250	4,749,552	33,302	0.7
Intersegment	(83,509)	(65,869)	17,640	21.1
Total net sales	$4,632,741	$4,683,683	$ 50,942	1.1
Operating segment income:				
Innerwear	$ 334,111	$ 261,267	$(72,844)	(21.8)
Outerwear	52,356	61,310	8,954	17.1
Hosiery	53,929	52,954	(975)	(1.8)
International	25,125	21,705	(3,420)	(13.6)
Total operating segment income	465,521	397,236	(68,285)	(14.7)
Items not included in operating segment income:				
Amortization of trademarks and other intangibles	(8,712)	(9,100)	(388)	(4.5)
General corporate expenses not allocated to the segments	(31,524)	(28,656)	2,868	9.1
Total income from operations	425,285	359,480	(65,805)	(15.5)
Net interest income (expense)	(24,413)	(13,964)	10,449	42.8
Income before income taxes	$ 400,872	$ 345,516	$(55,356)	(13.8)

Innerwear

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$2,704,500	$2,740,653	$ 36,153	1.3%
Operating segment income	334,111	261,267	(72,844)	(21.8)

Net sales in the innerwear segment increased primarily due to a $40 million impact from volume increases in the sales of men’s underwear and socks. Net sales were adversely affected year over year by a $47 million impact of the 53rd week in fiscal 2004.

Gross margin in the innerwear segment declined from 36.1% in fiscal 2004 to 33.9% in fiscal 2005, reflecting a $60 million impact of higher raw material costs for cotton and charges for slow moving and obsolete underwear inventories.

The decrease in innerwear operating segment income is primarily attributable to the following factors. First, we increased inventory reserves by $28 million for slow moving and obsolete underwear inventories in fiscal 2005 as compared to fiscal 2004. Second, charges for exit activities increased by $12 million compared to fiscal 2004. Third, operating segment income was adversely affected year over year by a $12 million impact of the 53rd week in fiscal 2004. The remaining increase in operating segment income was primarily the result of higher unit volume offset in part by higher media advertising and promotion.

Outerwear

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$1,243,108	$1,300,812	$57,704	4.6%
Operating segment income	52,356	61,310	8,954	17.1

Net sales in the outerwear segment increased primarily due to $106 million in volume increases in sales of *Champion* products, offsetting $45 million in volume declines in t-shirts sold through our embellishment channel. Net sales were adversely affected year over year by an $18 million impact of the 53rd week in fiscal 2004.

Gross margin in the outerwear segment decreased from 20.9% in fiscal 2004 to 18.9% in fiscal 2005, reflecting a $45 million impact of higher raw material costs for cotton and additional start-up costs associated with new product rollouts.

The increase in outerwear operating segment income is attributable primarily to higher net sales, partially offset by a $12 million increase in charges for exit activities in fiscal 2005 as compared to fiscal 2004. Operating segment income also was adversely affected year over year by a $1 million impact of the 53rd week in fiscal 2004.

Hosiery

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$401,052	$353,540	$(47,512)	(11.8)%
Operating segment income	53,929	52,954	(975)	(1.8)

Net sales in the hosiery segment decreased primarily due to $42 million from unit volume decreases and $5 million from unfavorable product sales mix. Outside unit volumes in the hosiery segment decreased by 8% in fiscal 2005, with a 7% decline in *L'eggs* volume to mass retailers and food and drug stores and a 13% decline in *Hanes* volume to department stores. The 8% volume decrease was in line with the overall hosiery market decline. Net sales also were adversely affected year over year by a $6 million impact of the 53rd week in fiscal 2004.

Gross margin in the hosiery segment decreased from 41.5% in fiscal 2004 to 40.7% in fiscal 2005. The decrease resulted primarily from $1 million in unfavorable product sales mix.

The decrease in hosiery operating segment income is attributable primarily to a decrease in sales, partially offset by a $16 million decrease in media advertising and promotion spending and SG&A expenses. Hosiery operating segment income was also adversely affected year over year by a $2 million impact of the 53rd week in fiscal 2004.

International

	Fiscal 2004	Fiscal 2005	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$367,590	$354,547	$(13,043)	(3.5)%
Operating segment income	25,125	21,705	(3,420)	(13.6)

Net sales in the international segment decreased primarily as a result of an $18.6 million decrease in sales from Latin America and Asia, partially offset by an $11 million impact from changes in foreign currency exchange rates during fiscal 2005. Net sales were adversely affected year over year by a $6 million impact of the 53rd week in fiscal 2004.

Gross margin increased from 37.3% in fiscal 2004 to 39.8% in fiscal 2005. The increase resulted primarily from margin improvements in Canada and Latin America, partially offset by declines in Asia.

The decrease in international operating segment income is attributable primarily to the decrease in net sales and higher media advertising and promotion expenditures in fiscal 2005 as compared to fiscal 2004. These effects were offset in part by the improvement in gross margin and $3 million from changes in foreign currency exchange rates. International operating segment income also was affected adversely year over year by a $2 million impact of the 53rd week in fiscal 2004.

General Corporate Expenses

General corporate expenses not allocated to the segments decreased in fiscal 2005 from fiscal 2004 as a result of lower allocations of Sara Lee centralized costs and employee benefit costs, offset in part by expenses incurred for the spin off.

Combined and Consolidated Results of Operations—Fiscal 2004 Compared with Fiscal 2003

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$4,669,665	$4,632,741	$ (36,924)	(0.8)%
Cost of sales	3,010,383	3,092,026	81,643	2.7
Gross profit	1,659,282	1,540,715	(118,567)	(7.1)
Selling, general and administrative expenses	1,126,065	1,087,964	(38,101)	(3.4)
Charges for (income from) exit activities	(14,397)	27,466	41,863	NM
Income from operations	547,614	425,285	(122,329)	(22.3)
Interest expense	44,245	37,411	(6,834)	(15.4)
Interest income	(46,631)	(12,998)	33,633	72.1
Income before income taxes	550,000	400,872	(149,128)	(27.1)
Income tax expense (benefit)	121,560	(48,680)	(170,240)	NM
Net income	$ 428,440	$ 449,552	$ 21,112	4.9

Net Sales

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$4,669,665	$4,632,741	$(36,924)	(0.8)%

Net sales decreased year over year primarily as a result of a $73 million decrease in net sales in the outerwear and hosiery segments. The decrease in the outerwear segment was primarily attributable to price declines while the decline in the hosiery segment was attributable primarily to lower unit volume. Net sales were positively affected by a $37 million increase in net sales in the innerwear and international operating segments. The total impact of the 53rd week in fiscal 2004 was a $77 million increase in sales.

Cost of Sales

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Cost of sales	$3,010,383	$3,092,026	$81,643	2.7%

Cost of sales increased year over year primarily as a result a $72 million impact of higher raw material costs for cotton and an unfavorable product sales mix. Our gross margin declined from 35.5% in fiscal 2003 to 33.3% in fiscal 2004.

Selling, General and Administrative Expenses

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Selling, general and administrative expenses	$1,126,065	$1,087,964	$(38,101)	(3.4)%

SG&A expenses decreased year over year primarily as a result of decreases in SG&A expenses in our business segments. During fiscal 2004, SG&A expenses were favorably impacted by $48 million from lower charges related to the sales of receivables at a discount from the face value to a limited purpose subsidiary of Sara Lee and $21 million from reductions in media advertising and promotion expenditures. These favorable items were in part offset by an $8 million increase in selling and distribution expenses and a $7.5 million charge related to discontinuing the *Lovable* U.S. trademark. Measured as a percent of net sales, SG&A expenses decreased from 24.1% in fiscal 2003 to 23.5% in fiscal 2004.

Charges for (Income from) Exit Activities

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Charges for (income from) exit activities	$(14,397)	$ 27,466	$41,863	NM

The income in fiscal 2003 is primarily attributable to the completion of a previously announced restructuring program for amounts less than originally estimated. The charge for exit activities in fiscal 2004 is primarily attributable to costs for severance actions related to the planned termination of 4,425 employees.

Income from Operations

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Income from operations	$547,614	$425,285	$(122,329)	(22.3)%

Income from operations in fiscal 2004 was lower than in fiscal 2003 as a result of the decreases in net sales, increases in cost of sales and charges from exit activities, which were offset in part by decreased SG&A expenses, as discussed above.

Interest Expense and Interest Income

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Interest expense	$ 44,245	$ 37,411	$ (6,834)	(15.4)%
Interest income	(46,631)	(12,998)	33,633	72.1
Net interest expense (income)	$ (2,386)	$ 24,413	$26,799	NM

Interest expense declined year over year as a result of lower average borrowings from Sara Lee. Interest income was reduced as a result of lower average loans made to Sara Lee. After the spin off, our net interest expense will increase substantially as a result of our increased indebtedness.

Income Tax Expense (Benefit)

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Income tax expense (benefit)	$121,560	$(48,680)	$(170,240)	NM

Our effective income tax rate decreased from 22.1% in fiscal 2003 to a negative 12.1% in fiscal 2004. The decrease in our effective tax rate is attributable primarily to an income tax benefit of $128.1 million resulting from Sara Lee's finalization of tax reviews and audits for amounts that were less than originally anticipated and recognized in fiscal 2004. The tax expense for both periods was impacted by a number of significant items which are set out in the reconciliation of our effective tax rate to the U.S. statutory rate in Note 19 titled "Income Taxes" to our Combined and Consolidated Financial Statements.

Net Income

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Net income	$428,440	$449,552	$21,112	4.9%

Net income in fiscal 2004 was higher than in fiscal 2003 primarily as a result of the income tax benefit offset to a large extent by lower operating income as discussed above.

Operating Results by Business Segment—Fiscal 2004 Compared with Fiscal 2003

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales:				
Innerwear	$2,681,039	$2,704,500	$ 23,461	0.9%
Outerwear	1,287,230	1,243,108	(44,122)	(3.4)
Hosiery	430,069	401,052	(29,017)	(6.7)
International	354,307	367,590	13,283	3.7
Net sales	4,752,645	4,716,250	(36,395)	(0.8)
Intersegment	(82,980)	(83,509)	(529)	(0.6)
Total net sales	$4,669,665	$4,632,741	$ (36,924)	(0.8)
Operating segment income:				
Innerwear	$ 339,907	$ 334,111	$ (5,796)	(1.7)%
Outerwear	132,086	52,356	(79,730)	(60.4)
Hosiery	64,394	53,929	(10,465)	(16.3)
International	33,610	25,125	(8,485)	(25.2)
Total operating segment income	569,997	465,521	(104,476)	(18.3)
Items not included in operating segment income:				
Amortization of trademarks and other intangibles	(7,235)	(8,712)	(1,477)	(20.4)
General corporate expenses not allocated to the segments	(15,148)	(31,524)	(16,376)	(108.1)
Total income from operations	547,614	425,285	(122,329)	(22.3)
Net interest income (expense)	2,386	(24,413)	(26,799)	NM
Income before income taxes	$ 550,000	$ 400,872	$(149,128)	(27.1)

Innerwear

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$2,681,039	$2,704,500	$23,461	0.9%
Operating segment income	339,907	334,111	(5,796)	(1.7)

Net sales in the innerwear segment increased year over year primarily as a result of a $47 million impact of the 53rd week in fiscal 2004, partially offset by declines in net sales due to an unfavorable product mix.

Gross margin in the innerwear segment declined from 37.1% in fiscal 2003 to 36.1% in fiscal 2004, reflecting a $36 million impact from unfavorable changes in product sales mix and higher cotton costs.

The decrease in innerwear operating segment income is primarily attributable to two factors. We experienced lower gross margins, and charges for exit activities increased $13 million compared to fiscal 2003. Operating segment income was positively affected year over year by a $12 million impact of the 53rd week in fiscal 2004.

Outerwear

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$1,287,230	$1,243,108	$(44,122)	(3.4)%
Operating segment income	132,086	52,356	(79,730)	(60.4)

Net sales in the outerwear segment decreased due primarily to a $44 million impact from price decreases in t-shirts and fleece products sold to third party embellishers due to competitive pressures. Net sales were positively affected year over year by a $18 million impact of the 53rd week in fiscal 2004.

Gross margin in the outerwear segment decreased from 26.7% in fiscal 2003 to 20.9% in fiscal 2004, primarily reflecting a $70 million impact of competitive pricing pressure in the embellishment channel and higher cotton costs.

The decrease in outerwear operating segment income is attributable primarily to the lower gross margins, offset in part by $24 million impact from lower media advertising and promotion and administrative expenses. Operating segment income was affected positively year over year by a $1 million impact of the 53rd week in fiscal 2004.

Hosiery

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$430,069	$401,052	$(29,017)	(6.7)%
Operating segment income	64,394	53,929	(10,465)	(16.3)

Net sales in the hosiery segment decreased due primarily to $12 million in unit volume decreases and $15 million from unfavorable product sale price mix. Outside unit volumes in the hosiery segment decreased by 3% in fiscal 2004, with a 2% decline in *L'eggs* volume to mass merchants and food and drug stores and a 7% decline in *Hanes* volume to department stores. The 3% volume decrease was in line with the overall hosiery market decline. Net sales were positively affected year over year by a $6 million impact of the 53rd week in fiscal 2004.

Gross margin improved from 41.4% in fiscal 2003 to 41.5% in fiscal 2004. The increase resulted primarily from favorable product sales margin mix.

The decrease in hosiery operating segment income is attributable primarily to the decrease in net sales, offset in part by $7 million in lower media advertising and promotion spending and other SG&A expenses. Operating segment income was also affected positively year over year by a $2 million impact of the 53rd week in fiscal 2004.

International

	Fiscal 2003	Fiscal 2004	Dollar Change	Percent Change
		(dollars in thousands)		
Net sales	$354,307	$367,590	$13,283	3.7%
Operating segment income	33,610	25,125	(8,485)	(25.2)

Net sales in the international segment increased primarily as a result of $25 million from changes in foreign currency exchange rates during fiscal 2004, offset in part by decreases in unit volume and an unfavorable product mix. Net sales were positively affected year over year by a $6 million impact of the 53rd week in fiscal 2004.

Gross margin decreased from 40.4% in fiscal 2003 to 37.3% in fiscal 2004. The decrease resulted primarily from margin declines in Latin America due to higher slow moving and obsolete inventories, partially offset by increases in Japan.

The decrease in international operating segment income is attributable primarily to a $16 million increase in charges for exit activities offset in part by $7 million from changes in foreign currency exchange rates. Operating segment income was also positively affected year over year by a $2 million impact of the 53rd week in fiscal 2004.

General Corporate Expenses

Total general corporate expenses increased in fiscal 2004 from fiscal 2003 primarily due to higher employee benefit costs.

Liquidity and Capital Resources

Trends and Uncertainties Affecting Liquidity

Following the spin off, our capital structure, long-term capital commitments and sources of liquidity will change significantly from our historical capital structure, long-term capital commitments and sources of liquidity described below. After the spin off, our primary source of liquidity will be cash provided from operating activities. We believe that the following will negatively impact liquidity:

- we will incur significant long-term debt;
- we expect to continue to invest in efforts to improve operating efficiencies and lower costs;
- we expect to continue to add new manufacturing capacity in Central America, the Caribbean Basin, Mexico and Asia; and
- we will assume significant pension obligations from Sara Lee.

We are incurring substantial indebtedness in connection with the spin off and will have total debt of approximately $2.6 billion after giving effect to such incurrence, as further described below under “Description of Certain Indebtedness.” We will pay $2.4 billion of the proceeds from these borrowings to Sara Lee and, as a result, those proceeds will not be available for our business needs, such as funding working capital or the expansion of our operations. In addition, in order to service our substantial debt obligations, we may need to increase the portion of the income of our foreign subsidiaries that is expected to be remitted to the United States, which could significantly increase our income tax expense.

We expect to continue the restructuring efforts that we have undertaken over the last several years. The implementation of these efforts, which are designed to improve operating efficiencies and lower costs, has and is likely to continue to result in significant costs. As further plans are developed and approved by management and our board of directors, we expect to recognize additional exit costs to eliminate duplicative functions within the organization and transition a significant portion of our manufacturing capacity to lower-cost locations. We also expect to incur costs associated with the integration of our information technology systems across our company.

As we continue to add new manufacturing capacity in Central America, the Caribbean Basin and Asia, our exposure to events that could disrupt our foreign supply chain, including political instability, acts of war or terrorism or other international events resulting in the disruption of trade, disruptions in shipping and freight forwarding services, increases in oil prices, which would increase the cost of shipping, interruptions in the availability of basic services and infrastructure and fluctuations in foreign currency exchange rates, is increased. Disruptions in our foreign supply chain could negatively impact our liquidity by interrupting production in offshore facilities, increasing our cost of sales, disrupting merchandise deliveries, delaying receipt of the products into the United States or preventing us from sourcing our products at all. Depending on timing, these events could also result in lost sales, cancellation charges or excessive markdowns.

We will assume significant unfunded employee benefit liabilities for pension, postretirement and other retirement benefit qualified and nonqualified plans from Sara Lee in connection with the spin-off. These liabilities are expected to be approximately $348.6 million. Included in these liabilities are pension obligations which have not been reflected in our historical financial statements, because these obligations have historically been obligations of Sara Lee. The pension obligations we are assuming are projected to be approximately $266.0 million more than the corresponding pension assets we are acquiring. In addition, we could be required to make contributions to the pension plans in excess of our current expectations if financial conditions change or if the assumptions we have used to calculate our pension costs and obligations turn out to be inaccurate. A significant increase in our funding obligations could have a negative impact on our liquidity.

Net Cash From Operating Activities

Net cash from operating activities increased to $460.1 million in the thirty-nine weeks ended April 1, 2006 from $391.0 million in the prior year period. The $69.1 million increase was primarily the result of more effective working capital utilization and higher earnings in the business. Net cash from operating activities was $506.9 million in fiscal 2005 as compared to $471.4 million in fiscal 2004. The increase of $35.5 million was primarily due to an increase in cash generated from more efficient usage of working capital, which was partially offset by lower profitability in the business. Net cash from operating activities decreased $22.6 million in fiscal 2004 versus fiscal 2003, primarily due to increased usage for working capital needs. In fiscal 2003, the amount of accounts receivable sold to a Sara Lee entity was reduced with a corresponding offset in due from related entity.

Net Cash Used in Investing Activities

Net cash used in investing activities increased to $71.4 million in the thirty-nine weeks ended April 1, 2006 from $35.7 million in the prior year period. The increase was primarily the result of higher purchases of property and equipment. Net cash used in investing activities was $60.1 million in fiscal 2005, compared to $61.3 million in fiscal 2004 and $77.3 million in fiscal 2003. For fiscal years 2003, 2004 and 2005, we expended $85.4 million, $63.6 million and $67.1 million, respectively, to fund purchases of property, plant and equipment and received proceeds from the sales of assets of $7.2 million, $4.5 million and $9.0 million, respectively.

Net Cash Used in Financing Activities

Net cash used in financing activities increased to $1.0 billion in the thirty-nine weeks ended April 1, 2006, from $11.2 million in the prior year period. This increase was primarily the result of net transactions with parent companies which included dividends that were paid to the parent companies. Net cash used in financing activities was $233.1 million in fiscal 2003, $25.8 million in fiscal 2004 and $41.4 million in fiscal 2005. During fiscal 2005, we repaid $113.4 million to Sara Lee-related entities and distributed $5.9 million in net transactions with parent companies and related entities while incurring $88.8 million in short-term borrowings from third-parties.

Cash and Cash Equivalents

Cash and cash equivalents were $455.9 million at April 1, 2006 and decreased $624.9 million in the thirty-nine weeks ended April 1, 2006 from $1.1 billion at the prior year-end. This decrease was primarily the result of

net transactions with parent companies. At the end of fiscal years 2003, 2004 and 2005, cash and cash equivalents were $289.8 million, $674.2 million and $1.1 billion, respectively. As part of Sara Lee, we have participated in Sara Lee's cash pooling arrangements, under which positive and negative cash balances are netted within geographic regions. The recapitalization to be undertaken in conjunction with the spin off will result in a significant reduction in cash and cash equivalents. After the spin off, our primary source of liquidity will be cash provided from operating activities.

Amounts due to or from Parent Companies and Related Entities

Although we have a considerable amount of cash and cash equivalents on our balance sheet, a significant portion of this cash has been generated from our controlled foreign corporations and is located outside of the United States. Sara Lee's policy is to determine at the end of each fiscal year the amount of cash to be repatriated to the United States and the amount to be permanently reinvested outside of the United States. As a result of decisions made in prior years to permanently reinvest earnings in foreign jurisdictions, our domestic operations borrow periodically from Sara Lee to meet funding requirements. In cases where our domestic operations have excess cash, the excess cash is swept into Sara Lee's cash pooling accounts or lent to Sara Lee-related entities. Ultimately, the amounts owed to or due from Sara Lee and its related entities are driven by Sara Lee's cash management policies and our operating requirements. These amounts have historically totaled as follows:

	June 28, 2003	July 3, 2004	July 2, 2005	April 1, 2006
	(dollars in thousands)			
Due from related entities	$ 57,646	$ 73,430	$ 26,194	$ 229,375
Funding receivable with parent companies	94,803	55,379	—	—
Notes receivable from parent companies	305,499	432,748	90,551	507,678
Due to related entities	(73,733)	(97,592)	(59,943)	(36,472)
Funding payable with parent companies	—	—	(317,184)	(195,479)
Notes payable to parent companies	(546,674)	(478,295)	(228,152)	(203,536)
Notes payable to related entities	(398,168)	(436,387)	(323,046)	(453,063)
Net amount due to parent companies and related entities	$(560,627)	$(450,717)	$(811,580)	$(151,497)

Changes in these balances are the result of operational funding needs and Sara Lee's cash management requirements. These items are further described in Note 20, titled "Relationship with Sara Lee and Related Entities," to our Combined and Consolidated Financial Statements. All amounts payable to or receivable from Sara Lee and its related entities will be extinguished as part of the spin off.

Notes Payable and Credit Facilities

In conjunction with the spin off, we plan to undertake a recapitalization which will include the incurrence of significant third party debt in the form of a new senior secured credit facility, a new senior secured second lien credit facility and a bridge loan facility and payment of $2.4 billion of the proceeds to Sara Lee prior to the consummation of the spin off, which is described in greater detail in "Description of Certain Indebtedness" below. As a result of this planned debt incurrence, the amount of interest expense will increase significantly after the spin off. After the spin off, our primary source of liquidity will be cash provided from operating activities. We believe that our cash provided from operating activities, together with our available credit capacity, will enable us to comply with the terms of our new indebtedness and meet presently foreseeable financial requirements.

Notes payable to banks were $30.4 million at April 1, 2006, $83.3 million at the end of fiscal 2005, and zero at the end of fiscal 2004 and fiscal 2003. We did not use cash on hand to repay notes payable at April 1, 2006 and July 2, 2005 as we did at the end of fiscal 2004 and fiscal 2003.

As of April 1, 2006, we had a $27.6 million loan outstanding under a non-revolving 364-day facility with a third party with maximum borrowing of 107 million Canadian dollars (approximately $95.6 million). This facility matures on May 31, 2006. The interest rate on borrowings is based on either the daily bankers acceptance rate plus 0.6% or the Canadian prime lending rate. Borrowings under the facility are currently guaranteed by Sara Lee.

In addition, we have a RMB 30 million (approximately $3.8 million) short term revolving facility arrangement with a Chinese branch of a U.S. bank. The facility is dated January 27, 2006 and is renewable annually. Borrowings under the facility accrue interest at the prevailing base lending rates published by the People's Bank of China from time to time less 10% and are currently guaranteed by Sara Lee. As of April 1, 2006, $2.8 million was outstanding under this facility.

We are presently in compliance with the covenants contained in these facilities.

Off-Balance Sheet Arrangements

We engage in off-balance sheet arrangements that we believe are reasonably likely to have a current or future effect on our financial condition and results of operations. These off-balance sheet arrangements include operating leases for manufacturing facilities, warehouses, office space, vehicles, machinery and equipment, and prior to and during fiscal 2005, we participated in Sara Lee's receivables sale program.

Leases

Minimum operating lease obligations are scheduled to be paid as follows: $38.8 million in fiscal 2006, $31.1 million in fiscal 2007, $24.0 million in fiscal 2008, $17.7 million in fiscal 2009, $13.6 million in fiscal 2010 and $26.5 million thereafter.

Sale of Accounts Receivable

Historically, we participated in a Sara Lee program to sell trade accounts receivable to a limited purpose subsidiary of Sara Lee. The subsidiary, a separate bankruptcy remote corporate entity, is consolidated in Sara Lee's results of operations and statement of financial position. This subsidiary held trade accounts receivable that it purchased from the operating units and sold participating interests in those receivables to financial institutions, which in turn purchased and received ownership and security interests in those receivables. During fiscal 2005, Sara Lee terminated its receivable sale program and no receivables were sold under this program at the end of fiscal 2005. The amount of receivables sold under this program was $22.5 million at the end of fiscal 2003 and $22.3 million at the end of fiscal 2004. Changes in the balance of receivables sold are a component of net cash from operating activities ("(Increase) decrease in trade accounts receivable") with an offset to a change in "Decrease (increase) in due to and from related entities" in our Combined and Consolidated Statements of Cash Flows. As collections reduced accounts receivable included in the pool, the operating units sold new receivables to the limited purpose subsidiary. The limited purpose subsidiary had the risk of credit loss on the sold receivables.

The proceeds from the sale of the receivables were equal to the face amount of the receivables less a discount. The discount was based on a floating rate and was accounted for as a cost of the receivable sale program. This cost has been included in "Selling, general and administrative expenses" in our Combined and Consolidated Statements of Income. The calculated discount rate for fiscal 2003, 2004 and 2005 was 1.6%, 1.2% and 1.2%, respectively, resulting in aggregated costs of $52.4 million, $5.0 million and $4.0 million in fiscal 2003, 2004, and 2005, respectively. We retained collection and administrative responsibilities for the participating interests in the defined pool.

Future Contractual Obligations and Commitments

We do not have any material unconditional purchase obligations, as such term is defined by SFAS No. 47, "Disclosure of Long-Term Purchase Obligations." The following tables contain information on our contractual obligations and commitments as of April 1, 2006 and July 2, 2005.

	At April 1, 2006	Payments due by fiscal year			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Obligations to be extinguished upon separation:					
Due to related entities	$ 36,472	$ 36,472	$ —	$ —	$ —
Funding payable with parent companies	195,479	195,479	—	—	—
Notes payable to parent companies	203,536	203,536	—	—	—
Note payable to related entities	453,063	453,063	—	—	—
Interest on debt obligations	2,417	2,417	—	—	—
	890,967	890,967	—	—	—
Obligations retained at separation (1):					
Notes payable to banks	30,375	30,375	—	—	—
Interest on debt obligations	437	437	—	—	—
Operating lease obligations	122,572	33,022	45,062	37,866	6,622
Capital lease obligations including related interest payments	8,087	3,895	3,716	476	—
Purchase obligations (2)	523,382	396,991	112,202	10,789	3,400
Other long-term liabilities (3)	86,223	68,219	9,621	8,383	—
	771,076	532,939	170,601	57,514	10,022
Total	$ 1,662,043	$ 1,423,906	$ 170,601	$ 57,514	$ 10,022

(1) In connection with the spin off, we will incur approximately (i) $1.65 billion of indebtedness under a senior secured credit facility, which will include an additional $500.0 million revolving credit facility which we expect to be undrawn at the closing of the spin off, (ii) $450.0 million of indebtedness under a senior secured second lien credit facility and (iii) $500.0 million of indebtedness under a bridge loan facility. Each of these credit facilities will bear interest at a floating rate based on a published market rate plus the applicable margin from the credit agreements.

(2) "Purchase obligations," as disclosed in the table, are obligations to purchase goods and services in the ordinary course of business for production and inventory needs (such as raw materials, supplies, packaging and manufacturing arrangements), capital expenditures, marketing services, royalty-bearing license agreement payments and other professional services. This table only includes purchase obligations for which we have agreed upon a fixed or minimum quantity to purchase, a fixed, minimum or variable pricing arrangement and an approximate delivery date. Actual cash expenditures relating to these obligations may vary from the amounts shown in the table above. We enter into purchase obligations when terms or conditions are favorable or when a long-term commitment is necessary. Many of these arrangements are cancelable after a notice period without a significant penalty. This table omits obligations that did not exist as of April 1, 2006, as well as obligations for accounts payable and accrued liabilities recorded on the balance sheet.

(3) Represents the projected payment for long-term liabilities recorded on the balance sheet for deferred compensation, deferred income, and the projected pension contribution of $54.5 million payable to Sara Lee in the fourth quarter of fiscal 2006. We have employee benefit obligations consisting of pensions and other postretirement benefits, including medical. Other than the projected fourth quarter 2006 pension contribution of $54.5 million, pension and postretirement obligations have been excluded from the table. A discussion of our pension and postretirement plans is included in Notes 17 and 18 to the Combined and Consolidated Financial Statements. Our obligations for employee health and property and casualty losses are also excluded from the table.

	At July 2, 2005	Payments due by fiscal year			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
			(in thousands)		
Obligations to be extinguished upon separation:					
Due to related entities	$ 59,943	$ 59,943	$ —	$ —	$ —
Funding payable with parent companies	317,184	317,184	—	—	—
Notes payable to parent companies	228,152	228,152	—	—	—
Notes payable to related entities	323,046	323,046	—	—	—
Interest on debt obligations	1,445	1,445	—	—	—
	929,770	929,770	—	—	—
Obligations retained at separation:					
Notes payable to banks	83,303	83,303	—	—	—
Interest on debt obligations	192	192	—	—	—
Operating lease obligations	151,704	38,844	55,103	31,270	26,487
Capital lease obligations including related interest payments	12,144	5,411	5,625	1,108	—
Purchase obligations (1)	439,431	154,999	275,132	5,900	3,400
Other long-term liabilities (2)	85,443	68,581	9,537	7,325	—
	772,217	351,330	345,397	45,603	29,887
Total	$ 1,701,987	$ 1,281,100	$ 345,397	$ 45,603	$ 29,887

(1) "Purchase obligations," as disclosed in the table, are obligations to purchase goods and services in the ordinary course of business for production and inventory needs (such as raw materials, supplies, packaging and manufacturing arrangements), capital expenditures, marketing services, royalty-bearing license agreement payments and other professional services. This table only includes purchase obligations for which we have agreed upon a fixed or minimum quantity to purchase, a fixed, minimum or variable pricing arrangement and an approximate delivery date. Actual cash expenditures relating to these obligations may vary from the amounts shown in the table above. We enter into purchase obligations when terms or conditions are favorable or when a long-term commitment is necessary. Many of these arrangements are cancelable after a notice period without a significant penalty. This table omits obligations that did not exist as of July 2, 2005, as well as obligations for accounts payable and accrued liabilities recorded on the balance sheet.

(2) Represents the projected payment for long-term liabilities recorded on the balance sheet for deferred compensation, deferred income and the projected fiscal 2006 pension contribution of $54.5 million. We have employee benefit obligations consisting of pensions and other postretirement benefits including medical. Other than the projected fiscal 2006 pension contribution of $54.5 million, pension and postretirement obligations have been excluded from the table. A discussion of our pension and postretirement plans is included in Notes 17 and 18 to our Combined and Consolidated Financial Statements. Our obligations for employee health and property and casualty losses are also excluded from the table.

Pension Plans

The exact amount of contributions made to pension plans in any year is dependent upon a number of factors, including minimum funding requirements in the jurisdictions in which Sara Lee operates and Sara Lee's policy of charging its operating units for pension costs. In conjunction with the spin off, we will establish, adopt and maintain the Hanesbrands Inc. Pension and Retirement Plan, which will assume a portion of the underfunded liabilities of the pension plans sponsored by Sara Lee. In addition, we will assume sponsorship of certain other Sara Lee plans and will continue sponsorship of the Playtex Apparel Inc. Pension Plan and the National Textiles, L.L.C. Pension Plan. After the spin off, we will be required to make periodic pension contributions to the

assumed plans, the Playtex Apparel Inc. Pension Plan, the National Textiles, L.L.C. Pension Plan and the Hanesbrands Inc. Pension and Retirement Plan. The levels of contribution will differ from historical levels of contributions to Sara Lee due to a number of factors, including the funded status of the plans as of the completion of the spin off, as well as our operation as a stand-alone company, financing costs, tax positions and jurisdictional funding requirements.

Guarantees

Due to our historical relationship with Sara Lee, there are several contracts under which Sara Lee has guaranteed certain third-party obligations for several of our entities. Typically, these obligations arise as a result of contracts entered into by our entities and authorized by Sara Lee, under which Sara Lee agrees to indemnify a third-party against losses arising from a breach of representations and covenants related to such matters as title to assets sold, the collectibility of receivables, specified environmental matters, lease obligations assumed and certain tax matters. In each of these circumstances, payment by Sara Lee is conditioned on the other party making a claim pursuant to the procedures specified in the contract. These procedures allow Sara Lee to challenge the other party's claims. In addition, Sara Lee's obligations under these agreements may be limited in terms of time and/or amount, and in some cases Sara Lee or the related entities may have recourse against third-parties for certain payments made by Sara Lee. It is not possible to predict the maximum potential amount of future payments under certain of these agreements, due to the conditional nature of Sara Lee's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by Sara Lee under these agreements have not been material, and no amounts are accrued for these items on our Combined and Consolidated Balance Sheets.

As of July 2, 2005, these contracts included the guarantee of credit limits with third-party banks, and guarantees over supplier purchases. We had not guaranteed or undertaken any obligation on behalf of Sara Lee or any other related entities as of April 1, 2006.

Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risk from changes in foreign exchange rates, interest rates and commodity prices. Historically, Sara Lee has maintained risk management control systems on our behalf to monitor the foreign exchange, interest rate and commodities risks and Sara Lee's offsetting hedge position. Sara Lee's risk management control system uses analytical techniques including market value, sensitivity analysis and value at risk estimations.

Foreign Exchange Risk

Our exposure to foreign exchange rates exists primarily with respect to the Canadian dollar, Mexican peso, and Japanese yen against the U.S. dollar. Following the spin off, we intend to continue Sara Lee's policy of using foreign exchange forward and option contracts to hedge our exposure to adverse changes in foreign exchange rates. A sensitivity analysis technique has been used to evaluate the effect that changes in the market value of foreign exchange currencies will have on our forward and option contracts. At the end of fiscal 2004 and fiscal 2005 and as of April 1, 2006, the potential change in fair value of these instruments, assuming a 10% change in the underlying currency price, was $6.1 million, $6.4 million and $6.3 million, respectively.

Interest Rates

Our historic interest rate exposure primarily relates to intercompany loans or other amounts due to or from Sara Lee, cash balances (positive or negative) in foreign cash pool accounts which we have maintained with Sara Lee in the past, and cash held in short-term investment accounts outside of the United States. We have not historically used financial instruments to address our exposure to interest rate movements.

We and Sara Lee have various notes receivable and notes payable between the parties that are reflected on the Combined and Consolidated Balance Sheet. We and Sara Lee have agreed that these notes receivable and payable will not be repaid at the distribution date and will be capitalized by the parties prior to the spin off. As

part of the separation, we will incur (i) $1.65 billion of indebtedness under a senior secured credit facility, which will include an additional $500.0 million revolving credit facility which we expect to be undrawn at the closing of the spin off and (ii) $450.0 million of indebtedness under a senior secured second lien credit facility that will bear interest at a floating rate based on a published market rate plus the applicable margin from the credit agreements. We will pay $2.4 billion of the proceeds of this debt to Sara Lee. We will also incur $500.0 million of indebtedness under a bridge loan facility that will have a fixed rate of interest and there can be no assurance that we will be able to refinance this indebtedness at the same or better rates upon maturity. We will be exposed to interest rate risk from the floating rate debt issuance and may or may not choose to hedge the interest rate on this floating rate debt. As a result, a 25 basis point movement in the interest rate charged on the floating rate debt that will be issued by us would result in a change in interest expense of $5.3 million.

Commodities

Cotton is the primary raw material we use to manufacture many of our products. In addition, fluctuations in crude oil or petroleum prices may influence the prices of other raw materials we use to manufacture our products, such as chemicals, dyestuffs, polyester yarn and foam. We generally purchase our raw materials at market prices. In fiscal 2006, we started to use commodity financial instruments to hedge the price of cotton, for which there is a high correlation between costs and the financial instrument. We also generally do not use commodity financial instruments to hedge other raw material commodity prices. At April 1, 2006, the potential change in fair value of cotton commodity derivative instruments, assuming a 10% change in the underlying commodity price, was $14.8 million.

Significant Accounting Policies and Critical Estimates

Our significant accounting policies are discussed in Note 3, titled “Summary of Significant Accounting Policies,” to our Combined and Consolidated Financial Statements. In most cases, the accounting policies we utilize are the only ones permissible under generally accepted accounting principles (GAAP). However, applying these policies requires significant judgments or a complex estimation process that can affect our results of operations and financial position. We base our estimates on our historical experience and other assumptions that we believe are reasonable. If actual amounts are ultimately different from our previous estimates, we include the revisions in our results of operations for the period in which the actual amounts become known.

Our accounting policies and estimates that can have a significant impact upon our operating results and financial position are as follows:

Sales Recognition and Incentives

We recognize sales when title and risk of loss passes to the customer. We record provisions for any uncollectible amounts based upon our historical collection statistics and current customer information. Our management reviews these estimates each quarter and make adjustments based upon actual experience. Note 3(d), titled “Summary of Significant Accounting Policies—Sales Recognition and Incentives,” to our Combined and Consolidated Financial Statements describes a variety of sales incentives that we offer to resellers and consumers of our products. Measuring the cost of these incentives requires, in many cases, estimating future customer utilization and redemption rates. We use historical data for similar transactions to estimate the cost of current incentive programs. Our management reviews these estimates each quarter and make adjustments based upon actual experience and other available information.

Catalog Expenses

We incur expenses for printing catalogs for our products to aid in our sales efforts. We initially record these expenses as a prepaid item and charge it against SG&A expenses over time as the catalog is distributed into the stream of commerce. Expenses are recognized at a rate that approximates our historical experience with regard to the timing and amount of sales attributable to a catalog distribution.

Inventory Valuation

We carry inventory on our balance sheet at the estimated lower of cost or market. We carry obsolete, damaged, and excess inventory at the net realizable value, which we determine by assessing historical recovery rates, current market conditions and our future marketing and sales plans. Because our assessment of net realizable value is made at a point in time, there are inherent uncertainties related to our value determination. Market factors and other conditions underlying the net realizable value may change, resulting in further reserve requirements. A reduction in the carrying amount of an inventory item from cost to market value creates a new cost basis for the item that cannot be reversed at a later period.

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out, or "FIFO," method for 95% of our inventories at July 2, 2005, and by the last-in, first-out, or "LIFO," for the remainder. There was no difference between the FIFO and LIFO inventory valuation at July 2, 2005, July 3, 2004 or June 28, 2003. Rebates, discounts and other cash consideration received from a vendor related to inventory purchases are reflected as reductions in the cost of the related inventory item, and are therefore reflected in cost of sales when the related inventory item is sold. While we believe that adequate write-downs for inventory obsolescence have been provided in the Combined and Consolidated Financial Statements, consumer tastes and preferences will continue to change and we could experience additional inventory writedowns in the future.

Depreciation and Impairment of Property, Plant and Equipment

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

We test an asset for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Such events include significant adverse changes in business climate, current period operating or cash flow losses, forecasted continuing losses or a current expectation that an asset will be disposed of before the end of its useful life. We evaluate an asset's recoverability by comparing the asset's net carrying amount to the future net undiscounted cash flows we expect such asset will generate. If we determine that an asset is not recoverable, we recognize an impairment loss in the amount by which the asset's carrying amount exceeds its estimated fair value.

When we recognize an impairment loss for an asset held for use, we depreciate the asset's adjusted carrying amount over its remaining useful life. We do not restore previously recognized impairment losses.

Trademarks and Other Identifiable Intangibles

Trademarks and computer software are our primary identifiable intangible assets. We amortize identifiable intangibles with finite lives, and we do not amortize identifiable intangibles with indefinite lives. We base the estimated useful life of an identifiable intangible asset upon a number of factors, including the effects of demand, competition, expected changes in distribution channels and the level of maintenance expenditures required to obtain future cash flows. As of July 2, 2005, the net book value of trademarks and other identifiable intangible assets was $145.8 million, of which we are amortizing $66.7 million. Effective with the second quarter of fiscal 2006, we reclassified the $79.0 million *Playtex* trademark as a finite lived asset rather than an indefinite life asset. As a result, we began amortizing the *Playtex* trademark over a period of 30 years. We anticipate that our amortization expense for the next year will be $9.4 million.

We evaluate identifiable intangible assets subject to amortization for impairment using a process similar to that used to evaluate asset amortization described above under "—Depreciation and Impairment of Property,

Plant and Equipment." We assess identifiable intangible assets not subject to amortization for impairment at least annually and more often as triggering events occur. In order to determine the impairment of identifiable intangible assets not subject to amortization, we compare the fair value of the intangible asset to its carrying amount. We recognize an impairment loss for the amount by which an identifiable intangible asset's carrying value exceeds its fair value.

We measure a trademark's fair value using the royalty saved method. We determine the royalty saved method by evaluating various factors to discount anticipated future cash flows, including operating results, business plans, and present value techniques. The rates we use to discount cash flows are based on interest rates and the cost of capital at a point in time. Because there are inherent uncertainties related to these factors and our judgment in applying them, the assumptions underlying the impairment analysis may change in such a manner that impairment in value may occur in the future. Such impairment will be recognized in the period in which it becomes known.

Assets and Liabilities Acquired in Business Combinations

We account for business acquisitions using the purchase method, which requires us to allocate the cost of an acquired business to the acquired assets and liabilities based on their estimated fair values at the acquisition date. We recognize the excess of an acquired business's cost over the fair value of acquired assets and liabilities as goodwill as discussed below under "Goodwill." We use a variety of information sources to determine the fair value of acquired assets and liabilities. We use third-party appraisers to determine the fair value and lives of property and identifiable intangibles, consulting actuaries to determine the fair value of obligations associated with defined benefit pension plans, and legal counsel to assess obligations associated with legal and environmental claims.

Goodwill

As of July 2, 2005, we had $278.8 million of goodwill. We do not amortize goodwill, but we assess for impairment at least annually and more often as triggering events occur. Historically, we have performed our annual review in the second quarter of each year.

In evaluating the recoverability of goodwill, we estimate the fair value of our reporting units. Reporting units are business components one level below the operating segment level for which discrete information is available and reviewed by segment management. We rely on a number of factors to determine the fair value of our reporting units and evaluate various factors to discount anticipated future cash flows, including operating results, business plans, and present value techniques. As discussed above under "Trademarks and Other Identifiable Intangibles," there are inherent uncertainties related to these factors, and our judgment in applying them and the assumptions underlying the impairment analysis may change in such a manner that impairment in value may occur in the future. Such impairment will be recognized in the period in which it becomes known.

We evaluate the recoverability of goodwill using a two-step process based on an evaluation of reporting units. The first step involves a comparison of a reporting unit's fair value to its carrying value. In the second step, if the reporting unit's carrying value exceeds its fair value, we compare the goodwill's implied fair value and its carrying value. If the goodwill's carrying value exceeds its implied fair value, we recognize an impairment loss in an amount equal to such excess.

Self-Insurance Reserves

Prior to the spin off, we were insured through Sara Lee for property, worker's compensation, and other casualty programs, subject to minimum claims thresholds. Because the Sara Lee programs cover a large number of participants in many domestic Sara Lee operating units in addition to us, Sara Lee charges an amount to cover premium costs to each operating unit. Following the spin off, we will obtain our own insurance coverage, the costs for which may be greater than the costs realized as a participant in Sara Lee's programs.

Income Taxes

Our income taxes are computed and reported on a separate return basis as if we were not part of Sara Lee. Deferred taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. Net operating loss carry forwards have been determined in our Combined and Consolidated Financial Statements as if we were separate from Sara Lee, resulting in a different net operating loss carry forward amount than reflected by Sara Lee. Given our continuing losses in certain geographic locations on a separate return basis, a valuation reserve has been established for the value of the deferred tax assets relating to these specific locations. Federal income taxes are provided on that portion of our income of foreign subsidiaries that is expected to be remitted to the United States and be taxable, reflecting the historical decisions made by Sara Lee with regards to earnings permanently reinvested in foreign jurisdictions. After the spin off, we may make different decisions as to the amount of earnings permanently reinvested in foreign jurisdictions, due to anticipated cash flow or other business requirements, which may result in a different federal income tax provision.

Sara Lee's management periodically estimates the probable tax obligations of Sara Lee using historical experience in tax jurisdictions and its informed judgment. These estimates have been included in our Combined and Consolidated Statements of Income to the extent applicable to us on a stand-alone basis. There are inherent uncertainties related to the interpretation of tax regulations in the jurisdictions in which we transact business. The judgments and estimates made at a point in time may change based on the outcome of tax audits, as well as changes to, or further interpretations of, regulations. Sara Lee has historically adjusted its income tax expense in the period in which these events occur, and these adjustments are included in our Combined and Consolidated Statements of Income. If such changes take place, there is a risk that our effective tax rate may increase or decrease in any period.

In conjunction with the spin off, we and Sara Lee will enter into a tax sharing agreement. This agreement will allocate responsibilities between us and Sara Lee for taxes and certain other tax matters. Under the tax sharing agreement, Sara Lee generally will be liable for all U.S. federal, state, local and foreign income taxes attributable to us with respect to taxable periods ending on or before the distribution date. Sara Lee also will be liable for income taxes attributable to us with respect to taxable periods beginning before the distribution date and ending after the distribution date, but only to the extent those taxes are allocable to the portion of the taxable period ending on the distribution date. We are generally liable for all other taxes attributable to us. Changes in the amounts payable or receivable by us under the stipulations of this agreement may impact our tax provision in any period.

Defined Benefit Pension Plans

For a discussion of our net periodic benefit cost, plan obligations, plan assets, and how we measure the amount of these costs, see Note 17, titled "Employee Benefit Plans," to our Combined and Consolidated Financial Statements.

The following assumptions were used by Sara Lee to calculate the pension costs and obligations of the plans in which we participate.

	June 28, 2003	July 3, 2004	July 2, 2005
Net periodic benefit cost:			
Discount rate	6.50%	5.50%	5.50%
Long-term rate of return on plan assets	7.75%	7.75%	7.83%
Rate of compensation increase	5.00%	5.87%	4.50%
Plan obligations:			
Discount rate	5.50%	5.50%	5.60%
Rate of compensation increase	5.87%	4.50%	4.00%

Sara Lee's policies regarding the establishment of pension assumptions and allocating the cost of participation in its company wide plans are as follows:

- In determining the discount rate, Sara Lee utilizes the yield on high-quality fixed-income investments that have a AA bond rating and match the average duration of the pension obligations.
- Salary increase assumptions are based on historical experience and anticipated future management actions.
- In determining the long term rate of return on plan assets Sara Lee assumes that the historical long term compound growth rate of equity and fixed income securities will predict the future returns of similar investments in the plan portfolio. Investment management and other fees paid out of plan assets are factored into the determination of asset return assumptions.
- Retirement rates are based primarily on actual experience while standard actuarial tables are used to estimate mortality.
- Operating units which participate in one of Sara Lee's company wide defined benefit pension plans are allocated a portion of the total annual cost of the plan. Consulting actuaries determine the allocated cost by determining the service cost associated with the employees of each operating unit. Other elements of the net periodic benefit cost (interest on the projected benefit obligation, the estimated return on plan assets, and the amortization of deferred losses and prior service cost) are allocated based upon the projected benefit obligation associated with the current and former employees of the reporting entity as a percentage of the projected benefit obligation of the entire defined benefit plan.

Although Sara Lee historically included salary increase assumptions, as noted above, estimated salary increases are not included in calculating our pension costs because future accruals under our pension plans are frozen so that none of our pension plans recognize future salary increases.

We accumulate and amortize results that differ from these assumptions over future periods, which generally affect the future net periodic benefit cost.

Prior to the spin off, we will assume Sara Lee's obligations under the Sara Lee Corporation Consolidated Pension and Retirement Plan and the Sara Lee Corporation Supplemental Executive Retirement Plan that relate to our current and former employees. The amount of the net liability actually assumed will be evaluated in a manner specified by the Employee Retirement Income Security Act of 1974, as amended, or "ERISA," and will be finalized and certified by plan actuaries several months after the contribution is completed.

Issued But Not Yet Effective Accounting Standards

Accounting Changes and Error Corrections

The FASB issued Statement of Financial Accounting Standards No. 154, "Accounting Changes and Error Corrections" (SFAS No. 154), which requires retroactive application of a voluntary change in accounting principle to prior period financial statements unless it is impractical. SFAS No. 154 also requires that changes in the method of depreciation, amortization, or depletion for long-lived, non-financial assets be accounted for as a change in accounting estimate that is affected by a change in accounting principle. SFAS No. 154 replace APB Opinion 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." We will adopt the provisions of SFAS No. 154, effective in fiscal 2007. Management currently believes that adoption of the provisions of SFAS No. 154 will not have a significant impact on our Combined and Consolidated Financial Statements.

DESCRIPTION OF OUR BUSINESS

General

We are a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion*, *Playtex*, *Bali*, *Just My Size*, *barely there* and *Wonderbra*. We design, manufacture, source and sell a broad range of apparel essentials such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. Our brands hold either the number one or number two U.S. market position by sales in most product categories in which we compete.

	Industrywide U.S. Retail Sales (in billions) 2005	Compound Annual Growth Rate Between 2003 and 2005	Hanesbrands 2005 U.S. Market Position by Sales
T-shirts	$ 21.3	8.4%	#1
Bras	5.1	4.5	2
Fleece	4.9	(2.7)	1
Socks	4.7	3.5	1
Men's Underwear	3.0	3.7	1
Panties	3.0	3.1	2
Sheer Hosiery	1.0	(16.7)	1
Kids' Underwear	0.8	5.4	1

Source: The NPD Group/Consumer Panel Track[SM], rolling year-end, as of December 2005.

In fiscal 2005, we generated $4.7 billion in net sales and $359.5 million in income from operations. Our products are sold through multiple distribution channels. In fiscal 2005, 48% of our net sales were to mass merchants, 11% were to national chains, 6% were to department stores, 8% were direct to consumer, 8% were in our international segment and 19% were to other retail channels such as embellishers, specialty retailers, warehouse clubs and sporting goods stores. In addition to designing and marketing apparel essentials, we have a long history of operating a global supply chain which incorporates a mix of self-manufacturing, third-party contractors, and third-party sourcing.

The apparel essentials segment of the apparel industry is characterized by frequently replenished items, such as t-shirts, bras, panties, men's underwear, kids' underwear, socks and hosiery. Growth and sales in the apparel essentials industry are not primarily driven by fashion, in contrast to other areas of the broader apparel industry. Rather, we focus on the core attributes of comfort, fit and value, while remaining current with regard to consumer trends.

Our business is organized into four operating segments. These segments—innerwear, outerwear, hosiery and international—are treated as reportable segments for financial reporting purposes.

The following table summarizes our operating segments by category:

Segment	Primary Product(s)	Primary Brand(s)
Innerwear	Intimate apparel, such as bras, panties and bodywear	*Hanes, Playtex, Bali, barely there, Just My Size, Wonderbra*
	Men's underwear and kids' underwear	*Hanes, Champion*, Polo Ralph Lauren**
	Socks	*Hanes, Champion*
Outerwear	Activewear, such as performance t-shirts and shorts	*Hanes, Champion, Just My Size, Duofold*
	Casualwear, such as t-shirts, fleece and sport shirts	*Hanes, Just My Size, Outerbanks, Hanes Beefy-T*
Hosiery	Hosiery	*L'eggs, Hanes, Just My Size*, DKNY**, Donna Karan**
International	Activewear, men's underwear, kids' underwear, intimate apparel, socks, hosiery and casualwear	*Hanes, Wonderbra*, Playtex*, Champion, Rinbros, Bali*

* As a result of the February 2006 sale of Sara Lee's European branded apparel business, we are not permitted to sell this brand in the EU, several other European countries and South Africa.

** Brand used under a license agreement.

Our Competitive Strengths

Strong Brands with Leading Market Positions. Our brands have a strong heritage in the apparel essentials industry. According to NPD, our brands possess either the number one or number two market position in the United States in most of the product categories in which we compete. Our brands enjoy high awareness among consumers according to a 2006 brand equity analysis by Millward Brown Market Research. According to a 2005 survey of consumer brand awareness by Women's Wear Daily, we own three of the top five most recognized apparel and accessory brands among women in the United States, with *Hanes* (number one), *L'eggs* (number three) and *Hanes Her Way* (number four) (now referred to as *Hanes*). According to NPD, our largest brand, *Hanes*, is the top selling apparel brand in the United States by units sold. Our creative, focused advertising campaigns have been an important element in the continued success and visibility of our brands. We employ a multimedia marketing plan involving national television, radio, Internet, direct mail and in-store advertising, as well as targeted celebrity endorsements, to communicate the key features and benefits of our brands to consumers. We believe that these marketing programs reinforce and enhance our strong brand awareness across our product categories.

High-Volume, Core Essentials Focus. We sell high-volume, frequently replenished apparel essentials. The majority of our core styles continue from year to year, with variations only in color, fabric or design details, and are frequently replenished by consumers. For example, we believe the average U.S. consumer makes 3.5 trips to retailers to purchase men's underwear and 4.5 trips to purchase panties annually. We believe that our status as a high-volume seller of core apparel essentials creates a more stable and predictable revenue base and reduces our exposure to dramatic fashion shifts often observed in the general apparel industry.

Significant Scale of Operations. We are the largest seller of apparel essentials in the United States as measured by sales. As an example of the scale of our operations, we manufactured and sold over 400 million t-shirts (innerwear and outerwear) and almost half a billion pairs of socks in fiscal 2005. Most of our products are sold to large retailers which have high-volume demands. We have met the demands of our customers by developing vertically integrated operations and an extensive network of owned facilities and third-party manufacturers over a broad geographic footprint. We believe that we are able to leverage our significant scale of

operations to provide us with greater manufacturing efficiencies, purchasing power and product design, marketing and customer management resources than our smaller competitors.

Strong Customer Relationships. We sell our products primarily through large, high-volume retailers, including mass merchants, department stores and national chains. We have strong, long-term relationships with our top customers, including relationships of over ten years with each of our top ten customers. The size and operational scale of the high-volume retailers with which we do business require extensive category and product knowledge and specialized services regarding the quantity, quality and planning of orders. In the late 1980s, we undertook a shift in our approach to our relationships with our largest customers when we sought to align significant parts of our organization with corresponding parts of their organizations. For example, we are organized into teams that sell to and service our customers across a range of functional areas, such as demand planning, replenishment and logistics. We also have entered into customer-specific programs such as the introduction in 2004 of *C9 by Champion* products marketed and sold through Target stores. Through these efforts, we have become the largest apparel essentials supplier to many of our customers.

Significant Cash Flow Generation. Due to our strong brands and market position, our business has historically generated significant cash flow. In fiscal 2003, 2004 and 2005, we generated $416.7 million, $410.2 million and $446.8 million, respectively, of cash from operating activities net of cash used in investing activities. Our cash flow gives us the flexibility to create shareholder value by investing in our business, reducing debt and returning capital to our shareholders.

Strong Management Team. We have strengthened our management team through the addition of experienced executives in key leadership roles. Richard Noll, our Chief Executive Officer, has extensive management experience in the apparel and consumer products industries. During his 14-year tenure at Sara Lee, Mr. Noll led Sara Lee's sock and hosiery businesses, Sara Lee Direct and Sara Lee Mexico (all of which are now part of our business), as well as the Sara Lee Bakery Group and Sara Lee Australia. Lee Wyatt, our Chief Financial Officer, has broad experience in executive financial management, including tenures as Chief Financial Officer at Sonic Automotive, a publicly traded automotive aftermarket supplier, and Sealy Corporation. Gerald Evans, our Chief Supply Chain Officer and Michael Flatow, our General Manager, Wholesale Americas, also add significant experience and leadership to our management team. The additions of Messrs. Noll and Wyatt complement the leadership and experience provided by Lee Chaden, our Executive Chairman, who has extensive experience within the apparel and consumer products industries.

Key Business Strategies

Historically, we have operated as part of Sara Lee, sharing services and capital with Sara Lee's food, beverage and household products businesses. Following our spin off from Sara Lee, we will become a more tightly focused apparel essentials company. As an independent publicly traded company, we believe we will be better positioned to compete in the apparel essentials industry and to invest in and grow our business. Our mission is to grow earnings and cash flow by integrating our operations, optimizing our supply chain, increasing our brand leadership and leveraging and strengthening our retail relationships. Specifically, we intend to focus on the following strategic initiatives:

Create a More Integrated, Focused Company. Historically, we have had a decentralized operating structure, with many distinct operating units. We are in the process of consolidating functions, such as purchasing, finance, manufacturing/sourcing, planning, marketing and product development, across all of our product categories in the United States. We also are in the process of integrating our distribution operations and information technology systems. We believe that these initiatives will streamline our operations, improve our inventory management, reduce costs, standardize processes and allow us to distribute our products more effectively to retailers. We expect that our initiative to integrate our technology systems also will provide us with more timely information, increasing our ability to allocate capital and manage our business more effectively.

Develop a Lower-Cost Efficient Supply Chain. As a provider of high-volume products, we are continually seeking to improve our cost-competitiveness and operating flexibility through supply chain initiatives. In this regard, we have recently launched two textile manufacturing projects outside of the United States —an owned

textile manufacturing facility in the Dominican Republic, which began production in early 2006, and a strategic alliance with a third-party textile manufacturer in El Salvador, which began production in 2005. At the facility we own and at the facility owned by our strategic partner, textiles are knit, dyed, finished and cut in accordance with our specifications. We expect to achieve cost efficiencies from our operations at these facilities primarily as a result of lower labor costs. In addition, because these manufacturing facilities are located in close proximity to the sewing operations to which the manufactured textiles must be transported, we expect to achieve additional efficiencies by reducing the amount of time needed to produce finished goods. We also expect to increase asset utilization through the operations at these facilities. In connection with moving operations from other facilities, we reduced excess manufacturing capacity. We also expect to benefit from locating many of the processes that require constant changes to the manufacturing line at one facility, which allows for fewer changes at other facilities. Over the next several years, we will continue to transition additional parts of our supply chain from the United States to locations in Central America, the Caribbean Basin and Asia in an effort to optimize our cost structure. We intend to continue to self-manufacture core products where we can protect or gain a significant cost advantage through scale or in cases where we seek to protect proprietary processes and technology. We plan to continue to selectively source from third-party manufacturers product categories that do not meet these criteria. We expect that in future years our supply chain will become more balanced across the Eastern and Western Hemispheres. Our customers require a high level of service and responsiveness, and we intend to continue to meet these needs through a carefully managed facility migration process. We expect that these changes in our supply chain will result in significant cost efficiencies and increased asset utilization.

Increase the Strength of Our Brands with Consumers. Our advertising and marketing campaigns have been an important element in the success and visibility of our brands. We intend to increase our level of marketing support behind our key brands with targeted, effective advertising and marketing campaigns. For example, in fiscal 2005, we launched a comprehensive marketing campaign titled “Look Who We’ve Got Our Hanes on Now,” which we believe significantly increased positive consumer attitudes about the *Hanes* brand in the areas of stylishness, distinctiveness and up-to-date products.

Our ability to react to changing customer needs and industry trends will continue to be key to our success. Our design, research and product development teams, in partnership with our marketing teams, drive our efforts to bring innovations to market. We intend to leverage our insights into consumer demand in the apparel essentials industry to develop new products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends. Examples of our success to date include:

- Tagless garments—where the label is embroidered or printed directly on the garment instead of attached on a tag—which we first released in t-shirts under our *Hanes* brand (2002), and subsequently expanded into other products such as outerwear tops (2003) and panties (2004).
- “Comfort Soft” bands in our underwear and bra lines, which deliver to our consumers a softer, more comfortable feel with the same durable fit (2004 and 2005).
- New versions of our Double Dry wicking products and Friction Free running products under our *Champion* brand (2005).
- The “no poke” wire which was successfully introduced to the market in our *Bali* brand bras (2004).

Strengthen Our Retail Relationships. We intend to expand our market share at large, national retailers by applying our extensive category and product knowledge, leveraging our use of multi-functional customer management teams and developing new customer-specific programs such as *C9 by Champion* for Target. Our goal is to strengthen and deepen our existing strategic relationships with retailers and develop new strategic relationships. Additionally, we plan to expand distribution by providing manufacturing and production of apparel essentials products to specialty stores and other distribution channels, such as direct to consumer through the Internet.

Our Industry

According to industry estimates from NPD Group, apparel sales in the United States totaled approximately $181 billion in 2005, growing at a compound annual rate of 3.5% from 2003 to 2005, driven largely by strength in adult apparel sales. Leading the growth in the apparel industry is the apparel essentials segment, the foundation of our current business. The apparel essentials segment of the apparel industry is characterized by frequently replenished items, such as t-shirts, bras, panties, men's underwear, kids' underwear, socks and hosiery, which represented approximately 24%, or $44 billion, of total 2005 apparel sales. Apparel essentials sales have been growing faster than the total apparel market, with apparel essentials growing at a compound annual rate of 4.5% over the past two years.

The overall U.S. apparel market and the core categories critical to our future success will continue to be influenced by a number of broad-based trends:

- the U.S. population is predicted to increase at a rate of less than 1% annually, with the rate of increase declining through 2050, with a continued aging of the population and a shift in the ethnic mix;
- changing attitudes about fashion, the need for versatility, and continuing preferences for more casual apparel are expected to support the strength of basic or classic styles of "relaxed apparel";
- the impact of a continued deflationary environment in our business and the apparel essentials industry;
- continued increases in body size across all age groups and genders, and especially among children, will drive demand for plus-sized apparel; and
- intense competition and continued consolidation in the retail industry, the shifting of formats among major retailers, convenience and value will continue to be key drivers.

In addition, we anticipate growth in the apparel essentials industry will be driven in part by product improvements and innovations. Improvements in product features, such as stretch in t-shirts or tagless garment labels, or in increased variety through new sizes or styles, such as half sizes and boy leg briefs, are expected to enhance consumer appeal and category demand. Often the innovations and improvements in our industry are not trend-driven, but are designed to react to identifiable consumer needs and demands. As a consequence, the apparel essentials market is characterized by lower fashion risks compared to other apparel categories.

Our Brands

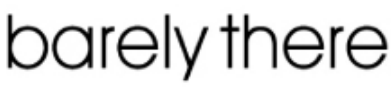
Our portfolio of leading brands is designed to address the needs and wants of various consumer segments across a broad range of apparel essentials products. Our portfolio includes four brands with fiscal 2005 annual net sales significantly in excess of $200.0 million, with *Hanes* fiscal 2005 net sales exceeding $2.0 billion. Each of our brands has a particular consumer positioning that distinguishes it from its competitors and guides its advertising and product development. We discuss our brands in more detail below:

Hanes is the largest and most widely recognized brand in our portfolio. According to a 2005 survey of consumer brand awareness by Women's Wear Daily, *Hanes* is the most recognized apparel and accessory brand among women in the United States. The *Hanes* brand covers all of our product categories, including men's underwear, kids' underwear, bras, panties, socks, t-shirts, fleece and sheer hosiery. *Hanes* stands for outstanding comfort, style and value. According to Millward Brown Market Research, *Hanes* is found in 88% of the United States households who have purchased men's or women's casual clothing or underwear in the 12 month period ended March 2006.

Champion is our second-largest brand. Specializing in athletic performance apparel, the *Champion* brand is designed for everyday athletes. We believe that *Champion's* combination of comfort, fit and style provides athletes with mobility, durability and up-to-date styles, all product qualities that are important in the sale of athletic products. We also distribute products under the *C9 by Champion* brand exclusively through Target stores.

Playtex, our third-largest brand within our portfolio, offers a line of bras, panties and shapewear, including products that offer solutions for hard to fit figures.

Bali is the fourth-largest brand within our portfolio. *Bali* offers a range of bras, panties and shapewear sold in the department store channel.



Our brand portfolio also includes the following well-known brands: *L'eggs*, *Just My Size*, *barely there*, *Wonderbra*, *Outerbanks*, and *Duofold*. These brands serve to round out our product offerings, allowing us to give consumers a variety of options to meet their diverse needs.

Our Segments

Innerwear

The innerwear segment focuses on core apparel essentials, and consists of products such as women's intimate apparel, men's underwear, kids' underwear, socks, thermals and sleepwear, marketed under well-known brands that are trusted by consumers. We are an intimate apparel category leader in the United States with our *Hanes*, *Playtex*, *Bali*, *barely there*, *Just My Size*, and *Wonderbra* brands, offering a full line of bras, panties and bodywear. We are also a leading manufacturer and marketer of men's underwear, and kids' underwear under the *Hanes* and *Champion* brand names. We also produce underwear products under a licensing agreement with Polo Ralph Lauren. In the men's underwear, kids' underwear and socks product categories, we occupy the number one market position by sales and in the total women's intimate apparel product category we occupy the number two market position by sales. Our fiscal 2005 net sales from our innerwear segment were $2.7 billion, representing approximately 58% of net sales.

Outerwear

We are a leader in the casualwear and activewear markets through our *Hanes*, *Champion* and *Just My Size* brands, where we offer products such as t-shirts and fleece. Our casualwear lines offer a range of quality, comfortable clothing for men, women and children marketed under the *Hanes* and *Just My Size* brands. The *Just My Size* brand offers casual apparel designed exclusively to meet the needs of plus-size women. In addition to activewear for men and women, *Champion* provides uniforms for athletic programs and in 2004 launched a new apparel program at Target, *C9 by Champion*. We also license our *Champion* name for collegiate apparel and footwear. We also supply our t-shirts, sportshirts and fleece products to screenprinters and embellishers, who imprint or embroider the product and then resell to specialty retailers and organizations such as resorts and professional sports clubs. We sell our products to screenprinters and embellishers primarily under the *Hanes*, *Hanes Beefy-T* and *Outer Banks* brands. Our fiscal 2005 net sales from our outerwear segment were $1.3 billion, representing approximately 27% of net sales.

Hosiery

We are the leading marketer of women's sheer hosiery in the United States, occupying the number one position by sales. We compete in the hosiery market by striving to offer superior values and executing integrated marketing activities, as well as focusing on the style of our hosiery products. In addition to the *Hanes*, *L'eggs* and *Just My Size* brands, we market hosiery products under licensing agreements with DKNY and Donna Karan. Our fiscal 2005 net sales from our hosiery segment were $353.5 million, representing approximately 7% of total net sales. Consistent with a sustained decline in the hosiery industry due to changes in consumer preferences, our net sales from hosiery sales have declined each year since 1995.

International

Our fiscal 2005 net sales in our international segment were $354.5 million, representing approximately 8% of net sales and included sales in Asia, Canada and Latin America. Japan, Canada and Mexico are our largest international markets. We have opened sales offices in India and China. Our international segment does not include Sara Lee's former branded apparel operations in Europe, which were sold in February 2006, or Sara Lee's apparel operations in the United Kingdom, which are being retained by Sara Lee and held for sale.

Design, Research and Product Development

Our design, research and product development teams are focused on the design of stylish and comfortable products that have broad consumer appeal and can be sold at competitive prices. Our design, research and product development operations also focus on adopting technological innovations to existing product lines and new product introductions.

Our design, research, and product development teams work collaboratively with our marketing team in developing new products and product innovations for all of our product lines, enabling us to quickly and efficiently respond to changing consumer needs. An example of this collaboration was the success of the "no poke" wire bra launched under our *Bali* brand. Our marketing team received consumer feedback that some wires traditionally used in underwire bras cause discomfort to certain consumers. In response, our design, research and development teams worked to develop a bra utilizing a new type of wire with a spring tip. Our marketing group launched the product in 2004 and it has been a major success for our business generating approximately $9.0 million in net sales in 2005, with new introductions following to build on the success of our new "no poke" category.

At the core of our design, research and product development capabilities is a team of over 300 professionals. As part of plan to consolidate our operations, we recently combined our design, research and development teams into an integrated group for all of our product categories. We also recently opened a new facility located in Winston-Salem, North Carolina, which is the center of our research, technical design and product development

efforts and maintains modern equipment that is reflective of the capabilities in our own internal manufacturing plants and external facilities. This facility brings together our research and product development operations, promoting greater efficiency by rationalizing and standardizing manufacturing operations and raw materials across various product lines and brands. For example, we have rationalized our core color standards across our divisions, enabling us to eliminate color inconsistencies within our products and promote efficiency in our manufacturing operations. Our new facility contains hosiery, sock, jersey and seamless knitting machines, a new dye house, laboratories and computerized cutting and sample sewing rooms, in addition to materials testing, product and process research, prototype design and sample product development capabilities. We also employ creative design and product development personnel in our design center in New York City and have a research team in the United Kingdom. Consistent with the expansion of our manufacturing operations, we are planning to expand our research and product development activities into Asia.

During fiscal 2003, 2004 and 2005, we spent approximately $47 million, $53 million and $51 million, respectively, on design, research and product development.

Customers

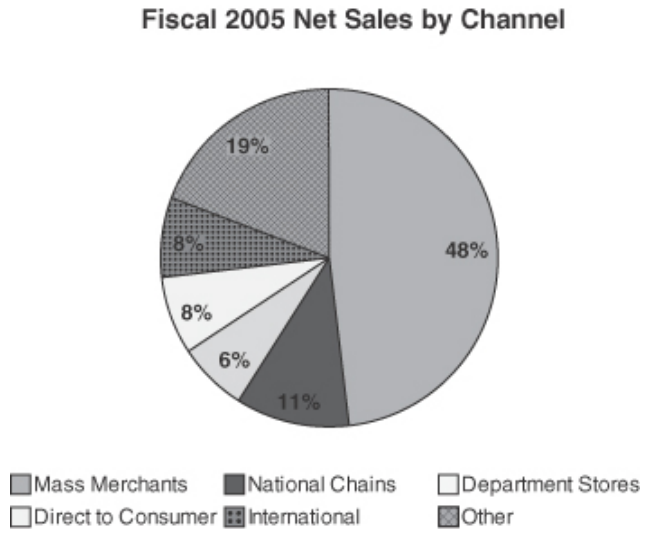
In fiscal 2005, approximately 92% of our net sales were to customers in the United States and approximately 8% were to customers outside the United States (consisting of net sales from our international segment and net sales from our outerwear segment to customers outside the United States). Domestically, almost 82% of our net sales were wholesale sales to retailers, 10% were wholesale sales to third-party embellishers and 8% were direct-to-consumer. We have well-established relationships with some of the largest apparel retailers in the world. Our largest customers are Wal-Mart, Target and Kohl's, accounting for 31%, 11% and 5% of our total sales in fiscal 2005, respectively. As is common in the apparel essentials industry, we generally do not have purchase agreements that obligate our customers, including Wal-Mart, to purchase our products. However, all of our key customer relationships have been in place for 10 years or more.

Wal-Mart and Target are our only customers with net sales that exceed 10% of any individual segment's net sales. In our innerwear segment, Wal-Mart accounts for 34% of net sales and Target accounts for 11% of net sales. In our outerwear segment, Wal-Mart accounts for 29% of net sales and Target accounts for 14% of net sales. In our hosiery and international segments, Wal-Mart accounts for 20% and 16% of net sales, respectively.

Across all of our distribution channels, our largest customers are also among the largest participants in their respective channels. Our portfolio of strong brands, our operational scale as one of the world's largest producers of apparel essentials and our experience in a broad spectrum of apparel essentials categories has enabled us to successfully maintain strong relationships with these large customers. For example, in fiscal 2005 our sales to Wal-Mart exceeded $1.4 billion.

Due to their size and operational scale, high-volume retailers require extensive category and product knowledge and specialized services regarding the quantity, quality and timing of product orders. We have organized multi-functional customer management teams which has allowed us to form strategic long-term relationships with these customers and efficiently focus resources on category, product and service expertise. For example, we have recently entered into customer-specific programs such as the introduction of *C9 by Champion* products marketed and sold through Target stores. Smaller regional customers attracted to our leading brands and quality products also represent an important component of our distribution, and our organizational model provides for an efficient use of resources that delivers a high level of category and channel expertise and services to these customers.

In the United States, we sell our products through all distribution channels in which apparel essentials are sold.



Sales to the mass merchant channel accounted for approximately 48% of our net sales in fiscal 2005. We sell all of our product categories in this channel primarily under our *Hanes*, *Just My Size*, *Playtex* and *C9 by Champion* brands. Mass merchants feature high-volume, low-cost sales of basic apparel items along with a diverse variety of consumer goods products, such as grocery and drug products and other hard lines, and are characterized by large retailers, such as Wal-Mart. Wal-Mart is our largest mass merchant customer, accounting for approximately 31% of our net sales for fiscal 2005.

Sales to the national chains channel accounted for approximately 11% of our net sales in fiscal 2005. These retailers target a higher income consumer than mass merchants, focus more of their sales on apparel items rather than other consumer goods such as grocery and drug products, and are characterized by large retailers such as Sears, JC Penney and Kohl's. We sell all of our product categories in this channel.

Sales to the traditional department stores channel accounted for approximately 6% of our net sales in fiscal 2005. Traditional department stores target higher-income consumers and carry more high-end, fashion conscious products than national chains or mass merchants and tend to operate in higher-income areas and commercial centers. Traditional department stores are characterized by large retailers such as Macy's and Dillard's. We sell products in our intimate apparel, hosiery and underwear categories through these department stores.

Sales to the direct to consumer channel accounted for approximately 8% of our net sales in fiscal 2005. We sell our branded products directly to consumers through our 229 outlet stores, as well as our catalogs and our web sites operating under the *Hanes* name as well as One Hanes Place, Outerbanks, Just My Size and Champion. Our outlet stores are value based, offering the consumer a savings of 25% to 40% off suggested retail prices, and sell first-quality, excess, post-season, obsolete and slightly imperfect products. Our catalogs and web sites address the growing direct-to-consumer channel that operates in today's 24/7 retail environment, and we have an active database of approximately two million consumers receiving our catalogs and emails. Our web sites have experienced significant growth, and we expect this trend to continue as more consumers embrace this retail shopping channel.

Sales in our international segment represented approximately 8% of our net sales in fiscal 2005, and included sales in Asia, Canada and Latin America. Japan, Canada and Mexico are our largest international markets, and India and China are the fastest growing. We operate in several locations in Latin America including Mexico, Puerto Rico, Argentina, Brazil and Central America. From an export business perspective, we use distributors to service customers in the Middle East and Asia, and have a limited presence in Latin America. The primary focus of the export business is *Hanes* underwear and *Bali*, *Playtex*, *Wonderbra* and *barely there* intimate apparel.

Sales in other channels represented approximately 19% of our net sales in fiscal 2005. We sell t-shirts, golf and sport shirts and fleece sweatshirts to third-party embellishers primarily under our *Hanes*, *Hanes Beefy-T* and *Outerbanks* brands. Sales to third-party embellishers accounted for approximately 10% of our net sales in fiscal 2005. We also sell a significant range of our underwear, activewear and sock products under the *Champion* brand to wholesale clubs, such as Costco, and sporting goods stores, such as The Sports Authority. We sell primarily legwear and underwear products under the *Hanes* and *L'eggs* brands to food, drug and variety stores. We sell our branded apparel essentials products to the U.S. military for sale to servicemen and servicewomen.

Inventory

Effective inventory management is a key component of our future success. Since our customers do not purchase our products under long-term supply contracts, but rather on a purchase order basis, effective inventory management requires close coordination with the customer base. We employ various types of inventory management techniques that include collaborative forecasting and planning, vendor managed inventory, key event management, and various forms of replenishment management processes.

We have approximately 20 demand management planners in our customer management group who work closely with customers to develop demand forecasts that are passed to the supply chain. We have an additional 70 professionals within the customer management group who coordinate daily with our larger customers to help ensure that our customers' planned inventory levels are in fact available at their individual retail outlets. Additionally, within our supply chain organization we have approximately 150 dedicated professionals that translate the demand forecast into our inventory strategy and specific production plans. These individuals work closely with our customer management team to balance inventory investment/exposure with customer service targets.

Seasonality

Generally, our diverse range of product offerings helps dampen seasonal change in demand for certain items. Sales are typically higher in the first two fiscal quarters (July to December) of each year. Socks, hosiery and fleece products generally have higher sales during this time as a result of cooler weather, back-to-school shopping and holidays. Sales levels in a period may also be impacted by retailers' decisions to increase or decrease inventory levels in response to anticipated consumer demand.

Marketing

Our strategy is to bring consumer-driven innovation to market in a compelling way. Our approach is to build targeted, effective multi-media advertising and marketing campaigns regarding our portfolio of key brands. In addition, we will explore new marketing opportunities through which we can communicate the key features and benefits of our brands to consumers. For example, in fiscal 2005, we launched a comprehensive marketing campaign titled "Look Who We've Got Our Hanes on Now," which we believe significantly increased positive consumer attitudes about the *Hanes* brand in the areas of stylishness, distinctiveness and up-to-date products. We believe that the strength of our consumer insights, our distinctive brand propositions and our focus on integrated marketing give us a competitive advantage in the fragmented apparel marketplace.

Distribution

We distribute our products for the U.S. market primarily from U.S.-based company-owned and company-operated distribution centers. As of April 1, 2006, we operated 31 distribution centers and also performed direct ship services from selected Central America, Caribbean Basin and Mexico based operations to the U.S. markets. International distribution operations use a combination of third-party logistics providers, as well as owned and operated distribution operations, to distribute goods to our various international markets. We are currently in the process of consolidating several of our U.S. distribution centers. In this process, we intend to centralize our distribution centers around our Winston-Salem, North Carolina base and close several of our distribution centers located around the United States.

Manufacturing and Sourcing

In fiscal 2005, approximately 85% of our finished goods sold in the United States were manufactured through a combination of facilities we own and operate and facilities owned and operated by third-party contractors. These contractors perform some of the steps in the manufacturing process for us, such as cutting and/or sewing. We sourced the remainder of our finished goods from third-party manufacturers who supply us with finished products based on our designs. We believe that our balanced approach to product supply, which relies on a combination of owned, contracted and sourced manufacturing located across different geographic regions, increases the efficiency of our operations, reduces product costs and offers customers a reliable source of supply.

Finished Goods That Are Manufactured by Hanesbrands

The manufacturing process for finished goods that we manufacture begins with raw materials we obtain from third parties. The principal raw materials in our product categories are cotton and synthetics. Our costs for cotton yarn and cotton-based textiles vary based upon the fluctuating and volatile cost of cotton, which is affected by weather, consumer demand, speculation on the commodities market and the relative valuations and fluctuations of the currencies of producer versus consumer countries. We attempt to mitigate the effect of fluctuating raw material costs by entering into short-term supply agreements that set the price we will pay for cotton yarn and cotton-based textiles in future periods. We also enter into hedging contracts on cotton designed to protect us from severe market fluctuations in the wholesale prices of cotton. In addition to cotton yarn and cotton-based textiles, we use thread and trim for product identification, buttons, zippers, snaps and lace. Fluctuations in crude oil or petroleum prices may also influence the prices of items used in our business, such as chemicals, dyestuffs, polyester yarn and foam. Alternate sources of these materials and services are readily available. We did not experience difficulty in satisfying our raw material needs during fiscal 2005.

After they are sourced, cotton and synthetic materials are spun into yarn, which is then knitted into cotton, synthetic and blended fabrics. We spin a significant portion of the yarn and knit a significant portion of the fabrics we use in our owned and operated facilities. To a lesser extent, we purchase fabric from several domestic and international suppliers in conjunction with scheduled production. These fabrics are cut and sewn into finished products, either by us or by third-party contractors. Most of our cutting and sewing operations are located in Central America and the Caribbean Basin.

In making decisions about the location of manufacturing operations and third-party sources of supply, we consider a number of factors including local labor costs, quality of production, applicable quotas and duties, and freight costs. Although approximately 80% of our workforce is currently located outside the United States, approximately 70% of our labor costs in fiscal 2005 were related to our domestic workforce. Over the past ten years, we have engaged in a substantial asset relocation strategy designed to relocate or eliminate portions of our U.S. based manufacturing operations to lower-cost locations in Central America, the Caribbean Basin and Asia. In fiscal 2005, we launched two textile manufacturing projects offshore—an owned textile facility in the Dominican Republic and a strategic alliance with a third-party textile manufacturer in El Salvador. We closed two of our owned textile facilities in the United States in connection with these projects.

Finished Goods That Are Manufactured by Third Parties

In addition to our manufacturing capabilities, we also source finished goods designed by us from third-party manufacturers, also referred to as "turnkey products." We continue to evaluate actions to reduce our U.S. workforce over time, which should have the effect of reducing our total labor costs. Many of these turnkey products are sourced from international suppliers by our strategic sourcing hubs in Hong Kong and other locations in Asia.

All contracted and sourced manufacturing must meet our high quality standards. Further, all contractors and third-party manufacturers must be preaudited and adhere to our strict supplier and business practices guidelines. These requirements provide strict standards covering hours of work, age of workers, health and safety conditions and conformity with local laws. Each new supplier must be inspected and agree to comprehensive compliance terms prior to performance of any production on our behalf. We audit compliance with these standards and maintain strict compliance performance records. In addition to our audit procedures, we require certain of our suppliers to be Worldwide Responsible Apparel Production, or "WRAP," certified. WRAP is a stringent apparel certification program that independently monitors and certifies compliance with certain specified manufacturing standards which are intended to ensure that a given factory produces sewn goods under lawful, humane, and ethical conditions. WRAP uses third-party, independent certification firms, and requires factory-by-factory certification.

Trade Regulation

We are exposed to certain risks of doing business outside of the United States. We import goods from company-owned facilities in Mexico, Central America and the Caribbean Basin, and from suppliers in those areas and in Asia, Europe, Africa and the Middle East. These import transactions had been subject to constraints imposed by bilateral agreements that imposed quotas that limited the amount of certain categories of merchandise from certain countries that could be imported into the United States and the EU.

Pursuant to a 1995 Agreement on Textiles and Clothing under the WTO, effective January 1, 2005, the United States and other WTO member countries were required, with few exceptions, to remove quotas on goods from WTO member countries. The complete removal of quotas would benefit us, as well as other apparel companies, by allowing us to source products without quantitative limitation from any country. Several countries, including the United States, have imposed safeguard quotas on China pursuant to the terms of China's Accession Agreement to the WTO, and others may in the future impose similar restrictions. Our management evaluates the possible impact of these and similar actions on our ability to import products from China. We do not expect the imposition of these safeguards to have a material impact on us.

Our management monitors new developments and risks relating to duties, tariffs and quotas. In response to the changing import environment resulting from the elimination of quotas, management has chosen to continue its balanced approach to manufacturing and sourcing. We attempt to limit our sourcing exposure through geographic diversification with a mix of company-owned and contracted production, as well as shifts of production among countries and contractors. We will continue to manage our supply chain from a global perspective and adjust as needed to changes in the global production environment.

Competition

The apparel essentials market is highly competitive and rapidly evolving. Competition is generally based upon price, brand name recognition, product quality, selection, service and purchasing convenience. Our businesses face competition today from other large corporations and foreign manufacturers. These competitors include Fruit of the Loom, Inc., Warnaco Group Inc., VF Corporation and Maidenform Brands, Inc. in our innerwear business segment and Gildan Activewear, Inc., Russell Corporation and Fruit of the Loom, Inc. in our outerwear business segment. We also compete with many small manufacturers across all of our business

segments. Additionally, department stores and other retailers, including many of our customers, market and sell apparel essentials products under private labels that compete directly with our brands. We also face intense competition from specialty stores who sell private label apparel not manufactured by us such as Victoria's Secret, Old Navy and The Gap.

We compete in our industry by leveraging our significant scale of operations to generate greater manufacturing efficiencies, purchasing power and product design, marketing and customer management resources than many of our competitors. These factors help us increase our profit margin and simultaneously offer our customers competitive prices. Through our supply chain management and integrated manufacturing and distribution systems, we are able to maintain a high degree of quality control over the products we sell. We compete in innovation by leveraging our insights into consumer demand in the apparel essentials industry to develop new products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends. In this regard, we have strong, long-term relationships with our top customers, and we have aligned significant parts of our organization with corresponding parts of their organizations to ensure our customers' satisfaction. Our continued ability to satisfy the needs of our current customers will continue to be key to our success.

Our creative and focused advertising campaigns as well as the name recognition of our brands also have been important elements of our method of competition. We believe that our significant name recognition helps us develop brand loyalty with our current consumers and generate interest in our products by new consumers.

Intellectual Property

Overview

We market our products under hundreds of trademarks, service marks, and trade names in the United States and other countries around the world, the most widely recognized being *Hanes*, *Playtex*, *Bali*, *barely there*, *Wonderbra*, *Just My Size*, *L'eggs*, *Champion*, *C9 by Champion*, *Duofold*, *Beefy-T*, *Outer Banks*, *Sol y Oro*, *Rinbros*, *Zorba* and *Ritmo*. Some of our products are sold under trademarks that have been licensed from third parties, such as Donna Karan hosiery and Polo Ralph Lauren men's underwear, and we also hold licenses from various toy and media companies, including Disney Enterprises, Inc., Marvel Enterprises, Inc., Mattel, Inc. and Dreamworks L.L.C., which give us the right to use certain of their proprietary characters, names and trademarks. Some of our own trademarks are licensed to third parties for non-core product categories, such as *Champion* for athletic-oriented accessories. In the United States, the Playtex trademark is owned by Playtex Marketing Corporation, of which we own a 50% share and which grants to us a perpetual license to the Playtex trademark on and in connection with the sale of apparel in the United States and Canada. The other 50% share of Playtex Marketing Corporation is owned by Playtex Products, Inc., an unrelated third-party, which has a perpetual license to the *Playtex* trademark on and in connection with the sale of non-apparel products in the United States. Outside the United States and Canada, we own the Playtex trademark and perpetually license such trademark to Playtex Products, Inc. for non-apparel products. In addition, as described below, as part of Sara Lee's sale in February 2006 of its European branded apparel business, Sun Capital has an exclusive, perpetual, royalty-free license to sell and distribute apparel products under the *Wonderbra* and *Playtex* trademarks in the member states of the EU, as well as several other European nations and South Africa. We also own a number of copyrights. Our trademarks and copyrights are important to our marketing efforts and have substantial value. We aggressively protect these trademarks and copyrights from infringement and dilution through appropriate measures, including court actions and administrative proceedings.

Although the laws vary by jurisdiction, trademarks generally remain valid as long as they are in use and/or their registrations are properly maintained and have not been found to have become generic. Most of the trademarks in our portfolio, including all of our core brands, are covered by trademark registrations in the countries of the world in which we do business, with registration periods ranging between seven and 20 years depending on the country. Trademark registrations generally can be renewed indefinitely as long as the trademarks are in use. We have an active program designed to ensure that our trademarks are registered,

renewed, protected and maintained. We plan to continue to use all of our core trademarks and plan to renew the registrations for such trademarks for as long as we continue to use them. Most of our copyrights are unregistered, although we have a sizable portfolio of copyrighted lace designs that are the subject of a number of registrations at the U.S. Copyright Office.

We place high importance on product innovation and design, and a number of these innovations and designs are the subject of patents. However, we do not regard any segment of our business as being dependent upon any single patent or group of related patents. In addition, we own proprietary trade secrets, technology, and know how that we have not patented.

Shared Trademark Relationship With Sun Capital

In February 2006, Sara Lee sold its European branded apparel business to an affiliate of Sun Capital. In connection with the sale, Sun Capital received an exclusive, perpetual, royalty-free license to sell and distribute apparel products under the *Wonderbra* and *Playtex* trademarks in the member states of the EU, as well as Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Morocco, Norway, Romania, Russia, Serbia-Montenegro, South Africa, Switzerland, Ukraine, Andorra, Albania, Channel Islands, Lichtenstein, Monaco, Gibraltar, Guadeloupe, Martinique, Reunion and French Guyana (the "Covered Nations"). We are not permitted to sell *Wonderbra* and *Playtex* branded products in these nations and without our agreement Sun Capital is not permitted to sell *Wonderbra* and *Playtex* branded products outside of these nations. In connection with the sale, Sara Lee also has received an exclusive, perpetual royalty-free license to sell *DIM* and *UNNO* branded products in Panama, Honduras, El Salvador, Costa Rica, Nicaragua, Belize, Guatemala, Mexico, Puerto Rico, the United States, Canada and, for *DIM* products, Japan. After the spin off, we will not be permitted to sell *DIM* or *UNNO* branded apparel products outside of these countries and Sun Capital will not be permitted to sell *DIM* or *UNNO* branded apparel products inside these countries. We are also not permitted to distribute or sell certain apparel products, not including *Hanes* products, in the Covered Nations until February 2007. In addition, the rights to certain European-originated brands previously part of Sara Lee's branded apparel portfolio have been transferred to Sun Capital, and will not be included in our brand portfolio after the spin off.

Licensing Relationship With Tupperware Corporation

In December 2005, Sara Lee sold its direct selling business, which markets cosmetics, skin care products, toiletries and clothing in 18 countries, to Tupperware Corporation. In connection with the sale, Dart Industries Inc., or "Dart," an affiliate of Tupperware, received a three-year exclusive license agreement to use the *C Logo*, *Champion U.S.A.*, *Wonderbra*, *W by Wonderbra*, *The One and Only Wonderbra*, *Playtex*, *Just My Size* and *Hanes* trademarks for the manufacture and sale, under the applicable brands, of certain men's and women's apparel in the Philippines, including underwear, socks, sportswear products, bras, panties and girdles, and for the exhaustion of similar product inventory in Malaysia. Dart also received a ten-year, royalty-free, exclusive license to use the *Girl's Attitudes* and *Girls' Attitudes* trademarks for the manufacture and sale of certain toiletries, cosmetics, intimate apparel, underwear, sports wear, watches, bags and towels in the Philippines. The rights and obligations under these agreements will be assigned to us as a part of the spin off. These license agreements are not yet effective pending the closing of the sale of the direct selling business in the Philippines.

In connection with the sale of Sara Lee's direct selling business, Tupperware Corporation also signed two five-year distributorship agreements providing Tupperware with the exclusive right for three years to distribute and sell, through door-to-door and similar channels, *Playtex*, *Champion*, *Rinbros*, *Aire*, *Wonderbra*, *Hanes* and *Teens by Hanes* apparel items in Mexico that we have discontinued and/or determined to be obsolete. The agreements also provide Tupperware with the exclusive right for five years to distribute and sell through such channels such apparel items sold by us in the ordinary course of business. The agreements also grant a limited right to use such trademarks solely in connection with the distribution and sale of those products in Mexico. Under the terms of the agreements, we reserve the right to apply for, prosecute and maintain trademark registrations in Mexico for those products covered by the distributorship agreement. The rights and obligations under these agreements will be assigned to us as part of the spin off.

Employees

As of April 1, 2006, we had approximately 50,000 employees, approximately 14,500 of whom were located in the United States. As of April 1, 2006, in the United States, fewer than 110 employees were covered by collective bargaining agreements. A portion of our international employees were also covered by collective bargaining agreements. We believe our relationships with our employees are good.

Properties

We own and lease facilities supporting our administrative, manufacturing, distribution, and direct outlet activities. We own our approximately 470,000 square-foot headquarters located in Winston-Salem, North Carolina. Our headquarters house our various sales, marketing and corporate business functions. Research and development as well as certain product-design functions also are located in Winston-Salem, while other design functions are located in New York City and other research facilities are located in London.

As of April 1, 2006, we have 165 manufacturing and distribution facilities in 24 countries. We own approximately 70 of our manufacturing and distribution facilities and lease approximately 95 of the remaining manufacturing and distribution facilities. The leases for these facilities expire between 2006 and 2014, with the exception of some seasonal warehouses which we lease on a month-by-month basis. For more information about our capital lease obligations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Future Contractual Obligations and Commitments."

We also operate 229 direct outlet stores in 41 states, most of which are leased under five-year, renewable lease agreements. We believe that our facilities, as well as equipment, are in good condition and meet our current business needs.

A summary of current facility space by country is provided as follows:

Facilities by Country	Owned Sq. Ft	Leased Sq. Ft.	Total
United States	14,085,029	5,232,544	19,318,573
Non-U.S. facilities:			
Mexico	1,292,647	352,249	1,644,896
Dominican Republic	848,000	464,456	1,312,456
Puerto Rico	—	751,053	751,053
Honduras	382,001	384,784	766,785
Canada	316,780	292,938	609,718
Germany	—	17,224	17,224
Costa Rica	475,422	118,774	594,196
El Salvador	187,056	47,340	234,396
Argentina	102,434	1,896	104,330
Brazil	—	175,947	175,947
13 other countries	—	203,531	203,531
Total non-U.S. facilities	3,604,340	2,810,192	6,414,532
Total	17,690,369	8,042,736	25,733,105

A summary of our current facility space by segment is as follows:

Facilities by Segment*	# Facilities	Leased SF	Owned SF	Totals
Innerwear	75	4,448,977	6,828,874	11,277,851
Outerwear	31	765,091	6,200,402	6,965,493
Hosiery	5	134,000	1,605,662	1,739,662
International	54	1,370,213	772,196	2,142,409
Totals	165	6,718,281	15,407,134	22,125,415

* Excludes Sara Lee Direct Outlet stores, property held for sale and office buildings housing corporate functions.

Environmental Matters

We are subject to various U.S. federal, state, local and foreign laws and regulations that govern our activities, operations and products that may have adverse environmental, health and safety effects, including laws and regulations relating to generating emissions, water discharges, waste, product and packaging content and workplace safety. Noncompliance with these laws and regulations may result in substantial monetary penalties and criminal sanctions. We are aware of hazardous substances or petroleum releases at a few of our facilities and are working with the relevant environmental authorities to investigate and address such releases. We also have been identified as a “potentially responsible party” at a few waste disposal sites undergoing investigation and cleanup under the federal Comprehensive Environmental Response, Compensation and Liability Act (commonly known as Superfund) or state Superfund equivalent programs. Where we have determined that a liability has been incurred and the amount of the loss can reasonably be estimated, we have accrued amounts in our balance sheet for losses related to these sites. Compliance with environmental laws and regulations and our remedial environmental obligations historically have not had a material impact on our operations, and we are not aware of any proposed regulations or remedial obligations that could trigger significant costs or capital expenditures in order to comply.

Government Regulation

We are subject to U.S. federal, state and local laws and regulations that could affect our business, including those promulgated under the Occupational Safety and Health Act, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the rules and regulations of the Consumer Products Safety Commission and various environmental laws and regulations. Our international businesses are subject to similar laws and regulations in the countries in which they operate. Our operations are also subject to various international trade agreements and regulations. See “Trade Regulation” above. While we believe that we are in compliance in all material respects with all applicable governmental regulations, current governmental regulations may change or become more stringent or unforeseen events may occur, any of which could have a material adverse effect on our financial position or results of operations.

Legal Proceedings

Although we are subject to various claims and legal actions that occur from time to time in the ordinary course of our business, we are not party to any pending legal proceedings that we believe could have a material adverse effect on our business, results of operations or financial condition.

MANAGEMENT

The following table sets forth information as of July 1, 2006 regarding individuals who serve as our directors and executive officers, including their positions after the spin off. The table also includes nominees to the board of directors. To the extent additional directors or director nominees are named before the distribution date, we will disclose the names of these additional directors or director nominees in an amendment to the registration statement that incorporates this information statement by reference or in a filing on Form 8-K. The executive officers who are identified in the following table presently are employees of Sara Lee. After the spin off, none of the executive officers will continue to be employees of Sara Lee.

Name	Age	Position with Hanesbrands
Lee A. Chaden	64	Executive Chairman and Director
Richard A. Noll	48	Chief Executive Officer and Director
E. Lee Wyatt Jr.	53	Executive Vice President, Chief Financial Officer
Gerald W. Evans Jr.	46	Executive Vice President, Chief Supply Chain Officer
Michael Flatow	56	Executive Vice President, General Manager, Wholesale Americas
Kevin D. Hall	47	Executive Vice President, Chief Marketing Officer
Joan P. McReynolds	55	Executive Vice President, Chief Customer Officer
Kevin W. Oliver	48	Executive Vice President, Human Resources
Harry A. Cockrell	56	Director nominee
Charles W. Coker	73	Director nominee
Bobby J. Griffin	57	Director nominee
James C. Johnson	54	Director nominee
J. Patrick Mulcahy	62	Director nominee
Alice M. Peterson	53	Director nominee
Andrew J. Schindler	61	Director nominee

Lee A. Chaden has served as our Executive Chairman since April 2006 and a director since our formation in September 2005. He also serves as an Executive Vice President of Sara Lee, a position he assumed in May 2003 and will hold until completion of the spin off. From May 2004 until April 2006, Mr. Chaden served as Chief Executive Officer of Sara Lee Branded Apparel. He has also served at the Sara Lee corporate level as Executive Vice President—Global Marketing and Sales from May 2003 to May 2004 and Senior Vice President—Human Resources from 2001 to May 2003. Mr. Chaden joined Sara Lee in 1991 as President of the U.S. and Westfar divisions of Playtex Apparel, Inc., which Sara Lee acquired that year. Since joining Sara Lee, Mr. Chaden has also served as President and Chief Executive Officer of Sara Lee Intimates, Vice President of Sara Lee Corporation, Senior Vice President of Sara Lee Corporation and Chief Executive Officer of Sara Lee Branded Apparel—Europe. Mr. Chaden currently serves on the Board of Directors of Stora Enso Corporation.

Richard A. Noll has served as our Chief Executive Officer since April 2006 and a director since our formation in September 2005. He also serves as a Senior Vice President of Sara Lee, a position he assumed in December 2002 and will hold until completion of the spin off. From July 2005 to April 2006, Mr. Noll served as President and Chief Operating Officer of Sara Lee Branded Apparel. Mr. Noll served as Chief Executive Officer of the Sara Lee Bakery Group from July 2003 to July 2005 and as the Chief Operating Officer of the Sara Lee Bakery Group from July 2002 to July 2003. From July 2001 to July 2002, Mr. Noll was Chief Executive Officer of Sara Lee Legwear, Sara Lee Direct and Sara Lee Mexico. Mr. Noll joined Sara Lee in 1992 and has held a number of management positions with increasing responsibilities.

E. Lee Wyatt Jr. joined Sara Lee in September 2005 as a Vice President and as Chief Financial Officer of Sara Lee Branded Apparel, and will become our Executive Vice President and Chief Financial Officer upon

completion of the spin off. Prior to joining Sara Lee, Mr. Wyatt was Executive Vice President, Chief Financial Officer and Treasurer of Sonic Automotive, Inc. from April 2003 to September 2005, and Vice President of Administration and Chief Financial Officer of Sealy Corporation from September 1998 to February 2003.

Gerald W. Evans Jr. has served as a Vice President of Sara Lee and as Chief Supply Chain Officer of Sara Lee Branded Apparel since July 2005, and will become our Executive Vice President and Chief Supply Chain Officer upon completion of the spin off. Prior to July 2005, Mr. Evans served as President and Chief Executive Officer of Sara Lee Sportswear and Underwear from March 2003 until June 2005 and as President and Chief Executive Officer of Sara Lee Sportswear from March 1999 to February 2003.

Michael Flatow has served as a Vice President of Sara Lee and as President—Innerwear Americas for Sara Lee Branded Apparel since August 2005, and will become our Executive Vice President and General Manager, Wholesale Americas upon completion of the spin off. From April 2003 to August 2005, Mr. Flatow served as President of the Intimates and Hosiery Group of Sara Lee Branded Apparel. Mr. Flatow served as Chief Customer Officer of Sara Lee Branded Apparel from July 2001 to April 2003, as President of Sara Lee Hosiery from May 1999 to July 2001 and as President of Champion Products from 1997 to May 1999.

Kevin D. Hall has served as our Executive Vice President, Chief Marketing Officer since June 2006. From June 2005 until June 2006, Mr. Hall served on the advisory board of, and was a consultant to, Affinova, Inc., a marketing research and strategy firm. From August 2001 until June 2005, Mr. Hall served as Senior Vice President of Marketing for Fidelity Investments Tax-Exempt Retirement Services Company, a provider of 401(k), 403(b) and other defined contribution retirement plans and services. From June 1985 to August 2001, Mr. Hall served in various marketing positions with The Procter & Gamble Company, most recently as general manager of the Vidal Sassoon business.

Joan P. McReynolds has served as Chief Customer Officer of Sara Lee Branded Apparel since August 2004, and will become our Executive Vice President, Chief Customer Officer upon completion of the spin off. From May 2003 to July 2004, Ms. McReynolds served as Chief Customer Officer for the food, drug and mass channels of customer management for Sara Lee Hosiery. Prior to that, Ms. McReynolds served as Vice President of sales for Sara Lee Hosiery from January 1997 to April 2003.

Kevin W. Oliver has served as a Vice President of Sara Lee and as Senior Vice President, Human Resources of Sara Lee Branded Apparel since January 2006. He will become our Executive Vice President, Human Resources upon completion of the spin off. From February 2005 to December 2005, Mr. Oliver served as Senior Vice President, Human Resources for Sara Lee Food and Beverage and from August 2001 to January 2005 as Vice President, Human Resources for the Sara Lee Bakery Group.

Harry A. Cockrell will become a director upon the completion of the spin off. Mr. Cockrell has been serving as shareholder and director of Pathfinder Investment Holdings Corporation, a privately owned investment company which invests in and manages hotels and resorts in the Philippines, since 1999, and of PTG Investment Holdings Corporation and Pacific Tiger Group Limited since 1999 and 2005, respectively, each of which is a privately owned investment company which invests in diversified interests in the Asia Pacific Region. From 1994 to 2003 Mr. Cockrell served as a member of the Investment Committee of The Asian Infrastructure Fund, an equity fund focused on investments in Asian utility markets and from 1992 to 1998, Mr. Cockrell served as a director of Jardine Fleming Asian Realty Inc., an investment company focused mainly on Asian property projects.

Charles W. Coker will become a director upon the completion of the spin off. Mr. Coker served as Chairman of the Board of Sonoco Products Company from 1990 to May 2005. Mr. Coker also served as Chief Executive Officer of Sonoco Products from 1990 to 1998, as President from 1970 to 1990, and was reappointed President from 1994 to 1996, while maintaining the title and responsibility of Chairman and Chief Executive Officer. Mr. Coker currently serves on the board of directors of Sara Lee.

Bobby J. Griffin will become a director upon the completion of the spin off. Since 1986, Mr. Griffin has served in various management positions with Ryder System, Inc., including as President, International Operations from March 2005 to present, Executive Vice President, International Operations from 2003 to March 2005 and Executive Vice President, Global Supply Chain Operations from 2001 to 2003.

James C. Johnson will become a director upon the completion of the spin off. Since July 2004, Mr. Johnson has served as Vice President, Corporate Secretary and Assistant General Counsel of The Boeing Company. Prior to July 2004, Mr. Johnson served in various positions with The Boeing Company beginning in 1998, including as Senior Vice President, Corporate Secretary and Assistant General Counsel from September 2002 until a management reorganization in July 2004 and as Vice President, Corporate Secretary and Assistant General Counsel from July 2001 until September 2002. Mr. Johnson currently serves on the board of directors of Ameren Corporation.

J. Patrick Mulcahy will become a director upon the completion of the spin off. From January 2005 to the present, Mr. Mulcahy has served as Vice Chairman of Energizer Holdings, Inc. From 2000 to January 2005, Mr. Mulcahy served as Chief Executive Officer of Energizer Holdings, Inc. From 1967 to 2000, Mr. Mulcahy served in a number of management positions with Ralston Purina Company, including as Co-Chief Executive Officer from 1997 to 1999. In addition to serving on the board of directors of Energizer Holdings, Inc., Mr. Mulcahy also currently serves on the board of directors of Solutia Inc.

Alice M. Peterson will become a director upon the completion of the spin off. Ms. Peterson is President of Syrus Global, a provider of ethics and compliance solutions. Ms. Peterson has served as a director for RIM Finance, LLC, a wholly owned subsidiary of Research In Motion, Ltd., the maker of the BlackBerry™ handheld device, since 2000. Ms. Peterson served as a director of TBC Corporation, a marketer of private branded replacement tires, from July 2005 to November 2005, when it was acquired by Sumitomo Corporation of America. From 1998 to August 2004, she served as a director of Fleming Companies. From December 2000 to December 2001, Ms. Peterson served as president and general manager of RIM Finance, LLC. She previously served in executive positions at Sears, Roebuck and Co., Kraft Foods Inc. and Pepisco, Inc. Ms. Peterson is a director of the general partner of Williams Partners L.P.

Andrew J. Schindler will become a director upon the completion of the spin off. From 1974 to 2005, Mr. Schindler served in various management positions with R.J. Reynolds Tobacco Holdings, Inc., including Chairman of Reynolds America Inc. from December 2004 to December 2005 and Chairman and Chief Executive Officer from 1999 to 2004. Mr. Schindler currently serves on the board of directors of Arvin Meritor, Inc. and Pike Electric Corporation.

The Board of Directors

At the time of the spin off, we expect that our board of directors will consist of eight to ten directors. All directors other than Lee Chaden and Richard Noll are expected to meet the New York Stock Exchange listing standards for independence. Commencing with the first annual meeting of stockholders to be held after the spin off, our directors will be elected at the annual meeting of stockholders and will serve until our next annual meeting of stockholders. Our board of directors plans to establish three committees of independent directors immediately following the spin off: an Audit Committee, a Compensation and Benefits Committee and a Governance and Nominating Committee. Each of our committees will be governed by a written charter, which will be approved by our board of directors.

Audit Committee

The Audit Committee will provide oversight on matters relating to corporate accounting and financial matters and our financial reporting and disclosure practices. In addition, the Audit Committee will review our audited financial statements with management and the independent registered public accounting firm, recommend whether our audited financial statements should be included in our Annual Report on Form 10-K and prepare a report to stockholders to be included in our annual Proxy Statement. At least one member of the Audit Committee will be an “audit committee financial expert” as defined by the SEC.

Compensation and Benefits Committee

The Compensation and Benefits Committee will establish and oversee overall compensation programs and salaries for key executives, evaluate the performance of key executives including the Chief Executive Officer, and also review and approve their salaries and approve and oversee the administration of our incentive plans. The Compensation and Benefits Committee also will review and approve employee benefit plans applicable to our key executives, and prepare a report to stockholders to be included in our annual proxy statement.

Governance and Nominating Committee

The Governance and Nominating Committee will assist the board of directors in identifying individuals qualified to become board members and recommend to the board the nominees for election as directors at the next annual meeting of stockholders. The Governance and Nominating Committee also will assist the board in determining the compensation of the board and its committees, in monitoring a process to assess board effectiveness, in developing and implementing our Corporate Governance Guidelines and in overseeing the evaluation of the board of directors and management.

The Governance and Nominating Committee will identify nominees for director positions from various sources. In assessing potential director nominees, the committee will consider individuals who have demonstrated exceptional ability and judgment and who will be most effective, in conjunction with the other nominees and board members, in collectively serving the long-term interests of the stockholders. The Governance and Nominating Committee also will consider any potential conflicts of interest. All director nominees must possess a reputation for the highest personal and professional ethics, integrity and values. In addition, nominees must also be willing to devote sufficient time and effort in carrying out their duties and responsibilities effectively, and should be committed to serve on the board for an extended period of time.

Director Compensation

Cash and Equity-Based Compensation

We intend to compensate each non-employee director for service on our board of directors as follows:

- an annual cash retainer of $70,000, which will be paid in quarterly installments;
- an additional annual cash retainer of $10,000 for the chair of the Audit Committee, $5,000 for the chair of the Compensation and Benefits Committee and $5,000 for the chair of the Governance and Nominating Committee;
- an additional annual cash retainer of $5,000 for each member of the Audit Committee other than the chair;
- an annual grant of $70,000 in restricted stock units, with a one-year vesting schedule; these units will be converted at vesting into deferred stock units payable in stock six months after termination of service on our board of directors; and
- reimbursement of customary expenses for attending board, committee and shareholder meetings.

Directors who are also our employees will receive no additional compensation for serving as a director.

Deferred Compensation Plan for Outside Directors

We expect to adopt a deferred compensation plan for our non-employee directors. Under the plan, all non-employee directors will be permitted to defer the receipt of all or a portion (not less than 25 percent) of their annual retainer into a nonqualified, unfunded deferred compensation plan. At the election of the director, amounts deferred under the plan will earn a return equivalent to the return on an investment in an interest-bearing account earning interest based on the Federal Reserve’s published rate for 5 year constant maturity Treasury notes at the beginning of the calendar year, or be invested in a stock equivalent account and earn a return based on our stock price. Amounts deferred, plus any dividend equivalents or interest, will be paid in cash or in shares of our common stock as applicable. Any awards of restricted stock or RSUs to non-employee directors that are automatically deferred pursuant to the terms of the award are deferred under this plan. Any payment of shares of our common stock under this plan will come from the Hanesbrands Inc. Omnibus Incentive Plan of 2006.

Director Share Retention Guidelines

We believe that our directors should have a significant equity interest in Hanesbrands. In order to promote such equity ownership and further align the interests of our directors with our stockholders, we plan to adopt share retention and ownership guidelines for directors.

Stock Ownership of Directors and Executive Officers

Sara Lee currently owns all of our outstanding shares of common stock. Upon completion of the distribution, Sara Lee will not beneficially own any shares of our common stock. None of our directors or executive officers currently owns any shares of our common stock, but those who own shares of Sara Lee will be treated the same as other holders of Sara Lee common stock in any distribution by Sara Lee and, accordingly, will receive shares of our common stock in the distribution.

The following table sets forth the amount of Sara Lee common stock beneficially owned by our directors, director nominees and executive officers, individually and as a group, as of July 3, 2006. In general, "beneficial ownership" includes those shares a director, director nominee or executive officer has the power to vote, acquire or dispose within 60 days. Except as otherwise noted, the persons named in the table below have sole voting and investment power with respect to all of the shares shown as beneficially owned by them. No individual named in the table owns more than 1% of the outstanding shares of Sara Lee's common stock:

Name	Shares of Sara Lee Common Stock(1)	Securities Underlying Currently Exercisable Options or Options Exercisable within 60 days	Restricted Stock Units and Stock Equivalents(2)
Lee A. Chaden	1,035	545,484	115,430
Richard A. Noll	11,164	357,963	60,885
E. Lee Wyatt Jr.	116	—	16,954
Gerald W. Evans Jr.	236	306,077	64,908
Michael Flatow	4,856	200,063	24,302
Kevin D. Hall	—	—	—
Joan P. McReynolds	3,480	63,002	15,959
Kevin W. Oliver	12,566	32,079	44,382
Harry A. Cockrell	—	—	—
Charles W. Coker	65,306(3)	105,024	22,128
Bobby J. Griffin	—	—	—
James C. Johnson	—	—	—
J. Patrick Mulcahy	—	—	—
Alice M. Peterson	—	—	—
Andrew J. Schindler	—	—	—
All directors and executive officers as a group (15 persons)	98,759	1,609,692	364,948

(1) Numbers shown include shares held in employee benefit plan accounts.

(2) Includes restricted stock units granted under Sara Lee's 1998 Long-Term Incentive Stock Plan and stock equivalent balances held under Sara Lee's Executive Deferred Compensation Plan. The value of the restricted stock units and stock equivalents mirrors the value of Sara Lee common stock. The amounts ultimately realized by our directors and executive officers will reflect changes in the market value of Sara Lee common stock from the date of grant or deferral until the date of payout. The restricted stock units and stock equivalents do not have voting rights, but restricted stock units are credited with cash dividend equivalents and stock equivalent units are credited with cash or stock dividend equivalents. Restricted stock units vest and are converted into shares of common stock as the vesting period lapses or, for performance-based units, as specific performance goals are achieved. Restricted stock units generally vest pro rata over a one to three year period.

(3) Includes 51,220 shares of Sara Lee common stock owned by Mr. Coker's spouse, with respect to which he disclaims beneficial ownership.

The following table sets forth the shares of our common stock that will be beneficially owned by our directors, director nominees and executive officers, individually and as a group, immediately upon completion of the distribution, assuming there are no changes in each person's holdings of Sara Lee common stock since July 3, 2006 and based on a distribution ratio of one share of our common stock for every eight shares of Sara Lee common stock, with no fractional shares. No individual in the table will own more than 1% of the outstanding shares of our common stock upon completion of the distribution.

Name	Shares of Hanesbrands Common Stock(1)
Lee A. Chaden	129
Richard A. Noll	1,395
E. Lee Wyatt Jr.	14
Gerald W. Evans Jr.	29
Michael Flatow	607
Kevin D. Hall	—
Joan P. McReynolds	435
Kevin W. Oliver	1,570
Harry A. Cockrell	—
Charles W. Coker	8,163(2)
Bobby J. Griffin	—
James C. Johnson	—
J. Patrick Mulcahy	—
Alice M. Peterson	—
Andrew J. Schindler	—
All directors, director nominees and executive officers as a group (15 persons)	12,342

(1) Numbers shown do not include Sara Lee stock options or restricted stock units, because the options will continue to be options to purchase Sara Lee common stock and the restricted stock units will continue to be payable in Sara Lee common stock following the distribution. See "—Treatment of Sara Lee Stock Options Held by Our Employees" and "—Treatment of Sara Lee Restricted Stock Units Held by Our Employees."

(2) Includes 6,402 shares of our common stock which will be owned by Mr. Coker's spouse, with respect to which Mr. Coker disclaims beneficial ownership.

Executive Officer Share Retention Guidelines

We believe that our executives should have a significant equity interest in Hanesbrands. In order to promote such equity ownership and further align the interests of our executives with our stockholders, we will implement share retention and ownership guidelines for our key executives. The stock ownership requirements will vary based upon the executive's level and will range from a minimum of one times the executive's salary to a maximum of four times the executive's salary, in the case of the Chief Executive Officer. Until the stock ownership guidelines are met, an executive will be required to retain 50% of any shares received (on a net after tax basis) under our equity-based compensation plans. Our key executives will have a substantial portion of their incentive compensation paid in the form of our common stock. In addition to shares directly held by a key executive, shares held for such executive in the Hanesbrands Inc. Employee Stock Purchase Plan of 2006, the Hanesbrands Inc. Retirement Savings Plan and the Hanesbrands Inc. Executive Deferred Compensation Plan (including equivalent shares held in that plan) will be counted for purposes of determining whether the ownership requirements are met.

Historical Compensation of Our Executive Officers

The following table contains compensation information for our Chief Executive Officer and four of our other executive officers who, based on employment with Sara Lee and its subsidiaries prior to the spin off, were our most highly compensated officers for the fiscal year ended July 1, 2006. All of the information included in this table reflects compensation earned by the individuals for service with Sara Lee and its subsidiaries. All references in the following tables to stock and stock options relate to awards of stock and stock options granted by Sara Lee. Such amounts do not necessarily reflect the compensation such persons will receive following the spin off, which could be higher or lower, because historical compensation was determined by Sara Lee and future compensation levels will be determined based on the compensation policies, programs and procedures to be established by our Compensation and Benefits Committee.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards		
Name & Principal Position	Fiscal Year	Salary ($)	Bonus ($)(1)	Other Annual Compensation ($)(2)	Restricted Stock Award(s) ($)(3)	Securities Underlying Options (#)	All Other Compensation ($)(4)
Lee A. Chaden	2006	659,200	(1)	112,067	737,204	128,936	75,561
Executive Chairman	2005	646,400	1,062,682	104,283	1,532,712	71,488	108,658
	2004	535,901	874,590	348	854,330	129,949	80,421
Richard A. Noll	2006	575,000	(1)	—	248,715	—	48,339
Chief Executive Officer	2005	468,333	666,154	9,121	802,003	55,263	77,773
	2004	439,583	669,136	—	729,565	33,538	50,539
E. Lee Wyatt Jr.	2006	458,333	(1)	—	172,295	—	3,304
Executive Vice President, Chief Financial Officer							
Gerald W. Evans Jr.	2006	360,500	(1)	—	158,530	—	22,482
Executive Vice President, Chief Supply Chain Officer	2005	353,500	202,237	169	380,902	58,461	28,390
Michael Flatow	2006	329,703	(1)	—	158,530	—	20,563
Executive Vice President, General Manager, Wholesale Americas	2005	323,301	184,993	169	380,902	19,008	29,844

(1) Bonuses for fiscal 2006 have not been determined and are expected to be determined and paid in late August 2006. For fiscal 2004, 75% of Mr. Noll's and Mr. Chaden's bonus was paid in cash and 25% was paid in restricted stock units, or "RSUs." The fair market value of these RSUs is reported in the "Restricted Stock Awards" column for 2004. All other amounts reported in the "Bonus" column consist of cash payments for annual performance.

(2) Amounts reported in the "Other Annual Compensation" column include the cost to Sara Lee of providing perquisites and other personal benefits and tax gross-ups. The amounts shown for perquisites for Mr. Chaden include amounts for financial advisory services ($24,650 in fiscal 2006 and $18,483 in fiscal 2005), club initiation fee ($35,730 in fiscal 2005), and personal use of corporate automobile ($19,426 in fiscal 2006).

(3) Amounts represent the market value of RSUs based on the closing price per share of Sara Lee common stock on the date of grant. Upon vesting, each RSU will be converted into one share of Sara Lee common stock. This column includes (i) 37,922 RSUs granted to Mr. Chaden on August 25, 2005, which vest over three years in equal annual increments; (ii) 12,794 RSUs granted to Mr. Noll on August 25, 2005, which vest on August 31, 2006; (iii) 9,150 RSUs granted to Mr. Wyatt, 8,419 RSUs granted to Mr. Evans and

8,419 RSUs granted to Mr. Flatow on September 1, 2005, which RSUs vest on August 31, 2006; (iv) 13,123 RSUs granted to Mr. Chaden and 10,040 RSUs granted to Mr. Noll on August 26, 2004 in lieu of 25% of their fiscal 2004 annual incentive bonus, which RSUs vested on July 2, 2005; (v) 34,505 RSUs granted to Mr. Chaden, 18,055 RSUs granted to Mr. Noll, 17,150 RSUs granted to Mr. Evans and 17,150 RSUs granted to Mr. Flatow on August 26, 2004, all of which vest over three years in equal annual increments; (vi) 34,500 RSUs granted to Mr. Chaden and 18,055 RSUs granted to Mr. Noll on August 26, 2004, which RSUs vest on August 31, 2007 to the extent predetermined Sara Lee performance targets have been achieved; (vii) 15,000 RSUs granted to Mr. Chaden, 13,500 RSUs granted to Mr. Noll and 13,350 RSUs granted to each of Messrs. Evans and Flatow on August 28, 2003, all of which vest over three years in equal annual increments; and (viii) 15,000 RSUs granted to Mr. Chaden and 13,500 RSUs granted to Mr. Noll on August 31, 2003, which vest on August 31, 2006 to the extent predetermined Sara Lee performance targets have been achieved. Vesting of all RSUs will accelerate upon completion of the spin off except the performance-based RSUs granted to Messrs. Chaden and Noll, which will continue to vest over the applicable performance period subject to attainment of Sara Lee performance measures. Dividend equivalents granted on the RSUs during the vesting period are escrowed, and the dividend equivalents are distributed at the end of the vesting period in the same proportion as the RSUs vest. For RSUs granted prior to fiscal 2005, interest accrues on the escrowed dividend equivalents and will be paid at the end of the vesting period with the accrued dividend equivalents. To the extent an executive officer terminates employment with Sara Lee or the applicable performance goals, if any, are not attained, the RSUs, and the escrowed dividend equivalents and interest, if any, are forfeited. The market value and the aggregate number of all RSUs held by each executive officer named above as of June 30, 2006, the last business day of fiscal 2006 (based on the $16.02 closing price per share of Sara Lee common stock on that day), were as follows: Mr. Chaden, $1,849,189 (115,430); Mr. Noll, $975,378 (60,885); Mr. Wyatt $146,583 (9,150); Mr. Evans, $389,318 (24,302); and Mr. Flatow $389,318 (24,302).

(4) The amounts reported in the “All Other Compensation” column for fiscal 2006 consist of matching contributions under the Sara Lee Corporation 401(k) Plan and amounts allocated under the Sara Lee Corporation Supplemental Executive Retirement Plan to the following officers: Mr. Chaden, $75,561; Mr. Noll, $48,339; Mr. Wyatt, $3,304; Mr. Evans, $22,482; and Mr. Flatow, $20,563.

Option Grants in Last Fiscal Year

The following table sets forth information regarding stock options with respect to shares of Sara Lee common stock granted during fiscal 2006 to each of our executive officers named in the Summary Compensation Table.

Name	Number of Securities Underlying Options Granted #	Percentage of Total Options Granted to Employees in Fiscal 2005	Exercise Price ($/Share)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(1)	
					5%	10%
Lee A. Chaden	128,936	6.44	$ 19.54	August 25, 2015	$ 1,584,443	$ 4,015,290
Richard A. Noll	—	—	—	—	—	—
E. Lee Wyatt Jr.	—	—	—	—	—	—
Gerald W. Evans Jr.	—	—	—	—	—	—
Michael Flatow	—	—	—	—	—	—

(1) The potential realizable value assumes that the fair market value of Sara Lee common stock on the date the option was granted appreciates at the indicated annual growth rate, compounded annually, for the option term. These growth rates are not intended by Sara Lee to forecast future appreciation, if any, of the price of common stock, and we and Sara Lee expressly disclaim any representation to that effect. Actual gains, if any, on exercised stock options will depend on the future performance of Sara Lee's common stock.

Aggregated Sara Lee Option Exercises and Year-End Option Values

The following table discloses information regarding the aggregate number of Sara Lee options that our executive officers named in the Summary Compensation Table exercised during fiscal 2006 and the value of remaining Sara Lee options held by those executives on June 30, 2006. The fiscal year-end value of unexercised in-the-money options listed below has been calculated based on the market value of Sara Lee common stock on June 30, 2006 of $16.02 per share, less the applicable exercise price per share, multiplied by the number of shares underlying such options.

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at July 1, 2005 (#)		Value of Unexercised In-the-Money Options at July 1, 2005 ($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Lee A. Chaden	—	—	545,484	128,936	—	—
Richard A. Noll	—	—	357,963	—	—	—
E. Lee Wyatt Jr.	—	—	—	—	—	—
Gerald W. Evans Jr.	—	—	306,077	—	—	—
Michael Flatow	—	—	200,063	—	—	—

Employee Benefits

We expect to have our own employee benefit plans after completion of the spin off. Seven of these plans, the Hanesbrands Inc. Pension and Retirement Plan, the Playtex Apparel Inc. Pension Plan, the Hanesbrands Inc. Supplemental Employee Retirement Plan, the Hanesbrands Inc. Executive Deferred Compensation Plan, the Hanesbrands Inc. Retirement Savings Plan, the Hanesbrands Inc. Executive Long-Term Disability Plan and the Hanesbrands Inc. Executive Life Insurance Plan are already in existence. Several other plans, including the Hanesbrands Inc. Omnibus Incentive Plan of 2006, the Hanesbrands Inc. Performance-Based Annual Incentive Plan, and the Hanesbrands Inc. Employee Stock Purchase Plan of 2006, will be in effect at the time of the spin off. In this section we discuss the material features of the plans in which our executive officers are eligible to participate. We will also maintain other plans, including the Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan.

Pension Benefits

As a result of the spin off, we will assume certain pension obligations relating to our employees that previously were obligations of Sara Lee. One such obligation relates to qualified and nonqualified pension benefits owed to our executive officers under the Hanesbrands Inc. Pension and Retirement Plan and the Hanesbrands Inc. Supplemental Employee Retirement Plan, or the "Hanesbrands SERP." The Hanesbrands Inc. Pension and Retirement Plan is a frozen defined benefit pension plan, intended to be qualified under Section 401(a) of the Code, that provides the benefits that had accrued for our employees, including our executive officers, under the Sara Lee Corporation Consolidated Pension and Retirement Plan as of December 31, 2005. The Hanesbrands SERP is an unfunded deferred compensation plan that, in part, will provide the nonqualified supplemental retirement benefits that had accrued for certain of our employees, including our executive officers, under the Sara Lee Corporation Supplemental Executive Retirement Plan. The following table shows the approximate annual pension benefits payable under the Hanesbrands Inc. Pension and Retirement Plan and the Hanesbrands SERP for our executive officers. The compensation covered by the pension program is based on an employee's average annual salary and cash bonus for the highest five consecutive years in the ten years ending December 31, 2005. The amounts payable under the pension program are computed on the basis of a straight-life annuity and are not subject to deduction for Social Security benefits or other amounts.

Final Average Compensation	Estimated Annual Normal Retirement Pension Based Upon the Indicated Credited Service				
	15 Years	20 Years	25 Years	30 Years	35 Years
$ 250,000	$ 65,625	$ 87,800	$ 109,375	$ 131,250	$ 153,125
500,000	131,250	175,000	218,750	262,500	306,250
750,000	196,875	262,500	328,125	393,750	459,375
1,000,000	262,500	350,000	437,500	525,000	612,500
1,250,000	328,125	437,500	546,875	656,250	765,625
1,500,000	393,750	525,000	656,250	787,500	918,750
1,750,000	459,375	612,500	765,625	918,750	1,071,875
2,000,000	525,000	700,000	875,000	1,050,000	1,225,000

On December 31, 2005, Messrs. Chaden, Noll, Evans, Flatow and Oliver had 14, 14, 14, 19 and 3 years of credited service, respectively, under the Sara Lee Corporation Consolidated Pension and Retirement Plan and the Sara Lee Corporation Supplemental Executive Retirement Plan. In addition to the benefits described in the table above, Mr. Evans will receive an Estimated Annual Normal Retirement Pension of $4,402 for 8.167 years of service earned under an alternate formula and Mr. Flatow will receive an Estimated Annual Normal Retirement Pension of $1,515 for 0.667 years of service earned under an alternate formula. In addition, Mr. Flatow is covered under the minimum benefit formula applicable to certain participants which produces an annual pension $18,531 in excess of that shown in the table as of December 31, 2005. Mr. Oliver will receive an Estimated Lump Sum Pension at Normal Retirement of $41,337 for 1.25 years of service earned under an alternate formula.

The nonqualified benefits accrued by Mr. Chaden have historically been funded with periodic payments made by Sara Lee to trusts established by him. This program had been available to officers of Sara Lee if the present value of an officer's accrued benefit exceeded either $100,000 and such officer was age 55 or older, or if the present value of an officer's accrued benefit exceeded $300,000 if such officer had not yet attained age 55. Sara Lee discontinued this program beginning in 2004 and allowed those already participating in the program to continue their participation under its original terms and conditions. A final payment to Mr. Chaden's trust in the amount of $1.85 million will be made in connection with the spin off. All nonqualified benefits other than those payable to Mr. Chaden will be paid out of our general assets.

Benefits under the pension program were frozen as of December 31, 2005. As a frozen program, no additional employees will become eligible to participate in the program, and participants in the plan will not accrue any additional benefits after December 31, 2005.

Our New Retirement Plans

Hanesbrands Inc. Retirement Savings Plan

In addition to the Hanesbrands Inc. Pension and Retirement Plan which provides frozen pension benefits, we are providing a defined contribution retirement plan, the Hanesbrands Inc. Retirement Savings Plan which is intended to qualify under section 401(a) of the Code. All of our employees who were participants in the Sara Lee Corporation 401(k) Plan, or the "Sara Lee 401(k) Plan," including our executive officers, will generally be eligible to participate in the Hanesbrands Inc. Retirement Savings Plan. Under the Hanesbrands Inc. Retirement Savings Plan, employees will be eligible to contribute a portion of their compensation to the plan on a pre-tax basis and receive a matching employer contribution of up to a possible maximum of 4% of their eligible compensation. In addition, exempt and non-exempt salaried employees will be eligible to receive a non-matching employer contribution of up to an additional 4% of their eligible compensation. Hourly, non-union employees and New-York sample based sample department union employees will be eligible to receive an amount determined by us in our discretion but not more than 2% of their eligible compensation. Finally, employees who are exempt or non-exempt salaried employees and who, on January 1, 2006, had attained age 50 and completed 10 years of service with Sara Lee are eligible to receive a non-matching employer contribution of 10% of their eligible compensation if they are not eligible for the transitional credits provided in the Hanesbrands Inc. Supplemental Employee Retirement Plan and if they are employed by us on December 31, 2006 or if their employment ended prior to that date due to retirement, death or total disability. Sara Lee has transferred, in accordance with the terms and conditions of the employee matters agreement, assets and liabilities representing the account balances of our employees under the Sara Lee 401(k) Plan as of the date of transfer from the trust for the Sara Lee 401(k) Plan to the trust established for the Hanesbrands Inc. Retirement Savings Plan. Such transfer was made in accordance with certain provisions of the Code and regulations issued thereunder.

Hanesbrands Inc. Supplemental Employee Retirement Plan

We plan to provide a nonqualified supplemental retirement plan—the Hanesbrands SERP. The purpose of the Hanesbrands SERP is to provide to a select group of management or highly compensated employees supplemental deferred compensation benefits primarily consisting of (i) benefits that would be earned under the Hanesbrands Inc. Retirement Savings Plan but for certain compensation and benefit limitations imposed on the Hanesbrands Inc. Retirement Savings Plan by the Code, (ii) those supplemental retirement benefits that had been accrued under the Sara Lee Corporation Supplemental Executive Retirement Plan as of December 31, 2005 and (iii) transitional defined contribution credits for one to five years and ranging from 4% to 15% of eligible compensation for certain executives based on their combined age and years of service as of January 1, 2006. The transitional credits for our executive officers are as follows: Messrs. Chaden and Flatow (15%), Messrs. Noll and Evans (12%), Ms. McReynolds (8%), Mr. Oliver (4%) and Messrs. Hall and Wyatt (0%). The transfer of the existing liabilities relating to the Sara Lee Corporation Supplemental Executive Retirement Plan to the Hanesbrands SERP is expected to be made in accordance with the terms and conditions of the employee matters agreement.

Treatment of Sara Lee Stock Options Held by Our Employees

As of July 1, 2006, our employees held options to purchase approximately 12,762,024 shares of Sara Lee common stock, or "SLC Options." All outstanding SLC Options held by our employees will become fully vested on the distribution date and each vested SLC Option held by our employees as of the consummation of the spin off will remain an option (adjusted as provided below) to purchase shares of Sara Lee common stock following the spin off.

We have been informed by Sara Lee that the Sara Lee Compensation and Employee Benefits Committee expects to adjust the SLC Options using the "spread" and "ratio" tests set forth in Section 424 of the Code and the regulations promulgated thereunder in order to preserve the pre-spin off intrinsic value of the SLC Options. Thus, the Sara Lee Compensation and Employee Benefits Committee intends to adjust the option prices and the number of shares subject to the SLC Options such that for each SLC Option (i) the aggregate fair market value of the shares of Sara Lee common stock subject to the SLC Option immediately after the distribution over the aggregate option price of such Sara Lee common stock will be equal to the aggregate fair market value of the shares of Sara Lee common stock subject to the SLC Option immediately before the distribution over the

aggregate option price of such Sara Lee common stock and (ii) on a share-by-share comparison, the ratio of the option price to the fair market value of the Sara Lee common stock subject to the SLC Option immediately after the distribution will be equal to the ratio of the option price to the fair market value of the Sara Lee common stock subject to the SLC Option immediately before the distribution.

Our employees will be considered to have terminated employment with Sara Lee for purposes of their outstanding SLC Option grants. Accordingly, most of our employees will have only six months following the distribution to exercise their SLC Options, except to the extent that the terms of such options provide for an extension of the exercise period beyond that six-month period. Under no circumstances will an SLC Option be exercisable after its original expiration date. Other than the adjustments described above, all other terms and conditions of the SLC Options will continue to apply.

Treatment of Sara Lee Restricted Stock Units Held by Our Employees

As of May 1, 2006, Mr. Chaden and Mr. Noll held approximately 81,000 RSUs that vest if and to the extent specific performance goals are achieved. Mr. Chaden and Mr. Noll will continue to vest in these RSUs over the applicable performance period subject to the attainment of Sara Lee performance measures, and we will reimburse Sara Lee for the cost of these units.

In addition, as of July 1, 2006, our employees held approximately 1,153,824 RSUs granted pursuant to Sara Lee's incentive stock plans. On the distribution date, all outstanding RSUs (other than those described in the preceding paragraph) held by our employees will vest and be payable in the form of shares of Sara Lee common stock; the number of shares delivered will be adjusted (increased) as described in the next paragraph to reflect the fact that holders of RSUs will not receive our shares in the spin off. RSUs held by retirees and former employees will be subject to the same treatment.

We have been informed by Sara Lee that the Sara Lee Compensation and Employee Benefits Committee expects to adjust the Sara Lee RSUs using a method analogous to the "ratio" test set forth in Section 424 of the Code and the regulations promulgated thereunder in order to preserve the pre-spin off intrinsic value of the Sara Lee RSUs. Thus, the Sara Lee Compensation and Employee Benefits Committee intends to increase the number of shares of Sara Lee common stock subject to the RSUs such that, for each Sara Lee RSU, the aggregate fair market value of Sara Lee common stock subject to the Sara Lee RSU immediately after the spin off will be equal to the aggregate fair market value of the Sara Lee common stock subject to the Sara Lee RSU immediately before the spin off.

Description of the Hanesbrands Inc. Omnibus Incentive Plan of 2006 and Initial Awards

General

Sara Lee, as our sole stockholder, has approved, contingent on the spin off occurring, the Hanesbrands Inc. Omnibus Incentive Plan of 2006, or the "Hanesbrands OIP." The Hanesbrands OIP will permit the issuance of long-term incentive awards to our employees and non-employee directors and employees of our subsidiaries to promote the interests of our company and our stockholders. The Hanesbrands OIP will be designed to promote these interests by providing such employees and eligible non-employee directors with a proprietary interest in pursuing the long-term growth, profitability and financial success of our company. The Hanesbrands OIP will be administered by our Compensation and Benefits Committee, or the "Committee."

The material terms of the Hanesbrands OIP are summarized below, but it is qualified in its entirety by reference to the full text of the Hanesbrands OIP.

Shares Available for Issuance

The aggregate number of shares of our common stock that may be issued under the Hanesbrands OIP will not exceed 13,105,000 (subject to the adjustment provisions discussed below).

Administration and Eligibility

The Committee will satisfy the requirements established for administrators acting under plans intended to qualify for exemption under Rule 16b-3 under the Securities Exchange Act of 1934, or the "Exchange Act," for outside directors acting under plans intended to qualify for exemption under Section 162(m) of the Code and with

any applicable requirements established by the exchange upon which our common stock will be listed. All of our employees, and employees of our subsidiaries, could be eligible to receive an award under the Hanesbrands OIP. The Committee will approve the aggregate awards and the individual awards for executive officers and non-employee directors. The Committee may delegate some of its authority under the Hanesbrands OIP to one or more of our officers to approve awards for other employees. The Committee will be prohibited from increasing the amount of any award subject to one or more performance goals upon the attainment of the goals specified in the award, but the Committee will have discretion to decrease the amount of the award. No participant may receive in any calendar year awards relating to more than two million shares of our common stock.

Awards

Stock Options. The Committee will be authorized to grant stock options which may be either incentive stock options or nonqualified stock options. The exercise price of any stock option must be equal to or greater than the fair market value of the shares on the date of the grant, unless it is a substitute or assumed stock option. The term of a stock option cannot exceed 10 years. For purposes of the Hanesbrands OIP, fair market value of the shares subject to the stock options shall be determined in such manner as the Committee may deem equitable or as required by applicable law or regulation. At the time of grant, the Committee in its sole discretion will determine when stock options are exercisable and when they expire. Payment for shares purchased upon exercise of a stock option must be made in full at the time of exercise. Payment may be made in cash, by the transfer to us of shares owned by the participant having a fair market value on the date of transfer equal to the option exercise price, to the extent permitted by applicable law, delivery of an exercise notice, together with irrevocable instructions to a broker to deliver to us the amount of the sale proceeds from the stock option shares or loan proceeds to pay the exercise price and any withholding taxes due to us or in such other manner as may be authorized by the Committee. The repricing of options without stockholder approval is prohibited under the plan.

SARs. The Committee will have the authority to grant stock appreciation rights, or "SARs," and to determine the number of shares subject to each SAR, the term of the SAR, the time or times at which the SAR may be exercised, and all other terms and conditions of the SAR. A SAR is a right, denominated in shares, to receive, upon exercise of the right, in whole or in part, without payment to us an amount, payable in shares, in cash or a combination thereof, that is equal to the excess of: (1) the fair market value of our common stock on the date of exercise of the right over (2) the fair market value of our common stock on the date of grant of the right, multiplied by the number of shares for which the right is exercised. The Committee also may, in its discretion, substitute SARs which can be settled only in common stock for outstanding stock options at any time. The terms and conditions of any substitute SAR shall be substantially the same as those applicable to the stock option that it replaces and the term of the substitute SAR shall not exceed the term of the stock option that it replaces. The repricing of SARs is prohibited under the Hanesbrands OIP without stockholder approval.

Restricted Stock, Restricted Stock Units and Deferred Stock Units. Restricted stock consists of shares which we transfer or sell to a participant, but are subject to substantial risk of forfeiture and to restrictions on their sale or other transfer by the participant. Restricted stock units, or RSUs, confer the right to receive shares at a future date in accordance with the terms of such grant upon the attainment of certain conditions specified by the Committee which include substantial risk of forfeiture and restrictions on their sale or other transfer by the participant. Deferred stock units, or "DSUs," are a vested-right to receive shares in lieu of other compensation at termination of employment or a specific future date. The Committee will determine the eligible participants to whom, and the time or times at which, grants of restricted stock, RSUs or DSUs will be made, the number of shares or units to be granted, the price to be paid, if any, the time or times within which the shares covered by such grants will be subject to forfeiture, the time or times at which the restrictions will terminate, and all other terms and conditions of the grants. The Committee also may provide that RSUs or DSUs may be settled in cash rather than in our shares. Restrictions or conditions could include, but are not limited to, the attainment of performance goals (as described below), continuous service with us, the passage of time or other restrictions or conditions.

Performance Shares. A participant who is granted performance shares has the right to receive shares or cash or a combination of shares and cash equal to the fair market value of such shares at a future date in accordance

with the terms of such grant and upon the attainment of performance goals specified by the Committee. The award of performance shares to a participant will not create any rights in such participant as our stockholder until the issuance of common stock with respect to an award.

Performance Cash Awards. A participant who is granted performance cash awards has the right to receive a payment in cash upon the attainment of performance goals specified by the Committee. The Committee may substitute shares of our common stock for the cash payment otherwise required to be made pursuant to a performance cash award.

Performance Goals. Awards of restricted stock, RSUs, DSUs, performance stock, performance cash awards and other incentives under the Hanesbrands OIP may be made subject to the attainment of performance goals relating to one or more business criteria within the meaning of Section 162(m) of the Code, including, but not limited to, revenue; revenue growth; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share; operating income; pre- or after-tax income; net operating profit after taxes; economic value added (or an equivalent metric); ratio of operating earnings to capital spending; cash flow (before or after dividends); cash flow per share (before or after dividends); net earnings; net sales; sales growth; share price performance; return on assets or net assets; return on equity; return on capital (including return on total capital or return on invested capital); cash flow return on investment; total stockholder return; improvement in or attainment of expense levels; and improvement in or attainment of working capital levels. Any performance criteria selected by the Committee may be used to measure our performance as a whole or the performance of any of our business units and may be measured relative to a peer group or index. No award in excess of $5.0 million may be paid to any participant in any single year. If an award in excess of that amount is earned in any year, it will be deferred under the Hanesbrands Inc. Executive Deferred Compensation Plan until it is deductible by us.

The Committee may make retroactive adjustments to, and the participant shall reimburse us for, any cash or equity based incentive compensation paid to the participant where such compensation was predicated upon achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that the participant otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from the participant's misconduct.

Stock Awards. The Committee may award shares of our common stock to participants without payment for such shares, as additional compensation for service to us. Stock awards may be subject to other terms and conditions, which may vary from time to time and among participants, as the Committee determines to be appropriate. An outright grant of stock will only be made in exchange for cash compensation already earned by a participant.

Cash Awards. A cash award consists of a monetary payment made by us to an employee as additional compensation for his or her services to us. A cash award may be made in tandem with another award or may be made independently of any other award. Cash awards may be subject to other terms and conditions, which may vary from time to time and among participants, as the Committee determines to be appropriate.

Amendment or Termination of the Hanesbrands OIP

Our board of directors or the Committee will have the right and power to amend or terminate the Hanesbrands OIP; however, neither the board of directors nor the Committee may amend the Hanesbrands OIP in a manner which would reduce the amount of an existing award without the holder's consent. However, the Committee will have the right to unilaterally amend or terminate an award to comply with changes in law. In addition, stockholder approval will be obtained for any amendment to the Hanesbrands OIP if required by law or listing rules. No award may be made under the Hanesbrands OIP more than 10 years after its adoption by the Board.

Change in Control

Except as otherwise determined by the Committee, the treatment of outstanding awards upon the occurrence of a change in control after the spin off shall be as described below. For purposes of the Hanesbrands OIP, the term "Change in Control" means one or more of the following events: (1) the acquisition, directly or indirectly, of our

securities representing at least 20% of the combined voting power of our outstanding securities (other than by any of our employee benefit plans); (2) the consummation of certain mergers and consolidations involving us; (3) the consummation of the sale or other disposition of all or substantially all of our assets; (4) the approval of a plan of complete liquidation or dissolution by our stockholders; and (5) a change in the majority of our board of directors.

Stock Options and SARs. Upon the occurrence of a Change in Control, each stock option and SAR outstanding on the date on which the Change in Control occurs will immediately become vested and exercisable in full in accordance with the terms and conditions set forth in the applicable grant, award or agreement relating to the stock options or SARs.

Restricted Stock and Restricted Stock Units. Upon the occurrence of a Change in Control, the restrictions on all shares of restricted stock and RSUs outstanding on the date on which the Change in Control occurs will automatically lapse. With regard to RSUs, shares of common stock will be delivered to the participant as determined in accordance with the terms and conditions in the applicable grant, award or agreement relating to RSUs.

Performance Shares. Upon the occurrence of a Change in Control, any performance goal with respect to any outstanding performance shares will be deemed to have been attained at target levels, and shares of our common stock or cash will be paid to the participant as determined in accordance with the terms and conditions set forth in the applicable grant, award or agreement relating to the performance shares.

Performance Cash Awards. Upon the occurrence of a Change in Control, any performance goal with respect to any outstanding performance cash awards will be deemed to have been attained at target levels, and the cash (or shares of our common stock) will be paid to the participant as determined in accordance with the terms and conditions set forth in the applicable grant, award or agreement relating to the performance cash awards.

Other Stock or Cash Awards. Upon the occurrence of a Change in Control, any terms and conditions with respect to other stock or cash awards previously granted under the Hanesbrands OIP will be deemed to be fully satisfied and the other stock or cash awards will be paid out immediately to the participants, as determined in accordance with the terms and conditions set forth in the applicable grant, award, or agreement relating to such awards.

Adjustments

If there is any change affecting our common stock by reason of any stock split, stock dividend, spin off, split-up, spin-out, recapitalization, merger, consolidation, reorganization, combination, or exchange of shares, the total number of shares available for awards, the maximum number of shares which may be subject to an award in any calendar year and the number of shares subject to outstanding awards, and the price of such shares, as applicable, will be equitably adjusted by the Committee in its discretion. The Committee also shall have the right to substitute stock options or other awards denominated in the shares of another company for awards outstanding at the time of any such transaction.

Substitution and Assumption of Awards

Without affecting the number of shares reserved or available under the Hanesbrands OIP, either the board of directors or the Committee may authorize the issuance of awards in connection with the assumption of, or substitution for, outstanding awards previously granted to individuals who become our employees or employees of any of our subsidiaries as the result of any merger, consolidation, acquisition of property or stock, or reorganization other than a Change in Control, upon such terms and conditions as it deems appropriate.

Reusage

If a stock option granted under the Hanesbrands OIP expires or is terminated, surrendered or canceled without having been fully exercised or if restricted stock, RSUs, performance shares or SARs granted under the Hanesbrands OIP are forfeited or terminated without the issuance of all of the shares subject thereto, the shares

covered by such awards will again be available for use under the Hanesbrands OIP. The number of shares which are transferred to us by a participant or withheld by us to pay the exercise or purchase price of an award or to pay withholding taxes in connection with the exercise or payment of an award will not be counted as used. Shares covered by an award granted under the Hanesbrands OIP that is settled in cash will not be counted as used.

Certain Tax Consequences

- There are no income tax consequences for us or the option holder upon the grant of either an incentive stock option or a nonqualified stock option.
- When a nonqualified stock option is exercised, the option holder will recognize ordinary income equal to the excess of fair market value of all the shares of stock for which the option is exercised on the date of exercise over the aggregate exercise price and we are entitled to a corresponding deduction.
- When an incentive stock option is exercised, the option holder does not recognize income and we are not entitled to a deduction. In the event of a "disqualifying disposition" by the option holder (i.e., the option holder does not hold the stock long enough to qualify under IRS rules), we are entitled to a deduction equal to the compensation income recognized by the option holder.
- When an SAR is granted, there are no income tax consequences for us. When an SAR is exercised, we are entitled to a deduction equal to the compensation recognized by the participant.
- We are entitled to a deduction equal to the compensation recognized by a participant in connection with the vesting of restricted stock, or upon the participant's earlier election to include the restricted stock in income pursuant to Section 83(b) of the Code, as the case may be.
- With respect to other awards granted under the Hanesbrands OIP, we will be entitled to a deduction equal to the compensation recognized by a participant upon the delivery of shares or payment of cash in satisfaction of any award.

Initial Awards

Consistent with the objectives of the Hanesbrands OIP of providing employees with a proprietary interest in our company and aligning employee interest with that of our stockholders, a number of awards will be made under the Hanesbrands OIP in connection with the spin off. Two categories of these awards are intended to replace award values that our employees would have received under Sara Lee incentive plans but for the spin off. These awards will be made as follows:

- *Fiscal 2006 Awards*. In anticipation of the planned distribution, our employees generally received only a partial Sara Lee award for fiscal 2006 in August 2005. The remaining pro rata portion of the award will be made in a combination of stock options and RSUs that will vest ratably over a two-year period. Generally, 50% of the value of the award will be made in the form of stock options and 50% of the value of the award will be made in the form of RSUs. The exercise price of the stock options will be 100% of the fair market value of our common stock on the grant date. The value of these awards for our named executive officers will be as follows:

Executive	Value of Fiscal 2006 Awards
Lee A. Chaden*	—
Richard A. Noll	$ 1,733,333
E. Lee Wyatt, Jr.	1,100,000
Gerald W. Evans, Jr.	613,889
Michael Flatow	613,889

* Mr. Chaden received a full Sara Lee award for fiscal 2006.

- *Sara Lee Option Replacement Awards*. For our employees who are active at the time of the spin off, the time value of outstanding Sara Lee options granted prior to August 2006 that will be lost due to the shortened option terms resulting from the spin off will be replaced with Hanesbrands Inc. stock options. Employees who qualify for early retirement under the Sara Lee pension program will not receive these replacement options because their Sara Lee options will be exercisable until the original expiration date. The exercise price of the replacement options will equal 100% of the fair market value of our common stock on the date of grant and the replacement options will be immediately exercisable. The options may be exercised for five years. The number of options granted to our executive officers will depend on the Black-Scholes option-pricing model calculation of the lost value of the Sara Lee options which determination will be made on the distribution date.

We intend to make the fiscal 2006 and Sara Lee Option Replacement Awards on the 15th trading date following the distribution date, which we believe to be a reasonable time period to permit the development of an orderly market for the trading of our common stock, as discussed above under "The Spin Off—Listing and Trading of our Common Stock."

In addition to these awards, Mr. Chaden and Mr. Noll are eligible to receive a bonus which will be paid in cash and will be based on our fiscal 2006 performance. This bonus was designed as an incentive to achieve above-target operating profit and sales performance for fiscal year 2006 while conducting a successful spin off. Payment of these one-time bonuses will depend on their performance and in no event will exceed $1,000,000. If earned, these bonuses will be paid in the first several weeks following the distribution.

We also intend to grant the following two categories of awards following the distribution as our first awards as a new company.

- *Other Awards*. To attract and retain certain employees, other awards will be made in connection with the spin off. Generally, these awards will be a combination of stock options, which will vest ratably over a three-year period, and RSUs, which will vest on the third anniversary of their grant date. The exercise price of the stock options will be 100% of the fair market value of our common stock on the date of grant. 50% of the value of the award will be made in the form of stock options and 50% of the value of the award will be made in the form of RSUs. The options will generally expire seven years after the date of grant. We intend to make these other awards on the 15th trading date following the distribution. The value of the awards to be made to our named executive officers is as follows:

Executive	Value of Other Awards(1)
Lee A. Chaden	$ 1,000,000
Richard A. Noll	3,000,000
E. Lee Wyatt, Jr.	2,000,000
Gerald W. Evans, Jr.	850,000
Michael Flatow	850,000

(1) This award to Mr. Wyatt will be entirely RSUs which vest ratably over three years.

- *First Annual Award*. Following the distribution we intend to issue our first annual equity awards. For executive officers, these awards will be a combination of stock options and RSUs and will vest ratably over a three-year period. Fifty percent (50%) of the value of the award will be made in the form of stock options and 50% of the value of the award will be made in the form of RSUs. The exercise price of the stock options will be 100% of the fair market value of our common stock on the grant date. The value of these awards for our executive officers will be as follows: Mr. Chaden ($1,483,200), Mr. Noll ($2,400,000), Mr. Wyatt ($1,100,000), Messrs. Evans and Flatow ($850,000) and Mr. Oliver ($495,000). We intend to make these grants as close as possible to the normal timing of the Sara Lee annual long-term incentive grant, which normally would have been granted in late August 2006. We intend to make these grants on the 15th trading date following the distribution.

The Hanesbrands Inc. Performance-Based Annual Incentive Plan

Sara Lee, as our sole shareholder, has approved, contingent on the distribution occurring, the Hanesbrands Inc. Performance-Based Annual Incentive Plan, or the "Hanesbrands AIP." The Hanesbrands AIP is designed to provide annual cash awards that satisfy the conditions for performance-based compensation under Section 162(m) of the Code. The Hanesbrands AIP will be administered by the Committee. Members of the Committee will satisfy the requirements under Section 162(m) of the Code pertaining to outside directors.

Under the Hanesbrands AIP, the Committee will have the authority to grant annual incentive awards to our key employees (including our executive officers) or the key employees of our subsidiaries. Each annual incentive award will be paid out of an incentive pool established for a performance period. Typically, the performance period will be our fiscal year. The incentive pool will equal 3% of our operating income for the fiscal year. The Committee will allocate an incentive pool percentage to each designated participant for each performance period. In no event may the incentive pool percentage for any one participant exceed 40% of the total pool for that performance period. For purposes of the Hanesbrands AIP, "operating income" will mean our operating income for a performance period as reported on our income statement computed in accordance with generally accepted accounting principles, but shall exclude (i) the effects of charges for restructurings, (ii) discontinued operations, (iii) extraordinary items or other unusual or non-recurring items and (iv) the cumulative effect of tax or accounting changes. Each participant's incentive award will be determined by the Committee based on the participant's allocated portion of the incentive pool and attainment of specified performance measures subject to adjustment in the sole discretion of the Committee. In no event may the portion of the incentive pool allocated to a participant who is a covered employee for purposes of Section 162(m) of the Code be increased in any way, including as a result of the reduction of any other participant's allocated portion, but such portion may be decreased by the Committee. The Committee may make retroactive adjustments to, and the participant shall reimburse us for, any cash or equity based incentive compensation paid to the participant where such compensation was predicated upon achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that the participant otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from the participant's misconduct.

Deferred Compensation

We currently intend to assume existing deferred compensation liabilities relating to certain employees of Sara Lee and its subsidiaries who will become our employees in connection with the spin off and certain of our retirees and former employees. As of May 1, 2006, these liabilities were $24.4 million. We also have implemented a new deferred compensation program, the Hanesbrands Inc. Executive Deferred Compensation Plan, pursuant to which certain of our employees may elect to defer eligible compensation.

Executive Life Insurance Program

We provide life insurance coverage during active employment for our executive officers in an amount equal to three times such executive officer's annual base salary. We also offer continuing coverage following retirement equal to one-times such executive officer's annual base salary immediately prior to retirement.

Executive Disability Program

We provide disability coverage for our executive officers. Should an executive officer become totally disabled, the program will provide a monthly disability benefit equal to 1/12 of the sum of (i) 75% of the executive officer's annual base salary (not in excess of $500,000) and (ii) 50% of the executive officer's annual average short-term incentive bonus (not in excess of $250,000). The maximum monthly disability benefit is $41,667 and is reduced by any disability benefits payable to the executive officer under Social Security, workers' compensation, a state compulsory disability law or another plan of Hanesbrands providing benefits for disability.

The Hanesbrands Inc. Employee Stock Purchase Plan of 2006

Prior to the distribution, we will adopt the Hanesbrands Inc. Employee Stock Purchase Plan of 2006, or the "Hanesbrands ESPP," the terms of which we intend to implement in 2007. The purpose of the Hanesbrands ESPP will be to provide an opportunity for our employees and the employees of designated subsidiaries to purchase a limited number of shares of our common stock at a discount through voluntary automatic payroll deductions. The Hanesbrands ESPP will be designed to attract, retain, and reward our employees and to strengthen the mutuality of interest between our employees and our stockholders. The Hanesbrands ESPP will be administered by the Committee.

Shares Available for Issuance

The aggregate number of shares of our common stock that may be issued under the Hanesbrands ESPP will not exceed 2,442,000 shares (subject to adjustment in the event of a stock split, stock dividend, recapitalization, reorganization, or similar transaction). The maximum amount eligible for purchase of shares through the ESPP by any employee in any year will be $25,000.

Eligible Employees

All of our U.S. employees (other than any employee who owns more than 5% of our stock) may participate in the Hanesbrands ESPP other than employees whose customary employment is 20 hours or less per week or employees whose customary employment is for not more than five months per year. The Committee, in its discretion, may extend the Hanesbrands ESPP to international employees.

Payroll Deductions and Purchase of Shares

An employee may contribute from his or her cash earnings through payroll deductions (within such limits as the Committee may determine) during an offering period and the accumulated deductions will be applied to the purchase of shares on the first day of the next following offering period. The plan will provide for consecutive offering periods of three months each on a schedule determined by the Committee. The purchase price per share will be at least 85% of the fair market value of our shares at the beginning of the next offering period.

Our board of directors may at any time amend, suspend or discontinue the Hanesbrands ESPP, subject to any stockholder approval needed to comply with the requirements of the SEC, the Code and the rules of the New York Stock Exchange.

Severance/Change in Control Arrangements

The following is a description of the severance/change in control agreements we intend to enter into with our executive officers effective as of the distribution:

Severance. We expect to enter into agreements with our executive officers to provide them with severance benefits upon their involuntary termination of employment. Generally, it is expected that under the terms of each agreement, if an executive officer's employment is terminated by us for any reason other than for cause (as defined in the agreement) or if an executive officer terminates his or her employment at our request, we will pay the executive officer severance benefits for a period of 12 to 24 months depending on the executive officer's position and length of service (including prior service with Sara Lee). To receive these payments, we intend to require the executive officer to sign an agreement that prohibits, among other things, the executive officer from working for our competitors, soliciting business from our customers, attempting to hire our employees and disclosing our confidential information. The executive officer would also have to agree to release any claims against us. Severance payments terminate if the terminated executive officer becomes employed by one of our competitors.

We expect that the monthly severance benefit that we would pay to each executive officer will be based on the executive officer's base salary (and, in limited cases, determined bonus), divided by 12. A terminated executive officer also would receive a pro-rated payment under any incentive plans applicable to the fiscal year in which the termination occurs based on actual full fiscal year performance. The terminated executive officer's eligibility to participate in our medical, dental and executive life insurance plans would continue for the same number of months for which he or she is receiving severance payments. The terminated executive officer's participation in all other benefit plans will cease as of the date of termination of employment. The term of each agreement will be for two years, subject to automatic one-year extensions unless we give 180 days prior written notice that we do not wish to extend. In addition, if a change in control (as defined in the Hanesbrands OIP) occurs during the term, the agreement will automatically continue for two years following the change in control.

Change in Control. We expect to enter into change in control agreements with our executive officers to help keep them focused on their work responsibilities during the uncertainty that accompanies a change in control, to preserve benefits after a change in control transaction and to help us attract and retain key talent. A change in control of our company is defined in the Hanesbrand OIP (see discussion above). Generally, the agreements will provide for severance pay and continuation of certain benefits if the executive officer's employment is terminated involuntarily (for a reason other than "cause" as defined in the agreement) within two years following a change in control, or within three months prior to a change in control. An involuntary termination will also include a voluntary termination by the executive officer for "good reason" (as defined in the agreement). The agreements will provide that the terminated executive officer will receive in a lump sum payment, two or three times his or her cash compensation (consisting of base salary, the greater of their current target bonus or their average actual bonus over the prior three years and the matching contribution to the defined contribution plan in which the executive officer is participating), a pro-rated portion of his or her annual bonus for the fiscal year in which the termination occurs based upon the greater of their target bonus or actual performance as of the date of termination, a pro-rata portion of his or her long-term cash incentive plan payment for any performance period that is at least fifty percent (50%) completed prior to the executive officer's termination date, the replacement of lost savings and retirement benefits through the Hanesbrands SERP and the continued eligibility to participate in our medical, dental and executive insurance plans during the severance period. Outstanding awards under the Hanesbrands OIP will be treated pursuant to the terms of the Hanesbrands OIP. In the event that any payments made in connection with a change in control would be subjected to the excise tax imposed by Section 4999 of the Code, the agreements will provide that we will make tax equalization payments with respect to the executive officer's compensation for all federal, state and local income and excise taxes, and any penalties and interest, but only if the total payments made in connection with a change in control exceed three hundred thirty percent (330%) of such executive officer's "base amount" (as determined under Section 280G(b) of the Code). Otherwise, the payments made to such executive officer in connection with a change in control that are classified as parachute payments will be reduced so that the value of the total payments to such executive officer is one dollar ($1) less than the maximum amount such executive officer may receive without becoming subject to the tax imposed by Section 4999 of the Code. In consideration for these benefits, the agreements will prohibit the executive officer from working for certain competitors, soliciting business from our customers, attempting to hire our employees and disclosing our confidential information. The term of each agreement will be for two years, subject to automatic one-year extensions unless we give 180 days prior written notice that we do not wish to extend. In addition, if a change in control occurs during the term, the agreement will automatically continue for two years following the change in control.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Before the spin off, all of the outstanding shares of our common stock are and will be owned beneficially and of record by Sara Lee. The following table sets forth information, immediately following the completion of the spin off, regarding, (1) each person who is known by us who will beneficially own more than 5% of our common stock, (2) each director, director nominee and executive officer and (3) all of our directors, director nominees and executive officers as a group. The address of each director, director nominee and executive officer shown in the table below is c/o Hanesbrands Inc., 1000 East Hanes Mill Road, Winston-Salem, North Carolina 27105.

Name and Address of Beneficial Owner	Beneficial Ownership of our Common Stock	Percent of Class
Capital Research and Management Company(1)	7,381,637	7.8%
Lee A. Chaden	129	*
Richard A. Noll	1,395	*
E. Lee Wyatt Jr.	14	*
Gerald W. Evans Jr.	29	*
Michael Flatow	607	*
Kevin D. Hall	—	—
Joan P. McReynolds	435	*
Kevin W. Oliver	1,570	*
Harry A. Cockrell	—	—
Charles W. Coker	8,163(2)	*
Bobby J. Griffin	—	—
James C. Johnson	—	—
J. Patrick Mulcahy	—	—
Alice M. Peterson	—	—
Andrew J. Schindler	—	—
All directors and executive officers as a group (15 persons)	12,342	*

* Less than 1%.

(1) As reported on an amended Schedule 13G filed with the SEC by Capital Research and Management Company, or “CRM,” on February 10, 2006, CRM owns 59,053,100 shares, or 7.8%, of Sara Lee common stock. In this Schedule 13G amendment, CRM states that it is an investment adviser registered under the Investment Advisers Act of 1940 and is deemed to be the beneficial owner of the shares as a result of acting as investment adviser to various investment companies registered under the Investment Company Act of 1940. CRM’s address is 333 South Hope Street, Los Angeles, California 90071.

(2) Includes 6,042 shares of our common stock which will be owned by Mr. Coker’s spouse, with respect to which Mr. Coker disclaims beneficial ownership.

AGREEMENTS WITH SARA LEE

Following the spin off, our company and Sara Lee will operate separately, each as independent public companies. In order to govern the relationship between our company and Sara Lee after the spin off and to provide mechanisms for an orderly transition, we and Sara Lee are entering into certain agreements which will facilitate the spin off, govern our relationship with Sara Lee after the spin off and provide for the allocation of employee benefits, tax and other liabilities and obligations. The following is a summary of the terms of the material agreements we are entering into with Sara Lee prior to the spin off. When used in this section, "distribution date" refers to the date of the consummation of the spin off and "separation date" refers to the date on which Sara Lee transfers to us the assets and liabilities it attributes to its branded apparel Americas/Asia business.

Master Separation Agreement

The master separation agreement will govern the contribution of Sara Lee's branded apparel Americas/Asia business to us, the subsequent distribution of shares of our common stock to Sara Lee stockholders and other matters related to Sara Lee's relationship with us.

The Contribution

To effect the contribution, Sara Lee will, or will cause its subsidiaries to transfer or agree to transfer all of the assets of the branded apparel Americas/Asia business to us as described in this information statement (which assets may include stock or other equity interests of Sara Lee subsidiaries). We will assume, or agree to assume, and will agree to perform and fulfill all of the liabilities (including contingent liabilities) of the branded apparel Americas/Asia division in accordance with their respective terms, except for certain liabilities to be retained by Sara Lee. Sara Lee will not make any representation or warranty as to the assets or liabilities transferred or assumed as part of the contribution or sale or as to any consents which may be required in connection with the transfers. Except as expressly set forth in the master separation agreement or in any other ancillary agreements, all assets will be transferred on an "as is," "where is" basis.

If it is not practicable to transfer specified assets and liabilities on the separation date, the agreement provides that these assets and/or liabilities will be transferred after the separation date. If another ancillary agreement expressly provides for the transfer of an asset or an assumption of a liability, the terms of the other ancillary agreement will determine the manner of the transfer and assumption. The parties agree to use reasonable best efforts to obtain any required consents, substitutions or amendments required to novate or assign all rights and obligations under any contracts to be transferred in connection with the contribution. We will also use our reasonable best efforts to replace or terminate any guarantees, sureties, bonds, letters of credit or similar instruments made or posted by Sara Lee which relate to our business, and indemnify Sara Lee against any losses it may incur if we are unable to do so.

The Distribution

The master separation agreement will provide that on the distribution date (which will be determined by Sara Lee), Sara Lee will distribute all of its shares of our common stock to its stockholders of record as of the record date (which also will be determined by Sara Lee). Sara Lee will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the date of the distribution. The master separation agreement will provide that the distribution may be abandoned at any time, or may be accelerated or delayed, in Sara Lee's discretion. In addition to Sara Lee's discretion to determine not to proceed with the distribution, Sara Lee's agreement to consummate the distribution also is subject to the satisfaction of a number of conditions, including the following:

- the registration statement for our common stock into which information from this information statement is incorporated by reference has been declared effective by the SEC;

- any actions and filings with regard to applicable securities and blue sky laws of any state have been taken and have become effective or accepted;
- our common stock has been accepted for listing on the New York Stock Exchange, on official notice of distribution;
- there is no legal restraint or prohibition preventing the consummation of the contribution or distribution or any other transaction related to the spin off being in effect;
- Sara Lee's receipt of a private letter ruling from the IRS or an opinion of counsel to the effect, among other things, that the spin off will qualify as a tax-free distribution for U.S. federal income tax purposes under Section 355 of the Code and as part of a tax-free reorganization under Section 368(a)(1)(D) of the Code;
- the contribution shall have become effective in accordance with the master separation agreement and the ancillary agreements;
- Sara Lee's receipt of a satisfactory solvency opinion with regards to our company from an investment banking or valuation firm; and
- our receipt of the proceeds of the borrowings described under "Description of Certain Indebtedness" and distribution of $2.4 billion of such proceeds to Sara Lee.

The master separation agreement will provide that we and Sara Lee will use our reasonable best efforts to consummate the distribution, including to use such efforts to file a registration statement and any subsequent amendments or supplements thereto with the SEC regarding our common stock, take such actions as may be necessary under state blue-sky laws and prepare and mail to Sara Lee stockholders such other materials as Sara Lee determines necessary or desirable and required under law. In addition, the master separation agreement will provide that prior to the distribution, we will agree to prepare, file and use our reasonable best efforts to make effective an application for listing our stock on the New York Stock Exchange.

Exchange of Information

We and Sara Lee will agree to provide each other with information reasonably necessary to comply with reporting, disclosure or filing requirements of governmental authorities, for use in judicial, regulatory, administrative and other proceedings and to satisfy audit, accounting, claims, litigation or similar requests, business or legal related. We and Sara Lee also will agree to certain record retention and production procedures and agree to cooperate in any litigation as described below. After the spin off, each party will agree to maintain at its own cost and expense adequate systems and controls for its business to the extent reasonably necessary to allow the other party to satisfy its reporting, accounting, audit and other obligations. Each party also will agree to provide to the other party all financial and other data and information that the requesting party determines necessary or advisable in order to prepare its financial statements and reports or filings. Each party will agree to use its reasonable best efforts to make available to the other party its current, former and future directors, officers, employees and other personnel or agents who may be used as witnesses and books, records and other documents which may reasonably be required in connection with legal, administrative or other proceedings.

Cooperation in Obtaining New Agreements

Sara Lee will agree, at our request, to facilitate introductions with third parties from whom our business has derived benefits under agreements and relationships which are not being assigned or transferred to us in connection with the contribution. Sara Lee also will agree to provide reasonable assistance to us so that we may enter into agreements or relationships with such third parties under substantially equivalent terms and conditions that apply to Sara Lee.

Cooperation With Respect to Procurement Agreements

We and Sara Lee will agree to use our reasonable best efforts to purchase goods and services from each vendor under shared contracts in accordance with the terms of such contracts so as to maximize the discounts available and/or achieve the lowest prices available under such shared contracts for both us and Sara Lee.

No Solicitation

We and Sara Lee will agree to refrain from directly soliciting or recruiting employees of the other party who are employed by such party immediately after the distribution date without the other party's consent for one year after the distribution date. However, this prohibition does not apply to general recruitment efforts carried out through public or general solicitation.

Limitation on Damages

We and Sara Lee will agree to waive, and neither we nor Sara Lee will be able to seek, consequential, special, indirect or incidental damages or punitive damages.

Dispute Resolution

If a dispute arises with Sara Lee under the master separation agreement or any ancillary agreement, we will agree to the following procedures:

- the dispute will be submitted to a steering committee of two members, one appointed by each of us and Sara Lee, the decision of such steering committee to be binding on us and Sara Lee; and
- if resolution through the steering committee fails, the parties can resort to final and binding arbitration unless the suit seeks injunctive relief or specific performance or if the suit involves the tax free treatment of the spin off.

Termination

The master separation agreement and any of the ancillary agreements may be terminated or the distribution may be amended, modified or abandoned, in each case, at any time prior to the effective time by and in the sole and absolute discretion of Sara Lee, without our approval. In the event of such termination, neither party shall have any liability of any kind to the other party.

Tax Sharing Agreement

In connection with the master separation agreement, we will enter into a tax sharing agreement with Sara Lee. This agreement will (1) govern the allocation of U.S. federal, state, local, and foreign tax liability between us and Sara Lee, (2) provide for certain restrictions and indemnities in connection with the tax treatment of the distribution, and (3) address certain other tax-related matters.

Allocation of Tax Liability

Until the distribution occurs, we will be included in Sara Lee's consolidated federal income tax returns and will be included with Sara Lee and/or certain Sara Lee subsidiaries in applicable combined or unitary state and local income tax returns.

- Under the tax sharing agreement, Sara Lee generally will be liable for all U.S. federal, state, local, and foreign income taxes attributable to us with respect to taxable periods ending on or before the distribution date. Sara Lee also will be liable for income taxes attributable to us with respect to taxable periods beginning before the distribution date and ending after the distribution date, but only to the extent those taxes are allocable (using a closing of the books method) to the portion of the taxable period ending on the distribution date. We are generally liable for all other taxes attributable to us.

- Sara Lee will prepare and file (1) the Sara Lee consolidated U.S. federal income tax return for all taxable periods, including the taxable periods in which we are included, (2) any Sara Lee combined, unitary or consolidated state income tax returns for all taxable periods, including the taxable periods in which we are included, (3) all other U.S. federal, state, and local income tax returns for Sara Lee and its affiliates (including us) with respect to taxable periods ending on or before the distribution date, (4) all Canadian federal, provincial, and local income tax returns for Sara Lee and its affiliates (including us) with respect to taxable periods ending on or before the distribution date, (5) all Puerto Rican local income tax returns for Sara Lee and its affiliates (including us) with respect to taxable periods ending on or before the distribution date, (6) income tax returns for Sara Lee and its affiliates for post-distribution tax periods and (7) certain other tax returns. We will generally prepare and file all other tax returns attributable to us, except that Sara Lee has the option to prepare and file any income tax return for us with respect to any taxable period beginning before the distribution date and ending after the distribution date if it provides us with written notice within 45 days after the end of that taxable period. The party responsible for the tax liability will generally control all decisions affecting audits and legal proceedings with respect to that return.
- Under the tax sharing agreement, we have agreed to indemnify Sara Lee (and Sara Lee has agreed to indemnify us) for any tax detriments arising from an inter-group adjustment, but only to the extent we (or Sara Lee) realize a corresponding tax benefit.

Restrictions and Indemnities in Connection with the Tax Treatment of the Distribution

The tax sharing agreement also will provide that we are liable for taxes incurred by Sara Lee that arise as a result of our taking or failing to take certain actions that result in the distribution failing to meet the requirements of a tax-free distribution under Sections 355 and 368(a)(1)(D) of the Code. We therefore have agreed that, among other things, we will not take any actions that would result in any tax being imposed on the spin off. More specifically, for the two-year period following the spin off, we have agreed not to:

- Sell or otherwise issue to any person, or redeem or otherwise acquire from any person, any of our equity securities; provided, however that we may (1) sell or otherwise issue equity securities or repurchase equity securities in certain circumstances permitted by the IRS guidelines, and (2) sell or otherwise issue equity securities provided that such issuance, individually or when aggregated with other issuances and any transactions occurring in the four-year period beginning on the date which is two years before the distribution date, and with any other transaction which is part of a plan or series of related transactions (within the meaning of Section 355(e) of the Code) that includes the spin off (other than sales or issuances of equity securities described in clause (1) above), results in one or more persons acquiring, directly or indirectly (as determined under Section 355(e) of the Code, taking into account applicable constructive ownership rules), stock representing a 35% or greater interest, by vote or value, in us.
- Sell, transfer, or otherwise dispose of our assets that, in the aggregate, constitute more than 50% of our gross assets, excluding any sales conducted in the ordinary course of our business.
- Cease, transfer, or dispose of all or any portion of our socks business other than sales, transfers or dispositions in the ordinary course of business.
- Voluntarily dissolve or liquidate or engage in any merger (except for certain cash acquisition mergers), consolidation, or other reorganization, except for certain mergers and liquidations of our wholly owned subsidiaries to the extent not inconsistent with the tax-free status of the spin off.
- Take any action (including, but not limited to, the sale or disposition of any stock, securities, or other assets), or fail to take any action that would cause Sara Lee to recognize gain under any gain recognition agreement to which Sara Lee is a party.
- Amend our certificate of incorporation (or any other organizational document), or take any action, whether through a stockholder vote or otherwise, affecting the relative voting rights of our separate classes of stock (including, without limitation, through the conversion of one class of stock into another class of stock), but only to the extent such amendment, action or conversion, if treated as an issuance of equity securities, would otherwise be prohibited by the tax sharing agreement.

- Solicit any person to make a tender offer for, or otherwise acquire or sell, our equity securities, participate in or support any unsolicited tender offer for, or other acquisition, issuance, or disposition of, our equity securities, or approve or otherwise permit any proposed business combination or merger or any transaction which, individually or when aggregated with any other transactions occurring within the four-year period beginning on the date which is two years before the distribution date, and with any other transaction which is part of a plan or series of related transactions (within the meaning of Section 355(e) of the Code) that includes the spin off (other than certain issuances of equity securities permitted by IRS guidelines), results in one or more persons acquiring, directly or indirectly (as determined under Section 355(e) of the Code, taking into account applicable constructive ownership rules), stock representing a 35% or greater interest, by vote or value, in us.

In addition, we have agreed not to engage in certain of the actions described above, whether before or after the two-year period following the spin off, if it is pursuant to an arrangement negotiated (in whole or in part) prior to the first anniversary of the spin off.

We may, however, take certain actions prohibited by the tax sharing agreement if we provide Sara Lee with an unqualified opinion of tax counsel or Sara Lee receives a supplemental private letter ruling from the IRS, acceptable to Sara Lee, to the effect that these actions will not affect the tax-free nature of the spin off.

Employee Matters Agreement

On or before the spin off, we will enter into an employee matters agreement with Sara Lee that allocates responsibility for certain employee benefit matters on and after the spin off, including the treatment of existing welfare benefit plans, savings plans, equity-based plans and deferred compensation plans and our establishment of new plans. The employee matters agreement will provide as follows:

401(k) Plan

On July 24, 2006, our newly formed 401(k) Plan, the Hanesbrands Inc. Retirement Savings Plan, assumed all liabilities from the Sara Lee 401(k) Plan related to our current and former employees, and Sara Lee caused the accounts of our employees to be transferred to the Hanesbrands Inc. Retirement Savings Plan and its related trust. We will take all actions necessary to ensure that all amounts transferred to the Hanesbrands Inc. Retirement Savings Plan continue to vest after the spin off. Following the spin off, we will have no obligations with respect to the Sara Lee 401(k) Plan other than payment of the liabilities assumed.

Pension Plan

Effective as of January 1, 2006, the Hanesbrands Inc. Pension and Retirement Plan assumed all liabilities from the Sara Lee Corporation Consolidated Pension and Retirement Plan related to our current and former employees. On or before completion of the spin off Sara Lee will cause the assets of the Sara Lee Corporation Consolidated Pension and Retirement Plan related to our current and former employees to be transferred in cash to the Hanesbrands Inc. Pension and Retirement Plan and its related trust.

Other Retirement Plans

Upon completion of the spin off, we also will assume the liabilities for, and Sara Lee will transfer the assets of Sara Lee's retirement plans related to, the pension benefits accrued by our current and former employees covered under Sara Lee's Canadian retirement plan. We have already assumed Sara Lee's two defined contribution plans for Puerto Rican employees, the Harwood Companies, Inc. 401(k) Plan, the Playtex Apparel Inc. Pension Plan and the National Textiles, L.L.C. Pension Plan.

Nonqualified Plans

The employee matters agreement will provide that as of December 31, 2005, our employees shall cease all future employee contributions to Sara Lee's nonqualified deferred compensation plan. We will assume all responsibilities and obligations relating to such liabilities under our newly established deferred compensation

plan, the Hanesbrands Inc. Executive Deferred Compensation Plan. We will also assume all responsibilities and obligations relating to our current and former employees' benefits under the Sara Lee Corporation Supplemental Executive Retirement Plan under the Hanesbrands SERP. We previously assumed two other Sara Lee nonqualified plans—the Intimate Apparel Key Management Cadre Retirement Plan and the Personal Products Supplemental Retirement Plan.

Health and Welfare Plans

Not later than the distribution date, we will establish an employee health care plan and cease to participate in Sara Lee's employee health care plan. Upon completion of the spin off, we will assume all retiree medical liabilities related to our employees (including employees terminated from Sara Lee's branded apparel business segment prior to the spin off). Prior to spin off, we will also establish a group insurance plan and a disability plan and comply with the workers compensation requirements of the states in which we operate.

Treatment of Sara Lee Equity Awards and Other Sara Lee Compensation

Prior to completion of the spin off, we will establish an annual incentive plan, a long-term incentive plan and an employee stock purchase plan. Any performance shares that our employees were awarded under the Sara Lee incentive compensation plans prior to the spin off will continue to vest over the applicable performance period subject to the attainment of Sara Lee performance measures and any other terms of the award and the Sara Lee Long-Term Incentive Plan. Upon completion of the spin off, outstanding RSUs (other than performance-based RSUs) held by our employees shall be fully vested and paid by Sara Lee to such employees. In lieu of the distribution of shares of our common stock that all other Sara Lee stockholders will receive pursuant to the spin off, the Sara Lee Compensation and Employee Benefits Committee will adjust the RSUs held by our employees as of the distribution date by increasing the number of RSUs subject to each award to reflect the distribution and to preserve their pre-distribution value. Upon completion of the spin off, outstanding SLC Options held by our employees will become fully vested and the number of Sara Lee shares subject to each option and the per share exercise price shall be adjusted to reflect the impact of the spin off.

Master Transition Services Agreement

Services Provided

We will enter into a master transition services agreement with Sara Lee pursuant to which each party will provide to the other party specified support services related to human resources and financial shared services for a period of seven months with one 90-day renewal term, tax-shared services for a period of one year with one 15-month renewal term, information technology services for a period ranging from six months with no renewal term to one year with indefinite renewal terms based on service provided and other shared services after the distribution date. Each of these services will be provided for a fee, which will differ depending upon the service. We expect to receive total fees from Sara Lee of approximately $4 million for transition services during the initial service periods under the agreement, and we expect to pay fees to Sara Lee of approximately $200,000 for transition services under the agreement. In addition, Sara Lee has agreed to provide tax consulting assistance to us at a price of $120 per hour. If after the spin off and during the term of the master transition services agreement, a party identifies a service the other party previously provided to such party prior to the distribution date, but such service was not identified in the master transition services agreement, then upon the consent of the other party, such service will be added to the master transition services agreement on such terms as the parties shall negotiate in good faith. Under the master transition services agreement, if the provider of services is obtaining analogous services for itself from third parties, the provider may perform its service obligations to the other party by use of such third parties.

Limitation on Damages

We and Sara Lee will agree to waive, and neither we nor Sara Lee will be able to seek consequential, special, indirect or incidental damages or punitive damages. We and Sara Lee also will agree to indemnify the provider of services against third-party claims other than those arising out of the gross negligence or willful misconduct of the provider.

Real Estate Matters Agreement

General

The real estate matters agreement addresses real estate matters relating to the Sara Lee leased and owned properties that Sara Lee will transfer to or share with us. The real estate matters agreement will describe the manner in which Sara Lee will transfer to or share with us various leased and owned properties, including the following types of transactions:

- conveyances to us of specified properties that Sara Lee owns;
- assignments to us of Sara Lee's leases for specified leased properties; and
- subleases to us of portions of specified leased properties.

The real estate matters agreement will describe the property to be transferred to or shared with us for each type of transaction. The standard forms of the proposed transfer documents (e.g., forms of conveyance and assignment) will be contained in exhibits to the real estate matters agreement.

With respect to the assignment of leases to us, Sara Lee will assign all leases identified in the real estate matters agreement upon the later to occur of the separation date or the fifth business day after we obtain the required consent to assignment. The real estate matters agreement will require us to use our reasonable efforts to obtain any landlord consents required for the proposed transfers of leased properties. We or Sara Lee Branded Apparel, Sara Lee's current Americas/Asia branded apparel division, will request such consents prior to the separation date, and Sara Lee will agree to cooperate with us in obtaining such consents. Under the real estate matters agreement, if we do not obtain a required consent by the separation date, the parties will agree to use their respective reasonable efforts to allow us to occupy the property. We will be responsible for all costs, expenses and liabilities incurred by Sara Lee as a consequence of our occupancy.

The real estate matters agreement will further provide that we will be required to accept the transfer of all properties allocated to us, even if a site has been damaged by a casualty or other change in the condition of the properties. Under the real estate matters agreement, if a lease is terminated due to casualty or action by the landlord prior to the separation date or any other reason, that lease will not be transferred to us and neither party will have any liability relating to that lease.

Under the real estate matters agreement, we also will be obligated to use reasonable efforts to obtain the release of any and all obligations of Sara Lee, including any guarantee, surety or other security, with respect to all of the leased properties transferred to us in the spin off. In addition, we will agree to indemnify Sara Lee for any and all losses incurred by Sara Lee as a result of our occupancy of any leased property after the separation date. In the event we execute any new leases after the separation date or any of the leases transferred to us after that date, Sara Lee will have no obligation to provide any guarantee, surety or other security for such new or renewed leases. Also, we may not renew a lease or permit a lease to be renewed unless Sara Lee is released from any guaranty, surety or other security relating to such lease or we will provide such security as is reasonably satisfactory to Sara Lee.

The real estate matters agreement will provide that all costs and expenses required to effect the transfers (including landlord consent fees, landlord attorneys' fees, title insurance fees and transfer taxes) will be paid by us.

Certain Covenants

As long as Sara Lee has not been fully and unconditionally released from any relevant lease, we may not:

- merge or consolidate with another person, unless certain conditions are met;
- allow any lien or encumbrance to exist on any relevant lease, unless certain conditions are met; or
- transfer our interest under any relevant lease, unless Sara Lee consents and Sara Lee is fully and unconditionally released under the relevant lease.

Indemnification and Insurance Matters Agreement

Release of Pre-Distribution Date Claims

Effective as of the distribution date, we will release Sara Lee and its affiliates, agents, successors and assigns, and Sara Lee will release us, and our affiliates, agents, successors and assigns, from any liabilities existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the distribution date. This provision will not impair either party from enforcing the master separation agreement, any ancillary agreement or any arrangement specified in such agreements.

General Indemnification Provisions

We will indemnify Sara Lee and its affiliates, agents, successors and assigns from all liabilities (other than liabilities related to tax, which are solely covered by the tax sharing agreement) arising from:

- our failure to pay, perform or otherwise promptly discharge any of our liabilities;
- our business;
- any breach by us of the master separation agreement or any of the ancillary agreements; and
- any untrue statement of a material fact or any omission to state a material fact required to be stated with respect to the information contained in our registration statement or in this information statement (other than the portions related to Sara Lee).

Sara Lee will indemnify us and our affiliates, agents, successors and assigns from all liabilities (other than liabilities related to tax, which are solely covered by the tax sharing agreement) arising from:

- Sara Lee's failure to pay, perform or otherwise promptly discharge any of Sara Lee's liabilities;
- Sara Lee's business;
- any breach by Sara Lee of the master separation agreement or any of the ancillary agreements; and
- any untrue statement of a material fact or any omission to state a material fact required to be stated with respect to the information contained in our registration statement or in this information statement with respect to portions related to Sara Lee.

Environmental Matters

We have agreed to indemnify Sara Lee and its affiliates, agents, successors and assigns from:

- environmental conditions arising out of the operations at any of our current or former facilities, whether occurring before, on or after the distribution date;
- environmental conditions existing on, under, about or in the vicinity of any of our current or former facilities, whether occurring before, on or after the distribution date;
- the violation of environmental laws as a result of the operation of our current or former facilities, whether occurring before, on or after the distribution date; and
- environmental conditions at any third-party site to the extent liability arises from hazardous materials generated by our current or former facilities before, on or after the distribution date.

Sara Lee has agreed to indemnify us and our affiliates, agents, successors and assigns from environmental conditions on, under, about or arising out of the operations occurring at any time at any of Sara Lee's facilities, other than the environmental matters described above.

The amount that any indemnifying party is required to provide will be reduced by any insurance proceeds or other amounts recovered from third parties by the indemnitee in respect of the related loss and any amounts any indemnifying party is required to provide will be subject to an adjustment for taxes and tax benefits incurred and received relating to such loss by the indemnitee.

Insurance Matters

The indemnification and insurance matters agreement will contain provisions governing the recovery by and payment to us of insurance proceeds related to our business and arising on or prior to the distribution date and our insurance coverage. We will agree to reimburse Sara Lee, to the extent they are required to pay, for amounts necessary to satisfy all applicable self-insured retentions, fronted policies, deductibles and retrospective premium adjustments and similar amounts not covered by insurance policies in connection with our liabilities.

The indemnification and insurance matters agreement also will provide that in the event there are insufficient limitations on liabilities available under Sara Lee's insurance policies in effect prior to the distribution date to cover the liabilities of us or Sara Lee, then to the extent that other insurance coverage is not available adjustments will be made in the allocation of liabilities.

Intellectual Property Matters Agreement

The intellectual property matters agreement will provide for the license by Sara Lee to us of certain software. It also will govern the wind-down of our use of certain of Sara Lee's trademarks (other than those being transferred to us in connection with the spin off).

DESCRIPTION OF OUR CAPITAL STOCK

The following description is a summary of the material terms of our capital stock and reflects our charter and bylaws that will be in effect at the time of the spin off. For a complete description, we refer you to the Maryland General Corporate Law and our charter and bylaws. We will file our charter and bylaws as exhibits to our registration statement on Form 10.

General

Our charter provides that we may issue up to 500 million shares of common stock, par value $0.01 per share, and up to 50 million shares of preferred stock, par value $0.01 per share, and permits our board of directors, without stockholder approval, to amend the charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Upon completion of the distribution, approximately 95.1 million shares of common stock will be issued and outstanding (the exact number of shares will be determined by the number of Sara Lee shares outstanding on the record date) and no shares of preferred stock will be issued and outstanding. 500,000 shares of Preferred Stock will be designated Junior Participating Preferred Stock, Series A and reserved for issuance upon the exercise of rights under our rights agreement. See "—Preferred Stock" and "—Rights Agreement." The Maryland General Corporation Law, or "MGCL," provides that our stockholders are not obligated to us or our creditors with respect to our stock, except to the extent that the subscription price or other agreed upon consideration has not been paid.

Common Stock

General

Holders of our common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights. Holders of our common stock are entitled to receive dividends when authorized by our board of directors out of our assets legally available for the payment of dividends. Holders of our common stock are also entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all of our known debts and liabilities. These rights are subject to, and may be adversely affected by, the preferential rights granted to any other class or series of our stock.

Each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of our stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. A plurality of all votes cast at a stockholders meeting at which a quorum is present will be sufficient for the election of directors, and there is no cumulative voting in the election of directors, which means that the holders of a plurality of the outstanding shares of common stock can elect all of the directors nominated for election.

Under MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside of the ordinary course of business, unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter. However, a Maryland corporation may provide in its charter for the approval of these matters by a lesser percentage, as long as such percentage is not less than a majority of all the votes entitled to be cast on the matter. Our charter provides for approval by a majority of all the votes entitled to be cast in these situations.

Holders of our common stock, solely by virtue of their holdings, do not have preemptive rights to subscribe for or purchase any shares of our capital stock which we may issue in the future.

Our common stock is and will remain uncertificated. Therefore our stockholders will not be able to obtain stock certificates.

There are no shares of our common stock subject to outstanding options, warrants or convertible securities other than those described under "Management."

Preferred Stock Purchase Rights

We expect to adopt a stockholder rights agreement in connection with the spin off. After adoption of the rights agreement, each outstanding share of common stock will have attached to it a right entitling its holder to purchase from us one one-thousandth of a share of Series A junior participating preferred stock (subject to antidilution provisions) upon the occurrence of certain triggering events. The purchase price for the Series A junior participating preferred stock will be established by our board at the time the plan is adopted. Until one of those triggering events occurs, or the rights are earlier redeemed or expired, the rights will not be evidenced by separate certificates and may be transferred only with the common stock to which they are attached.

The rights will become exercisable ten days after any person or group publicly announces that it beneficially owns 15% or more of the outstanding shares of our common stock, or ten business days after a person or group announces an offer to acquire 15% or more of the outstanding shares of common stock, whichever occurs first. In the event that the rights become exercisable, we will distribute separate rights certificates evidencing the rights to all holders of our common stock held prior to the triggering event. Each right will then entitle its holder (except the acquiring party) to purchase the number of shares of common stock having a market value of two times the exercise price of the right.

In the event that, following a triggering event, we merge into or consolidate with, or transfer 50% or more of our consolidated assets or earning power to another entity (other than us or our subsidiaries), each right will then entitle its holder to purchase the number of shares of common stock of the acquiring entity having a market value of two times the exercise price of the right.

Our board of directors may redeem the rights, as a whole, at a price of $0.001 per right (subject to certain adjustments), at any time until the earlier of ten days following the date of the public announcement that the acquiring party acquired 15% or more of our common stock and the expiration date of the rights (which will be the tenth anniversary of the adoption of the plan).

For so long as the rights continue to be associated with our common stock, each new share of common stock we issue will include a right. Stockholders will not be required to pay any separate considaration for the rights issued with our common stock.

For a more detailed discussion of the rights under our rights agreement, please see “—Rights Agreement.”

Preferred Stock

Junior Participating Preferred Stock, Series A

Shares of our Junior Participating Preferred Stock, Series A, or “Series A Preferred Stock,” will be reserved for issuance upon exercise of the rights under our rights agreement. For a more detailed discussion of our rights agreement and our Series A Preferred Stock, see “—Rights Agreement.” Shares of our Series A Preferred Stock may only be purchased after the rights have become exercisable, and each share of Series A Preferred Stock:

- will rank junior to our common stock and other senior series of stock as provided in the terms of such series of stock;
- will entitle holders to a quarterly dividend in an amount equal to the greater of (a) a fixed dollar amount (to be established by our board at the time the plan is adopted), or (b) the product of (i) 1,000 (subject to antidilution adjustment) and (ii) the aggregate per share amount of all dividends;
- will entitle holders to 1,000 votes (subject to antidilution adjustment) on all matters submitted to a vote of our stockholders;
- in the event of a liquidation, will entitle holders to a preferred liquidation payment equal to the greater of (a) fixed dollar amount per share (to be established by the board at the time the plan is adopted), plus accrued and unpaid dividends, and (b) an aggregate amount per share equal to the product of (i) 1,000

(subject to antidilution adjustment) and (ii) the aggregate amount to be distributed per share to holders of our common stock; and

- in the event of any consolidation, merger, combination or other transaction in which shares of our common stock are exchanged for or changed into stock or securities of another entity, cash and/or other property, will entitle holders to exchange their Series A Preferred Stock in an amount per share equal to the product of (i) 1,000 (subject to antidilution adjustment) and (ii) the aggregate amount of stock, securities, cash and/or other property into which or for which each share of our common stock is changed or exchanged.

The Series A Preferred Stock is not redeemable.

The exercise price of our Series A Preferred Stock, the number of shares of our Series A Preferred Stock issuable and the number of outstanding rights will adjust to prevent dilution that may result from a stock dividend, stock split or reclassification of the Series A Preferred Stock or our common stock.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is Computershare Investor Services, LLC.

New York Stock Exchange Listing

Our common stock has been authorized for listing on the New York Stock Exchange under the symbol “HBI.”

Certain Provisions of Maryland Law and of Our Charter and Bylaws That Could Have the Effect of Delaying, Deferring or Preventing a Change in Control

Provisions of MGCL, our charter and bylaws could make the following more difficult:

- acquisition of us by means of a tender offer or merger;
- acquisition of us by means of a proxy contest or otherwise; or
- removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions also are designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company outweigh the disadvantages of discouraging those proposals because negotiation with such proponent could result in an improvement of their terms.

Board of Directors

Our charter and bylaws provide that the number of our directors may be established by the board of directors. Our charter provides that any vacancy will be filled, at any regular meeting or at any special meeting called for that purpose, by a majority of the remaining directors.

Our board of directors is not currently classified. However, it would be permissible under MGCL for our board of directors to classify or declassify itself without stockholder approval.

Our charter provides that, subject to the rights of one or more classes or series of preferred stock, a director may be removed from office only for cause and then only by the affirmative vote of the holders of at least two

thirds of the votes entitled to be cast in the election of such director. For the purpose of the charter, cause means the conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the corporation through bad faith or active and deliberate dishonesty.

Authority to Issue "Blank Check" Preferred Stock

Our charter authorizes our board of directors to authorize "blank check" preferred stock. Our board of directors can classify and issue from time to time any unissued shares of preferred stock and reclassify any previously classified but unissued shares of any series of preferred stock. The applicable terms of a particular series of preferred stock shall be set forth in the articles supplementary to our charter establishing such series of preferred stock. These terms must include, but are not limited to, some or all of the following:

- title of the series;
- the number of shares of the series, which number our board of directors may thereafter increase or decrease;
- whether and in what circumstances the holder is entitled to receive dividends and other distributions;
- whether (and if so, when and on what terms) the series can be redeemed by us or the holder or converted by the holder;
- whether the series will rank senior or junior to or on parity with any other class or series of preferred stock; and
- voting and other rights of the series, if any.

Unless otherwise described in the articles supplementary, in the event we liquidate, dissolve or wind up our affairs, the holders of any series of preferred stock will have preference over the holders of common stock and any other capital stock ranking junior to such series for payment out of our assets of the amount specified in the applicable articles supplementary.

Holders of our preferred stock, solely by virtue of their holdings, do not have preemptive rights to subscribe for or purchase any shares of our capital stock which we may issue in the future.

Power to Reclassify Shares of Our Common and Preferred Stock

Our charter also authorizes our board of directors to classify and reclassify any unissued shares of our common stock and preferred stock into other classes or series of capital stock, and permits our board of directors, without stockholder approval, to amend the charter to increase or decrease the aggregate number of shares of capital stock or the number of shares of capital stock of any class or series that we have authority to issue. Prior to issuance of shares of each class or series, our board of directors is required under MGCL and by our charter to set the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series.

We believe that the power to issue additional shares of common stock or preferred stock and to classify or reclassify unissued shares of common stock or preferred stock and thereafter to issue the classified or reclassified shares provides us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. These actions can be taken without stockholder approval, unless stockholder approval is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. The New York Stock Exchange currently requires stockholder approval as a prerequisite to listing shares in several instances, including where the present or potential issuance of shares could result in an increase in the number of shares of common stock or in the amount of voting securities outstanding by at least 20%. If the approval of our stockholders is not required for the issuance of our common stock or preferred stock, our board of directors may determine not to seek stockholder

approval. Although we have no present intention of doing so, we could issue a class or series of stock that could, depending on the terms of such class or series, have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of common stock or otherwise believed to be in the best interest of our stockholders.

Business Combinations

Under MGCL, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include certain mergers, asset transfers or issuances or reclassifications of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation's shares; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the stockholder otherwise would have become an interested stockholder.

After the five-year prohibition, any business combination between the corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by the holders of voting stock of the corporation other than voting shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

The statute provides for various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder and business combinations in which the common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The business combination statute could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise believed to be in the best interest of our stockholders.

Control Share Acquisitions

Maryland's control share acquisition statute provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights, except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock, which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days after a request and written undertaking to consider the voting rights of the control shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including delivery of an acquiring person statement and a written undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations. Fair value of the control shares is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or, if a meeting of stockholders is held at which the voting rights of the shares are considered and not approved, as of the date of such meeting. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may elect to exercise appraisal rights.

The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting any and all acquisitions by any person of shares of our stock from Maryland’s control share acquisition statute. Our board of directors may, however, amend or eliminate this provision in the future without stockholder approval.

Amendments to the Charter

Subject to certain exceptions, our charter may be amended only if declared advisable by the board of directors and approved by the affirmative vote of not less than a majority of all of the votes of our capital stock entitled to be cast on the matter. Among the exceptions provided for in the charter, the board of directors may, without action by our stockholders, amend our charter to increase or decrease the aggregate number of shares of capital stock or the number of shares of capital stock of any class or series that we have authority to issue, or change the name or designation or par value of any class or series of our capital stock or the aggregate par value.

Advance Notice of Director Nominations and New Business

Our bylaws provide that with respect to an annual or special meeting of stockholders, nominations of persons for election to the board of directors and the proposal of business to be considered by stockholders may be made only:

- pursuant to our notice of the meeting;
- by the board of directors; or
- by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures provided for in our bylaws.

In order to comply with the advance notice procedures of our bylaws, a stockholder must give written notice to our corporate secretary at least 120 days, but no more that 150 days in advance of the anniversary of the date that we mailed the notice for the preceding year's annual meeting. For nominations to the board, the notice must include information about the director nominee, including his or her name, holdings of our stock, as well as information required by SEC rules regarding elections to boards of directors. For other business that a stockholder proposes to bring before the meeting, the notice must include the reasons for proposing the business at the meeting and a discussion of the stockholder's material interest in such business. Whether the notice relates to a nomination to the board of directors or to other business to be proposed at the meeting, the notice also must include information about the stockholder and the stockholder's holdings of our stock.

With respect to special meetings of stockholders, only the business specified in our notice of the special meeting may be brought before the meeting. Nominations of persons for election to the board of directors at a special meeting may be made only:

- pursuant to our notice of the special meeting;
- by the board of directors; or
- provided that the board of directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions provided for in our bylaws.

Stockholder Action by Written Consent

Our bylaws provide that any action required or permitted to be taken by our stockholders may be taken without a meeting only by a unanimous written consent of all of the stockholders entitled to vote on the matter or, if the action is advised and submitted to the stockholders for approval by the board of directors, by a written consent of stockholders entitled to cast not less than the minimum number of votes that would be necessary for such action at a meeting of stockholders.

Rights Agreement

We expect to adopt a stockholder rights agreement before the distribution. Pursuant to the rights agreement, one preferred stock purchase right will be distributed with and attached to each share of our common stock. Each right will entitle its holder, under the circumstances described below, to purchase from us one one-thousandth of a share of our Series A Preferred Stock at an initial exercise price per right to be established by the board at the time the plan is adopted, subject to certain adjustments. The description and terms of the rights are set forth in a rights agreement between us and Computershare Investor Services, LLC, as rights agent. The following description of the rights is a summary and is qualified in its entirety by reference to the rights agreement, the form of which has been filed with the SEC as an exhibit to the registration statement of which this information statement is a part.

Initially, the rights will be associated with our common stock and evidenced by book-entry statements, which will contain a notation incorporating the rights by reference. Each right initially will be transferable with and only with the transfer of the underlying share of common stock. The rights will become exercisable and separately certificated only upon the rights distribution date, which will occur upon the earlier of:

- ten days following a public announcement by us that a person or group (an "acquiring person") has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of our outstanding shares of common stock (the date of the announcement being the "stock acquisition date"); or
- ten business days (or later if so determined by our board of directors) following the commencement of or public disclosure of an intention to commence a tender offer or exchange offer by a person if, after acquiring the maximum number of securities sought pursuant to such offer, such person, or any affiliate or associate of such person, would acquire, or obtain the right to acquire, beneficial ownership of 15% or more of our outstanding shares of our common stock.

Until the rights distribution date, the transfer of any shares of common stock outstanding also will constitute the transfer of the rights associated with such shares.

As soon as practicable after the rights distribution date, the rights agent will mail to each record holder of our common stock as of the close of business on the rights distribution date certificates evidencing the rights. From and after the rights distribution date, the separate certificates alone will represent the rights. Except as otherwise provided in the rights agreement, only shares of common stock issued or sold by Hanesbrands prior to the rights distribution date will receive rights.

The rights are not exercisable until the rights distribution date and will expire ten years from their issuance, unless earlier redeemed or exchanged by us as described below.

Upon our public announcement that a person or group has become an acquiring person (a “flip-in event”), each holder of a right (other than any acquiring person and certain related parties, whose rights will have automatically become null and void) will have the right to receive, upon exercise, common stock with a value equal to two times the exercise price of the right.

For example, at an exercise price of $100 per right, each right not owned by an acquiring person (or by certain related parties) following a flip-in event would entitle its holder to purchase $200 worth of common stock (or other consideration, as described above) for $100. Assuming that the common stock had a per share value of $50 at that time, the holder of each valid right would be entitled to purchase four shares of common stock for $100.

In the event that, at any time after a person becomes an acquiring person:

- we are acquired in a merger or other business combination in which we are not the surviving entity;
- we are acquired in a merger or other business combination in which we are the surviving entity and all or part of our common stock is converted into or exchanged for securities of another entity, cash or other property;
- we effect a share exchange in which all or part of our common stock is exchanged for securities of another entity, cash or other property; or
- 50% or more of our assets or earning power is sold or transferred,

(the above events being “business combinations”) then each holder of a right (except rights which previously have been voided as described above) will have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the right.

The exercise price of our Series A Preferred Stock, the number of shares of Series A Preferred Stock issuable and the number of outstanding rights will adjust to prevent dilution that may occur from a stock dividend, a stock split or a reclassification of the Series A Preferred Stock or common stock.

We may redeem the rights in whole, but not in part, at a price of $0.001 per right (subject to adjustment and payable in cash, common stock or other consideration deemed appropriate by our board of directors) at any time prior to the earlier of the stock acquisition date and the rights expiration date. Immediately upon the action of our board of directors authorizing any redemption, the rights will terminate and the holders of rights will only be entitled to receive the redemption price.

At any time after a person becomes an acquiring person and prior to the earlier of (i) the time any person, together with all affiliates and associates, becomes the beneficial owner of 50% or more of our outstanding common stock and (ii) the occurrence of a business combination, our board of directors may cause us to exchange for all or part of the then-outstanding and exercisable rights shares of our common stock at an exchange ratio of one common share per right, adjusted to reflect any stock split, stock dividend or similar transaction.

Until a right is exercised, its holder, as such, will have no rights as a stockholder with respect to such rights, including, without limitation, the right to vote or to receive dividends. While the distribution of the rights will not result in the recognition of taxable income by our stockholders or us, stockholders may, depending upon the circumstances, recognize taxable income after a triggering event.

The terms of the rights may be amended by our board of directors without the consent of the holders of the rights. From and after the stock acquisition date, however, no amendment can adversely affect the interests of the holders of the rights.

The rights will have certain anti-takeover effects. For example, the rights will cause substantial dilution to any person or group who attempts to acquire a significant interest in us without advance approval from our board of directors. As a result, the overall effect of the rights may be to render it more difficult or to discourage any attempt to acquire us, even if the acquisition would be in the best interest of our stockholders. Because we can redeem the rights, the rights will not interfere with a merger or other business combination approved by our board of directors.

DESCRIPTION OF CERTAIN INDEBTEDNESS

We have entered into a commitment letter with Merrill Lynch Capital Corporation and Morgan Stanley Senior Funding, Inc. relating to a new senior secured credit facility, a new senior secured second lien credit facility and a bridge loan facility, each of which is described in greater detail below.

New Senior Secured Credit Facility

General

Upon the closing of the spin off, we expect to enter into a new senior secured credit facility with Merrill Lynch Capital Corporation and Morgan Stanley Senior Funding, Inc. as joint lead arrangers. The new senior secured credit facility will provide for aggregate borrowings of $2.15 billion, consisting of: (i) a $350.0 million Term A loan facility (the "Term A Loan Facility"); (ii) a $1.3 billion Term B loan facility (the "Term B Loan Facility"); and (iii) a $500.0 million revolving loan facility (the "Revolving Loan Facility") which we expect to be undrawn at the closing of the spin off. As the final terms of the new senior secured credit facility have not been agreed upon, those terms may differ from the terms set forth below and any such differences may be significant. In addition, to facilitate syndication, the agents are allowed to modify certain terms of our new senior secured credit facility within certain parameters under certain circumstances.

Guarantors and Collateral

The new senior secured credit facility will be guaranteed by substantially all of our existing and future direct and indirect subsidiaries, with certain customary or agreed-upon exceptions for foreign subsidiaries and certain other subsidiaries. We and each of the guarantors under the senior secured credit facility will grant the administrative agent and the lenders a valid and perfected first priority (subject to certain customary exceptions) lien and security interest in all of the following:

- all shares of capital stock (or other ownership interests in) and intercompany debt (other than intercompany debt owing to a foreign subsidiary) and each of our present and future subsidiaries;
- substantially all present and future property and assets, real and personal, tangible and intangible, of us and each guarantor, except to the extent (i) the cost of obtaining security interests in any such item of collateral is excessive in relation to the benefit to the lenders or (ii) a security interest is prohibited by the terms of the collateral from being granted or would give a third party the right to take action that would substantially impair the value of the collateral; and
- all proceeds and products of the property and assets described above.

Maturity and Amortization

The final maturity of the Term A Loan Facility will be on the sixth anniversary of the closing date of the spin off. The Term A Loan Facility will amortize in an amount per annum equal to the following: year 1 - 5%; year 2 - 10%; year 3 - 15%; year 4 - 20%; year 5 - 25%; year 6 - 25%. The final maturity of the Term B Loan Facility will be on the seventh anniversary of the closing date of the spin off and will be repaid in equal quarterly installments in an amount equal to 1% per annum, with the balance due on the maturity date. The final maturity of the Revolving Loan Facility will be on the fifth anniversary of the closing date of the spin off. All borrowings under the Revolving Loan Facility must be repaid in full upon maturity.

Interest

At our option loans under the new senior secured credit facility may be maintained from time to time as (i) Base Rate loans which shall bear interest at the Base Rate in effect from time to time plus the applicable margin in effect from time to time or (ii) Eurodollar loans which shall bear interest at the Eurodollar Rate (adjusted for maximum reserves) as determined by the administrative agent for the respective interest period plus the applicable margin in effect from time to time. "Base Rate" is defined in the new senior secured credit facility to mean the higher of (i) 1/2 of 1% in excess of the federal funds rate and (ii) the rate published in the Wall Street Journal as the "prime rate" (or equivalent), in each case as in effect from time to time.

Covenants

The new senior secured credit facility requires us to comply with customary affirmative, negative and financial covenants. Set forth below is a brief description of such covenants, all of which are subject to customary exceptions and qualifications.

Affirmative Covenants. The affirmative covenants will require: (i) compliance with laws and regulations (including, without limitation, ERISA and environmental laws); (ii) performance of material obligations; (iii) payment of taxes and other material obligations; (iv) maintenance of appropriate and adequate insurance; (v) preservation of corporate existence, rights (charter and statutory), franchises, permits, licenses and approvals; (vi) visitation and inspection rights; (vii) keeping of proper books in accordance with GAAP; (viii) maintenance of properties; (ix) performance of material agreements; (x) use of proceeds; (xi) further assurances as to guarantees and perfection and priority of security interests; (xii) customary financial and other reporting requirements (including, without limitation, notice of defaults and delivery of financial statements, financial projections and compliance certificates); and (xiii) maintaining ratings with Standard & Poors and Moody's.

Negative Covenants. The negative covenants will include restrictions with respect to: (i) liens; (ii) debt (including guaranties or other contingent obligations); (iii) mergers and consolidations; (iv) sales, transfers and other dispositions of assets; (v) loans, acquisitions, joint ventures and other investments; (vi) dividends and other distributions to stockholders; (vii) repurchasing shares of capital stock; (viii) prepaying, redeeming or repurchasing debt; (ix) capital expenditures; (x) transactions with affiliates on less than arm's length basis; (xi) granting negative pledges other than to the administrative agent and the lenders; (xii) changing the principal nature of our business; (xiii) amending organizational documents, or amending or otherwise modifying any debt, any related document or any other material agreement in a manner materially adverse to the lenders; (xiv) changing accounting policies or reporting practices; and (xv) speculative hedging arrangements.

Financing Covenants. We will be required to maintain a maximum total leverage ratio and minimum interest coverage ratio. All of the financial covenants will be calculated on a consolidated basis and for each consecutive four fiscal quarter period, except that during the first year following the spin off closing date such measurements shall be annualized based upon results for the period of time since the spin off closing date.

Events of Default

The new senior secured credit facility will provide for customary events of default, including: (a) failure to pay principal when due, or to pay interest, fees or other amounts within three business days after the same becomes due; (b) any representation or warranty proving to have been materially incorrect when made or confirmed; (c) failure to perform or observe covenants set forth in the loan documentation within a specified period of time, where customary and appropriate, after notice or knowledge of such failure; (d) cross-defaults to other indebtedness in an amount to be agreed in the loan documentation; (e) bankruptcy and insolvency defaults (with a 60-day grace period for involuntary proceedings); (f) unstayed monetary judgment defaults not covered by insurance or third party indemnity in an amount to be agreed in the loan documentation and nonmonetary judgment defaults that could reasonably be expected to have a Material Adverse Effect; (g) impairment of loan documentation, security or guarantees; (h) change of control; and (i) standard ERISA defaults.

New Senior Secured Second Lien Credit Facility

General

Upon the closing of the spin off, we expect a subsidiary of ours (the "Credit Subsidiary") to enter into a new senior secured second lien credit facility (the "Second Lien Facility") with Merrill Lynch Capital Corporation, Morgan Stanley Senior Funding, Inc. and certain other financial institutions providing for borrowings of $450.0 million. As the terms of the Second Lien Facility have not been agreed upon, those terms may differ from the terms set forth below and any such differences may be significant.

Guarantors and Collateral

The Second Lien Facility will be unconditionally guaranteed by us and each entity guaranteeing the new senior secured credit facility subject to the same exceptions and exclusions and release mechanics as those provided for by the new senior secured credit facility. The Second Lien Facility and the guarantees in respect thereof will be secured on a second-priority basis (subordinate only to the new senior secured credit facility and any permitted additions thereto or refinancings thereof) by substantially all of the assets that secure the new senior secured credit facility (subject to at least the same exceptions).

Maturity and Amortization

The final maturity of the Second Lien Facility shall be the seven year and six month anniversary of the closing of the spin off. The Second Lien Facility will not amortize and will be repaid in full on its maturity date.

Interest

At the option of the Credit Subsidiary, loans under the Second Lien Facility may be maintained from time to time as (i) Base Rate loans which bear interest at the Base Rate in effect from time to time (subject to certain exceptions) plus the applicable margin in effect from time to time or (ii) Eurodollar loans which shall bear interest at the Eurodollar Rate (adjusted for maximum reserves) as determined by the administrative agent for the respective interest period plus the applicable margin in effect from time to time. “Base Rate” is defined in the Second Lien Facility to mean, as of any time, the higher of (i) 1/2 of 1% in excess of the federal funds rate and (ii) the rate published in the Wall Street Journal as the “prime rate” (or equivalent), in each case as in effect from time to time.

Covenants

The Second Lien Facility will require us to comply with certain covenants will be substantially the same as provided in the new senior secured credit facility, subject to larger exceptions in certain covenants and less restrictive levels for financial covenants.

Events of Default

The Second Lien Facility will contain substantially the same events of default as the new senior secured credit facility, subject to, in certain cases, less restrictive levels.

Bridge Loan Facility

General

Upon the closing of the spin off, we expect to enter into a bridge loan facility (the “Bridge Loan Facility”) with Merrill Lynch Capital Corporation and Morgan Stanley Senior Funding, Inc. as bridge joint arrangers providing for borrowings of $500.0 million. As the terms of the Bridge Loan Facility have not been agreed upon, those terms may differ from the terms set forth below and any such differences may be significant.

Guarantors and Collateral

The Bridge Loan Facility will be unconditionally guaranteed by each entity guaranteeing the new senior secured credit facility. The Bridge Loan Facility will be unsecured.

Maturity

The Bridge Loan Facility will mature one year from the date of initial borrowings thereunder.

Interest

Interest on the Bridge Loan Facility shall be paid at the Applicable Interest Rate. "Applicable Interest Rate" will initially mean the 3-month Eurodollar Rate (adjusted for maximum reserves) as determined by the administrative agent plus a margin; provided that if the Bridge Loan Facility is not repaid in full by the end of the first three months following the issuance date, the Applicable Interest Rate otherwise in effect will increase by 0.5% and will thereafter increase by an additional 0.5% at the end of each subsequent three-month period for so long as the Bridge Loan Facility is outstanding, subject to a cap.

Covenants

The Bridge Loan Facility will contain covenants substantially the same as the covenants for the new senior secured credit facility. In addition, the Bridge Loan Facility will contain covenants requiring the delivery of certain financial information.

Events of Default

The Bridge Loan Facility will contain events of default substantially similar to the events of default for the new senior secured credit facility, in each case with exceptions, grace periods, baskets, materiality and qualifications to be mutually agreed upon.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 2-405.2 of MGCL permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages, except for liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty established by a final judgment or other adjudication as material to the cause of action adjudicated in the proceeding. Our charter contains a provision that eliminates directors' and officers' liability to the maximum extent permitted by MGCL.

Section 2-418(d) of MGCL requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director of the corporation who has been successful, on the merits or otherwise, in the defense of any proceeding to which such director was made a party by reason of the director's service in that capacity. Section 2-418(b) permits a corporation to indemnify its present or former directors against judgments, penalties, fines, settlements and reasonable expenses actually incurred by the director in connection with any proceeding to which the director is made a party by reason of the director's service as a director, unless it is established that (1) the act or omission of the director was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (2) the director actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, the director had reasonable cause to believe that the act or omission was unlawful. If, however, the proceeding was one by or in the right of the corporation and the director was adjudged liable to the corporation, the corporation may not indemnify the director. MGCL also permits a Maryland corporation to pay a director's expenses in advance of the final disposition of an action to which the director is a party upon receipt by the corporation of (1) a written affirmation by the director of the director's good faith belief that the director has met the standard of conduct necessary for indemnification and (2) a written undertaking by or on behalf of the director to repay the amount advanced if it is ultimately determined that the director did not meet the necessary standard of conduct. Section 2-418 of the MGCL defines a director as any person who is or was a director of a corporation and any person who, while a director of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise or employee benefit plan. Section 2-418(j)(2) of MGCL also permits a Maryland corporation to indemnify and advance expenses to its officers, employees and agents to the extent that it may indemnify and advance expenses to its directors.

Our bylaws obligate us, to the maximum extent permitted by MGCL, to indemnify any of our present or former directors or officers or those of our subsidiaries who (1) is made a party to a proceeding by reason of such person's service in that capacity or (2) while a director or officer and at our request, serves or served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee from and against any claim or liability to which that person may become subject or which that person may incur by reason of such person's services in such capacity and to pay or reimburse that person's reasonable expenses in advance of final disposition of a proceeding. This indemnity could apply to liabilities under the Securities Act in certain circumstances.

Our bylaws also permit us, with the approval of our board of directors, to indemnify and advance expenses to (1) a person who served a predecessor in any of the capacities described above or (2) any of our employees or agents, or any employee or agent of a predecessor.

We also maintain indemnity insurance as permitted by Section 2-418 of MGCL, pursuant to which our officers and directors are indemnified or insured against liability or loss under certain circumstances, which may include liability or related losses under the Securities Act or the Exchange Act.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Following the spin off, we will have a continuing relationship with Sara Lee as a result of the agreements we will enter into in connection with the spin off, including the master separation agreement and the master transition services agreement. For more information, see “Agreements with Sara Lee” and Note 20 to our Combined and Consolidated Financial Statements.

Certain of our directors and executive officers own Sara Lee common stock and vested Sara Lee options or are employees or former employees of Sara Lee. Following the spin off, we expect our directors and executive officers to beneficially own 12,342 shares of Sara Lee common stock, based on their holdings as of July 3, 2006. In addition, as of July 3, 2006, our directors and executive officers beneficially held options to purchase 1,609,692 shares of Sara Lee common stock and 364,948 Sara Lee restricted stock units, which will be subject to adjustment in connection with the distribution. These options will continue to be options to purchase Sara Lee common stock and these restricted stock units will continue to be payable in Sara Lee common stock following the distribution. See “Management—Treatment of Sara Lee Stock Options Held by our Employees” and “Management—Treatment of Sara Lee Restricted Stock Units Held by our Employees.”

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Sara Lee will select PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ended July 1, 2006.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to our company and our common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 as well as on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, in accordance with the Exchange Act, we will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of our common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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HANESBRANDS

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Sara Lee Corporation:

In our opinion, the accompanying combined and consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Hanesbrands at June 28, 2003, July 3, 2004 and July 2, 2005 and the results of its operations and its cash flows for each of the three years in the period ended July 2, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related combined and consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Chicago, Illinois
May 23, 2006

HANESBRANDS

Combined and Consolidated Statements of Income
(in thousands)

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Net sales	$ 4,669,665	$ 4,632,741	$ 4,683,683
Cost of sales	3,010,383	3,092,026	3,223,571
Gross profit	1,659,282	1,540,715	1,460,112
Selling, general and administrative expenses	1,126,065	1,087,964	1,053,654
Charges for (income from) exit activities	(14,397)	27,466	46,978
Income from operations	547,614	425,285	359,480
Interest expense	44,245	37,411	35,244
Interest income	(46,631)	(12,998)	(21,280)
Income before income taxes	550,000	400,872	345,516
Income tax expense (benefit)	121,560	(48,680)	127,007
Net income	$ 428,440	$ 449,552	$ 218,509

The accompanying notes are an integral part of the Combined and Consolidated Financial Statements.

HANESBRANDS

Combined and Consolidated Balance Sheets
(in thousands)

	June 28, 2003	July 3, 2004	July 2, 2005
Assets			
Cash and cash equivalents	$ 289,816	$ 674,154	$ 1,080,799
Trade accounts receivable, less allowances of $56,112 in 2003, $59,908 in 2004 and $47,829 in 2005	526,996	525,721	575,094
Due from related entities	57,646	73,430	26,194
Inventories	1,237,238	1,312,860	1,262,557
Funding receivable with parent companies	94,803	55,379	—
Notes receivable from parent companies	305,499	432,748	90,551
Deferred tax assets	42,166	35,710	30,745
Other current assets	48,699	104,672	59,800
Total current assets	2,602,863	3,214,674	3,125,740
Property, net	653,803	601,224	558,657
Trademarks and other identifiable intangibles, net	168,522	152,814	145,786
Goodwill	278,849	278,610	278,781
Deferred tax assets	161,364	144,416	118,762
Other noncurrent assets	50,172	11,020	9,428
Total assets	$ 3,915,573	$ 4,402,758	$ 4,237,154
Liabilities and Parent Companies' Equity			
Accounts payable	$ 203,983	$ 192,488	$ 196,455
Due to related entities	73,733	97,592	59,943
Accrued liabilities:			
Payroll and employee benefits	145,781	106,116	115,080
Advertising and promotion	70,695	61,513	62,855
Exit activities	7,286	29,857	51,677
Other	164,472	150,994	137,821
Notes payable to banks	—	—	83,303
Funding payable with parent companies	—	—	317,184
Notes payable to parent companies	546,674	478,295	228,152
Notes payable to related entities	398,168	436,387	323,046
Capital lease obligations	4,643	5,322	4,753
Deferred tax liabilities	13,439	10,890	964
Total current liabilities	1,628,874	1,569,454	1,581,233
Capital lease obligations	10,054	7,200	6,188
Deferred tax liabilities	6,599	—	7,171
Other noncurrent liabilities	32,598	28,734	40,200
Total liabilities	1,678,125	1,605,388	1,634,792
Parent companies' equity:			
Parent companies' equity investment	2,267,525	2,829,738	2,620,571
Accumulated other comprehensive loss	(30,077)	(32,368)	(18,209)
Total parent companies' equity	2,237,448	2,797,370	2,602,362
Total liabilities and parent companies' equity	$ 3,915,573	$ 4,402,758	$ 4,237,154

The accompanying notes are an integral part of the Combined and Consolidated Financial Statements.

HANESBRANDS

Combined and Consolidated Statements of Parent Companies' Equity
(in thousands)

	Parent companies' equity investment	Accumulated other comprehensive loss	Total	Comprehensive income
Balances at June 29, 2002	**$1,795,613**	**$ (32,789)**	**$1,762,824**	
Net income	428,440	—	428,440	$ 428,440
Translation adjustments	—	2,915	2,915	2,915
Net unrealized loss on qualifying cash flow hedges, net of tax	—	(203)	(203)	(203)
Comprehensive income				$ 431,152
Net transactions with parent companies	43,472	—	43,472	
Balances at June 28, 2003	**2,267,525**	**(30,077)**	**2,237,448**	
Net income	449,552	—	449,552	$ 449,552
Translation adjustments	—	(6,680)	(6,680)	(6,680)
Net unrealized gain on qualifying cash flow hedges, net of tax	—	4,389	4,389	4,389
Comprehensive income				$ 447,261
Net transactions with parent companies	112,661	—	112,661	
Balances at July 3, 2004	**2,829,738**	**(32,368)**	**2,797,370**	
Net income	218,509	—	218,509	$ 218,509
Translation adjustments	—	15,187	15,187	15,187
Net unrealized loss on qualifying cash flow hedges, net of tax	—	(1,028)	(1,028)	(1,028)
Comprehensive income				$ 232,668
Net transactions with parent companies	(427,676)	—	(427,676)	
Balances at July 2, 2005	**$2,620,571**	**$ (18,209)**	**$2,602,362**	

The accompanying notes are an integral part of the Combined and Consolidated Financial Statements.

HANESBRANDS

Combined and Consolidated Statements of Cash Flows
(in thousands)

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Operating Activities:			
Net income	$ 428,440	$ 449,552	$ 218,509
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	101,420	105,517	108,791
Amortization of intangibles	7,235	8,712	9,100
Impairment charges on intangibles	—	8,880	—
Non-cash charges for (income from) exit activities	(14,397)	(1,548)	2,064
Increase in deferred taxes	27,455	31,259	66,710
Other	(3,065)	4,842	1,942
Changes in current assets and liabilities, net of business acquired:			
(Increase) decrease in trade accounts receivable	(361,245)	2,553	(39,572)
Decrease (increase) in inventories	(49,027)	(78,154)	58,924
Decrease (increase) in other current assets	2,994	(1,727)	45,351
Decrease (increase) in due to and from related entities	527,786	(8,827)	19,972
Increase (decrease) in accounts payable	(25,378)	(12,005)	1,076
Increase (decrease) in accrued liabilities	(148,232)	(37,618)	14,004
Net cash from operating activities	493,986	471,436	506,871
Investing Activities:			
Purchases of property and equipment	(85,421)	(63,633)	(67,135)
Acquisition of business	—	—	(1,700)
Proceeds from sales of assets	7,181	4,507	8,959
Other	944	(2,133)	(204)
Net cash used in investing activities	(77,296)	(61,259)	(60,080)
Financing Activities:			
Principal payments on capital lease obligations	(4,853)	(4,730)	(5,442)
Net transactions with parent companies	16,684	(13,782)	4,499
Borrowings on notes payable to banks	71,073	79,987	88,849
Repayments on notes payable to banks	(71,073)	(79,987)	(5,546)
Net transactions with related entities	(3,327)	16,877	(10,378)
Repayments on notes payable to related entities	(241,586)	(24,178)	(113,359)
Net cash used in financing activities	(233,082)	(25,813)	(41,377)
Effect of changes in foreign exchange rates on cash	(42)	(26)	1,231
Increase in cash and cash equivalents	183,566	384,338	406,645
Cash and cash equivalents at beginning of year	106,250	289,816	674,154
Cash and cash equivalents at end of year	$ 289,816	$ 674,154	$1,080,799

The accompanying notes are an integral part of the Combined and Consolidated Financial Statements.

HANESBRANDS

Notes to Combined and Consolidated Financial Statements
(dollars in thousands, except per share data)

(1) Background

On February 10, 2005, Sara Lee Corporation ("Sara Lee") announced an overall Transformation Plan to drive long-term growth and performance, which included spinning off Sara Lee's apparel business in the Americas and Asia, referred to as Branded Apparel Americas and Asia within these Combined and Consolidated Financial Statements. The Transformation Plan announcement followed the January 25, 2005 announcement of Sara Lee's intent to sell its European branded apparel business and private label business in the United Kingdom in separate transactions. The European branded apparel business was subsequently sold on February 6, 2006. In connection with the spin off, Sara Lee has incorporated Hanesbrands Inc., a Maryland corporation (the Registrant), to which it will transfer the assets and liabilities that relate to the Branded Apparel Americas and Asia business. References to "Hanesbrands" or the "Company" refer to the Branded Apparel Americas and Asia business that will be contributed to Hanesbrands Inc. in the spin off.

The Company is a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion*, *Playtex*, *Bali*, *Just My Size*, *barely there* and *Wonderbra*. The Company designs, manufactures, sources and sells a broad range of apparel essentials products such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear.

The Company owns and operates production facilities in the U.S., Canada, Latin America and Asia. Additional third-party sourcing arrangements exist in Latin America and Asia.

Cotton is the primary raw material used in the manufacture of many of the Company's products. The costs for cotton yarn and cotton-based textiles vary based upon the fluctuating and often volatile cost of cotton, which is affected by weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond the control of the Company. In addition, fluctuations in crude oil or petroleum may also influence the prices of related items used in the Company's business such as chemicals, dyes, polyester yarn and foam. Prices for raw materials fluctuate based upon supply and demand in the marketplace.

The Company's products are sold through multiple distribution channels including mass merchants, national chains, traditional department stores, wholesale clubs, sporting goods retailers, food, drug and variety stores, off-price retailers, specialty stores and third-party embellishers. The Company's sales are seasonal in that sales are typically higher in the first two quarters of each fiscal year (July to December). 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 a period are also impacted by customers' decisions to increase or decrease their inventory levels in response to anticipated consumer demand.

(2) Basis of Presentation

These Combined and Consolidated Financial Statements of Hanesbrands reflect the historical financial position, results of operations and cash flows of Sara Lee's branded apparel business in the Americas and Asia during each respective period. These Combined and Consolidated Financial Statements do not include the European branded apparel operations or private label business in the U.K., which have historically been operated and managed separately from the Branded Apparel Americas and Asia business. Under Sara Lee's ownership, certain Branded Apparel Americas and Asia operations were divisions of Sara Lee and not separate legal entities, while Branded Apparel Americas and Asia foreign operations were subsidiaries of Sara Lee. Because a direct ownership relationship did not exist among the various units comprising the Branded Apparel Americas and Asia

business, Sara Lee's parent companies' equity investment is shown in lieu of stockholders' equity in the Combined and Consolidated Financial Statements. Within these financial statements, entities that are part of Sara Lee's consolidated results of operations, but are not part of Branded Apparel Americas and Asia as defined above, are referred to as "related entities." These historical Combined and Consolidated Financial Statements have been prepared using Sara Lee's historical cost basis in the assets and liabilities and the results of Branded Apparel Americas and Asia. The financial information included herein may not reflect the consolidated financial position, operating results, changes in parent companies' equity investment and cash flows of Branded Apparel Americas and Asia in the future, and does not reflect what they would have been had Branded Apparel Americas and Asia been a separate, stand alone entity during the periods presented. On the separation date, Hanesbrands Inc. will begin operating as a separate independent publicly traded company.

Branded Apparel Americas and Asia historically has utilized the services of Sara Lee for certain functions. These services include providing working capital, as well as certain legal, finance, internal audit, financial reporting, tax advisory, insurance, global information technology, environmental matters and human resource services, including various corporate-wide employee benefit programs. The cost of these services has been allocated to Hanesbrands and included in the Combined and Consolidated Financial Statements. The allocations have been determined on the basis which the Sara Lee and Branded Apparel Americas and Asia businesses considered to be reasonable reflections of the utilization of services provided by Sara Lee. A more detailed discussion of the relationship with Sara Lee, including a description of the costs which have been allocated to the Branded Apparel Americas and Asia business, as well as the method of allocation, is included in Note 20 to the Combined and Consolidated Financial Statements.

The Company's fiscal year ends on the Saturday closest to June 30. Fiscal years 2003, 2004 and 2005 included 52, 53 and 52-weeks, respectively. Unless otherwise stated, references to years relate to fiscal years.

(3) Summary of Significant Accounting Policies

(a) Combination and Consolidation

The Combined and Consolidated Financial Statements include the accounts of the Company, its controlled divisions and subsidiary companies which are majority owned entities, and the accounts of variable interest entities ("VIEs") for which the Company is deemed the primary beneficiary, as defined by the Financial Accounting Standards Board's ("FASB") Interpretation No. 46, *Consolidation of Variable Interest Entities ("FIN 46")* and related interpretations. Excluded from the accounts of the Company are Sara Lee entities which maintain legal ownership of certain of the Company's divisions ("Parent Companies"). The results of companies acquired or disposed of during the year are included in the Combined and Consolidated Financial Statements from the effective date of acquisition, or up to the date of disposal. All intercompany balances and transactions have been eliminated in consolidation.

In January 2003, the FASB issued FIN 46, which addresses consolidation by business enterprises of VIEs that either: (1) do not have sufficient equity investment at risk to permit the entity to finance its activities without additional subordinated financial support, or (2) have equity investors that lack an essential characteristic of a controlling financial interest.

Throughout calendar 2003, the FASB released numerous proposed and final FASB Staff Positions ("FSPs") regarding FIN 46, which both clarified and modified FIN 46's provisions. In December 2003, the FASB issued Interpretation No. 46 ("FIN 46-R"), which replaced FIN 46. FIN 46-R retains many of the basic concepts

introduced in FIN 46; however, it also introduced a new scope exception for certain types of entities that qualify as a "business" as defined in FIN 46-R, revised the method of calculating expected losses and residual returns for determination of the primary beneficiary, included new guidance for assessing variable interests, and codified certain FSPs on FIN 46. The Company adopted the provisions of FIN 46-R in 2004.

The Company assessed its business relationship and the underlying contracts with certain vendors, as well as all other investments in businesses historically accounted for under the equity method, and determined that consolidation of two VIEs was required.

During the period from June 2002 through June 2005, the Company entered into a fixed supply contract with a third party sewing operation. The Company has evaluated the contract, and although the Company has no equity interest in the business, it was determined that it is the primary beneficiary and beginning in 2004, the Company consolidated the business. Beginning in 2005, the Company consolidated a second VIE, an Israeli manufacturer and supplier of yarn. The Company has a 49% ownership interest in the Israeli joint venture, however, based upon certain terms of the supply contract, the Company has a disproportionate share of expected losses and residual returns.

The effect of consolidating the above mentioned VIEs was the inclusion of $2,500 of total assets and $2,500 of total liabilities at July 3, 2004 and the inclusion of $21,396 of total assets and $13,219 of total liabilities at July 2, 2005 on the Combined and Consolidated Balance Sheets.

(b) Use of Estimates

The preparation of Combined and Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, and certain financial statement disclosures at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(c) Foreign Currency Translation

Foreign currency-denominated assets and liabilities are translated into U.S. dollars at exchange rates existing at the respective balance sheet dates. Translation adjustments resulting from fluctuations in exchange rates are recorded as a separate component of other comprehensive income within parent companies' equity. The Company translates the results of operations of its foreign operations at the average exchange rates during the respective periods. Gains and losses resulting from foreign currency transactions, the amounts of which are not material for any of the periods presented, are included in the "Selling, general and administrative expenses" line of the Combined and Consolidated Statements of Income.

(d) Sales Recognition and Incentives

The Company recognizes sales when title and risk of loss passes to the customer. The Company records a reduction for returns and allowances based upon historical return experience. The Company earns royalty revenues through license agreements with manufacturers of other consumer products that incorporate the Company's brands. These amounts were $22,463 in 2003, $27,725 in 2004 and $28,532 in 2005. The Company accrues revenue earned under these contracts based upon reported sales from the licensee. The Company offers a

variety of sales incentives to resellers and consumers of its products, and the policies regarding the recognition and display of these incentives within the Combined and Consolidated Statements of Income are as follows:

Discounts, Coupons and Rebates

The Company recognizes the cost of these incentives at the later of the date at which the related sale is recognized or the date at which the incentive is offered. The cost of these incentives is estimated using a number of factors, including historical utilization and redemption rates. Substantially all cash incentives of this type are included in the determination of net sales. The Company generally includes incentives offered in the form of free products in the determination of cost of sales.

Volume-Based Incentives

These incentives typically involve rebates or refunds of cash that are redeemable only if the reseller completes a specified number of sales transactions. Under these incentive programs, the Company estimates the anticipated rebate to be paid and allocates a portion of the estimated cost of the rebate to each underlying sales transaction with the customer. The Company generally includes these amounts in the determination of net sales.

Cooperative Advertising

Under these arrangements, the Company agrees to reimburse the reseller for a portion of the costs incurred by the reseller to advertise and promote certain of the Company's products. The Company recognizes the cost of cooperative advertising programs in the period in which the advertising and promotional activity first takes place. The Company generally includes the costs of these incentives in the determination of net sales.

Fixtures and Racks

Store fixtures and racks are periodically provided to resellers to display Company products. The Company expenses the cost of these fixtures and racks in the period in which they are delivered to the resellers. The Company generally includes the costs of these amounts in the determination of net sales.

(e) Advertising Expense

Advertising costs, which include the development and production of advertising materials and the communication of these materials through various forms of media, are expensed in the period the advertising first takes place. The Company recognized advertising expense in the "Selling, general and administrative expenses" caption in the Combined and Consolidated Statements of Income of $182,853 in 2003, $188,695 in 2004 and $179,980 in 2005.

(f) Shipping and Handling Costs

Revenue received for shipping and handling costs, which is immaterial for all periods presented, is included in net sales. Shipping costs, that comprise payments to third party shippers, and handling costs, which consist of warehousing costs in the Company's various distribution facilities, were $239,902 in 2003, $246,353 in 2004 and $246,770 in 2005. The Company recognizes shipping, handling and distribution costs in the "Selling, general and administrative expenses" line of the Combined and Consolidated Statements of Income.

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

(g) Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less at the time of purchase are considered to be cash equivalents. A significant portion of our cash and cash equivalents are in the Company's bank accounts that are part of Sara Lee's global cash funding system. With respect to accounts in the Sara Lee global cash funding system, the bank has a right to offset the accounts of the Company against the other Sara Lee accounts.

(h) Accounts Receivable Valuation

Accounts receivable are stated at their net realizable value. The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the receivables portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other currently available information.

(i) Inventory Valuation

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out ("FIFO") method for 95% of the Company's inventories at July 2, 2005, and by the last-in, first-out ("LIFO") method for the remainder. There was no difference between the FIFO and LIFO inventory valuation at June 28, 2003, July 3, 2004 or July 2, 2005. Rebates, discounts and other cash consideration received from a vendor related to inventory purchases are reflected as reductions in the cost of the related inventory item, and are therefore reflected in cost of sales when the related inventory item is sold. Obsolete, damaged and excess inventory is carried at net realizable value, which is determined by assessing historical recovery rates, current market conditions and our future marketing and sales plans.

(j) Property

Property is stated at historical cost and depreciation expense is computed using the straight-line method over the lives of the assets. Machinery and equipment is depreciated over periods ranging from 3 to 25 years and buildings and building improvements over periods of up to 40 years. Additions and improvements that substantially extend the useful life of a particular asset and interest costs incurred during the construction period of major properties are capitalized. Repairs and maintenance costs are expensed as incurred. Upon sale or disposition of a property element, the cost and related accumulated depreciation are removed from the accounts.

Property is tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Such events include significant adverse changes in the business climate, several periods of operating or cash flow losses, forecasted continuing losses or a current expectation that an asset group will be disposed of before the end of its useful life. Recoverability of property is evaluated by a comparison of the carrying amount of an asset or asset group to future net undiscounted cash flows expected to be generated by the asset or asset group. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the estimated fair value. When an impairment loss is recognized for assets to be held and used, the adjusted carrying amount of those assets is depreciated over its remaining useful life. Restoration of a previously recognized impairment loss is not permitted under U.S. generally accepted accounting principles.

(k) Trademarks and Other Identifiable Intangible Assets

The primary identifiable intangible assets of the Company are trademarks and computer software. Identifiable intangibles with finite lives are amortized and those with indefinite lives are not amortized. The

estimated useful life of a finite-lived intangible asset is based upon a number of factors, including the effects of demand, competition, expected changes in distribution channels and the level of maintenance expenditures required to obtain future cash flows. Finite-lived trademarks are being amortized over periods ranging from 5 to 30 years, while computer software is being amortized over periods ranging from 2 to 10 years.

Identifiable intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used in evaluating elements of property. Identifiable intangible assets not subject to amortization are assessed for impairment at least annually and as triggering events occur. The impairment test for identifiable intangible assets not subject to amortization consists of comparing the fair value of the intangible asset to its carrying amount. An impairment loss is recognized for the amount by which the carrying value exceeds the fair value of the asset. In assessing fair value, management relies on a number of factors to discount anticipated future cash flows including operating results, business plans and present value techniques. Rates used to discount cash flows are dependent upon interest rates and the cost of capital at a point in time. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of intangible asset impairment.

(l) Goodwill

Goodwill is the amount by which the purchase price exceeds the fair value of the assets acquired and liabilities assumed in a business combination. When a business combination is completed, the assets acquired and liabilities assumed are assigned to the reporting unit or units of the Company given responsibility for managing, controlling and generating returns on these assets and liabilities. Reporting units are generally business components one level below the operating segment for which discrete financial information is available and reviewed by segment management. In many instances, all of the acquired assets and assumed liabilities are assigned to a single reporting unit and in these cases all of the goodwill is assigned to the same reporting unit. In those situations in which the acquired assets and liabilities are allocated to more than one reporting unit, the goodwill to be assigned to each reporting unit is determined in a manner similar to how the amount of goodwill recognized in a business combination is determined.

Goodwill is not amortized; however, it is assessed for impairment at least annually and as triggering events occur. The annual review is performed in the second quarter of each fiscal year. Recoverability of goodwill is evaluated using a two-step process. The first step involves comparing the fair value of a reporting unit to its carrying value. If the carrying value of the reporting unit exceeds its fair value, the second step of the process involves comparing the implied fair value to the carrying value of the goodwill of that reporting unit. If the carrying value of the goodwill of a reporting unit exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to such excess.

In evaluating the recoverability of goodwill, it is necessary to estimate the fair values of the reporting units. In making this assessment, management relies on a number of factors to discount anticipated future cash flows including operating results, business plans and present value techniques. Rates used to discount cash flows are dependent upon interest rates and the cost of capital at a point in time. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of goodwill impairment.

(m) Investments in Affiliates

The Company uses the equity method of accounting for its investments in and earnings or losses of affiliates that it does not control but over which it does exert significant influence. The Company considers whether the fair values of any of its equity method investments have declined below their carrying value whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. If the Company

(dollars in thousands, except per share data)

considered any such decline to be other than temporary (based on various factors, including historical financial results, product development activities and the overall health of the affiliate's industry), a write-down would be recorded to estimated fair value.

(n) Stock-Based Compensation

Sara Lee maintains certain stock-based compensation plans that enable Sara Lee to grant awards to all employees, including the Company's employees, in the form of Sara Lee equity-based instruments. The Company recognizes the cost of employee services received in exchange for Sara Lee equity-based instruments in accordance with the provisions of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"). APB 25 requires the use of the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock over the amount an employee must pay to acquire the stock. Compensation expense for substantially all equity-based awards is measured on the date the equity-based award is granted. Under APB 25, no compensation expense was recognized for stock options, replacement stock options and shares purchased by our employees under the Sara Lee Employee Stock Purchase Plan ("ESPP"). Compensation expense was recognized under the provisions of APB 25 for the cost of Sara Lee restricted stock unit ("RSU") awards granted to executives. Sara Lee utilizes two types of RSU awards.

A substantial portion of these RSUs vest solely upon continued future service to Sara Lee. The cost of these awards is determined using the fair value of shares on the date of grant, and compensation is recognized ratably over the period during which the employees provide the requisite service to Sara Lee.

A small portion of RSUs vest based upon continued future employment and the achievement of certain defined performance measures. The cost of these awards is determined using the fair value of the shares awarded at the end of the performance period. At interim dates, Sara Lee determines the expected compensation expense using the estimated number of shares to be earned and the change in the market price of the shares from the beginning to the end of the period.

Had the cost of employee services received in exchange for equity-based awards been recognized based on the grant-date fair value of those instruments in accordance with the provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-based Compensation* ("SFAS 123"), the Company's net income would have been impacted as shown in the following table:

	Years Ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Reported net income	$428,440	$449,552	$218,509
Plus—stock-based employee compensation included in reported net income, net of related tax effects	2,758	4,270	6,606
Less—total stock-based employee compensation expense determined under the fair-value method for all awards, net of related tax effects	(11,697)	(9,402)	(10,854)
Pro forma net income	$419,501	$444,420	$214,261

(o) Income Taxes

Income taxes are prepared on a separate return basis as if the Company had been a group of separate legal entities. As a result, actual tax transactions that would not have occurred had the Company been a separate entity

have been eliminated in the preparation of these Combined and Consolidated Financial Statements. In the periods presented, there was no formal tax sharing agreement between the Company and Sara Lee.

Deferred taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. Given continuing losses in certain jurisdictions in which the Company operates on a separate return basis, a valuation allowance has been established for the full value of the net deferred tax assets in these specific locations. Net operating loss carryforwards, charitable contribution carryforwards and capital loss carryforwards have been determined in these Combined and Consolidated Financial Statements as if the Company had been a group of legal entities separate from Sara Lee, which results in different carryforward amounts than those shown by Sara Lee. Sara Lee periodically estimates the probable tax obligations using historical experience in tax jurisdictions and informed judgments. There are inherent uncertainties related to the interpretation of tax regulations in the jurisdictions in which the Company transacts business. The judgments and estimates made at a point in time may change based on the outcome of tax audits, as well as changes to or further interpretations of regulations. The Company adjusts its income tax expense in the period in which these events occur. If such changes take place, there is a risk that the tax rate may increase or decrease in any period.

(p) Financial Instruments

The Company uses financial instruments, including forward exchange, option and swap contracts, to manage its exposures to movements in interest rates and foreign exchange rates. The use of these financial instruments modifies the exposure of these risks with the intent to reduce the risk or cost to the Company. The Company does not use derivatives for trading purposes and is not a party to leveraged derivative contracts.

The Company formally documents its hedge relationships, including identifying the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. This process includes linking derivatives that are designated as hedges of specific assets, liabilities, firm commitments or forecasted transactions. The Company also formally assesses, both at inception and at least quarterly thereafter, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. If it is determined that a derivative ceases to be a highly effective hedge, or if the anticipated transaction is no longer likely to occur, the Company discontinues hedge accounting, and any deferred gains or losses are recorded in the “Selling, general and administrative expenses” of the Combined and Consolidated Financial Statements.

Derivatives are recorded in the Combined and Consolidated Balance Sheets at fair value in other assets and other liabilities. The fair value is based upon either market quotes for actively traded instruments or independent bids for nonexchange traded instruments.

On the date the derivative is entered into, the Company designates the type of derivative as a fair value hedge, cash flow hedge, net investment hedge or a natural hedge, and accounts for the derivative in accordance with its designation.

Natural Hedge

A derivative used as a hedging instrument whose change in fair value is recognized to act as an economic hedge against changes in the values of the hedged item is designated a natural hedge. For derivatives designated as natural hedges, changes in fair value are reported in earnings in the “Selling, general and administrative expenses” line of the Combined and Consolidated Statements of Income. Forward exchange contracts are recorded as natural hedges when the hedged item is a recorded asset or liability that is revalued in each accounting period, in accordance with SFAS No. 52, *Foreign Currency Translation*.

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

Cash Flow Hedge

A hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability is designated as a cash flow hedge. The effective portion of the change in the fair value of a derivative that is designated as a cash flow hedge is recorded in the "Accumulated other comprehensive loss" line of the Combined and Consolidated Balance Sheets. When the hedged item affects the income statement, the gain or loss included in accumulated other comprehensive income (loss) is reported on the same line in the Combined and Consolidated Statements of Income as the hedged item. In addition, both the fair value of changes excluded from the Company's effectiveness assessments and the ineffective portion of the changes in the fair value of derivatives used as cash flow hedges are reported in the "Selling, general and administrative expenses" line in the Combined and Consolidated Statements of Income.

(q) Business Acquisitions

All business acquisitions have been accounted for under the purchase method. Cash, the fair value of other assets distributed, securities issued unconditionally, and amounts of consideration that are determinable at the date of acquisition are included in determining the cost of an acquired business.

(r) Recently Issued Accounting Standards

Following is a discussion of recently issued accounting standards that became effective for the Company at the beginning of 2006.

Share-Based Payments

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123R ("SFAS No. 123R"), *"Share-Based Payments,"* the provisions of which became effective for the Company on July 3, 2005. This Statement eliminates the alternative to use APB No. 25's intrinsic value method of accounting that was provided in SFAS No. 123 as originally issued. SFAS No. 123R requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based on the grant date fair value of those awards. While the fair-value-based method prescribed by SFAS No. 123R is similar to the fair-value-based method disclosed under the provisions of SFAS No. 123 in most respects, there are some differences.

The Company adopted the provisions of SFAS No. 123R at the beginning of 2006, and applied the modified prospective transition method in which compensation cost is recognized for all share-based payments granted after the beginning of 2006, plus awards granted to employees prior to 2006 that remained unvested at that time. The Company did not have a significant number of awards that remained unvested at the beginning of 2006. Under this method of adoption, no restatement of prior periods was made.

SFAS No. 123R did not have a material impact on the Company's results of operating cash flows or financial position upon adoption. However, had SFAS No. 123R been adopted in prior periods, the effect would have approximated the SFAS No. 123 pro forma net income and earnings per share disclosures shown in section (n) of this note to the Combined and Consolidated Financial Statements.

Exchange of Nonmonetary Assets

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 153, *"Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29,"* ("SFAS No. 153") which clarifies that all nonmonetary transactions that have commercial substance should be recorded at fair value. SFAS No. 153 became effective for the Company in 2006, and did not have a material effect on the Company's results of operations, cash flows or financial position.

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Notes to Combined and Consolidated Financial Statements—(Continued)
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Inventory Costs

In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151, *"Inventory Costs"* ("SFAS No. 151"). The provisions of this statement became effective for the Company in 2006. SFAS No. 151 amends the existing guidance on the recognition of inventory costs to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage). Existing rules indicate that under some circumstances, items such as idle facility expense, excessive spoilage, double freight and rehandling costs may be so abnormal as to require treatment as current period charges. SFAS No. 151 requires that those items be recognized as current period charges regardless of whether they meet the criterion of "so abnormal." In addition, SFAS No. 151 requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The Company's existing policies with regard to inventory accounting are consistent with the provisions of SFAS No. 151 and the adoption of this Statement did not have a material impact on the valuation of inventory or operating results.

(4) Stock-Based Compensation

Sara Lee maintains various equity-based compensation arrangements, including stock option, employee stock purchase and stock award plans in which the Company's employees participated in the periods presented. The cost of these equity-based programs has been included in the Company's financial results where applicable. The following disclosures represent the Company's portion of the various equity compensation arrangements maintained by Sara Lee in which the Company's employees participated.

The Company recognizes employee services received in exchange for equity instruments in accordance with the provisions of APB 25. Under APB 25, no compensation expense was recognized for stock options, replacement stock options and shares purchased under the ESPP. Compensation expense is however recognized for the cost of restricted stock unit awards granted to employees under the provisions of APB 25.

(a) Stock Options

The exercise price of stock options awarded in the periods presented equals or exceeds the market price of Sara Lee's stock on the date of grant. Options can generally be exercised over a maximum term of 10 years. Options generally vest ratably over three years.

Under certain Sara Lee stock option plans, an active employee could receive a replacement stock option equal to the number of shares surrendered upon a stock-for-stock exercise. The exercise price of the replacement option is 100% of the market value at the date of exercise of the original option, and the replacement option will remain exercisable for the remaining term of the original option. Replacement stock options generally vest six months from the grant date. Beginning in 2006, Sara Lee discontinued the granting of replacement stock options.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model and the following weighted average assumptions:

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Expected lives	4.0 years	3.4 years	3.3 years
Risk-free interest rate	2.6%	2.4%	3.3%
Expected volatility	29.7	25.5	23.0
Dividend yield	3.3	3.5	3.4

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

A summary of the changes in stock options outstanding to the Company's employees under Sara Lee's option plans during the years ended June 28, 2003, July 3, 2004 and July 2, 2005 is presented below:

Options in thousands	Securities underlying options	Weighted average exercise price per share
Outstanding at June 29, 2002	21,369	$ 20.74
Granted	2,096	19.36
Exercised	(2,350)	17.46
Canceled/expired	(1,107)	22.53
Net transfers in	31	20.14
Outstanding at June 28, 2003	20,039	20.87
Granted	1,312	21.55
Exercised	(3,506)	17.56
Canceled/expired	(1,158)	23.04
Net transfers in	503	22.73
Outstanding at July 3, 2004	17,190	21.44
Granted	1,141	23.15
Exercised	(3,395)	19.64
Canceled/expired	(1,002)	24.24
Net transfers in	399	21.81
Outstanding at July 2, 2005	14,333	21.82

Net transfers in or out relate to the Company employees who have transferred to the Company from other Sara Lee divisions (or vice versa) during the fiscal year. Thus, outstanding stock options at each fiscal year end represent options held by employees of the Company's divisions as of the end of the reporting period. Pro-forma stock option compensation expense is presented in note 3 to the Combined and Consolidated Financial Statements for applicable employees during their service period.

The following table summarizes information about Sara Lee's stock options held by the Company's employees outstanding at July 2, 2005 under the Sara Lee plans:

Options in thousands	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding at July 2, 2005	Weighted average remaining contractual life (yrs.)	Weighted average exercise price per share	Number exercisable at July 2, 2005	Weighted average exercise price per share
$ 13.72 – 20.53	4,895	3.5	$ 18.93	4,479	$ 18.97
$ 20.54 – 22.66	4,788	4.6	22.13	4,788	22.13
$ 22.67 – 31.60	4,650	3.0	24.55	4,650	24.55
$ 13.72 – 31.60	14,333	3.7	21.82	13,917	21.92

At June 28, 2003 and July 3, 2004, the number of stock options exercisable was 16,570 and 14,666, respectively, with weighted average exercise prices per share of $20.99 and $21.54, respectively. Stock options available for future grant by Sara Lee at the end of 2003, 2004 and 2005 were 62,825, 65,367 and 63,940, respectively. The weighted average fair value of individual stock options granted during 2003, 2004 and 2005 was $3.77, $3.26 and $3.39, respectively.

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

(b) Employee Stock Purchase Plan

The Employee Stock Purchase Plan ("ESPP") permitted eligible full-time employees to purchase a limited number of shares of Sara Lee common stock at 85% of market value. For U.S. employees, the 15% discount was eliminated in the first quarter of 2006. Under the plan, Sara Lee sold 627,473, 530,319, and 448,846 shares to the Company's employees in 2003, 2004 and 2005, respectively. Pro forma compensation expense is calculated for the fair value of the employees' purchase rights using the Black-Scholes model. Assumptions include an expected life of 1/4 of a year and weighted average risk-free interest rates of 1.3% in 2003, 1.0% in 2004 and 2.3% in 2005. Other underlying assumptions are consistent with those used for the Sara Lee stock option plans described above. The weighted average fair value of individual options granted during 2003, 2004 and 2005 was $4.09, $3.81 and $4.06, respectively.

(c) Employee Stock Ownership Plan

Sara Lee maintains an Employee Stock Ownership Plan ("ESOP") that provides a retirement benefit for non-union domestic employees in which the Company's employees participate. Each year, Sara Lee makes contributions that, with the dividends on the common stock held by the ESOP, are used to pay loan interest and principal. Shares are allocated to participants based upon the ratio of the current year's debt service to the sum of the total principal and interest payments over the remaining life of the loan. Plan expense for Sara Lee is recognized in accordance with Emerging Issues Task Force Opinion 89-8. Total expenses charged to the Company for the ESOP were $8,416, $6,352 and $3,204, for 2003, 2004 and 2005, respectively.

(d) Stock Unit Awards

RSUs are granted to certain employees to incent performance and retention over periods ranging from one to five years. Upon the achievement of defined goals or continued employment through a certain date, the RSUs are converted into shares of Sara Lee common stock on a one-for-one basis and issued to the employees. Awards granted in 2003, 2004 and 2005 were 518,698 units, 510,715 units and 840,618 units, respectively. The fair value of the awards on the date of grant in 2003, 2004 and 2005 was $9,675, $9,470 and $18,567, respectively. Compensation expense for these plans in 2003, 2004 and 2005 was $4,514, $6,989 and $10,811, respectively.

(5) Exit Activities

The reported results for 2003, 2004 and 2005 reflect amounts recognized for exit and disposal actions, including the impact of certain activities that were completed for amounts more favorable than previously estimated. The impact of these costs (income) on income before income taxes is summarized as follows:

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Exit and disposal programs:			
2005 Restructuring actions	$ —	$ —	$54,012
2004 Restructuring actions	—	29,014	(2,352)
Business Reshaping	(14,397)	(1,548)	(133)
(Increase) decrease in income before income taxes	$(14,397)	$27,466	$51,527

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

The following table illustrates where the costs (income) associated with these actions are recognized in the Combined and Consolidated Statements of Income.

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Selling, general and administrative expenses	$ —	$ —	$ 4,549
Charges for (income from) exit activities	(14,397)	27,466	46,978
(Increase) decrease in income before income taxes	$(14,397)	$27,466	$ 51,527

The impact of these costs (income) on the Company's business segments is summarized as follows:

	Years ended		
	June 28, 2003	July 3, 2004	July 4, 2005
Innerwear	$ (5,407)	$ 7,904	$ 19,735
Outerwear	(93)	5,684	17,437
Hosiery	(1,437)	2,420	2,986
International	(7,347)	8,914	4,536
(Increase) decrease in operating segment income	(14,284)	24,922	44,694
(Decrease) increase in general corporate expense	(113)	2,544	6,833
(Increase) decrease in income from operations	$(14,397)	$27,466	$ 51,527

2005 Restructuring Actions

During 2005, the Company approved a series of actions to exit certain defined business activities and to lower its cost structure. Each of these actions was to be completed within a 12-month period after being approved. The net impact of these actions was to reduce income before income taxes by $54,012 and these actions impacted the operating income of the Company's business segments as follows: Innerwear—a charge of $21,679; Outerwear—a charge of $17,508; Hosiery—a charge of $3,219; International—a charge of $4,773; and Corporate—a charge of $6,833. The components of the net charges are as follows:

- $46,622 of the net charge represents costs associated with the planned terminations of 1,126 employees and providing them with severance benefits in accordance with benefit plans previously communicated to the affected employee group. The specific locations of these employees are summarized in a table contained in this note. This charge is reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income. As of the end of 2005, 188 employees had been terminated and the severance obligation remaining in accrued liabilities on the Combined and Consolidated Balance Sheet was $46,127.
- $2,841 of the net charge represents costs for certain noncancelable lease and other contractual obligations. This charge is reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income. The lease costs relate to the exit of 11 retail stores by the Innerwear segment. As of the end of 2005, the retail spaces had been exited, and there are no remaining obligations owed to third parties.
- $4,549 of the net charge represents accelerated depreciation of certain leasehold improvements within the Innerwear segment. This charge is reflected in the "Selling, general and administrative expenses" line of the Combined and Consolidated Statement of Income.

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

The following table summarizes the charges taken for the exit activities approved during 2005 and the related status as of July 2, 2005. Any accrued amounts remaining as of the end of 2005 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid in the next three years.

	Cumulative Exit Costs Recognized	Non Cash Charges	Cash Payments	Accrued Exit Costs as of July 2, 2005
Employee termination and other benefits	$ 46,622	$ —	$ (495)	$ 46,127
Noncancelable lease and other contractual obligations	2,841	—	(2,841)	—
Accelerated depreciation	4,549	(4,549)	—	—
	$ 54,012	$(4,549)	$(3,336)	$ 46,127

The following table summarizes planned and actual employee terminations by location and business segment as of July 2, 2005:

Number of Employees	Innerwear	Outerwear	Hosiery	International	Corporate	Total
United States	251	95	70	—	355	771
Canada	—	—	—	216	—	216
Mexico	—	—	—	139	—	139
	251	95	70	355	355	1,126
Actions Completed	149	—	—	39	—	188
Actions Remaining	102	95	70	316	355	938
	251	95	70	355	355	1,126

2004 Restructuring Actions

During 2004, the Company approved a series of actions to exit certain defined business activities and lower its cost structure. In 2004, these actions reduced income before income taxes by $29,014 and decreased the operating results of the Company's business segments as follows: Innerwear—$9,240; Outerwear—$5,706; Hosiery—$2,482; International—$9,042; and Corporate—$2,544.

During 2005, certain of these actions were completed for amounts more favorable than originally estimated. As a result, costs previously accrued were adjusted and resulted in an increase of $2,352 to income before income taxes. The $2,352 is composed of a credit for employee termination benefits and resulted from the actual costs to settle termination obligations being lower than expected and certain employees originally targeted for termination not being severed as originally planned. This adjustment is reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income and increased the operating results of the Company's business segments as follows: Innerwear—$1,811; Outerwear—$71; Hosiery—$233; and International—$237.

After combining the amounts recognized in 2004 and 2005, the exit activities completed by the Company under these action plans reduced income before income taxes by a total of $26,662. This charge reflects the cost associated with terminating 4,425 employees and providing them with severance benefits in accordance with existing benefit plans or local employment laws. The specific locations of these employees are summarized in a table contained in this note. This cumulative charge is reflected in the "Charges for (income from) exit activities" line in the Combined and Consolidated Statements of Income for 2004 and 2005. As of the end of 2005, all of the employees have been terminated and the severance obligation remaining in accrued liabilities on the Combined and Consolidated Balance Sheet was $3,024.

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The following table summarizes the cumulative charges taken for the exit activities approved during 2004 and the related status at July 2, 2005. Any accrued amounts remaining as of the end of 2005 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid in the next two years.

	Exit Costs Recognized	Cash Payments	Accrued Exit Costs as of July 2, 2005
Employee termination and other benefits	$ 26,662	$(23,638)	$ 3,024

The following table summarizes the employee terminations by location and business segment. All actions were completed at July 2, 2005.

Number of Employees	United States	Puerto Rico and Latin America	Total
Innerwear	319	950	1,269
Outerwear	46	2,549	2,595
Hosiery	185	—	185
International	—	353	353
Corporate	23	—	23
Total	573	3,852	4,425

Business Reshaping

Beginning in the second quarter of 2001, the Company's management approved a series of actions to exit certain defined business activities. The final series of actions was approved in the second quarter of 2002. Each of these actions was to be completed in a 12-month period after being approved. All actions included in this program have been completed. The impact of these actions on income before income taxes is described below.

During 2003, exit activities were completed for amounts that were more favorable than originally anticipated. As a result, the costs previously accrued were adjusted and resulted in an increase of $14,397 to income before income taxes. The $14,397 consists of a $9,627 credit for employee termination benefits, a credit of $2,331 for noncancelable leases and other third-party obligations, a $2,212 credit for previously recognized losses on the disposal of property and equipment, and a $227 credit for previously recognized losses on disposal of inventories. Actual severance benefits were lower than originally anticipated as a result of certain employees leaving the Company prior to their involuntary termination and other employees not being severed as originally planned. As a result, the related severance accruals for these actions were no longer required. The adjustment recognized for the disposal of property and equipment resulted primarily from the receipt of cash proceeds that exceeded prior estimates. The adjustment for noncancelable leases and other third-party obligations resulted primarily from settling these liabilities for less than originally estimated. These adjustments are reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income and increased the operating income of the Company's business segments as follows: Innerwear—$5,407; Outerwear—$93; Hosiery—$1,437; International—$7,347; and Corporate—$113.

During 2004, exit activities were completed for amounts that were more favorable than originally anticipated. As a result, the costs previously accrued were adjusted and resulted in an increase of $1,548 to income before income taxes. The $1,548 consists of a $147 credit for employee termination benefits, a credit of $1,352 for noncancelable leases and other third-party obligations, and a credit of $49 for previously recognized losses on the disposal of property and equipment. The adjustment for severance benefits resulted from the actual

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costs to settle the termination benefits being lower than expected. The adjustment for noncancelable leases and other third-party obligations resulted from settling these liabilities for less than originally estimated. These adjustments are reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income and increased the operating income of the Company's business segments as follows: Innerwear—$1,336; Outerwear—$22; Hosiery—$62; and International—$128.

During 2005, certain noncancelable lease and other contractual obligations under this program were settled for amounts that were more favorable than originally anticipated. As a result, the costs previously accrued were adjusted and resulted in an increase of $133 to income before income taxes. This adjustment is reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income and increased the operating income of the Innerwear segment.

The following table summarizes the cumulative charges taken for approved exit activities under the Business Reshaping program since 2001 and the related status as of July 2, 2005. All actions included in this program have been completed. Any accrued amounts remaining as of the end of 2005 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid in the next 5 years.

	Cumulative Exit Costs Recognized	Actual Loss on Asset Disposal	Cash Payments	Accrued Exit Costs as of July 2, 2005
Employee termination and other benefits	$ 81,483	$ —	$(81,483)	$ —
Pension termination costs	557	—	—	557
Other exit costs—includes noncancelable lease and other contractual obligations	10,277	—	(8,308)	1,969
Losses on disposals of property and equipment and other related costs	26,929	(26,929)	—	—
Losses on disposals of inventories	15,364	(15,364)	—	—
Moving and other related costs	1,862	—	(1,862)	—
	$136,472	$ (42,293)	$(91,653)	$ 2,526

(6) Sale of Accounts Receivable

Historically, the Company participated in a Sara Lee program to sell trade accounts receivable to a limited purpose subsidiary of Sara Lee. The subsidiary, a separate bankruptcy remote corporate entity, is consolidated in Sara Lee's results of operations and statement of financial position. This subsidiary held trade accounts receivable that it purchased from the operating units and sold participating interests in those receivables to financial institutions, which in turn purchased and received ownership and security interests in those receivables. During 2005, Sara Lee terminated its receivable sale program and no receivables were sold under this program at the end of 2005. The amount of receivables sold under this program was $22,484 at the end of 2003 and $22,313 at the end of 2004. Changes in the balance of receivables sold are a component of operating cash flow (change in trade receivables) with an offset to a change in "Due from related entities" in the Combined and Consolidated Statement of Cash Flows. As collections reduced accounts receivable included in the pool, the operating units sold new receivables to the limited purpose subsidiary. The limited purpose subsidiary had the risk of credit loss on the sold receivables.

The proceeds from the sale of the receivables were equal to the face amount of the receivables less a discount. The discount was based on a floating rate and was accounted for as a cost of the receivable sale program. This cost has been included in "Selling, general and administrative expenses" in the Combined and Consolidated Statements of Income. The calculated discount rate for 2003, 2004 and 2005 was 1.6%, 1.2% and

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1.2%, respectively, resulting in aggregated costs of $52,429, $4,981 and $4,020 in 2003, 2004, and 2005, respectively. The Company retained collection and administrative responsibilities for the participating interests in the defined pool.

(7) Inventories

Inventories consisted of the following:

	June 28, 2003	July 3, 2004	July 2, 2005
Raw materials	$ 121,895	$ 116,314	$ 93,813
Work in process	212,948	214,799	181,556
Finished goods	902,395	981,747	987,188
	$ 1,237,238	$ 1,312,860	$ 1,262,557

(8) Investments in Affiliates

The Company's investments in affiliates at June 28, 2003, July 3, 2004 and July 2, 2005 was $6,930, $6,247 and $87, respectively, which primarily consists of a 49% interest in an Israeli yarn manufacturer joint venture that was consolidated in accordance with FIN46-R during 2005. In relation to the Company's ownership of the Israeli joint venture, at July 2, 2005 the Company reported a minority interest of $8,100 in the "Other noncurrent liabilities" line of the Combined and Consolidated Balance Sheet.

The following table summarizes the status and results of the Company's investments in affiliates:

	June 28, 2003	July 3, 2004	July 2, 2005
Beginning investment	$ 7,697	$ 6,930	$ 6,247
Equity income	4,162	3,260	2,472
Dividends received	(4,929)	(3,943)	(3,030)
Consolidation of the Israeli joint venture	—	—	(5,602)
Ending investment	$ 6,930	$ 6,247	$ 87

The balances reported in the above table are recorded in the "Other noncurrent assets" line of the Combined and Consolidated Balance Sheets.

(9) Property, net

Property is summarized as follows:

	June 28, 2003	July 3, 2004	July 2, 2005
Land	$ 29,192	$ 21,805	$ 22,033
Buildings and improvements	411,702	411,168	405,277
Machinery and equipment	1,233,867	1,230,986	1,138,428
Construction in progress	38,331	41,057	41,005
Capital leases	26,620	26,525	28,358
	1,739,712	1,731,541	1,635,101
Less accumulated depreciation	1,085,909	1,130,317	1,076,444
Property, net	$ 653,803	$ 601,224	$ 558,657

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Notes to Combined and Consolidated Financial Statements—(Continued)
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The total depreciation expense recognized in 2003, 2004 and 2005 was $101,420, $105,517 and $108,791, respectively.

(10) Notes Payable to Banks

The Company had the following short-term obligations at July 2, 2005:

	Interest Rate	Principal Amount
364-day credit facility	3.16%	$81,972
Other	4.69	1,331
		$83,303

The Company maintains a 364-day short-term non-revolving credit facility under which the Company can borrow up to 107 million Canadian dollars at a floating rate of interest that is based upon either the announced bankers acceptance lending rate plus 0.6% or the Canadian prime lending rate. Under the agreement, the Company has the option to borrow amounts for periods of time less than 364 days. The facility expires at the end of the 364-day period, however, the Company and the bank have renewed the facility during fiscal 2003, 2004 and 2005. The amount of the facility cannot be increased until the next renewal date. The Company had borrowings under this agreement in fiscal 2003 and 2004 that were repaid at the end of the fiscal year. At the end of fiscal 2005, the Company had borrowings under this facility of $81,972 at an interest rate of 3.16%.

Total interest paid on third party debt instruments was $3,778, $3,945 and $4,041 in fiscal 2003, 2004 and 2005, respectively.

(11) Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows:

	Cumulative translation adjustment	Net unrealized income (loss) on cash flow hedges	Tax impact	Accumulated other comprehensive loss
Balance at June 29, 2002	$ (29,835)	$ (4,864)	$ 1,910	$ (32,789)
Other comprehensive income (loss) activity	2,915	124	(327)	2,712
Balance at June 28, 2003	(26,920)	(4,740)	1,583	(30,077)
Other comprehensive income (loss) activity	(6,680)	6,623	(2,234)	(2,291)
Balance at July 3, 2004	(33,600)	1,883	(651)	(32,368)
Other comprehensive income (loss) activity	15,187	(1,408)	380	14,159
Balance at July 2, 2005	$ (18,413)	$ 475	$ (271)	$ (18,209)

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Notes to Combined and Consolidated Financial Statements—(Continued)
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(12) Leases

The Company leases certain buildings, equipment and vehicles under agreements that are classified as capital leases. The building leases have original terms that range from 10 to 15 years, while the equipment and vehicle leases generally have terms of less than 7 years.

The gross amount of plant and equipment and related accumulated depreciation recorded under capital leases were as follows:

	June 28, 2003	July 3, 2004	July 2, 2005
Buildings	$ 8,258	$ 8,258	$ 8,258
Machinery and equipment	337	881	1,401
Vehicles	18,025	17,386	16,440
Computer equipment	—	—	2,259
	26,620	26,525	28,358
Less accumulated depreciation	15,633	17,808	20,132
Net capital leases	$10,987	$ 8,717	$ 8,226

Depreciation expense for capital lease assets was $5,896 in 2003, $4,321 in 2004 and $4,467 in 2005.

Rental expense under operating leases was $45,879 in 2003, $45,997 in 2004 and $52,055 in 2005.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of July 2, 2005 were as follows:

	Capital leases	Operating leases
Fiscal year:		
2006	$ 5,411	$ 38,844
2007	3,389	31,081
2008	2,236	24,022
2009	843	17,693
2010	265	13,577
Thereafter	—	26,487
Total minimum lease payments	12,144	$ 151,704
Less amount representing interest	1,203	
Present value of net minimum capital lease payments	10,941	
Less current installments of obligations under capital leases	4,753	
Obligations under capital leases, excluding current installments	$ 6,188	

(13) Commitments and Contingencies

The Company is a party to various pending legal proceedings, claims and environmental actions by government agencies. In accordance with SFAS No. 5, *Accounting for Contingencies*, the Company records a provision with respect to a claim, suit, investigation, or proceeding when it is probable that a liability has been incurred and the amount of the loss can reasonably be estimated. Any provisions are reviewed at least quarterly

and are adjusted to reflect the impact and status of settlements, rulings, advice of counsel and other information pertinent to the particular matter. The recorded liabilities for these items were not material to the Combined and Consolidated Financial Statements of the Company in any of the years presented. Although the outcome of such items cannot be determined with certainty, the Company's legal counsel and management are of the opinion that the final outcome of these matters will not have a material adverse impact on the consolidated financial position, results of operations or liquidity.

License Agreements

The Company is party to several royalty-bearing license agreements for use of third-party trademarks in certain of their products. The license agreements typically require a minimum guarantee to be paid either at the commencement of the agreement, by a designated date during the term of the agreement or by the end of the agreement period. When payments are made in advance of when they are due, the Company records a prepayment and amortizes the expense in the "Cost of sales" line of the Combined and Consolidated Income Statements uniformly over the guaranteed period. For guarantees required to be paid at the completion of the agreement, royalty payments are expensed through "Cost of sales" as the related sales are made, and any excess required to meet minimum guarantee is expensed in the period of payment. Management has reviewed all license agreements and concluded that these guarantees do not fall under Statement of Financial Accounting Standards Interpretation No. 45 reporting requirements, and accordingly there are no liabilities recorded at inception of the agreements.

For fiscal years 2003, 2004 and 2005, the Company incurred royalty expense of approximately $9,557, $9,570 and $10,571, respectively.

Minimum amounts due under the license agreements are approximately $10,000 in 2006, $10,100 in 2007, $7,500 in 2008, $5,900 in 2009 and $3,400 thereafter.

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(14) Intangible Assets and Goodwill

Intangible Assets

The primary components of the Company's intangible assets and the related accumulated amortization at respective year-ends are as follows:

	Gross	Accumulated amortization	Net book value
June 28, 2003:			
Intangible assets subject to amortization:			
Trademarks and brand names	$ 32,094	$ 15,032	$ 17,062
Computer software	23,121	11,109	12,012
	$ 55,215	$ 26,141	29,074
Trademarks and brand names not subject to amortization			139,448
Net book value of intangible assets			$ 168,522
July 3, 2004:			
Intangible assets subject to amortization:			
Trademarks and brand names	$ 34,890	$ 19,181	$ 15,709
Computer software	26,044	19,507	6,537
	$ 60,934	$ 38,688	22,246
Trademarks and brand names not subject to amortization			130,568
Net book value of intangible assets			$ 152,814
July 2, 2005:			
Intangible assets subject to amortization:			
Trademarks and brand names	$ 89,457	$ 26,457	$ 63,000
Computer software	24,721	22,836	1,885
Other intangibles	1,873	16	1,857
	$116,051	$ 49,309	66,742
Trademarks and brand names not subject to amortization			79,044
Net book value of intangible assets			$ 145,786

The amortization expense for intangibles subject to amortization was $7,235 in 2003, $8,712 in 2004 and $9,100 in 2005. The estimated amortization expense for the next five years, assuming no change in the estimated useful lives of identifiable intangible assets or changes in foreign exchange rates is as follows: $9,404 in 2006, $8,270 in 2007, $5,165 in 2008, $5,165 in 2009 and $5,165 in 2010.

During 2004, trademarks with a net book value of $8,880 were moved to the finite lived category from the indefinite lived category and at the end of the year, the remaining $7,500 of this trademarks carrying value was written off. The sales of products with this trademark were primarily to a single large retailer and during 2004 that retailer elected to simplify is offerings and no longer carry this product. After evaluating alternatives, the

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Company concluded that the carrying value of the trademark could not be recovered and the amount was written off and included in "Selling, general and administrative expenses" in the Combined and Consolidated Statements of Income.

No impairment charges were recognized in 2005. However, as a result of the annual impairment review, the Company concluded that certain trademarks had lives that were no longer indefinite. As a result of this conclusion, trademarks with a net book value of $51,524 were moved from the indefinite lived category and amortization was initiated over a 30 year period.

Goodwill

Goodwill and the changes in those amounts during the period are as follows:

Net book value at June 29, 2002	$278,979
Foreign exchange	(130)
Net book value at June 28, 2003	278,849
Foreign exchange	(239)
Net book value at July 3, 2004	278,610
Foreign exchange	171
Net book value at July 2, 2005	$278,781

There was no impairment of goodwill in any of the years presented.

(15) Guarantees

Due to the historical relationship between Sara Lee and the Company, there are various contracts under which Sara Lee has guaranteed certain third-party obligations relating to the Company's business. Typically, these obligations arise from third-party credit facilities guaranteed by Sara Lee and as a result of contracts entered into by the Company's entities and authorized by Sara Lee, under which Sara Lee agrees to indemnify a third-party against losses arising from a breach of representations and covenants related to such matters as title to assets sold, the collectibility of receivables, specified environmental matters, lease obligations and certain tax matters. In each of these circumstances, payment by Sara Lee is conditioned on the other party making a claim pursuant to the procedures specified in the contract, which procedures allow Sara Lee to challenge the other party's claims. In addition, Sara Lee's obligations under these agreements may be limited in terms of time and/or amount, and in some cases Sara Lee or the related entities may have recourse against third-parties for certain payments made by Sara Lee. It is not possible to predict the maximum potential amount of future payments under certain of these agreements, due to the conditional nature of Sara Lee's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by Sara Lee under these agreements have not been material, and no amounts are accrued for these items on the Combined and Consolidated Balance Sheets.

As of July 2, 2005, these contracts included the guarantee of credit limits with third-party banks and guarantees over supplier purchases. The Company had not guaranteed or undertaken any obligation on behalf of Sara Lee or any other related entities as of July 2, 2005.

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(16) Financial Instruments and Risk Management

(a) Currency Swaps

The Company has issued certain foreign currency-denominated debt instruments to a related entity and utilizes currency swaps to reduce the variability of functional currency cash flows related to the foreign currency debt.

The Company records gains and losses on these derivative instruments using mark-to-market accounting. Under this accounting method, the changes in the market value of outstanding financial instruments are recognized as gains or losses in the period of change. All derivatives using mark-to-market accounting were settled in 2005.

The fair value of currency swaps is determined based upon externally developed pricing models, using financial data obtained from swap dealers.

Currency Swap	Notional principal(1)	Weighted Average interest rates(2)	
		Receive	Pay
2003: Receive variable—pay variable	$ 247,875	2.7%	1.7%
2004: Receive variable—pay variable	247,875	2.5%	1.7%

(1) The notional principal is the amount used for the calculation of interest payments that are exchanged over the life of the swap transaction and is equal to the amount of foreign currency or dollar principal exchanged at maturity, if applicable.
(2) The weighted-average interest rates are as of the respective balance sheet dates.

(b) Forward Exchange and Option Contracts

The Company uses forward exchange and option contracts to reduce the effect of fluctuating foreign currencies on short-term foreign currency-denominated intercompany transactions, foreign currency-denominated product sourcing 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 principal currencies hedged by the Company include the European euro, Mexican peso, Canadian dollar and Japanese yen.

The following table summarizes by major currency the contractual amounts of the Company's forward exchange contracts in U.S. dollars. The bought amounts represent the net U.S. dollar equivalent of commitments to purchase foreign currencies, and the sold amounts represent the net U.S. dollar equivalent of commitments to sell foreign currencies. The foreign currency amounts have been translated into a U.S. dollar equivalent value using the exchange rate at the reporting date. Forward exchange contracts mature on the anticipated cash requirement date of the hedged transaction, generally within one year.

	June 28, 2003	July 3, 2004	July 2, 2005
Foreign currency—bought (sold):			
Canadian dollar	$ (31,233)	$ (34,701)	$ (36,413)
European euro	(12,343)	2,459	1,388
Japanese yen	(26,635)	(10,404)	(17,078)
Mexican peso	(13,549)	(13,799)	(15,830)
Other	403	—	3,185

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The Company held foreign exchange option contracts to reduce the foreign exchange fluctuations on anticipated purchase transactions. The following table summarizes the notional amount of option contracts to sell foreign currency, in U.S. dollars:

	June 28, 2003	July 3, 2004	July 2, 2005
Foreign currency—sold:			
European euro	$ —	$1,302	$12,285

The following table summarizes the net derivative gains or losses deferred into accumulated other comprehensive loss and reclassified to earnings in 2003, 2004 and 2005.

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Net accumulated derivative gain (loss) deferred at beginning of year	$(4,864)	$(4,740)	$ 1,883
Deferral of net derivative gain (loss) in accumulated other comprehensive loss	(4,603)	3,585	(1,620)
Reclassification of net derivative loss to income	4,727	3,038	212
Net accumulated derivative gain (loss) at end of year	$(4,740)	$ 1,883	$ 475

The Company expects to reclassify into earnings during the next 12 months net loss from accumulated other comprehensive income of approximately $100 at the time the underlying hedged transactions are realized. During the years ended June 28, 2003, July 3, 2004 and July 2, 2005, the Company recognized income of $217, $0 and expense of $554, respectively, for hedge ineffectiveness related to cash flow hedges. Amounts reported for hedge ineffectiveness are not included in accumulated other comprehensive income (loss) and therefore, not included in the above table.

There were no derivative losses excluded from the assessment of effectiveness or gains or losses resulting from the disqualification of hedge accounting for 2003, 2004 and 2005.

(c) Fair Values

The carrying amounts of cash and cash equivalents, trade accounts receivable, notes receivable and accounts payable approximated fair value as of June 28, 2003, July 3, 2004 and July 2, 2005. The carrying amounts of the Company's notes payable to parent companies, notes payable to banks, notes payable to related entities and funding receivable/payable with parent companies approximated fair value as of June 28, 2003, July 3, 2004 and July 2, 2005 primarily due to the short-term nature of these instruments. The fair values of the remaining financial instruments recognized in the Combined and Consolidated Balance Sheets of the Company at the respective year ends were:

	June 28, 2003	July 3, 2004	July 2, 2005
Currency swaps	$37,830	$56,258	$ —
Foreign currency forwards and options	(5,759)	1,434	348

The fair value of the currency swaps is determined based upon externally developed pricing models, using financial market data obtained from swap dealers. The fair value of foreign currency forwards and options is based upon quoted market prices obtained from third-party institutions.

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(d) Concentration of Credit Risk

Trade accounts receivable due from customers that the Company considers highly leveraged were $68,831 at June 28, 2003, $79,598 at July 3, 2004 and $100,314 at July 2, 2005. The financial position of these businesses has been considered in determining allowances for doubtful accounts.

(17) Employee Benefit Plans

Historically employees who meet certain eligibility requirements have participated in defined benefit pension plans sponsored by Sara Lee. These defined benefit pension plans include employees from a number of domestic Sara Lee business units. All obligations pursuant to these plans have historically been obligations of Sara Lee and as such, are not included on the Company's Combined and Consolidated Balance Sheets. The annual cost of the Sara Lee defined benefit plans is allocated to all of the participating businesses based upon a specific actuarial computation which is followed consistently.

Additionally, the Company sponsors a noncontributory defined benefit plan, the Playtex Apparel, Inc. Pension Plan, for certain qualifying individuals.

The annual expense incurred by the Company for these defined benefit plans is as follows:

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Playtex Apparel, Inc. Pension Plan	$ 813	$ 753	$ 9
Participation in Sara Lee sponsored defined benefit plans	34,824	67,340	46,675
Total pension plan expense	$ 35,637	$ 68,093	$ 46,684

The components of the Playtex Apparel, Inc. Pension Plan were as follows:

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Service cost	$ 454	$ 2	$ 1
Interest cost	1,504	1,297	1,274
Expected return on assets	(1,500)	(1,226)	(1,510)
Amortization of:			
Prior service cost	232	232	232
Net actuarial loss	123	448	12
Net periodic pension cost	$ 813	$ 753	$ 9

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The funded status of the Playtex Apparel, Inc. Pension Plan at the respective year ends was as follows:

	June 28, 2003	July 3, 2004	July 2, 2005
Projected benefit obligation:			
Beginning of year	$ 23,822	$ 24,293	$ 23,910
Service cost	454	2	1
Interest cost	1,504	1,297	1,274
Benefits paid	(1,352)	(1,622)	(1,635)
Curtailment and termination benefit (1)	(2,359)	—	—
Actuarial (gain) loss	2,224	(60)	(1,094)
End of year	24,293	23,910	22,456
Fair value of plan assets:			
Beginning of year	20,038	16,531	20,026
Actual return/(loss) on plan assets	(2,154)	5,118	1,051
Benefits paid	(1,353)	(1,623)	(1,634)
End of year	16,531	20,026	19,443
Funded Status	(7,762)	(3,884)	(3,013)
Unrecognized:			
Prior service cost	464	232	—
Actuarial loss	6,911	2,511	1,864
Accrued benefit cost recognized	$ (387)	$ (1,141)	$ (1,149)

(1) A curtailment gain of $2,451 was attributable to a facility closure in 2003. In addition to the curtailment, there was $92 of special termination benefits related to the aforementioned closure as certain participants became vested that otherwise would have remained non-vested.

Accrued benefit costs related to the Playtex Apparel, Inc. Pension Plan are reported in the “Accrued liabilities— Payroll and employee benefits” line of the Combined and Consolidated Balance Sheets.

The accumulated benefit obligation is the present value of pension benefits (whether vested or unvested) attributed to employee service rendered before the measurement date and based on employee service and compensation prior to that date. As a result of the facility closure in 2003, the employee service cost has declined significantly. The accumulated benefit obligations of the Playtex Apparel, Inc. Pension Plan as of the measurement dates in 2003, 2004 and 2005 were $24,293, $23,910 and $22,456, respectively, which approximates the projected benefit obligation primarily as a result of a facility closure in 2003.

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Measurement Date and Assumptions

A March 31 measurement date is used to value plan assets and obligations for the Playtex Apparel, Inc. Pension Plan. The weighted average actuarial assumptions used in measuring the net periodic benefit cost and plan obligations for the three years were as follows:

	June 28, 2003	July 3, 2004	July 2, 2005
Net periodic benefit cost:			
Discount rate	6.50%	5.50%	5.50%
Long-term rate of return on plan assets	7.75%	7.75%	7.83%
Rate of compensation increase	5.00%	5.87%	4.50%
Plan obligations:			
Discount rate	5.50%	5.50%	5.60%
Rate of compensation increase	5.87%	4.50%	4.00%

Plan Assets, Expected Benefit Payments and Funding

The allocation of pension plan assets as of the respective year end measurement dates is as follows:

	June 28, 2003	July 3, 2004	July 2, 2005
Asset Category:			
Equity securities	59%	61%	58%
Debt securities	35%	33%	31%
Real estate	4%	4%	4%
Cash and other	2%	2%	7%

The investment objectives for the pension plan assets are designed to generate returns that will enable the pension plans to meet their future obligations.

(18) Postretirement Health-Care and Life-Insurance Plans

Historically, employees who meet certain eligibility requirements have participated in postretirement health-care and life insurance plans sponsored by Sara Lee. These plans include employees from a number of domestic Sara Lee business units. The annual cost of the Sara Lee plans is allocated to all of the participating businesses based upon a specific actuarial computation which is consistently followed. All obligations pursuant to these plans have historically been obligations of Sara Lee and as such, are not included on the Company's Combined and Consolidated Balance Sheets.

The annual expense incurred by the Company for these postretirement health-care and life insurance plans is as follows:

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Participation in Sara Lee sponsored postretirement and life insurance plans	$ 5,706	$ 6,899	$ 7,794

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

(19) Income Taxes

The provisions for income tax computed by applying the U.S. statutory rate to income before taxes as reconciled to the actual provisions were:

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Income before income taxes:			
Domestic	(64.2)%	4.2%	(35.5)%
Foreign	164.2	95.8	135.5
	100.0%	100.0%	100.0%
Tax expense at U.S. statutory rate	35.0%	35.0%	35.0%
Tax on remittance of foreign earnings	(0.4)	4.7	14.5
Finalization of tax reviews and audits	—	(32.0)	(5.8)
Foreign taxes less than U.S. statutory rate	(5.2)	(10.8)	(7.7)
Taxes related to earnings previously deemed permanently invested	—	—	9.1
Benefit of foreign tax credit	(7.8)	(8.2)	(7.3)
Other, net	0.5	(0.8)	(1.0)
Taxes at effective worldwide tax rates	22.1%	(12.1)%	36.8%

Current and deferred tax provisions (benefits) were:

	Current	Deferred	Total
Year ended June 28, 2003			
Domestic	$ 74,983	$ 40,598	$115,581
Foreign	16,662	(13,143)	3,519
State	2,460	—	2,460
	$ 94,105	$ 27,455	$121,560
Year ended July 3, 2004			
Domestic	$(95,476)	$ 43,322	$ (52,154)
Foreign	13,497	(12,063)	1,434
State	2,040	—	2,040
	$(79,939)	$ 31,259	$ (48,680)
Year ended July 2, 2005			
Domestic	$ 28,332	$ 74,780	$103,112
Foreign	30,655	(8,070)	22,585
State	1,310	—	1,310
	$ 60,297	$ 66,710	$127,007

	2003	2004	2005
Cash payments for income taxes	$11,153	$11,753	$16,099

Cash payments above represent cash tax payments made by the Company in foreign jurisdictions. Tax payments made in the U.S. are made by Sara Lee on the Company's behalf and are settled in the funding payable with parent companies account.

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

The deferred tax assets and liabilities at the respective year-ends were as follows:

	June 28, 2003	July 3, 2004	July 2, 2005
Deferred tax assets:			
Nondeductible reserves	$ 13,182	$ 12,833	$ 14,424
Inventory	65,244	71,933	99,887
Capital loss	248,118	248,118	248,118
Accrued expenses	12,000	25,691	36,468
Employee benefits	66,755	64,032	49,412
Charitable contributions	11,424	20,763	11,216
Net operating loss and other tax carryforwards	50,723	51,021	40,913
Other	14,462	11,620	8,361
Gross deferred tax assets	481,908	506,011	508,799
Less valuation allowances	(268,115)	(268,332)	(269,633)
Deferred tax assets	213,793	237,679	239,166
Deferred tax liabilities:			
Prepaids	4,285	4,183	5,837
Property and equipment	—	12,175	12,283
Intangibles	26,016	26,533	29,029
Foreign dividends declared but not received	—	25,552	50,645
Deferred tax liabilities	30,301	68,443	97,794
Net deferred tax assets	$ 183,492	$ 169,236	$ 141,372

The valuation allowance for deferred tax assets as of June 28, 2003, July 3, 2004 and July 2, 2005 was $268,115, $268,332 and $269,633, respectively. The net change in the total valuation allowance for the years ended June 28, 2003, July 3, 2004 and July 2, 2005 were $609, $217 and $1,301 respectively.

The valuation allowance relates in part to deferred tax assets established under SFAS No. 109 for loss carryforwards at June 28, 2003, July 3, 2004 and July 2, 2005 of $15,564, $16,270 and $18,116, respectively, and to foreign goodwill of $4,433 at June 28, 2003, $3,944 at July 3, 2004 and $3,399 at July 2, 2005.

In addition, a $248,118 valuation allowance exists for capital losses resulting from the sale of U.S. apparel capital assets in 2001 and 2003. These capital losses are due to expire unused in 2006 ($224,969) and 2008 ($23,149) and have a 100% valuation allowance.

Since Sara Lee will retain the liabilities related to income tax contingencies for all periods prior to the spin off, such amounts have been reflected in the “Parent companies’ equity investment” line of the Combined and Consolidated Balance Sheets.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances.

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

At July 2, 2005, the Company has net operating loss carryforwards of approximately $92,244 which will expire as follows:

Years ending:	
July 1, 2006	$ 5,378
June 30, 2007	5,330
June 28, 2008	10,984
June 27, 2009	1,616
July 3, 2010 and thereafter	68,936

The Company recognized a $50.0 million tax charge related to the repatriation of the earnings of foreign subsidiaries to the U.S. in 2005.

In addition, the Company recognized a $31.6 million tax charge for extraordinary dividends associated with the American Jobs Creation Act of 2004 (“Act”). On October 22, 2004, the President of the United States signed the Act which created a temporary incentive for U.S. corporations to repatriate accumulated income earned abroad by providing an 85% dividends received deduction for certain dividends from controlled foreign corporations.

At July 2, 2005, applicable U.S. federal income taxes and foreign withholding taxes have not been provided on the accumulated earnings of foreign subsidiaries that are expected to be permanently reinvested. If these earnings had not been permanently reinvested, deferred taxes of approximately $24.6 million would have been recognized in the Combined and Consolidated Financial Statements.

(20) Relationship with Sara Lee and Related Entities

The Company participates in a number of corporate-wide programs administered by Sara Lee. These programs include participation in Sara Lee’s Global Cash Funding System, insurance programs, employee benefit programs, worker’s compensation programs, and tax planning services. As part of the Company’s participation in Sara Lee’s Global Cash Funding System, Sara Lee provided all funding used for working capital purposes or other investment needs. These funding amounts are reflected in these financial statements and described further below. Sara Lee has issued debt for general corporate purposes and this debt and related interest have not been allocated to these financial statements. The following is a discussion of the relationship with Sara Lee, the services provided and how they have been accounted for in the Company’s financial statements.

Amounts due to or from Parent Companies and Related Entities

The amounts due (to) from parent companies and related entities were as follows:

	June 28, 2003	July 3, 2004	July 2, 2005
Due from related entities	$ 57,646	$ 73,430	$ 26,194
Funding receivable with parent companies	94,803	55,379	—
Notes receivable from parent companies	305,499	432,748	90,551
Due to related entities	(73,733)	(97,592)	(59,943)
Funding payable with parent companies	—	—	(317,184)
Notes payable to parent companies	(546,674)	(478,295)	(228,152)
Notes payable to related entities	(398,168)	(436,387)	(323,046)
Net amount due to parent companies and related entities	$ (560,627)	$(450,717)	$(811,580)

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

Allocation of Corporate Costs

The costs of certain services that are provided by Sara Lee to the Company have been reflected in these financial statements, including charges for services such as business insurance, medical insurance and employee benefit plans and allocations for certain centralized administration costs for treasury, real estate, accounting, auditing, tax, risk management, human resources and benefits administration. These allocations of centralized administration costs were determined using a proportional cost allocation method on bases that the Company and Sara Lee considered to be reasonable, including relevant operating profit, fixed assets, sales, and payroll. Allocated costs are included in the "Selling, general and administrative expenses" line of the Combined and Consolidated Income Statements and the "Parent companies' equity investment" line of the Combined and Consolidated Balance Sheets. The total amount allocated for centralized administration costs by Sara Lee in 2003, 2004 and 2005 were $31,165, $32,568 and $34,213, respectively. These costs represent management's reasonable allocation of the costs incurred. However, these amounts may not be representative of the costs necessary for the Company to operate as a separate standalone company. The "Net transactions with parent companies" line item in the Combined and Consolidated Statements of Parent Companies' Equity primarily reflects dividends paid to parent companies and costs paid by Sara Lee on behalf of the Company.

Global Cash Funding System

The Company participates in Sara Lee's Global Cash Funding System. Sara Lee maintains a separate program for domestic operating locations and foreign locations.

Domestic Cash Funding System—In the Domestic Cash Funding System, the Company's domestic operating locations maintain a bank account with a specific bank as directed by Sara Lee. These funding system bank accounts are linked together and are globally managed by Sara Lee. The Company records two types of transactions in the funding system bank account as follows—(1) cash collections from the Company's operations are deposited into the account, and (2) any cash borrowings or charges which are used to fund operations are taken from the account. Cash collections deposited into this account generally include all cash receipts made by the operating locations. Cash borrowings made by the Company from the Sara Lee cash concentration system were used to fund operating expenses. Interest is not earned or paid on the domestic cash funding system account. A portion of cash in the Company's bank accounts is part of the funding system utilized by Sara Lee where the bank has a right of offset for the Company accounts against other Sara Lee accounts.

For the periods presented, transactions between the Company and Sara Lee consisted of the following:

	June 28, 2003	July 3, 2004	July 2, 2005
Payable (receivable) balance at beginning of period	$ 113,723	$ (94,803)	$ (55,379)
Cash collections from operations	(1,091,254)	(1,257,636)	(1,180,617)
Cash borrowings and other payments	882,728	1,297,060	1,553,180
(Receivable) payable balance at end of period	$ (94,803)	$ (55,379)	$ 317,184
Average balance during the period	$ 9,460	$ (75,091)	$ 130,902

The receivable or payable at the end of each period is reported in the "Funding receivable with parent companies" or "Funding payable with parent companies" line of the Combined and Consolidated Balance Sheets. These amounts are generally settled on a monthly basis, and therefore have been shown in current assets or liabilities on the Combined and Consolidated Balance Sheets. The "Net transactions with parent companies" line

(dollars in thousands, except per share data)

on the Combined and Consolidated Statements of Cash Flows primarily reflects the cash activity in the funding (receivable) payable with parent and cash activity in the "Parent companies' equity investment" line in the balance sheet.

Foreign Cash Pool System—The Company maintains a bank account with a bank selected by Sara Lee in each foreign operating location. Within each country, one Sara Lee entity is designated as the cash pool leader and the individual bank accounts that each subsidiary maintains were linked with the country's cash pool leader account. During each day, under the cash pooling arrangement, each individual participant can either deposit funds into the cash pool account from the collection of receivables or withdraw funds from the account to fund working capital or other cash needs of the business. At the end of the day, the cash pool leader sweeps all cash balances in the country's cash pool accounts into the cash pool leader's account, or funds any overdrawn accounts so that each cash pool participant account has a zero balance at the end of the day. The cash pool leader controls all funds in the leader's account. As cash is swept into or out of a cash pool account, an intercompany payable or receivable is established between the cash pool leader and the participant. The net receivable or payable balance in the intercompany account earns interest or pays interest at the applicable country's market rate. The net interest income (expense) recognized on the cash pool intercompany account by the Company for 2003, 2004 and 2005 was ($1,357), $579, and $84, respectively. At the end of 2003, 2004 and 2005, the Company reported the cash pool balances of $8,319, $42,913 and $14,458, respectively, in the "Due from related entities" line and $33,366, $49,970 and $40,740, respectively, in the "Due to related entities" line of the Combined and Consolidated Balance Sheets. Sara Lee and the Company do not intend on repaying any of these outstanding amounts as of the separation date and therefore have shown these amounts in current assets or liabilities on the Combined and Consolidated Balance Sheet.

Intercompany Loans

Certain of the Company's divisions have various short-term loans to and from Sara Lee and other parent companies. The purpose of these loans is to provide funds for certain working capital or other capital and operating requirements of the business. These loans maintain fixed interest rates ranging from 1.24% to 5.60%, 1.32% to 5.60% and 1.8 % to 5.60% at June 28, 2003, July 3, 2004 and July 2, 2005, respectively. The balances are reported in the short-term "Notes payable to parent companies" line and the short-term "Notes receivable from parent companies" line in the Combined and Consolidated Balance Sheets. Sara Lee and the Company do not intend on repaying any of these outstanding amounts as of the separation date and therefore have shown these amounts in current assets or liabilities on the Combined and Consolidated Balance Sheets.

Other transactions with Sara Lee related entities

During all periods presented, the Company's entities engaged in certain transactions with other Sara Lee businesses that are not part of the Company, which include the purchase and sale of certain inventory, the exchange of services, and royalty arrangements involving the use of trademarks or other intangibles.

Transactions with related entities are summarized in the table below:

	2003	2004	2005
Sales to related entities	$ 1,659	$ 1,365	$ 1,999
Net royalty income	3,590	3,782	3,152
Net service expense	9,090	10,170	8,915
Interest expense	38,177	32,041	30,759
Interest income	41,878	6,795	16,275

(dollars in thousands, except per share data)

The outstanding balances, excluding interest, resulting from such transactions are reported in the "Due to related entities" and the "Due from related entities" lines of the Combined and Consolidated Balance Sheets. Interest income and expense with related entities are reported in the "Interest income" and "Interest expense" lines of the Combined and Consolidated Statements of Income. The remaining balances included in these lines represent interest with third parties.

In addition to trade transactions, certain divisions within the Company have outstanding loans payable to related entities. The purpose of these loans is to provide additional capital to support operating requirements. These loans maintain fixed interest rates that are consistent with those related to intercompany loans with parent companies. The balances are reported in the "Notes Payable to related entities" line of the Combined and Consolidated Balance Sheets.

(21) Business Segment Information

The Company has four reportable segments that are organized principally by product category and geographic location. Management of each segment is responsible for the assets and operations of these businesses. 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, sleepwear and socks.
- Outerwear sells basic branded products that are seasonal in nature under the product categories of casualwear and activewear.
- Hosiery sells legwear products in product categories such as panty hose and knee highs.
- International relates to the Asia, Canada and Latin America geographic locations which sell products that span across each of the Company's reportable segments.

The Company's management uses operating segment income, which is defined as operating income before general corporate expenses and amortization of trademarks and customer relationship intangibles, to evaluate segment performance and allocate resources. Management believes it is appropriate to disclose this measure to help investors analyze the business performance and trends of the various business segments. Interest and other debt expense, as well as income tax expense, are centrally managed, and accordingly, such items are not presented by segment since they are not included in the measure of segment profitability reviewed by management. The accounting policies of the segments are the same as those described in note 3, "Summary of Significant Accounting Policies".

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Net sales (1)(2):			
Innerwear	$ 2,681,039	$ 2,704,500	$ 2,740,653
Outerwear	1,287,230	1,243,108	1,300,812
Hosiery	430,069	401,052	353,540
International	354,307	367,590	354,547
Net sales	4,752,645	4,716,250	4,749,552
Intersegment	(82,980)	(83,509)	(65,869)
Total net sales	$ 4,669,665	$ 4,632,741	$ 4,683,683

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Operating segment income (3)(4)(5):			
Innerwear	$ 339,907	$ 334,111	$ 261,267
Outerwear	132,086	52,356	61,310
Hosiery	64,394	53,929	52,954
International	33,610	25,125	21,705
Total operating segment income	569,997	465,521	397,236
Amortization of trademarks and other intangibles	(7,235)	(8,712)	(9,100)
General corporate expenses	(15,148)	(31,524)	(28,656)
Total income from operations	547,614	425,285	359,480
Net interest income (expense)	2,386	(24,413)	(13,964)
Income before income taxes	$ 550,000	$ 400,872	$ 345,516

	June 28, 2003	July 3, 2004	July 2, 2005
Assets:			
Innerwear	$ 2,277,395	$ 2,802,379	$ 2,797,295
Outerwear	947,113	977,481	840,683
Hosiery	219,433	193,083	160,953
International	263,160	259,518	284,868
	3,707,101	4,232,461	4,083,799
Corporate(6)	208,472	170,297	153,355
Total assets	$ 3,915,573	$ 4,402,758	$ 4,237,154

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Depreciation expense for fixed assets:			
Innerwear	$ 51,495	$ 54,987	$ 62,507
Outerwear	22,639	22,260	20,413
Hosiery	16,501	15,172	11,356
International	4,785	7,479	3,123
	95,420	99,898	97,399
Corporate	6,000	5,619	11,392
Total depreciation expense for fixed assets	$ 101,420	$ 105,517	$ 108,791

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Additions to long-lived assets:			
Innerwear	$ 58,928	$ 38,064	$ 22,281
Outerwear	11,182	13,560	25,855
Hosiery	3,312	5,156	2,233
International	4,236	3,261	3,039
	77,658	60,041	53,408
Corporate	7,763	3,592	13,727
Total additions to long-lived assets	$ 85,421	$ 63,633	$ 67,135

(1) Includes sales between segments. Such sales are at transfer prices that are at cost plus markup or at prices equivalent to market value.

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

(2) Intersegment sales included in the segment's net sales are as follows:

	Years ended		
	June 28, 2003	July 3, 2004	July 2, 2005
Innerwear	$ 4,249	$ 5,516	$ 4,844
Outerwear	21,492	25,211	17,937
Hosiery	52,349	44,758	36,151
International	4,890	8,024	6,937
Total	$ 82,980	$ 83,509	$ 65,869

(3) Includes charges recognized for exit activities in the 2005 Combined and Consolidated Statement of Income that impacted total operating segment income by $51,527 and impacted the operating income of the Company's business segments as follows: Innerwear—a charge of $19,735; Outerwear—a charge of $17,437; Hosiery—a charge of $2,986; International—a charge of $4,536; and Corporate—a charge of $6,833.

(4) Includes charges recognized for exit activities in the 2004 Combined and Consolidated Statement of Income that impacted total operating segment income by $27,466 and impacted the operating income of the Company's business segments as follows: Innerwear—a charge of $7,904; Outerwear—a charge of $5,684; Hosiery—a charge of $2,420; International—a charge of $8,914; and Corporate—a charge of $2,544.

(5) Includes income recognized for exit activities in the 2003 Combined and Consolidated Statement of Income that impacted total operating segment income by ($14,397) and impacted the operating income of the Company's business segments as follows: Innerwear—a credit of ($5,407); Outerwear—a credit of ($93); Hosiery—a credit of ($1,437); International—a credit of ($7,347); and Corporate—a credit of ($113).

(6) Principally cash and equivalents, certain fixed assets, deferred tax assets and certain other noncurrent assets.

Sales to Wal-Mart, Target and Kohl's were substantially in the Innerwear and Outerwear segments and represented 31%, 11% and 5% of total sales in 2005, respectively.

Worldwide sales by product category for Innerwear, Outerwear and Hosiery were $2,909,096, $1,393,582 and $381,005, respectively, in 2005.

(22) Geographic Area Information

	Years ended or at					
	June 28, 2003		July 3, 2004		July 2, 2005	
	Sales	Long-lived assets	Sales	Long-lived assets	Sales	Long-lived assets
United States	$ 4,328,094	$ 885,820	$ 4,257,886	$ 846,311	$ 4,307,940	$ 770,917
Mexico	108,055	61,590	97,848	45,745	79,352	42,897
Central America	4,338	97,796	4,304	101,015	4,511	98,168
Japan	74,927	7,095	85,129	7,126	91,337	6,202
Canada	91,812	19,923	109,228	7,904	113,782	7,496
Other	60,780	28,950	76,981	24,547	84,762	57,544
	4,668,006	$ 1,101,174	4,631,376	$ 1,032,648	4,681,684	$ 983,224
Related party	1,659		1,365		1,999	
	$ 4,669,665		$ 4,632,741		$ 4,683,683	

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Notes to Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

(23) Quarterly Financial Data (Unaudited)

Quarter	First	Second	Third	Fourth
2004:				
Net sales	$ 1,181,892	$ 1,146,289	$ 1,084,327	$ 1,220,233
Gross profit	395,054	377,737	368,891	399,033
Net income	84,705	79,227	82,644	202,976
2005:				
Net sales	$ 1,217,359	$ 1,239,144	$ 1,071,830	$ 1,155,350
Gross profit	388,128	382,432	328,776	360,776
Net income (loss)	101,406	100,921	25,166	(8,984)

The amounts above include the impact of exit activities as described in Note 5 to the Combined and Consolidated Financial Statements.

(24) Subsequent Events

During the first quarter of 2006, the Company acquired a domestic yarn and textile production company for $2,436 in cash and the assumption of $84,000 of debt. The fair value of the assets acquired, net of liabilities assumed, approximated the purchase price based upon preliminary valuations and no goodwill has been recognized as a result of the transaction. The Company expects to finalize the purchase price allocation after third party appraisers have completed their valuation work. In 2005, purchases from the acquired business accounted for approximately 18% of the Company's total cost of sales. Following the acquisition, substantially all of the yarn and textiles produced by the acquired business will be used in products produced by the Company.

HANESBRANDS
Unaudited Interim Condensed Combined and
Consolidated Financial Statements for the Thirty-nine Weeks Ended April 1, 2006 and April 2, 2005

Preface

The preparation of the Unaudited Interim Condensed Combined and Consolidated Financial Statements requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and certain financial statement disclosures. Significant estimates in these Unaudited Interim Condensed Combined and Consolidated Financial Statements include allowances for doubtful accounts receivable, net realizable value of inventories, the cost of sales incentives, useful lives of property and identifiable intangible assets, the evaluation of impairments of property, identifiable intangible assets and goodwill, income tax and valuation reserves, the valuation of assets and liabilities acquired in business combinations, assumptions used in the determination of the funded status and annual expense of pension and postretirement employee benefit plans and the volatility, expected lives and forfeiture rates for stock compensation instruments granted to employees. Actual results could differ from these estimates.

The Unaudited Interim Condensed Combined and Consolidated Financial Statements for the thirty-nine weeks ended April 1, 2006 and April 2, 2005 and the balance sheet as of April 1, 2006 included herein have not been audited by an independent registered public accounting firm, but in the opinion of Hanesbrands (“the Company”), all adjustments (which include only normal recurring adjustments) necessary to make a fair statement of the financial position at April 1, 2006 and the results of operations and the cash flows for the periods presented herein have been made. The Combined and Consolidated Balance Sheet as of July 2, 2005 has been derived from the Company’s audited financial statements for the fiscal year ended July 2, 2005. The results of operations for the thirty-nine weeks ended April 1, 2006 are not necessarily indicative of the operating results to be expected for the full fiscal year.

The Unaudited Interim Condensed Combined and Consolidated Financial Statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Although the Company believes the disclosures made are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. These financial statements should be read in conjunction with the audited Combined and Consolidated Financial Statements and notes thereto included in the Company’s Form 10.

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Unaudited Interim Condensed Combined and Consolidated Statements of Income
(in thousands)

	Thirty-nine Weeks Ended	
	April 2, 2005	April 1, 2006
Net sales	$ 3,528,333	$ 3,352,699
Cost of sales	2,428,997	2,248,828
Gross profit	1,099,336	1,103,871
Selling, general and administrative expenses	775,607	749,236
Charges for (income from) exit activities	(815)	945
Income from operations	324,544	353,690
Interest expense	18,458	19,295
Interest income	(19,318)	(7,783)
Income before income taxes	325,404	342,178
Income tax expense	97,911	78,970
Net income	$ 227,493	$ 263,208

The accompanying notes are an integral part of the
Unaudited Interim Condensed Combined and Consolidated Financial Statements.

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Unaudited Interim Condensed Combined and Consolidated Balance Sheets
(in thousands)

	July 2, 2005	April 1, 2006
Assets		
Cash and cash equivalents	$ 1,080,799	$ 455,895
Trade accounts receivable, less allowances of $47,829 at July 2, 2005 and $41,406 at April 1, 2006	575,094	500,490
Due from related entities	26,194	229,375
Inventories	1,262,557	1,257,906
Notes receivable from parent companies	90,551	507,678
Deferred tax assets	30,745	33,026
Other current assets	59,800	45,607
Total current assets	3,125,740	3,029,977
Property, net	558,657	617,125
Trademarks and other identifiable intangibles, net	145,786	139,436
Goodwill	278,781	278,737
Deferred tax assets	118,762	134,463
Other noncurrent assets	9,428	5,374
Total assets	$ 4,237,154	$ 4,205,112
Liabilities and Parent Companies' Equity		
Accounts payable	$ 196,455	$ 188,573
Due to related entities	59,943	36,472
Accrued liabilities:		
Payroll and employee benefits	115,080	138,933
Advertising and promotion	62,855	63,133
Exit activities	51,677	29,889
Other	137,821	144,512
Notes payable to banks	83,303	30,375
Funding payable with parent companies	317,184	195,479
Notes payable to parent companies	228,152	203,536
Notes payable to related entities	323,046	453,063
Capital lease obligations	4,753	3,391
Deferred tax liabilities	964	964
Total current liabilities	1,581,233	1,488,320
Capital lease obligations	6,188	3,951
Deferred tax liabilities	7,171	7,171
Other noncurrent liabilities	40,200	43,477
Total liabilities	1,634,792	1,542,919
Parent companies' equity:		
Parent companies' equity investment	2,620,571	2,677,678
Accumulated other comprehensive loss	(18,209)	(15,485)
Total parent companies' equity	2,602,362	2,662,193
Total liabilities and parent companies' equity	$ 4,237,154	$ 4,205,112

The accompanying notes are an integral part of the Unaudited Interim Condensed Combined and Consolidated Financial Statements.

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Unaudited Interim Condensed Combined and Consolidated Statements of Cash Flows
(in thousands)

	Thirty-nine Weeks ended	
	April 2, 2005	April 1, 2006
Operating Activities:		
Net income	$ 227,493	$ 263,208
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	77,888	75,797
Amortization of intangibles	6,198	6,527
Non-cash income from exit activities	(815)	(341)
Increase (decrease) in deferred taxes	7,834	(10,220)
Other	(4,630)	3,040
Changes in current assets and liabilities, net of business acquired:		
Decrease in trade accounts receivable	55,966	80,980
Decrease in inventories	3,739	49,068
Decrease in other current assets	49,194	26,634
Increase in due to and from related entities	(37,109)	(6,760)
Increase (decrease) in accounts payable	16,849	(19,785)
Decrease in accrued liabilities	(11,646)	(8,008)
Net cash from operating activities	390,961	460,140
Investing Activities:		
Purchases of property and equipment	(41,939)	(73,301)
Acquisition of business	—	(2,436)
Proceeds from sales of assets	6,776	11,780
Other	(526)	(7,459)
Net cash used in investing activities	(35,689)	(71,416)
Financing Activities:		
Principal payments on capital lease obligations	(4,237)	(3,599)
Net transactions with parent companies	(123,624)	(869,414)
Borrowings on notes payable to banks	88,849	5,600
Repayments on notes payable to banks	—	(58,528)
Net transactions with related entities	(4,848)	(219,888)
Borrowings on notes payable from related entities	32,646	130,017
Net cash used in financing activities	(11,214)	(1,015,812)
Effect of changes in foreign exchange rates on cash	1,129	2,184
Increase (decrease) in cash and cash equivalents	345,187	(624,904)
Cash and cash equivalents at beginning of the period	674,154	1,080,799
Cash and cash equivalents at end of period	$1,019,341	$ 455,895

The accompanying notes are an integral part of the Unaudited Interim Condensed Combined and Consolidated Financial Statements.

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements
(dollars in thousands, except per share data)

(1) Background

On February 10, 2005, Sara Lee Corporation ("Sara Lee") announced an overall Transformation Plan to drive long-term growth and performance, which included spinning off Sara Lee's apparel business in the Americas and Asia, referred to as Branded Apparel Americas and Asia within these Unaudited Interim Condensed Combined and Consolidated Financial Statements. The Transformation Plan announcement followed the January 25, 2005 announcement of Sara Lee's intent to sell its European branded apparel business and private label business in the United Kingdom in separate transactions. The European branded apparel business was subsequently sold on February 6, 2006. In connection with the spin off, Sara Lee has incorporated Hanesbrands Inc., a Maryland corporation (the Registrant), to which it will transfer the assets and liabilities that relate to Hanesbrands. References to "Hanesbrands" or the "Company" refer to the Branded Apparel Americas and Asia business that will be contributed to Hanesbrands Inc. in the spin off.

(2) Basis of Presentation

These Unaudited Interim Condensed Combined and Consolidated Financial Statements of Hanesbrands reflect the historical financial position, results of operations and cash flows of Sara Lee's branded apparel business in the Americas and Asia during each respective period. These Unaudited Interim Condensed Combined and Consolidated Financial Statements do not include the European branded apparel operations or private label business in the U.K., which have historically been operated and managed separately from the Branded Apparel Americas and Asia business. Under Sara Lee's ownership, certain Branded Apparel Americas and Asia operations were divisions of Sara Lee and not separate legal entities, while Branded Apparel Americas and Asia foreign operations were subsidiaries of Sara Lee. Because a direct ownership relationship did not exist among the various units comprising the Branded Apparel Americas and Asia business, Sara Lee's parent companies' equity investment is shown in lieu of stockholders' equity in the Unaudited Interim Condensed Combined and Consolidated Financial Statements. Within these financial statements, entities that are part of Sara Lee's consolidated results of operations, but are not part of Branded Apparel Americas and Asia as defined above, are referred to as "related entities". These historical Unaudited Interim Condensed Combined and Consolidated Financial Statements have been prepared using Sara Lee's historical cost basis in the assets and liabilities and the results of Branded Apparel Americas and Asia. The financial information included herein may not reflect the consolidated financial position, operating results and cash flows of Branded Apparel Americas and Asia in the future, and does not reflect what they would have been had Branded Apparel Americas and Asia been a separate, stand alone entity during the periods presented. On the separation date, Hanesbrands Inc. will begin operating as a separate independent publicly traded company.

Branded Apparel Americas and Asia historically has utilized the services of Sara Lee for certain functions. These services include providing working capital, as well as certain legal, finance, internal audit, financial reporting, tax advisory, insurance, global information technology, environmental matters and human resource services, including various corporate-wide employee benefit programs. The cost of these services has been allocated to Hanesbrands and included in the Unaudited Interim Condensed Combined and Consolidated Financial Statements. The allocations have been determined on the basis which the Sara Lee and Branded Apparel Americas and Asia businesses considered to be reasonable reflections of the utilization of services provided by Sara Lee.

(3) Acquisition

During the first quarter of 2006, the Company acquired a domestic yarn and textile production company for $2,436 in cash and the assumption of $84,000 of debt. The fair value of the assets acquired, net of liabilities

assumed, approximated the purchase price based upon preliminary valuations and no goodwill has been recognized as a result of the transaction. The Company expects to finalize the purchase price allocation after third party appraisers have completed their valuation work. This acquisition will not have a material impact on the net sales or net income of the Company.

(4) Stock-Based Compensation

Sara Lee has various stock option, employee stock purchase and stock award plans in which the Company's employees participate and maintains available shares for future grants in the form of options, restricted shares or stock appreciation rights to Company employees and other employees of Sara Lee.

On July 3, 2005, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" using the modified prospective method. SFAS No. 123R requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards. Under the modified prospective method of SFAS No. 123R, the Company will recognize compensation cost for all share-based payments granted after July 3, 2005, plus any awards granted to employees prior to July 3, 2005, that remain unvested at that time. Under this method of adoption, no restatement of prior periods is made. The impact of adopting FAS No. 123(R) did not have a significant impact on income before income taxes, net income, or cash flow from operations during the thirty-nine weeks ended April 1, 2006.

Prior to July 3, 2005, the Company recognized the cost of employee services received in exchange for equity instruments in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). APB 25 required the use of the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock over the amount the employee must pay for the stock. Compensation expense for substantially all of the corporation's equity-based awards was measured under APB 25 on the date the shares were granted. Under APB 25, no compensation expense has been recognized for stock options, replacement stock options and shares sold under the Employee Stock Purchase Plan. Compensation expense was recognized under APB 25 for the cost of restricted share unit awards granted to employees.

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

During the thirty-nine weeks ended April 2, 2005, had the cost of employee services received in exchange for equity instruments been recognized based on the grant-date fair value of those instruments in accordance with the provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-based Compensation," the Company's net income would have been impacted as shown in the following table.

	Thirty-nine Weeks Ended April 2, 2005
Reported net income	$ 227,493
Plus—Stock-based employee compensation included in reported net income, net of related tax effects	5,131
Less—Stock-based employee compensation expense determined under the fair-value method for all awards, net of related tax effects	(8,810)
Pro forma net income	$ 223,814

Stock Options

The exercise price of each stock option equals or exceeds the market price of Sara Lee's stock on the date of grant. Options can generally be exercised over a maximum term of 10 years. Options generally vest ratably over three years. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model using the weighted average assumptions as outlined in the following table.

	Thirty-nine Weeks Ended April 1, 2006	Fiscal Year 2005
Weighted average expected lives	6.1 years	3.3 years
Weighted average risk-free interest rate	4.3%	3.3%
Range of risk-free interest rates	4.3%	2.8 - 3.9%
Weighted average expected volatility	26.4%	23.0%
Range of expected volatility	26.4%	20.9 - 24.5%
Expected dividend yield	4.0%	3.4%

The Company uses historical volatility for a period of time that is comparable to the expected life of the option to determine volatility assumptions. The Company has discontinued the granting of replacement options after the start of fiscal 2006. As a result of this change, the Company utilizes the simplified method outlined in SEC Staff Accounting Bulletin No. 107 to estimate expected lives for options granted during the period.

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

A summary of the changes in stock options outstanding under Sara Lee's option plans during the thirty-nine weeks ended April 1, 2006 is presented below:

Shares in Thousands	Securities Underlying Options	Weighted Average Exercise Price per share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options Outstanding at July 2, 2005	14,333	$ 21.82	3.7	$ 5,783
Granted	129	19.54		
Exercised	(94)	15.13		
Canceled/expired	(1,316)	23.30		
Net transfers in(out)	(98)	21.93		
Options Outstanding at April 1, 2006	12,954	21.70	3.1	2,346
Options Exercisable at April 1, 2006	12,825	21.72	3.0	2,346

The weighted average grant date fair value of options granted during the thirty-nine weeks ended April 1, 2006 and fiscal 2005 were $3.99 and $3.39, respectively. The total intrinsic value of options exercised during the thirty-nine weeks ended April 1, 2006 and fiscal 2005 were $344 and $11,902, respectively. The fair value of options that vested during the thirty-nine weeks ended April 1, 2006 was $71,186. Sara Lee received cash from the exercise of stock options during the thirty-nine weeks ended April 1, 2006 of $1,426. As of April 1, 2006, the Company had $262 of total unrecognized compensation expense related to stock option plans that will be recognized in approximately six months.

Employee Stock Purchase Plan

The Sara Lee Employee Stock Purchase Plan ("ESPP") permitted eligible full-time employees to purchase a limited number of shares of Sara Lee's common stock at 85% of market value. In November 2005 Sara Lee eliminated the 15% discount on shares acquired through the ESPP. Purchases after that date under the ESPP plan are at the fair value of the shares. Under the plan, Sara Lee sold 228,383 and 448,774 shares to Company employees during the thirty-nine weeks ended April 1, 2006 and fiscal 2005, respectively. Compensation expense is calculated for the fair value of the employees' purchase rights using the Black-Scholes model. Assumptions include an expected life of 1/4 of a year and weighted average risk-free interest rates of 3.7% in the thirty-nine weeks ended April 1, 2006 and 2.3% in fiscal 2005. Other underlying assumptions are consistent with those used for Sara Lee's stock option plans described above. The weighted average fair value of individual options granted year to date fiscal 2006 and fiscal 2005 were $3.48 and $4.06, respectively.

Stock Unit Awards

Restricted stock units ("RSUs") are granted to certain employees to incent performance and retention over periods ranging from one to five years. Upon the achievement of defined goals, the RSUs are converted into shares of the Sara Lee's common stock on a one-for-one basis and issued to the employees. A vast majority of all RSUs vest solely upon continued future service to the company. A small portion of RSUs vest based upon continued future employment and the achievement of certain defined performance measures. The cost of these awards is determined using the fair value of the shares on the date of grant, and compensation is recognized over the period during which the employees provide the requisite service to the company. A summary of the changes

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

in the stock unit awards outstanding under Sara Lee's benefit plans during the thirty-nine weeks ended April 1, 2006 is presented below:

Shares in Thousands	Shares	Weighted Average Grant-Date Per Share Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Nonvested share units at July 2, 2005	1,618	$ 20.33	1.0	$ 32,885
Granted	237	19.23		
Vested	(786)	19.60		
Forfeited	(26)	20.99		
Net transfers	29	20.66		
Nonvested share units at April 1, 2006	1,072	$ 20.64	1.0	$ 22,128
Exercisable share units at April 1, 2006	45	$ 18.67	2.6	$ 833

The total fair value of share-based units that vested during the thirty-nine weeks ended April 1, 2006 was $15,395. As of April 1, 2006, the Company had $3,355 of total unrecognized compensation expense related to stock unit plans which will be recognized over the weighted average period of 0.7 years.

For all share-based payments, during the thirty-nine weeks ended April 1, 2006, the Company recognized total compensation expense of $13,304, and recognized a tax benefit of $5,175. Sara Lee will satisfy the requirement for common shares for share-based payments to Company employees and other employees by issuing newly authorized shares.

(5) Exit Activities

The reported results for the thirty-nine weeks of 2006 and 2005, reflect amounts that have been recognized for exit activities, including the impact of certain activities that were completed for amounts more favorable than previously estimated. The following is a summary of the expense (income) associated with these actions. These amounts are recognized in the "Charges for (income from) exit activities" line of the Unaudited Interim Condensed Combined and Consolidated Statements of Income.

	Thirty-nine Weeks Ended	
	April 2, 2005	April 1, 2006
Exit and disposal programs:		
2006 Restructuring actions	$ —	$ 1,286
2005 Restructuring actions	—	(186)
2004 Restructuring actions	(682)	(155)
Business Reshaping	(133)	—
(Increase) decrease in income before income taxes	$ (815)	$ 945

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

The impact of these actions on the Company's business segments and general corporate expenses is summarized as follows:

	Thirty-nine Weeks Ended	
	April 2, 2005	April 1, 2006
Innerwear	$ (583)	$ 67
Outerwear	(9)	292
Hosiery	—	(17)
International	(223)	743
(Increase) decrease in operating segment income	(815)	1,085
(Decrease) in general corporate expense	—	(140)
(Increase) decrease in income from operations	$ (815)	$ 945

The following provides a more detailed description of the exit activities impacting the reported results for the thirty-nine weeks of 2006 and 2005.

2006 Restructuring Actions

During the third quarter of 2006, the Company approved actions to exit certain business activities and lower its cost structure. Each of these actions is to be completed within a 12-month period after being approved. The net impact of these actions was to reduce income before income taxes by $1,286 and these actions impacted the operating income of the Company's business segments as follows: Innerwear—a charge of $211; Outerwear—a charge of $292; and International—a charge of $783. The charge represents costs associated with terminating 296 employees and providing them with severance benefits in accordance with benefit plans previously communicated to the affected employee group. Of the 296 employees, 131 are located in the U.S. and 165 are located in Mexico. As of April 1, 2006, no actions have been completed and no payments have been made against these approved exit activities. Payments are expected to be made primarily in the next year.

2005 Restructuring Actions

During the fourth quarter of 2005, the Company approved a series of actions to exit certain defined business activities and lower its cost structure. Each of these actions was to be completed within a 12-month period after being approved. Through the thirty-nine weeks ended April 1, 2006, certain of these actions were completed for amounts more favorable than originally estimated. As a result, costs previously accrued were adjusted and resulted in an increase of $186 to income before income taxes for the thirty-nine weeks ended April 1, 2006. The $186 consists of a credit for employee termination benefits and resulted from the actual costs to settle termination obligations being lower than expected and certain employees not being severed as originally planned. This adjustment is reflected in the "Charges for (income from) exit activities" line of the Unaudited Interim Condensed Combined and Consolidated Statements of Income and increased the operating results of the Company's business segments as follows: Innerwear—$46 and Corporate—$140.

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

The following table summarizes the cumulative charges taken for the exit activities approved during 2005 and the related status as of April 1, 2006. Any accrued amounts remaining as of April 1, 2006 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid out in the next two years.

	Cumulative Exit Costs Recognized	Non Cash Charges	Cash Payments	Accrued Exit Costs as of April 1, 2006
Employee termination and other benefits	$ 46,436	$ —	$(21,470)	$ 24,966
Noncancelable leases and other contractual obligations	2,841	—	(2,841)	—
Accelerated depreciation	4,549	(4,549)	—	—
Total exit costs	$ 53,826	$(4,549)	$(24,311)	$ 24,966

The following table summarizes planned employee terminations by location and business segment at April 1, 2006:

Number of Employees	Innerwear	Outerwear	Hosiery	International	Corporate	Total
United States	251	95	70	—	298	714
Canada	—	—	—	209	—	209
Mexico	—	—	—	139	—	139
	251	95	70	348	298	1,062
Actions Completed	228	84	46	320	271	949
Actions Remaining	23	11	24	28	27	113
	251	95	70	348	298	1,062

2004 Restructuring Actions

During 2004, the Company approved a series of actions to exit certain defined business activities and lower its cost structure. Since approval, certain of these actions were completed for amounts more favorable than originally estimated. As a result, costs previously accrued were adjusted and resulted in increases of $682 and $155 to income before income taxes for the thirty-nine weeks ended April 2, 2005 and April 1, 2006, respectively. These adjustments consist of credits for employee termination benefits and resulted from the actual costs to settle termination obligations being lower than expected and certain employees originally targeted for termination not being severed as originally planned. These adjustments are reflected in the “Charges for (income from) exit activities” line of the Unaudited Interim Condensed Combined and Consolidated Statements of Income. The adjustment for the thirty-nine weeks ended April 2, 2005 increased the operating results of the Company’s business segments as follows: Innerwear—$450; Outerwear—$9; and International—$223. The adjustment for the thirty-nine weeks ended April 1, 2006 increased the operating results of the Company’s business segments as follows: Innerwear—$98; Hosiery—$17; and International—$40.

The following table summarizes the cumulative charges taken for the exit activities approved during 2004 and the related status as of April 1, 2006. Any accrued amounts remaining as of April 1, 2006 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid in the next year.

	Cumulative Exit Costs Recognized	Cash Payments	Accrued Exit Costs as of April 1, 2006
Employee termination and other benefits	$ 26,507	$(25,328)	$ 1,179

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

Business Reshaping

Beginning in the second quarter of 2001, the Company's management approved a series of actions to exit certain defined business activities. The final series of actions was approved in the second quarter of 2002. Each of these actions was to be completed in a 12-month period after being approved. All actions included in this program have been completed. The impact of these actions on income before income taxes is described below.

Through the first nine months of 2005, certain noncancelable lease and other contractual obligations under this program were settled for amounts that were more favorable than originally anticipated. As a result, the costs previously accrued were adjusted and resulted in an increase of $133 to income before income taxes. This adjustment is reflected in the "Charges for (income from) exit activities" line of the Unaudited Interim Condensed Combined and Consolidated Statement of Income and increased the operating income of the Innerwear segment.

The following table summarizes the cumulative charges taken for approved exit activities under the Business Reshaping program since 2001 and the related status as of April 1, 2006. Any accrued amounts remaining as of April 1, 2006 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid in the next four years.

	Cumulative Exit Costs Recognized	Actual Loss on Asset Disposal	Cash Payments	Accrued Exit Costs As of April 1, 2006
Employee termination and other benefits	$ 81,483	$ —	$(81,483)	$ —
Pension termination costs	557	—	—	557
Other exit costs—includes noncancelable lease and other contractual obligations	10,277	—	(8,376)	1,901
Losses on disposals of property and equipment and other related costs	26,929	(26,929)	—	—
Losses on disposals of inventories	15,364	(15,364)	—	—
Moving and other related costs	1,862	—	(1,862)	—
	$136,472	$(42,293)	$(91,721)	$ 2,458

(6) Inventories

	July 2, 2005	April 1, 2006
Inventories consisted of the following:		
Raw materials	$ 93,813	$ 102,763
Work in process	181,556	187,439
Finished goods	987,188	967,704
	$ 1,262,557	$ 1,257,906

(7) Notes Payable to Banks

The Company maintains the following short term obligations at April 1, 2006:

	Interest Rate	Principal Amount
364-day credit facility	4.45%	$ 27,540
Other	4.69%	2,835
		$ 30,375

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

The Company maintains a 364-day short-term non-revolving credit facility under which the Company can borrow up to 107 million Canadian dollars at a floating rate of interest that is based upon either the announced bankers acceptance lending rate plus 0.6% or the Canadian prime lending rate. The facility expires at the end of the 364-day period; however, the Company and the bank have renewed the facility during fiscal 2003, 2004 and 2005. The amount of the facility cannot be increased until the next renewal date. At the end of the third quarter of fiscal 2006, the Company had borrowings under this facility of $27,540 at an interest rate of 4.45%. Total interest paid on third party debt instruments was $2,008 and $2,091 for the thirty-nine weeks ended April 2, 2005 and April 1, 2006, respectively.

(8) Derivatives

The Company is exposed to changes in foreign exchange rates. To manage the risk from these changes, the Company uses derivative instruments and enters into various hedging transactions. As of July 2, 2005, the net accumulated derivative gain recorded in Accumulated Other Comprehensive Income was $475. During the thirty-nine weeks ended April 1, 2006, $887 of accumulated net derivative losses were deferred into Accumulated Other Comprehensive Income and $707 of accumulated net derivative gains were released from Accumulated Other Comprehensive Income into earnings since the related hedged item was realized during the period, resulting in a balance in Accumulated Other Comprehensive Income at April 1, 2006 of an accumulated loss of $1,119. The Company expects to reclassify into earnings during the next twelve months, net losses from Accumulated Other Comprehensive Income of approximately $1,359, at the time of the underlying hedged transaction is realized.

During the thirty-nine weeks ended April 1, 2006, the Company reported insignificant amounts for hedge ineffectiveness related to cash flow hedges. There were no amounts excluded from the assessment of effectiveness, or gains or losses resulting from the disqualification of hedge accounting for the thirty-nine weeks ended April 1, 2006.

(9) Employee Benefit Plans

The Company sponsors a noncontributory defined benefit plan, the Playtex Apparel, Inc. Pension Plan, for certain qualifying individuals.

Historically employees who meet certain eligibility requirements have participated in defined benefit pension plans sponsored by Sara Lee. These defined pension plans include employees from a number of domestic Sara Lee business units. All obligations pursuant to these plans have historically been obligations of Sara Lee and as such, are not included on the Company’s Unaudited Interim Condensed Combined and Consolidated Balance Sheets. The annual cost of the Sara Lee defined benefit plans is allocated to all of the participating businesses based upon a specific actuarial computation which is followed consistently. The cost allocated to the Company by Sara Lee during the thirty-nine weeks ended April 2, 2005 and April 1, 2006 was $35,013 and $32,817, respectively. The estimated total annual funding to Sara Lee by the Company for participation in the defined benefit plan is $54,456.

(10) Postretirement Health-Care and Life-Insurance Plans

Historically, employees who meet certain eligibility requirements have participated in postretirement health- care and life insurance plans sponsored by Sara Lee. These plans include employees from a number of domestic Sara Lee business units. The annual cost of the Sara Lee plans is allocated to all of the participating businesses based upon a specific actuarial computation which is consistently followed. All obligations pursuant to these plans have historically been obligations of Sara Lee and as such, are not included on the Company’s Unaudited

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

Interim Condensed Combined and Consolidated Balance Sheets. The cost allocated to the Company by Sara Lee during the thirty-nine weeks ended April 2, 2005 and April 1, 2006 was $5,846 and $6,371, respectively. The estimated total annual funding to Sara Lee by the Company for participation in the plans is $9,123.

(11) Income taxes

For the thirty-nine weeks ending April 1, 2006, taxes have been computed consistent with the Company's other interim period tax expense according to Accounting Principles Board Opinion No. 28, "Interim Financial Reporting" (APB 28) and Financial Accounting Standards Board Interpretation No. 18, "Accounting for Income Taxes in Interim Periods an Interpretation of APB Opinion No. 28" (FIN 18). The difference in the effective tax rate of 23.1% and the U.S. statutory rate of 35.0% is primarily attributable to unremitted earnings from foreign subsidiaries and tax incentives for manufacturing in Puerto Rico. A $248,118 valuation allowance exists for capital losses resulting from the sale of U.S. apparel capital assets in 2001 and 2003. These capital losses are due to expire unused in 2006 and 2008 and have a 100% valuation allowance. Cash taxes paid in foreign jurisdictions for the thirty-nine weeks ending April 1, 2006 and April 2, 2005 were $10,694 and $11,905, respectively.

(12) Relationship with Sara Lee and Related Entities

The Company participates in a number of corporate-wide programs administered by Sara Lee. These programs include participation in Sara Lee's Global Cash Funding System, insurance programs, employee benefit programs, worker's compensation programs and tax planning services. As part of the Company's participation in Sara Lee's Global Cash Funding System, Sara Lee provided all funding used for working capital purposes or other investment needs. These funding amounts are reflected in these financial statements and described further below. Sara Lee has issued debt for general corporate purposes and this debt and related interest have not been allocated to the Company's financial statements. The following is a discussion of the relationship with Sara Lee, the services provided and how they have been accounted for in the Company's financial statements.

Amounts due to or from Parent Companies and Related Entities

The amounts due (to) from parent companies and related entities were as follows:

	July 2, 2005	April 1, 2006
Due from related entities	$ 26,194	$ 229,375
Notes receivable from parent companies	90,551	507,678
Due to related entities	(59,943)	(36,472)
Funding payable with parent companies	(317,184)	(195,479)
Notes payable to parent companies	(228,152)	(203,536)
Notes payable to related entities	(323,046)	(453,063)
Net amount due to parent companies and related entities	$(811,580)	$(151,497)

Allocation of Corporate Costs

The costs of certain services that are provided by Sara Lee to the Company have been reflected in the financial statements, including charges for services such as business insurance, medical insurance, and employee

benefit plans and allocations for certain centralized administration costs for treasury, real estate, accounting, auditing, tax, risk management, human resources, and benefits administration. These allocations of centralized administration costs were determined using a proportional cost allocation method on bases that the Company and Sara Lee considered to be reasonable, including relevant operating profit, fixed assets, sales, and payroll. Allocated costs are included in the "Selling, general and administrative expenses" line of the Unaudited Interim Condensed Combined and Consolidated Income Statements and the "Parent companies' equity investment" line of the Unaudited Interim Condensed Combined and Consolidated Balance Sheets. The total amounts allocated for centralized administrative costs by Sara Lee in the thirty-nine weeks ended April 2, 2005 and April 1, 2006 were $25,660 and $27,118 respectively. These costs represent management's reasonable allocation of the costs incurred. However, these amounts may not be representative of the costs necessary for the Company to operate as a separate stand alone company.

Global Cash Funding System

The Company participates in Sara Lee's Global Cash Funding System. Sara Lee maintains a separate program for domestic operating locations and foreign locations.

Domestic Cash Funding System—In the Domestic Cash Funding System, the Company's operating locations maintain a bank account with a specific bank as directed by Sara Lee. These funding system bank accounts are linked together and are globally managed by Sara Lee. The Company records two types of transactions in the funding system bank account as follows—(1) cash collections from the Company's operations are deposited into the account, and (2) any cash borrowings or charges which are used to fund operations are taken from the account. Cash collections deposited into this account generally include all cash receipts made by the operating locations. Cash borrowings made by the Company from the Sara Lee cash concentration system were used to fund operating expenses. Interest is not earned or paid on the domestic cash funding system account. A portion of cash in the Company's bank accounts is part of the funding system utilized by Sara Lee where the bank has a right of offset for the Company accounts against other Sara Lee accounts.

For the thirty-nine weeks ended April 1, 2006, the ending balance in the domestic cash funding system was a payable of $195,479, a decrease of $121,705 from the July 2, 2005 ending payable of $317,184.

The payable at the end of each period is reported in the "Funding payable with parent companies" line of the Unaudited Interim Condensed Combined and Consolidated Balance Sheets. These amounts are generally settled on a monthly basis, and therefore have been shown in current assets or liabilities on the Unaudited Interim Condensed Combined and Consolidated Balance Sheets.

Foreign Cash Pool System—The Company maintains a bank account with a bank selected by Sara Lee in each foreign operating location. Within each country, one Sara Lee entity is designated as the cash pool leader and the individual bank accounts that each subsidiary maintains are linked with the country's cash pool leader account. During each day, under the cash pooling arrangement, each individual participant can either deposit funds into the cash pool account from the collection of receivables or withdraw funds from the account to fund working capital or other cash needs of the business. At the end of the day, the cash pool leader sweeps all cash balances in the country's cash pool accounts into the cash pool leader's account, or funds any overdrawn accounts so that each cash pool participant account has a zero balance at the end of the day. The cash pool leader controls all funds in the leader's account. As cash is swept into or out of a cash pool account, an intercompany payable or receivable is established between the cash pool leader and the participant. The net receivable or payable balance in the intercompany account earns interest or pays interest at the applicable country's market

(dollars in thousands, except per share data)

rate. The net interest income (expense) recognized on the cash pool intercompany account by the Company for the thirty-nine weeks ended April 2, 2005 and April 1, 2006 was $71 and ($1,204), respectively. At the end of the third quarter of 2005 and 2006, the Company reported the cash pool balances of $16,697 and $1, respectively, in the "Due from related entities" line and $29,148 and $34,383, respectively, in the "Due to related entities" line of the Unaudited Interim Condensed Combined and Consolidated Balance Sheets, respectively. Sara Lee and the Company do not intend on repaying any of these outstanding amounts as of the separation date and therefore have shown these amounts in current assets or liabilities on the Unaudited Interim Condensed Combined and Consolidated Balance Sheet.

Intercompany Loans

Certain of the Company's divisions have various short-term loans to and from Sara Lee and other parent companies. The purpose of these loans is to provide funds for certain working capital or other capital and operating requirements of the business. These loans maintain fixed interest rates ranging from 2.37% to 5.60% at April 2, 2005 and April 1, 2006. The balances are reported in the short-term "Notes payable to parent companies" line and the short-term "Notes receivable from parent companies" line in the Unaudited Interim Condensed Combined and Consolidated Balance Sheets. Sara Lee and the Company do not intend on repaying any of these outstanding amounts as of the separation date and therefore have shown these amounts in current assets or liabilities on the Unaudited Interim Condensed Combined and Consolidated Balance Sheets.

Other transactions with Sara Lee related entities

During all periods presented, the Company's entities engaged in certain transactions with other Sara Lee businesses that are not part of the Company, which include the purchase and sale of certain inventory, the exchange of services, and royalty arrangements involving the use of trademarks or other intangibles.

Transactions with related entities are summarized in the table below:

	Thirty-nine weeks ended	
	April 2, 2005	April 1, 2006
Sales to related entities	$ 1,089	$ 1,482
Net royalty income	2,338	558
Net service expense	3,992	4,729
Interest expense	14,015	16,608
Interest income	6,442	5,538

The outstanding balances, excluding interest, resulting from such transactions are reported in the "Due to related entities" and the "Due from related entities" lines of the Unaudited Interim Condensed Combined and Consolidated Balance Sheets. Interest income and expense with related entities are reported in the "Interest income" and "Interest expense" lines of the Unaudited Interim Condensed Combined and Consolidated Statements of Income. The remaining balances included in these lines represent interest with third parties.

In addition to trade transactions, certain divisions within the Company have outstanding loans payable to related entities. The purpose of these loans is to provide additional capital to support operating requirements. These loans maintain fixed interest rates that are consistent with those related to intercompany loans with parent companies. The balances are reported in the "Notes Payable to related entities" line of the Unaudited Interim Condensed Combined and Consolidated Balance Sheets.

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

(13) Business Segment Information

The Company has four reportable segments that are organized principally by product category and geographic location. Management of each segment is responsible for the assets and operations of these businesses. 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, sleepwear and socks.
- Outerwear sells basic branded products that are seasonal in nature under the product categories of casualwear and activewear.
- Hosiery sells legwear products in product categories such as pantyhose and knee highs.
- International relates to the Asia, Canada and Latin America geographic locations which sell products that span across the each of the Company's reportable segments.

The Company's management uses operating segment income, which is defined as operating income before general corporate expenses and amortization of trademarks and customer relationship intangibles, to evaluate segment performance and allocate resources. Management believes it is appropriate to disclose this measure to help investors analyze the business performance and trends of the various business segments. Interest and other debt expense, as well as income tax expense, are centrally managed, and accordingly, such items are not presented by segment since they are not included in the measure of segment profitability reviewed by management.

	Thirty-nine Weeks Ended	
	April 2, 2005	April 1, 2006
Net sales (1)(2):		
Innerwear	$ 2,012,896	$ 1,957,146
Outerwear	1,012,667	930,916
Hosiery	289,459	244,964
International	258,716	293,819
Net sales	3,573,738	3,426,845
Intersegment	(45,405)	(74,146)
Total net sales	$ 3,528,333	$ 3,352,699

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

	Thirty-nine Weeks Ended	
	April 2, 2005	April 1, 2006
Operating segment income:		
Innerwear	$ 209,844	$ 246,900
Outerwear	57,812	65,734
Hosiery	56,934	49,238
International	21,881	20,783
Total operating segment income	346,471	382,655
Amortization of trademarks and other intangibles	(6,198)	(6,527)
General corporate expenses not allocated to the segments	(15,729)	(22,438)
Total income from operations	324,544	353,690
Net interest income (expense)	860	(11,512)
Income before income taxes	$ 325,404	$ 342,178

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

	July 2, 2005	April 1, 2006
Assets:		
Innerwear	$ 2,797,295	$ 2,439,944
Outerwear	840,683	936,138
Hosiery	160,953	145,395
International	284,868	299,499
	4,083,799	3,820,976
Corporate (3)	153,355	384,136
Total assets	$ 4,237,154	$ 4,205,112

	Thirty-nine Weeks Ended	
	April 2, 2005	April 1, 2006
Depreciation expense for fixed assets:		
Innerwear	$ 41,674	$ 38,462
Outerwear	15,468	16,983
Hosiery	10,585	8,463
International	2,370	2,506
	70,097	66,414
Corporate	7,791	9,383
Total depreciation expense for fixed assets	$ 77,888	$ 75,797

	Thirty-nine Weeks Ended	
	April 2, 2005	April 1, 2006
Additions to long-lived assets:		
Innerwear	$ 13,237	$ 20,720
Outerwear	15,125	34,536
Hosiery	887	2,630
International	1,486	2,650
	30,735	60,536
Corporate	11,204	12,765
Total additions to long-lived assets	$ 41,939	$ 73,301

(1) Includes sales between segments. Such sales are at transfer prices that are at cost plus markup or at prices equivalent to market value.

(2) Intersegment sales included in the segment's net sales are as follows:

	Thirty-nine Weeks Ended	
	April 2, 2005	April 1, 2006
Innerwear	$ 3,474	$ 4,182
Outerwear	13,117	15,740
Hosiery	25,130	28,146
International	3,684	26,078
Total	$ 45,405	$ 74,146

(3) Principally cash and equivalents, certain fixed assets, deferred tax assets and certain other noncurrent assets.

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Notes to Unaudited Interim Condensed Combined and Consolidated Financial Statements—(Continued)
(dollars in thousands, except per share data)

(14) Intangibles

Effective with the second quarter of 2006, the Company reclassified the $79.0 million *Playtex* trademark as a finite lived asset rather than an indefinite life asset. As a result, the Company began amortizing the *Playtex* trademark over a period of 30 years. The estimated amortization expense for fiscal 2007, assuming no change in the estimated useful lives of the identifiable intangible assets or changes in foreign exchange rates, is $8,270.

(15) Comprehensive Income

SFAS No. 130, *Reporting Comprehensive Income*, requires that all components of comprehensive income, including net income, be reported in the financial statements in the period in which they are recognized. Comprehensive income is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. Net income and other comprehensive income, including foreign currency translation adjustments and unrealized gains and losses on qualifying cash flow hedges, shall be reported, net of their related tax effect, to arrive at comprehensive income. The Company's comprehensive income is as follows:

	Thirty-nine Weeks Ended	
	April 2, 2005	April 1, 2006
Net income	$ 227,493	$ 263,208
Translation adjustments	11,274	3,666
Net unrealized loss on qualifying cash flow hedges, net of tax	(1,585)	(942)
Comprehensive income	$ 237,182	$ 265,932

(16) Issued But Not Yet Effective Accounting Standards

Accounting Changes and Error Corrections

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 154, "Accounting Changes and Error Corrections" ("SFAS No. 154"), which requires retroactive application of a voluntary change in accounting principle to prior period financial statements unless it is impractical. SFAS No. 154 also requires that a change in method of depreciation, amortization, or depletion for long-lived, non-financial assets be accounted for as a change in accounting estimate that is affected by a change in accounting principle. SFAS No. 154 replaces APB Opinion 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." The Company will adopt the provisions of SFAS No. 154, effective in 2007. Management currently believes that adoption of the provisions of SFAS No. 154 will not have a significant impact on the financial statements.

VALUATION AND QUALIFYING ACCOUNTS

Years ended June 28, 2003, July 3, 2004, and July 2, 2005

(in thousands)

Description	Balance at Beginning of Year	Additions charged to costs and expenses	Deductions (1)	Other (2)	Balance at End of Year
Allowance for trade accounts receivable					
Years-ended:					
June 28, 2003	$ 61,939	$ 37,507	$(43,148)	$ (186)	$ 56,112
July 3, 2004	56,112	84,239	(79,988)	(455)	59,908
July 2, 2005	59,908	68,752	(81,887)	1,056	47,829

(1) Represents accounts receivable written-off.

(2) Represents primarily currency translation adjustments.