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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended October 1, 2011
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 001-32891

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

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

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

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

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

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

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

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

As of October 28, 2011, there were 97,170,548 shares of the registrant's common stock outstanding.

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Trademarks, Trade Names and Service Marks

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

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as “may,” “believe,” “will,” “expect,” “project,” “estimate,” “intend,” “anticipate,” “plan,” “continue” or similar expressions. In particular, statements under the headings “Outlook for 2011” and “Business and Industry Trends” and other information appearing under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” include forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission (the “SEC”), including our Annual Report on Form 10-K for the year ended January 1, 2011, particularly under the caption “Risk Factors.”

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report on Form 10-Q or our Annual Report on Form 10-K for the year ended January 1, 2011, particularly under the caption “Risk Factors.” We undertake no obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

WHERE YOU CAN FIND MORE INFORMATION

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

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

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PART I

Item 1. ***Financial Statements***

HANESBRANDS INC.

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

	Quarter Ended		Nine Months Ended	
	October 1, 2011	October 2, 2010	October 1, 2011	October 2, 2010
Net sales	$ 1,230,185	$ 1,173,362	$ 3,491,828	$ 3,177,054
Cost of sales	804,742	809,487	2,284,620	2,110,943
Gross profit	425,443	363,875	1,207,208	1,066,111
Selling, general and administrative expenses	272,761	249,815	804,215	743,534
Operating profit	152,682	114,060	402,993	322,577
Other expenses	880	1,094	2,295	5,128
Interest expense, net	38,262	36,326	118,545	110,394
Income before income tax expense	113,540	76,640	282,153	207,055
Income tax expense	22,708	15,328	56,430	23,818
Net income	$ 90,832	$ 61,312	$ 225,723	$ 183,237
Earnings per share:				
Basic	$ 0.93	$ 0.64	$ 2.31	$ 1.90
Diluted	$ 0.91	$ 0.63	$ 2.28	$ 1.87
Weighted average shares outstanding:				
Basic	97,925	96,496	97,559	96,417
Diluted	99,535	97,752	99,200	97,790

See accompanying notes to Condensed Consolidated Financial Statements.

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HANESBRANDS INC.

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

	October 1, 2011	January 1, 2011
Assets		
Cash and cash equivalents	$ 47,997	$ 43,671
Trade accounts receivable less allowances of $16,779 at October 1, 2011 and $19,192 at January 1, 2011	589,439	503,243
Inventories	1,726,372	1,322,719
Deferred tax assets	146,357	149,431
Other current assets	64,694	128,607
Total current assets	2,574,859	2,147,671
Property, net	636,409	631,254
Trademarks and other identifiable intangibles, net	173,156	178,622
Goodwill	432,671	430,144
Deferred tax assets and other noncurrent assets	401,485	402,311
Total assets	$4,218,580	$3,790,002
Liabilities and Stockholders' Equity		
Accounts payable	$ 505,884	$ 412,369
Accrued liabilities	322,588	276,303
Notes payable	34,111	50,678
Current portion of debt	175,000	90,000
Total current liabilities	1,037,583	829,350
Long-term debt	2,005,735	1,990,735
Other noncurrent liabilities	425,021	407,243
Total liabilities	3,468,339	3,227,328
Stockholders' equity:		
Preferred stock (50,000,000 authorized shares; $.01 par value)		
Issued and outstanding — None	—	—
Common stock (500,000,000 authorized shares; $.01 par value)		
Issued and outstanding — 97,165,403 at October 1, 2011 and 96,207,025 at January 1, 2011	972	962
Additional paid-in capital	257,881	294,829
Retained earnings	705,820	480,098
Accumulated other comprehensive loss	(214,432)	(213,215)
Total stockholders' equity	750,241	562,674
Total liabilities and stockholders' equity	$4,218,580	$3,790,002

See accompanying notes to Condensed Consolidated Financial Statements.

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HANESBRANDS INC.

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

	Nine Months Ended October 1, 2011	Nine Months Ended October 2, 2010
Operating activities:		
Net income	$ 225,723	$ 183,237
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	55,707	54,232
Amortization of intangibles	10,861	9,046
Write-off on early extinguishment of debt	—	2,340
Amortization of debt issuance costs	7,799	9,724
Amortization of loss on interest rate hedge	8,928	13,732
Stock compensation expense	5,901	8,320
Deferred taxes and other	2,970	(10,224)
Changes in assets and liabilities:		
Accounts receivable	(90,942)	(77,782)
Inventories	(404,801)	(333,132)
Other assets	2,305	9,112
Accounts payable	93,526	109,964
Accrued liabilities and other	55,149	(15,643)
Net cash used in operating activities	(26,874)	(37,074)
Investing activities:		
Purchases of property, plant and equipment	(68,744)	(78,570)
Acquisition of business	(9,154)	—
Proceeds from sales of assets	12,659	45,469
Other	—	(519)
Net cash used in investing activities	(65,239)	(33,620)
Financing activities:		
Borrowings on notes payable	305,257	991,061
Repayments on notes payable	(322,185)	(1,015,338)
Borrowings on Accounts Receivable Securitization Facility	229,396	191,424
Repayments on Accounts Receivable Securitization Facility	(144,396)	(141,424)
Borrowings on Revolving Loan Facility	2,448,500	1,597,500
Repayments on Revolving Loan Facility	(2,433,500)	(1,459,000)
Payments to amend credit facilities	(3,757)	(1,688)
Proceeds from stock options exercised	16,784	3,437
Repayment of debt under 2009 Senior Secured Credit Facility	—	(59,063)
Other	1,393	308
Net cash provided by financing activities	97,492	107,217
Effect of changes in foreign exchange rates on cash	(1,053)	30
Increase in cash and cash equivalents	4,326	36,553
Cash and cash equivalents at beginning of year	43,671	38,943
Cash and cash equivalents at end of period	$ 47,997	$ 75,496

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

(1) Basis of Presentation

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

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

(2) Recent Accounting Pronouncements

Fair Value Disclosures

In January 2010, the Financial Accounting Standards Board (the "FASB") issued new accounting rules related to the disclosure requirements for fair value measurements. The new accounting rules require new disclosures regarding significant transfers between Levels 1 and 2 of the fair value hierarchy and the activity within Level 3 of the fair value hierarchy. The new accounting rules also clarify existing disclosures regarding the level of disaggregation of assets or liabilities and the valuation techniques and inputs used to measure fair value. The new accounting rules were effective for the Company in the first quarter of 2010, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures were effective for the Company in the first quarter of 2011. The adoption of these new rules did not have a material impact on the Company's financial condition, results of operations or cash flows but resulted in certain additional disclosures reflected in Note 8.

Fair Value Measurements

In May 2011, the FASB issued new accounting rules related to fair value measurements. The new accounting rules clarify some existing concepts, eliminate wording differences between GAAP and International Financial Reporting Standards ("IFRS"), and in some limited cases, change some principles to achieve convergence between GAAP and IFRS. The new accounting rules result in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and IFRS. The new accounting rules also expand the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. The new accounting rules will be effective for the Company beginning after December 15, 2011. The Company does not expect the adoption of the new accounting rules to have a material effect on the Company's financial condition, results of operations or cash flows.

HANESBRANDS INC.

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

Presentation of Comprehensive Income

In June 2011, the FASB issued new accounting rules that require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. The new accounting rules eliminate the option to present components of other comprehensive income as part of the statement of equity. The new accounting rules will be effective for the Company beginning after December 15, 2011. The Company does not expect the adoption of the new accounting rules to have a material effect on the Company's financial condition, results of operations or cash flows.

Goodwill Impairment Testing

In September 2011, the FASB issued new accounting rules related to testing goodwill for impairment. The new accounting rules permit an entity to first assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, it is necessary to perform the two-step goodwill impairment test prescribed under current accounting rules. Otherwise, the two-step goodwill impairment test is not required. The new accounting rules will be effective for the Company beginning after December 15, 2011. The Company does not expect the adoption of the new accounting rules to have a material effect on the Company's financial condition, results of operations or cash flows.

(3) Earnings Per Share

Basic earnings per share ("EPS") was computed by dividing net income by the number of weighted average shares of common stock outstanding during the quarters and nine months ended October 1, 2011 and October 2, 2010. Diluted EPS was calculated to give effect to all potentially dilutive shares of common stock using the treasury stock method. The reconciliation of basic to diluted weighted average shares outstanding for the quarters and nine months ended October 1, 2011 and October 2, 2010 is as follows:

	Quarter Ended		Nine Months Ended	
	October 1, 2011	October 2, 2010	October 1, 2011	October 2, 2010
Basic weighted average shares outstanding	97,925	96,496	97,559	96,417
Effect of potentially dilutive securities:				
Stock options	1,230	664	1,221	781
Restricted stock units	377	589	418	591
Employee stock purchase plan and other	3	3	2	1
Diluted weighted average shares outstanding	99,535	97,752	99,200	97,790

For the quarters ended October 1, 2011 and October 2, 2010, 13 and 0 restricted stock units, respectively, and options to purchase 0 and 606 shares of common stock, respectively, were excluded from the diluted earnings per share calculation because their effect would be anti-dilutive. For the nine months ended October 1, 2011 and October 2, 2010, 13 and 0 restricted stock units, respectively, and options to purchase 6 and 606 shares of common stock, respectively, were excluded from the diluted earnings per share calculation because their effect would be anti-dilutive.

HANESBRANDS INC.

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

(4) Trade Accounts Receivable

Allowances for Trade Accounts Receivable

The changes in the Company's allowance for doubtful accounts and allowance for chargebacks and other deductions for the quarter and nine months ended October 1, 2011 are as follows:

	Allowance for Doubtful Accounts	Allowance for Chargebacks and Other Deductions	Total
Balance at January 1, 2011	$ 11,116	$ 8,076	$19,192
Charged to expenses	(1,419)	1,538	119
Deductions and write-offs	(220)	(1,609)	(1,829)
Balance at April 2, 2011	9,477	8,005	17,482
Charged to expenses	(171)	1,467	1,296
Deductions and write-offs	(26)	(1,509)	(1,535)
Balance at July 2, 2011	9,280	7,963	17,243
Charged to expenses	766	1,110	1,876
Deductions and write-offs	(810)	(1,530)	(2,340)
Balance at October 1, 2011	$ 9,236	$ 7,543	$16,779

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

Sales of Accounts Receivable

The Company has entered into agreements to sell selected trade accounts receivable to financial institutions. After the sale, the Company does not retain any interests in the receivables and the applicable financial institution services and collects these accounts receivable directly from the customer. Net proceeds of these accounts receivable sale programs are recognized in the Condensed Consolidated Statements of Cash Flows as part of operating cash flows. The Company recognized funding fees of $880 and $2,295 during the quarter and nine months ended October 1, 2011 and $1,094 and $2,557 during the quarter and nine months ended October 2, 2010, respectively, for sales of accounts receivable to financial institutions in the "Other expenses" line in the Condensed Consolidated Statements of Income.

(5) Inventories

Inventories consisted of the following:

	October 1, 2011	January 1, 2011
Raw materials	$ 235,785	$ 155,744
Work in process	130,135	109,304
Finished goods	1,360,452	1,057,671
	$1,726,372	$1,322,719

HANESBRANDS INC.

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

(6) Debt

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

	Interest Rate as of October 1, 2011	Principal Amount October 1, 2011	Principal Amount January 1, 2011	Maturity Date
Revolving Loan Facility	5.50%	$ 15,000	$ —	December 2015
6.375% Senior Notes	6.38%	1,000,000	1,000,000	December 2020
8% Senior Notes	8.00%	500,000	500,000	December 2016
Floating Rate Senior Notes	3.77%	490,735	490,735	December 2014
Accounts Receivable Securitization Facility	1.43%	175,000	90,000	March 2012
		2,180,735	2,080,735	
Less current maturities		175,000	90,000	
		$2,005,735	$1,990,735	

As of October 1, 2011, the Company had $15,000 outstanding under the $600,000 revolving credit facility (the “Revolving Loan Facility”) under the senior secured credit facility that it entered into in 2006 and amended and restated in December 2009 (as amended and restated, the “2009 Senior Secured Credit Facility”), $12,729 of standby and trade letters of credit issued and outstanding under this facility and $572,271 of borrowing availability.

In February 2011, the Company amended the 2009 Senior Secured Credit Facility, which includes the Revolving Loan Facility, to reflect improved debt ratings. This amendment reduced the interest rate, extended the maturity date by two years to December 10, 2015, and increased the flexibility of debt covenants and the use of excess cash flow. In addition, the commitment fee for the unused portion of revolving loan commitments was reduced from 75 basis points to 50 basis points. Further, the applicable margin pricing grid for the loans, which varies based on the Company’s Leverage Ratio (as defined below), was reduced by 125 basis points at each applicable Leverage Ratio level.

Pursuant to this amendment, the ratio of total debt to EBITDA (the “Leverage Ratio”) that the Company may not exceed was increased from 4.00 to 1 for each fiscal quarter ending between October 16, 2010 and April 15, 2011 to 4.50 to 1, and will decline over time to 3.75 to 1. Also, the minimum ratio of EBITDA to consolidated total interest expense that the Company is required to maintain was decreased from 3.25 to 1 for each fiscal quarter ending between July 16, 2011 and October 15, 2012 to 3.00 to 1 and will increase over time to 3.25 to 1. In addition, the Company will be required to maintain a maximum ratio of senior secured indebtedness to EBITDA, which for each fiscal quarter ending between October 16, 2010 and October 15, 2012 cannot exceed 2.50 to 1 and will decline over time to 2.00 to 1. The methods of calculating all of the components used in these ratios are included in the 2009 Senior Secured Credit Facility. This amendment also significantly increased the flexibility of the indebtedness, investment and restricted payments baskets and use of excess cash flow under the 2009 Senior Secured Credit Facility. The Company incurred $3,089 in debt amendment fees in connection with the amendment, which will be amortized over the term of the 2009 Senior Secured Credit Facility.

In January 2011, the Company amended the accounts receivable securitization facility that it entered into in November 2007 (the “Accounts Receivable Securitization Facility”) to provide for two of the subsidiaries acquired by the Company in the Gear for Sports acquisition, in addition to the Company, to sell, on a revolving basis, certain domestic trade receivables pursuant to this facility. Prior to this amendment, the Accounts Receivable Securitization Facility contained the same financial ratio provisions as those contained in the 2009 Senior Secured Credit Facility. Pursuant to this amendment, the Company is required to maintain the financial ratios and other financial covenants contained from time to time in the 2009 Senior Secured Credit Facility, provided that any changes to such covenants after the date of this amendment will only be applicable for purposes of the Accounts Receivable Securitization Facility if approved by the managing agents under the Accounts Receivable Securitization Facility or their affiliates. This amendment also provided for certain other amendments to the Accounts Receivable Securitization Facility, including extending the termination date to March 31, 2011. In connection with this amendment, certain fees were due to the managing agents and certain fees payable to the committed purchasers and the conduit purchasers were decreased.

The Company also amended the Accounts Receivable Securitization Facility in March 2011. In order to take greater advantage of favorable interest rates, the amount of funding available under the Accounts Receivable Securitization Facility, which was initially $250,000 and which the Company reduced to $150,000 effective February 2010, was increased to $225,000. This amendment also provided for certain other amendments to the Accounts Receivable Securitization Facility, including extending the termination date to March 16, 2012. In addition, certain of the factors that contribute to the overall availability of funding were modified in a manner that, taken together, could result in an increase in the amount of funding that will be available under the facility. The Company incurred $668 in debt amendment fees in connection with the amendment, which will be amortized over the term of the Accounts Receivable Securitization Facility.

As of October 1, 2011, the Company was in compliance with all financial covenants under its credit facilities.

(7) Financial Instruments and Risk Management

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

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

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

HANESBRANDS INC.

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

Mark to Market Hedges

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

Mark to Market Hedges — Intercompany Foreign Exchange Transactions

The Company uses foreign exchange derivative contracts to reduce the impact of foreign exchange fluctuations on anticipated intercompany purchase and lending transactions denominated in foreign currencies. Foreign exchange derivative contracts are recorded as mark to market hedges when the hedged item is a recorded asset or liability that is revalued in each accounting period. Mark to market hedge derivatives relating to intercompany foreign exchange contracts are reported in the Condensed Consolidated Statements of Cash Flows as cash flow from operating activities. As of October 1, 2011, the U.S. dollar equivalent of commitments to purchase and sell foreign currencies in the Company's foreign currency mark to market hedge derivative portfolio was $1,000 and $76,406, respectively, using the exchange rate at the reporting date.

Cash Flow Hedges

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

Cash Flow Hedges — Interest Rate Derivatives

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

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

Cash Flow Hedges — Foreign Currency Derivatives

The Company uses forward exchange and option contracts to reduce the effect of fluctuating foreign currencies on short-term foreign currency-denominated transactions, foreign currency-denominated investments, and other known foreign currency exposures. Gains and losses on these contracts are intended to offset losses and gains on the hedged transaction in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates. The effective portion of foreign exchange hedge gains and losses deferred in "Accumulated other comprehensive loss" is reclassified into earnings as the underlying inventory is sold, using

HANESBRANDS INC.

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

historical inventory turnover rates. The settlement of foreign exchange hedge derivative contracts related to the purchase of inventory or other hedged items are reported in the Condensed Consolidated Statements of Cash Flows as cash flow from operating activities.

Historically, the principal currencies hedged by the Company include the Euro, Mexican peso, Canadian dollar and Japanese yen. Forward exchange contracts mature on the anticipated cash requirement date of the hedged transaction, generally within one year. As of October 1, 2011, the U.S. dollar equivalent of commitments to sell foreign currencies in the Company's foreign currency cash flow hedge derivative portfolio was $25,822, using the exchange rate at the reporting date.

Cash Flow Hedges — Commodity Derivatives

Cotton is the primary raw material used to manufacture many of the Company's products and is purchased at market prices. The Company is able to lock in the cost of cotton reflected in the price it pays for yarn from its primary yarn suppliers in an attempt to protect its business from the volatility of the market price of cotton. In addition, from time to time, the Company uses commodity financial instruments to hedge the price of cotton, for which there is a high correlation between the hedged item and the hedge instrument. Gains and losses on these contracts are intended to offset losses and gains on the hedged transactions in an effort to reduce the earnings volatility resulting from fluctuating commodity prices. There were no amounts outstanding under cotton futures or cotton option contracts at October 1, 2011 and January 1, 2011.

Fair Values of Derivative Instruments

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

		Fair Value	
	Balance Sheet Location	October 1, 2011	January 1, 2011
Derivative assets — hedges			
Interest rate contracts	Other current assets	$ —	$ 3
Foreign exchange contracts	Other current assets	1,533	408
Total derivative assets — hedges		1,533	411
Derivative assets — non-hedges			
Foreign exchange contracts	Other current assets	760	—
Total derivative assets		$ 2,293	$ 411
Derivative liabilities — hedges			
Foreign exchange contracts	Accrued liabilities	(127)	(874)
Total derivative liabilities — hedges		(127)	(874)
Derivative liabilities — non-hedges			
Foreign exchange contracts	Accrued liabilities	(436)	(471)
Total derivative liabilities		$ (563)	$ (1,345)
Net derivative asset (liability)		$ 1,730	$ (934)

HANESBRANDS INC.

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

The effect of cash flow hedge derivative instruments is as follows:

	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	
	Quarter Ended			Quarter Ended	
	October 1, 2011	October 2, 2010		October 1, 2011	October 2, 2010
Interest rate contracts	$ —	$ (82)	Interest expense, net	$ (2,550)	$ (4,214)
Foreign exchange contracts	3,486	(2,387)	Cost of sales	(96)	(514)
Total	$ 3,486	$ (2,469)		$ (2,646)	$ (4,728)

	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Loss (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)	
	Nine Months Ended			Nine Months Ended	
	October 1, 2011	October 2, 2010		October 1, 2011	October 2, 2010
Interest rate contracts	$ (3)	$ (499)	Interest expense, net	$ (9,187)	$ (13,836)
Foreign exchange contracts	223	(2,096)	Cost of sales	(1,013)	(1,138)
Total	$ 220	$ (2,595)		$ (10,200)	$ (14,974)

The Company expects to reclassify into earnings during the next 12 months a net loss from “Accumulated other comprehensive loss” of approximately $6,848. The amounts deferred in “Accumulated other comprehensive loss” associated with a Floating Rate Senior Notes interest rate hedge that was terminated at the time the Company entered into the 2009 Senior Secured Credit Facility were frozen at the termination date and will be amortized over the original remaining term of the interest rate hedge instrument. The unamortized balance in “Accumulated other comprehensive loss” was $8,115 as of October 1, 2011.

The changes in fair value of derivatives excluded from the Company’s effectiveness assessments and the ineffective portion of the changes in the fair value of derivatives used as cash flow hedges are reported in “Selling, general and administrative expenses” in the Condensed Consolidated Statements of Income. The Company recognized gains for the quarter and nine months ended October 1, 2011 related to ineffectiveness of hedging relationships for foreign exchange contracts of $254 and $191, respectively. The Company recognized gains (losses) for the quarter and nine months ended October 2, 2010 related to ineffectiveness of hedging relationships for foreign exchange contracts of $(1) and $6, respectively.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
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The effect of mark to market hedge derivative instruments on the Condensed Consolidated Statements of Income is as follows:

	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income Quarter Ended		Amount of Gain (Loss) Recognized in Income Nine Months Ended	
		October 1, 2011	October 2, 2010	October 1, 2011	October 2, 2010
Foreign exchange contracts	Selling, general and administrative expenses	$ 756	$ (1,838)	$ (2,330)	$ (1,309)
Total		$ 756	$ (1,838)	$ (2,330)	$ (1,309)

(8) Fair Value of Assets and Liabilities

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. A three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, is utilized for disclosing the fair value of the Company's assets and liabilities. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of October 1, 2011, the Company held certain financial assets and liabilities that are required to be measured at fair value on a recurring basis. These consisted of the Company's derivative instruments related to interest rates and foreign exchange rates. The Company's defined benefit pension plan investments are not required to be measured at fair value on a recurring basis. The fair values of interest rate derivatives are determined with pricing models using LIBOR interest rate curves, spreads, volatilities and other relevant information developed using market data and are categorized as Level 2. The fair values of foreign currency derivatives are determined using the cash flows of the foreign exchange contract, discount rates to account for the passage of time and current foreign exchange market data and are categorized as Level 2.

There were no changes during the quarter ended October 1, 2011 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis. There were no transfers between the three level categories and there were no Level 3 assets or liabilities measured on a quarterly basis during the quarter ended October 1, 2011. As of and during the quarter and nine months ended October 1, 2011, the Company did not have any non-financial assets or liabilities that were required to be measured at fair value on a recurring or non-recurring basis.

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

	Assets (Liabilities) at Fair Value as of October 1, 2011		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign exchange derivative contracts	$ —	$ 2,293	$ —
Foreign exchange derivative contracts	—	(563)	—
Total	$ —	$ 1,730	$ —

	Assets (Liabilities) at Fair Value as of January 1, 2011		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign exchange derivative contracts	$ —	$ 408	$ —
Foreign exchange derivative contracts	—	(1,345)	—
Interest rate derivative contracts	—	3	—
Total	$ —	$ (934)	$ —

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, trade accounts receivable, notes receivable and accounts payable approximated fair value as of October 1, 2011 and January 1, 2011. The fair value of debt was $2,149,091 and $2,060,828 as of October 1, 2011 and January 1, 2011 and had a carrying value of $2,180,735 and $2,080,735, respectively. The fair values were estimated using quoted market prices as provided in secondary markets which consider the Company's credit risk and market related conditions. The carrying amounts of the Company's notes payable approximated fair value as of October 1, 2011 and January 1, 2011, primarily due to the short-term nature of these instruments.

HANESBRANDS INC.

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

The Company's comprehensive income is as follows:

	Quarter Ended		Nine Months Ended	
	October 1, 2011	October 2, 2010	October 1, 2011	October 2, 2010
Net income	$ 90,832	$ 61,312	$225,723	$183,237
Translation adjustments	(14,254)	8,399	(7,483)	2,079
Amortization of loss on interest rate hedge, net of tax of $982, $1,672, $3,560 and $5,476, respectively	1,481	2,519	5,368	8,256
Net unrealized gain (loss) on qualifying cash flow hedges, net of tax of $1,463, $(771), $595 and $(540), respectively	2,206	(1,162)	897	(814)
Recognition of loss from pension plan settlement, net of tax of $0, $53, $0 and $53, respectively.	—	69	—	69
Amounts amortized into net periodic cost:				
Prior service cost, net of tax of $3, $3, $9 and $9, respectively	4	4	12	12
Actuarial loss, net of tax of $908, $860, $2,724 and $2,580, respectively	1,370	1,297	4,110	3,891
Comprehensive income	$ 81,639	$ 72,438	$228,627	$196,730

(10) Income Taxes

The Company's effective income tax rate was 20% for the quarter and nine months ended October 1, 2011, and 20% and 12% for the quarter and nine months ended October 2, 2010, respectively. The lower effective income tax rate of 12% for the nine months ended October 2, 2010 was primarily attributable to a one-time income tax benefit of approximately $20,000 resulting from the finalization of tax reviews and audits for amounts that were less than originally anticipated.

As previously disclosed, the Company and Sara Lee Corporation ("Sara Lee") have disagreed as to the amount of deferred taxes that should have been attributable to the Company's United States and Canadian operations on the Company's opening balance sheet as of September 6, 2006 following its spin off from Sara Lee. The computation of this amount is governed by a tax sharing agreement entered into in connection with the spin off. The Company and Sara Lee have had differing interpretations of the tax sharing agreement, and, in accordance with the dispute resolution provisions of the agreement, the Company and Sara Lee submitted that dispute to arbitration before a three-member tribunal in August 2009. A hearing was held in August 2010. Based on the Company's computation of the final amount of deferred taxes for the Company's opening balance sheet as of September 6, 2006, the amount that the Company expected to collect from Sara Lee based on the Company's computation of $72,223, which reflects a preliminary cash installment received from Sara Lee of $18,000, was included as a receivable in "Other current assets."

On July 1, 2011, the tribunal issued a 2-1 decision in which the majority disagreed with the Company's interpretation of the tax sharing agreement and awarded the Company $3,291, plus interest based on the majority's interpretation of the tax sharing agreement. This amount reflects other payments made or acknowledged to be owed by the parties under the tax sharing agreement. As a result of the tribunal's decision, during the second quarter of 2011 the Company recorded a non-cash transaction that reduced "Other current assets" and "Additional paid-in capital" by $68,523.

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Under section 2.12 of the tax sharing agreement with Sara Lee discussed above, in 2010, the Company recorded a liability of approximately $15,000 to Sara Lee for amounts related to income generated prior to the spin off from Sara Lee which were repatriated in periods since the spin off. The liability is included in "Accounts payable" in the Condensed Consolidated Balance Sheets as of October 1, 2011 and January 1, 2011 with the resulting offset recorded as a reduction to "Additional paid-in capital." Except for the amounts reflected in this Note 10, to the best of the Company's knowledge, there are no material amounts owed to or from Sara Lee under the tax sharing agreement.

(11) Business Segment Information

The Company's operations are managed and reported in five operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer and International. These segments are organized principally by product category, geographic location and distribution channel. Each segment has its own management that is responsible for the operations of the segment's businesses but the segments share a common supply chain and media and marketing platforms.

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

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

The Company evaluates the operating performance of its segments based upon segment operating profit, which is defined as operating profit before general corporate expenses and amortization of trademarks and other identifiable intangibles. The accounting policies of the segments are consistent with those described in Note 2 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended January 1, 2011. Certain prior year segment operating profit disclosures have been revised to conform to the current year presentation. These changes were primarily the result of the Company's decision to cease allocating certain compensation related expenses to the segments.

	Quarter Ended		Nine Months Ended	
	October 1, 2011	October 2, 2010	October 1, 2011	October 2, 2010
Net sales:				
Innerwear	$ 515,263	$ 512,486	$ 1,571,277	$ 1,522,553
Outerwear	432,804	389,474	1,094,888	894,653
Hosiery	34,481	37,442	113,051	117,273
Direct to Consumer	97,565	100,327	277,819	278,680
International	150,072	133,633	434,793	363,895
Total net sales	$ 1,230,185	$ 1,173,362	$ 3,491,828	$ 3,177,054

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Notes to Condensed Consolidated Financial Statements — (Continued)
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	Quarter Ended		Nine Months Ended	
	October 1, 2011	October 2, 2010	October 1, 2011	October 2, 2010
Segment operating profit:				
Innerwear	$ 79,353	$ 55,249	$ 231,321	$ 225,896
Outerwear	55,602	38,349	117,025	61,034
Hosiery	8,792	11,223	34,465	39,224
Direct to Consumer	12,308	10,569	22,070	18,898
International	15,839	16,748	53,614	42,462
Total segment operating profit	171,894	132,138	458,495	387,514
Items not included in segment operating profit:				
General corporate expenses	(15,587)	(15,160)	(44,641)	(55,891)
Amortization of trademarks and other identifiable intangibles	(3,625)	(2,918)	(10,861)	(9,046)
Total operating profit	152,682	114,060	402,993	322,577
Other expenses	(880)	(1,094)	(2,295)	(5,128)
Interest expense, net	(38,262)	(36,326)	(118,545)	(110,394)
Income before income tax expense	$ 113,540	$ 76,640	$ 282,153	$ 207,055

	Quarter Ended		Nine Months Ended	
	October 1, 2011	October 2, 2010	October 1, 2011	October 2, 2010
Depreciation and amortization expense:				
Innerwear	$ 9,293	$ 8,631	$ 28,286	$ 25,847
Outerwear	5,938	5,337	16,931	15,026
Hosiery	361	629	1,227	2,157
Direct to Consumer	1,805	1,589	5,291	4,359
International	619	418	1,680	1,573
	18,016	16,604	53,415	48,962
Corporate	4,417	3,945	13,153	14,316
Total depreciation and amortization expense	$ 22,433	$ 20,549	$ 66,568	$ 63,278

	Quarter Ended		Nine Months Ended	
	October 1, 2011	October 2, 2010	October 1, 2011	October 2, 2010
Additions to long-lived assets:				
Innerwear	$ 8,063	$ 10,186	$ 27,758	$ 37,326
Outerwear	10,188	6,348	28,857	25,998
Hosiery	320	124	610	426
Direct to Consumer	661	2,388	5,670	9,741
International	884	504	2,492	1,763
	20,116	19,550	65,387	75,254
Corporate	888	921	3,357	3,316
Total additions to long-lived assets	$ 21,004	$ 20,471	$ 68,744	$ 78,570

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Notes to Condensed Consolidated Financial Statements — (Continued)
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(12) Consolidating Financial Information

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

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

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

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

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

(v) Parent Company, on a consolidated basis.

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

	Condensed Consolidating Statement of Income Quarter Ended October 1, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$1,033,841	$ 191,387	$ 965,469	$ (960,512)	$1,230,185
Cost of sales	854,113	96,888	878,838	(1,025,097)	804,742
Gross profit	179,728	94,499	86,631	64,585	425,443
Selling, general and administrative expenses	200,507	32,897	40,535	(1,178)	272,761
Operating profit (loss)	(20,779)	61,602	46,096	65,763	152,682
Equity in earnings (loss) of subsidiaries	157,422	34,198	—	(191,620)	—
Other expenses	880	—	—	—	880
Interest expense, net	35,802	(1)	2,461	—	38,262
Income (loss) before income tax expense	99,961	95,801	43,635	(125,857)	113,540
Income tax expense	9,129	7,479	6,100	—	22,708
Net income (loss)	$ 90,832	$ 88,322	$ 37,535	$ (125,857)	$ 90,832

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

	Condensed Consolidating Statement of Income Nine Months Ended October 1, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net sales	$3,059,251	$ 501,886	$ 2,824,447	$(2,893,756)	$3,491,828
Cost of sales	2,411,850	240,932	2,495,031	(2,863,193)	2,284,620
Gross profit	647,401	260,954	329,416	(30,563)	1,207,208
Selling, general and administrative expenses	597,983	98,775	109,484	(2,027)	804,215
Operating profit (loss)	49,418	162,179	219,932	(28,536)	402,993
Equity in earnings (loss) of subsidiaries	308,288	147,809	—	(456,097)	—
Other expenses	2,295	—	—	—	2,295
Interest expense, net	110,773	(35)	7,807	—	118,545
Income (loss) before income tax expense	244,638	310,023	212,125	(484,633)	282,153
Income tax expense	18,915	21,353	16,162	—	56,430
Net income (loss)	$ 225,723	$ 288,670	$ 195,963	$ (484,633)	$ 225,723

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

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Notes to Condensed Consolidated Financial Statements — (Continued)
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	Condensed Consolidating Balance Sheet October 1, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 12,526	$ 2,055	$ 33,416	$ —	$ 47,997
Trade accounts receivable less allowances	5,928	61,290	527,955	(5,734)	589,439
Inventories	1,251,668	119,703	453,423	(98,422)	1,726,372
Deferred tax assets	156,023	1,996	(11,662)	—	146,357
Other current assets	31,336	9,888	23,642	(172)	64,694
Total current assets	1,457,481	194,932	1,026,774	(104,328)	2,574,859
Property, net	109,538	48,138	478,733	—	636,409
Trademarks and other identifiable intangibles, net	14,425	136,196	22,535	—	173,156
Goodwill	232,882	124,214	75,575	—	432,671
Investments in subsidiaries	1,843,114	1,033,858	—	(2,876,972)	—
Deferred tax assets and other noncurrent assets	(105,222)	472,501	253,512	(219,306)	401,485
Total assets	$3,552,218	$2,009,839	$ 1,857,129	$(3,200,606)	$4,218,580
Liabilities and Stockholders’ Equity					
Accounts payable	$ 237,446	$ 19,201	$ 249,237	$ —	$ 505,884
Accrued liabilities	192,751	50,307	79,575	(45)	322,588
Notes payable	—	—	34,111	—	34,111
Current portion of debt	—	—	175,000	—	175,000
Total current liabilities	430,197	69,508	537,923	(45)	1,037,583
Long-term debt	2,005,735	—	—	—	2,005,735
Other noncurrent liabilities	366,045	36,086	22,890	—	425,021
Total liabilities	2,801,977	105,594	560,813	(45)	3,468,339
Stockholders’ equity	750,241	1,904,245	1,296,316	(3,200,561)	750,241
Total liabilities and stockholders’ equity	$3,552,218	$2,009,839	$ 1,857,129	$(3,200,606)	$4,218,580

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Notes to Condensed Consolidated Financial Statements — (Continued)
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	Condensed Consolidating Balance Sheet January 1, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 17,535	$ 2,039	$ 24,097	$ —	$ 43,671
Trade accounts receivable less allowances	50,375	35,256	417,612	—	503,243
Inventories	954,073	100,435	355,908	(87,697)	1,322,719
Deferred tax assets	160,178	2,005	(12,752)	—	149,431
Other current assets	95,702	11,475	21,646	(216)	128,607
Total current assets	1,277,863	151,210	806,511	(87,913)	2,147,671
Property, net	118,596	47,842	464,816	—	631,254
Trademarks and other identifiable intangibles, net	16,006	141,635	20,981	—	178,622
Goodwill	232,882	124,214	73,048	—	430,144
Investments in subsidiaries	1,542,231	886,349	—	(2,428,580)	—
Deferred tax assets and other noncurrent assets	115,500	350,862	146,859	(210,910)	402,311
Total assets	$3,303,078	$1,702,112	$ 1,512,215	$(2,727,403)	$3,790,002
Liabilities and Stockholders' Equity					
Accounts payable	$ 243,169	$ 17,198	$ 152,002	$ —	$ 412,369
Accrued liabilities	150,831	55,502	69,979	(9)	276,303
Notes payable	—	—	50,678	—	50,678
Current portion of debt	—	—	90,000	—	90,000
Total current liabilities	394,000	72,700	362,659	(9)	829,350
Long-term debt	1,990,735	—	—	—	1,990,735
Other noncurrent liabilities	355,669	35,072	16,502	—	407,243
Total liabilities	2,740,404	107,772	379,161	(9)	3,227,328
Stockholders' equity	562,674	1,594,340	1,133,054	(2,727,394)	562,674
Total liabilities and stockholders' equity	$3,303,078	$1,702,112	$ 1,512,215	$(2,727,403)	$3,790,002

HANESBRANDS INC.

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

	Condensed Consolidating Statement of Cash Flows Nine Months Ended October 1, 2011				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 377,231	$ 131,185	$ (75,437)	$ (459,853)	$ (26,874)
Investing activities:					
Purchases of property, plant and equipment	(11,598)	(8,151)	(48,995)	—	(68,744)
Acquisition of business	—	—	(9,154)	—	(9,154)
Proceeds from sales of assets	364	67	12,228	—	12,659
Net cash used in investing activities	(11,234)	(8,084)	(45,921)	—	(65,239)
Financing activities:					
Borrowings on notes payable	—	—	305,257	—	305,257
Repayments on notes payable	—	—	(322,185)	—	(322,185)
Borrowings on Accounts Receivable Securitization Facility	—	—	229,396	—	229,396
Repayments on Accounts Receivable Securitization Facility	—	—	(144,396)	—	(144,396)
Borrowings on Revolving Loan Facility	2,448,500	—	—	—	2,448,500
Repayments on Revolving Loan Facility	(2,433,500)	—	—	—	(2,433,500)
Payments to amend credit facilities	(3,089)	—	(668)	—	(3,757)
Proceeds from stock options exercised	16,784	—	—	—	16,784
Other	1,430	—	(37)	—	1,393
Net transactions with related entities	(401,131)	(123,085)	64,363	459,853	—
Net cash provided by (used in) financing activities	(371,006)	(123,085)	131,730	459,853	97,492
Effect of changes in foreign exchange rates on cash	—	—	(1,053)	—	(1,053)
Increase (decrease) in cash and cash equivalents	(5,009)	16	9,319	—	4,326
Cash and cash equivalents at beginning of year	17,535	2,039	24,097	—	43,671
Cash and cash equivalents at end of period	$ 12,526	$ 2,055	$ 33,416	$ —	$ 47,997

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HANESBRANDS INC.

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

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

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

This management's discussion and analysis of financial condition and results of operations, or MD&A, contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" in this Quarterly Report on Form 10-Q for a discussion of the uncertainties, risks and assumptions associated with these statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q. The unaudited condensed consolidated financial statements and notes included herein should be read in conjunction with our audited consolidated financial statements and notes for the year ended January 1, 2011, which were included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those included elsewhere in this Quarterly Report on Form 10-Q and those included in the "Risk Factors" section and elsewhere in our Annual Report on Form 10-K.

Overview

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

Our operations are managed and reported in five operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Outerwear, Hosiery, Direct to Consumer and International. These segments are organized principally by product category, geographic location and distribution channel. Each segment has its own management that is responsible for the operations of the segment's businesses but the segments share a common supply chain and media and marketing platforms. Certain prior year segment operating profit disclosures have been revised to conform to the current year presentation. These changes were primarily the result of our decision to cease allocating certain compensation related expenses to the segments.

Seasonality and Other Factors

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

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

Outlook for 2011

We expect net sales of $1.2 billion to $1.3 billion for the fourth quarter of 2011, or $4.7 billion to $4.8 billion for the full year of 2011. Our expectations for net sales reflect a cautious outlook for the fourth quarter.

Because of systemic cost inflation in 2011 as described below, particularly for cotton, energy and labor, we have taken price increases as warranted by cost inflation. The timing, magnitude and frequency of price increases have varied by product category, channel of trade, and country, with some increases as frequently as quarterly. Demand elasticity effects have been factored into our net sales projections for the fourth quarter and full year of 2011.

For 2011, we believe we know the majority of our costs, with cotton prices locked in for the full year. Our current 2011 earnings expectations assume we will realize efficiency savings from our supply chain optimization of approximately $40 million to $45 million in 2011, of which $34 million has already been realized in the nine months of 2011. Our expectations also assume that we will eliminate the majority of excess 2010 freight and other distribution costs related to servicing sales growth of approximately $30 million to $35 million, of which $8 million was eliminated in the third quarter and approximately $25 million to $30 million is expected to be eliminated in the fourth quarter of 2011. Approximately two-thirds of the eliminated excess costs will come from gross profit and one-third will come from selling, general and administrative expenses. Our earnings expectations also assume continued investment in trade and media spending consistent with our historical rate, slightly higher interest expense, and a higher full-year tax rate that could range from a percentage in the teens to the low 20s.

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

Year-end 2011 inventory is expected to be approximately $250 million to $300 million higher than year-end 2010 as a result of high inflationary costs.

Business and Industry Trends

Inflation and Changing Prices

The economic environment in which we are operating continues to be uncertain and volatile, which could have unanticipated adverse effects on our business during the remainder of 2011 and beyond. We have seen a sustained increase in various input costs, such as cotton and oil-related materials, utilities, freight and wages, which have impacted our results in 2011 and will continue to do so through at least the first half of 2012. The estimated impact of cost inflation could be approximately $270 million to $280 million higher in 2011 over 2010.

Although nearly 40% of our business, such as bras, sheer hosiery and portions of our activewear categories, is not cotton-based, and we have sold our yarn operations, we are still exposed to fluctuations in the cost of cotton. Rising demand for cotton resulting from the economic recovery, weather-related supply disruptions, significant declines in U.S. inventory and a sharp rise in the futures market for cotton caused cotton prices to surge upward during 2010 and early 2011. During 2010, cotton prices hit their highest levels in 140 years. Increases in the cost of cotton can result in higher costs in the price we pay for yarn from our large-scale yarn suppliers. Our costs for cotton yarn and cotton-based textiles vary based upon the fluctuating cost of cotton, which is affected by, among other factors, weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. We are able to lock in the cost of cotton reflected in the price we pay for yarn from our primary yarn suppliers in an attempt to protect our business from the volatility of the market price of cotton. However, our business can be affected by dramatic movements in cotton prices. The nine months of 2011 reflect an average cost of cotton of 88 cents per pound. After taking into consideration the cotton costs currently included in our finished goods inventory and cotton prices we have locked in, we expect the average cost of cotton will exceed $1.00 per pound for the full year, which will have a negative impact of approximately $140 million to $145 million when compared to 2010. These amounts do not include the impact of cotton costs on the cost of sourced goods.

Inflation can have a long-term impact on us because increasing costs of materials and labor may impact our ability to maintain satisfactory margins. For example, the cost of the materials that are used in our manufacturing process, such as oil-related commodities and other raw materials, such as dyes and chemicals, and other costs, such as fuel, energy and utility costs, can fluctuate as a result of inflation and other factors. Costs incurred for materials and labor are capitalized into inventory and impact our results as the inventory is sold. In addition, a significant portion of our products are manufactured in countries other than the United States and declines in the value of the U.S. dollar may result in higher manufacturing costs. Increases in inflation may not be matched by rises in consumer income, which also could have a negative impact on spending.

Given the systemic cost inflation that the apparel industry is currently experiencing, many apparel retailers and manufacturers implemented price increases in 2011 in order to maintain satisfactory margins. Higher raw material costs, including cotton, and higher labor costs overseas are the primary reasons that price increases are needed to manage the inflated costs. If we incur increased costs for materials, including cotton, and labor that we are unable to recoup through price increases or improved efficiencies, or if consumer spending declines, our business, results of operations, financial condition and cash flows may be adversely affected.

Other Business and Industry Trends

The basic apparel market is highly competitive and evolving rapidly. Competition is generally based upon brand name recognition, price, product quality, selection, service and purchasing convenience. The majority of our core styles continue from year to year, with variations only in color, fabric or design details. Some products, however, such as intimate apparel, activewear and sheer hosiery, do have more of an emphasis on style and innovation. Our businesses face competition from other large corporations and foreign manufacturers, as well as smaller companies, department stores, specialty stores and other retailers that market and sell basic apparel products under private labels that compete directly with our brands.

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 and cash flows in accordance with changes in consumer preferences and trends. For example, we expect the trend of declining hosiery sales to continue consistent with the overall decline in the industry and with shifts in consumer preferences. The Hosiery segment only comprised 4% of our net sales in 2010 however, and as a result, the decline in the Hosiery segment has not had a significant impact on our net sales, revenues or cash flows. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

Economic Trends and other Developments that Impact our Business

We are operating in an uncertain and volatile economic environment, which could have unanticipated adverse effects on our business. We have experienced substantial pressure on profitability due to the economic climate, such as higher cotton, energy and labor costs. Rising demand for cotton resulting from the economic recovery, weather-related supply disruptions, significant declines in U.S. inventory and a sharp rise in the futures market for cotton caused cotton prices to surge upward in 2010 and early 2011. Because of systemic cost inflation in 2011, particularly for cotton, energy and labor, we have taken price increases as warranted by cost inflation. The timing, magnitude and frequency of price increases have varied by product category, channel of trade, and country, with some increases as frequently as quarterly.

Highlights from the Third Quarter and Nine Months Ended October 1, 2011

- Total net sales in the third quarter of 2011 were $1.23 billion, compared with $1.17 billion in the same quarter of 2010, representing a 4.8% increase. Total net sales in the first nine months of 2011 were $3.49 billion, compared with $3.18 billion in the same period of 2010, representing a 9.9% increase.
- Operating profit was $153 million in the third quarter of 2011, compared with $114 million in the same quarter of 2010. As a percent of sales, operating profit was 12.4% in the third quarter of 2011 compared to 9.7% in the same quarter of 2010. The operating margin of 12.4% in the third quarter of 2011 is the highest since our spin off in September 2006. Operating profit was $403 million in the first nine months

of 2011, compared with $323 million in the same period of 2010. As a percent of sales, operating profit was 11.5% in the first nine months of 2011 compared to 10.2% in the same period of 2010.

- Diluted earnings per share were $0.91 in the third quarter of 2011, compared with $0.63 in the same quarter of 2010. Diluted earnings per share were $2.28 in the first nine months of 2011, compared with $1.87 in the same period of 2010.
- Gross capital expenditures were $69 million during the first nine months of 2011, compared with $79 million in the same period of 2010. Proceeds from sales of assets were $13 million in the first nine months of 2011 and $45 million in the same period of 2010.

Condensed Consolidated Results of Operations — Third Quarter Ended October 1, 2011 Compared with Third Quarter Ended October 2, 2010

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$1,230,185	$1,173,362	$56,823	4.8 %
Cost of sales	804,742	809,487	(4,745)	(0.6)
Gross profit	425,443	363,875	61,568	16.9
Selling, general and administrative expenses	272,761	249,815	22,946	9.2
Operating profit	152,682	114,060	38,622	33.9
Other expenses	880	1,094	(214)	(19.6)
Interest expense, net	38,262	36,326	1,936	5.3
Income before income tax expense	113,540	76,640	36,900	48.1
Income tax expense	22,708	15,328	7,380	48.1
Net income	$ 90,832	$ 61,312	$29,520	48.1 %

Net Sales

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$1,230,185	$1,173,362	$56,823	4.8 %

Consolidated net sales were higher by $57 million or 5% in the third quarter of 2011 compared to the third quarter of 2010. The third quarter of 2011 is our seventh consecutive quarter of growth. The net sales growth reflects net price increases, incremental net sales from Gear for Sports, which was acquired in the fourth quarter of 2010, and a favorable impact from foreign currency exchange rates, partially offset by lower unit sales volume in most categories.

Our three largest segments, Innerwear, Outerwear and International, demonstrated growth in net sales, with Outerwear and International delivering double digit sales growth. Outerwear, International and Innerwear segment net sales were higher by $43 million (11%), $16 million (12%) and $3 million (1%), respectively. Hosiery and Direct to Consumer segment net sales were lower by $3 million (8%) and $3 million (3%), respectively.

Gross Profit

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Gross profit	$425,443	$363,875	$61,568	16.9 %

As a percent of net sales, our gross profit was 34.6% in the third quarter of 2011 compared to 31.0% in the third quarter of 2010. Our gross profit was higher by $62 million in the third quarter of 2011 compared to the third quarter of 2010. The higher gross profit was primarily attributable to higher gross profit of $29 million from the Outerwear segment, of which $27 million was attributable to Gear for Sports, $28 million from the Innerwear segment and $8 million from the International segment, partially offset by lower gross profit of $3 million from the Hosiery segment and slightly lower gross profit from the Direct to Consumer segment. General corporate expenses within gross profit, which are not allocated to segments, were slightly higher in the third quarter of 2011 compared to the third quarter of 2010.

Our results in the third quarter of 2011 benefited primarily from net price increases of $115 million, which includes the impact of lower sales incentives of $3 million, favorable product sales mix of $18 million, efficiency savings from our supply chain optimization of $11 million, a favorable impact related to foreign currency exchange rates of $3 million and lower start-up and shut-down costs of $2 million and were negatively impacted by higher input costs of $56 million, particularly cotton and energy and oil-related materials, lower sales volumes of $29 million and higher other manufacturing costs of $2 million, which is net of the elimination of $6 million of excess 2010 costs related to servicing sales growth.

The average cotton price reflected in our results was 97 cents per pound in the third quarter of 2011 compared to 72 cents per pound in the third quarter of 2010. After taking into consideration the cotton costs currently included in our finished goods inventory and cotton prices we have locked in, we expect the average cost of cotton will exceed $1.00 per pound for the full year. These amounts do not include the impact of cotton costs on the cost of sourced goods. While cotton prices have declined in recent months, we will continue to have higher prices for cotton and oil-related materials reflected in our cost of sales, which will impact our results for the remainder of 2011 and the first half of 2012.

Selling, General and Administrative Expenses

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Selling, general and administrative expenses	$272,761	$249,815	$22,946	9.2 %

Our selling, general and administrative expenses were $23 million higher in the third quarter of 2011 compared to the third quarter of 2010. As a percent of net sales our selling, general and administrative expenses were 22.2% in the third quarter of 2011 compared to 21.3% in the third quarter of 2010. Outerwear, International and Innerwear segment selling, general and administrative expenses were higher by $12 million, $9 million and $4 million, respectively, and Direct to Consumer and Hosiery segment selling, general and administrative expenses were lower by $2 million and $1 million, respectively. General corporate expenses within selling, general and administrative expenses, which are not allocated to segments, were flat in the third quarter of 2011 compared to the third quarter of 2010.

The higher selling, general and administrative expenses were primarily attributable to higher selling and other marketing expenses of $11 million, incremental administrative costs of $3 million attributable to Gear for Sports, higher media related media, advertising and promotion (“MAP”) expenses of $2 million, higher stock compensation and certain other benefit costs of $2 million, higher distribution expenses of $2 million, which is net of the elimination of $2 million of excess 2010 costs related to servicing sales growth, and higher expenses as a result of opening new retail stores or expanding existing stores of $2 million.

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Operating Profit

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Operating profit	$152,682	$114,060	$38,622	33.9 %

The higher operating profit was primarily attributable to higher operating profit of $24 million from the Innerwear segment, $17 million from the Outerwear segment and $2 million from the Direct to Consumer segment, partially offset by lower operating profit of $2 million from the Hosiery segment and $1 million from the International segment.

Other Expenses

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Other expenses	$ 880	$ 1,094	$ (214)	(19.6)%

During the third quarter of 2011 and the third quarter of 2010, we incurred charges of $1 million for funding fees associated with the sales of certain trade accounts receivable to financial institutions.

Interest Expense, Net

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Interest expense, net	$ 38,262	$ 36,326	$1,936	5.3 %

Interest expense, net was higher by $2 million in the third quarter of 2011 compared to the third quarter of 2010. The higher interest expense was primarily attributable to higher outstanding debt balances that increased interest expense by $3 million. Our weighted average interest rate on our outstanding debt, which excludes the impact of noncash items such as the amortization of debt issuance costs, was 5.50% during the third quarter of 2011 compared to 6.21% in the third quarter of 2010.

Income Tax Expense

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Income tax expense	$ 22,708	$ 15,328	$7,380	48.1 %

Our effective income tax rate was 20% in the third quarter of 2011 and the third quarter of 2010.

Net Income

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net income	$ 90,832	$ 61,312	$29,520	48.1 %

Net income for the third quarter of 2011 was higher than the third quarter of 2010 primarily due to higher operating profit of $39 million, partially offset by higher income tax expense of $7 million and higher interest expense of $2 million.

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Operating Results by Business Segment — Third Quarter Ended October 1, 2011 Compared with Third Quarter Ended October 2, 2010

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales:				
Innerwear	$ 515,263	$ 512,486	$ 2,777	0.5 %
Outerwear	432,804	389,474	43,330	11.1
Hosiery	34,481	37,442	(2,961)	(7.9)
Direct to Consumer	97,565	100,327	(2,762)	(2.8)
International	150,072	133,633	16,439	12.3
Total net sales	$1,230,185	$1,173,362	$56,823	4.8 %
Segment operating profit:				
Innerwear	$ 79,353	$ 55,249	$24,104	43.6 %
Outerwear	55,602	38,349	17,253	45.0
Hosiery	8,792	11,223	(2,431)	(21.7)
Direct to Consumer	12,308	10,569	1,739	16.5
International	15,839	16,748	(909)	(5.4)
Total segment operating profit	171,894	132,138	39,756	30.1
Items not included in segment operating profit:				
General corporate expenses	(15,587)	(15,160)	427	2.8
Amortization of trademarks and other intangibles	(3,625)	(2,918)	707	24.2
Total operating profit	152,682	114,060	38,622	33.9
Other expenses	(880)	(1,094)	(214)	(19.6)
Interest expense, net	(38,262)	(36,326)	1,936	5.3
Income before income tax expense	$ 113,540	$ 76,640	$36,900	48.1 %

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. Certain prior year segment selling, general and administrative expenses have been revised to conform to the current year presentation. These changes were primarily the result of our decision to cease allocating certain compensation related expenses to the segments. Other than this change, the allocation methodology for the consolidated selling, general and administrative expenses for the third quarter of 2011 was consistent with the third quarter of 2010. Our consolidated selling, general and administrative expenses before segment allocations were $23 million higher in the third quarter of 2011 compared to the third quarter of 2010.

Innerwear

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$515,263	$512,486	$ 2,777	0.5 %
Segment operating profit	79,353	55,249	24,104	43.6

Overall net sales in the Innerwear segment were higher by $3 million in the third quarter of 2011 compared to the third quarter of 2010, primarily due to stronger net sales in our male underwear and socks product categories, partially offset by lower net sales in our intimate apparel product category.

Net sales in the male underwear product category were 10% or $22 million higher in the third quarter of 2011 compared to the third quarter of 2010, primarily due to net price increases, partially offset by lower unit sales volume.

Higher net sales of $3 million or 4% in our socks product category reflect higher *Hanes* brand net sales of $5 million, partially offset by lower *Champion* brand net sales of $3 million in the third quarter of 2011 compared to the third quarter of 2010. The higher *Hanes* brand net sales were primarily due to net price increases, partially offset by lower unit sales volume, and the lower *Champion* brand net sales were primarily attributable to the loss of a seasonal program.

Intimate apparel net sales were $22 million or 10% lower in the third quarter of 2011 compared to the third quarter of 2010. Our panties and bra product category net sales were both lower by $11 million, primarily due to lower unit sales volume resulting from a softness in the intimate apparel category, partially offset by net price increases.

Innerwear segment gross profit was higher by $28 million in the third quarter of 2011 compared to the third quarter of 2010. The higher gross profit was primarily due to higher net product pricing of $67 million, which includes the impact of higher sales incentives of $2 million, efficiency savings related to our supply chain optimization of $6 million, favorable product sales mix of $3 million, lower excess and obsolete inventory costs of $2 million and lower other manufacturing costs of $2 million. The lower other manufacturing costs of $2 million includes the elimination of $6 million of excess 2010 costs related to servicing sales growth. These factors were offset by $29 million of higher input costs such as cotton costs related to finished goods manufactured internally in our facilities, vendor prices, wages and energy and oil-related materials and lower sales volume of $25 million.

Innerwear segment operating profit was higher in the third quarter of 2011 compared to the third quarter of 2010 primarily as a result of higher gross profit, partially offset by higher distribution expenses of $2 million related to higher costs to implement our price increases partially offset by the elimination of excess 2010 costs related to servicing sales growth.

Outerwear

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$432,804	$389,474	$43,330	11.1 %
Segment operating profit	55,602	38,349	17,253	45.0

Outerwear segment net sales were higher by $43 million or 11% in the third quarter of 2011 compared to the third quarter of 2010. Outerwear's segment net sales include the impact of Gear for Sports, which was acquired in the fourth quarter of 2010 and contributed $83 million or 21 percentage points of the segment's net sales growth and $27 million of gross profit for the third quarter of 2011. The Gear for Sports business includes sales of licensed logo apparel in collegiate bookstores and other channels.

Our *Champion* brand activewear net sales were lower by $7 million or 4% due to lower shipments to the wholesale club channel, partially offset by higher unit sales volume.

Our casualwear category net sales were lower in the retail channel by $26 million and in the wholesale channel by $6 million. The lower net sales in the retail casualwear channel were primarily attributable to a retailer's decision to focus our *Just My Size* brand toward more core basics versus a mix with fashion-oriented lines, partially offset by net price increases. The lower net sales in the wholesale casualwear channel of 7% were primarily due to lower unit sales volume, partially offset by net price increases.

Outerwear segment gross profit was higher by $29 million in the third quarter of 2011 compared to the third quarter of 2010. The higher gross profit was primarily due to higher net product pricing of $29 million, which includes the impact of lower sales incentives of $4 million, favorable product sales mix of $22 million, efficiency savings related to our supply chain optimization of $4 million and higher sales volume of $3 million. These lower costs were partially offset by $23 million of higher input costs such as cotton costs related to finished goods manufactured internally in our facilities, vendor prices, wages and energy and oil-related materials, higher excess and obsolete inventory costs of $3 million and higher other manufacturing costs of $2 million.

Outerwear segment operating profit was higher in the third quarter of 2011 compared to the third quarter of 2010 primarily as a result of higher gross profit, partially offset by higher selling and other marketing expenses of $8 million and incremental administrative costs of $3 million attributable to Gear for Sports. The higher selling and other marketing expenses were primarily due to incremental costs resulting from the acquisition of Gear for Sports.

Hosiery

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 34,481	$ 37,442	$(2,961)	(7.9)%
Segment operating profit	8,792	11,223	(2,431)	(21.7)

Net sales in the Hosiery segment were lower by $3 million or 8%, which was primarily due to lower net sales of our *Hanes* brand in the national chain and mass merchant channels and lower net sales of our *L'eggs* brand to mass retailers and food and drug stores. The hosiery category has been in a state of consistent decline for the past decade, as the trend toward casual dress reduced demand for sheer hosiery. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

Hosiery segment gross profit was lower by $3 million in the third quarter of 2011 compared to the third quarter of 2010. The lower gross profit was primarily the result of lower sales volume of $2 million.

Hosiery segment operating profit was lower in the third quarter of 2011 compared to the third quarter of 2010 primarily as a result of lower gross profit.

Direct to Consumer

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 97,565	$ 100,327	$(2,762)	(2.8)%
Segment operating profit	12,308	10,569	1,739	16.5

Direct to Consumer segment net sales were lower by $3 million or 3% in the third quarter of 2011 compared to the third quarter of 2010 due to lower net sales related to our Internet operations of $3 million. Net sales in our outlet stores were slightly higher in the third quarter of 2011 compared to the third quarter of 2010. Comparable store sales were flat in the third quarter of 2011 compared to the third quarter of 2010.

Direct to Consumer segment gross profit was slightly lower in the third quarter of 2011 compared to the third quarter of 2010 primarily due to higher net product pricing of $4 million, offset by lower sales volume of $4 million.

Direct to Consumer segment operating profit was higher in the third quarter of 2011 compared to the third quarter of 2010 primarily as a result of lower non-media MAP expenses of $3 million, partially offset by higher expenses of $2 million as a result of opening new retail stores or expanding existing stores.

International

	Quarter Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$150,072	$133,633	$16,439	12.3 %
Segment operating profit	15,839	16,748	(909)	(5.4)

Overall net sales in the International segment were higher by $16 million or 12% in the third quarter of 2011 compared to the third quarter of 2010, primarily as a result of sales growth in Asia, Latin America and Australia, reflecting net price increases, space gains and a favorable impact of $8 million related to foreign currency exchange rates. Excluding the impact of foreign exchange rates on currency, International segment net sales were higher by 6% in third quarter of 2011 compared to the third quarter of 2010. The favorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the Japanese yen, Canadian dollar and Brazilian real compared to the U.S. dollar.

During the third quarter of 2011, we experienced higher net sales, in each case excluding the impact of foreign currency exchange rates, in our activewear and intimate apparel businesses in Asia of $7 million, in our male underwear and intimate apparel businesses in Latin America of $6 million and in our activewear business in Australia of $5 million, which benefited from the acquisition of the assets of the TNF Group Unit Trust from TNF Group Pty Ltd, as trustee, and of Player Sportswear Unit Trust from Player Sportswear Pty Ltd, as trustee (collectively, "TNF") in April 2011, partially offset by lower net sales in our intimate apparel business in Canada of $7 million and in our casualwear business in Europe of $2 million. In certain international markets we are focusing on adopting global designs for some product categories to quickly launch new styles to expand our market position. The higher net sales reflect our successful efforts to improve our strong positions.

International segment gross profit was higher by $8 million in the third quarter of 2011 compared to the third quarter of 2010. The higher gross profit was primarily a result of higher net product pricing of $14 million, which includes the impact of lower sales incentives of $1 million and a favorable impact related to foreign currency exchange rates of $3 million, partially offset by lower sales volume of $3 million, unfavorable product sales mix of $3 million and vendor price increases of $2 million.

International segment operating profit was slightly lower in the third quarter of 2011 compared to the third quarter of 2010, which was primarily attributable to higher selling and other marketing expenses of $3 million, higher distribution expenses of $2 million, higher media related MAP expenses of $1 million and higher non-media related MAP expenses of $1 million, partially offset by higher gross profit. The higher selling and marketing expenses were primarily due to incremental costs resulting from the acquisition of the assets of TNF and costs associated with the growth of our business in China. The changes in foreign currency exchange rates, which are included in the impact on gross profit above, had a favorable impact on operating profit of $1 million in the third quarter of 2011 compared to the third quarter of 2010.

General Corporate Expenses

General corporate expenses were flat in the third quarter of 2011 compared to the third quarter of 2010 primarily due to lower start-up and shut-down costs of $2 million associated with the consolidation and globalization of our supply chain, offset by higher stock compensation and certain other benefit costs of $2 million.

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Condensed Consolidated Results of Operations — Nine Months Ended October 1, 2011 Compared with Nine Months Ended October 2, 2010

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$3,491,828	$3,177,054	$314,774	9.9 %
Cost of sales	2,284,620	2,110,943	173,677	8.2
Gross profit	1,207,208	1,066,111	141,097	13.2
Selling, general and administrative expenses	804,215	743,534	60,681	8.2
Operating profit	402,993	322,577	80,416	24.9
Other expenses	2,295	5,128	(2,833)	(55.2)
Interest expense, net	118,545	110,394	8,151	7.4
Income before income tax expense	282,153	207,055	75,098	36.3
Income tax expense	56,430	23,818	32,612	136.9
Net income	$ 225,723	$ 183,237	$ 42,486	23.2 %

Net Sales

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$3,491,828	$3,177,054	$314,774	9.9 %

Consolidated net sales were higher by $315 million or 10% in the nine months of 2011 compared to 2010. The net sales growth reflects net price increases, incremental net sales from Gear for Sports and a favorable impact from foreign currency exchange rates, partially offset by lower unit sales volume in most categories.

Our three largest segments, Innerwear, Outerwear and International, demonstrated growth in net sales, with Outerwear and International delivering high double digit sales growth. Outerwear, International and Innerwear segment net sales were higher by $200 million (22%), $71 million (20%) and $49 million (3%), respectively. Hosiery and Direct to Consumer segment net sales were lower by $4 million (4%) and $1 million (< 1%).

Gross Profit

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Gross profit	$1,207,208	$1,066,111	$141,097	13.2 %

As a percent of net sales, our gross profit was 34.6% in the nine months of 2011 compared to 33.6% in the nine months of 2010. Our gross profit was higher by $141 million in the nine months of 2011 compared to 2010. The higher gross profit was primarily attributable to higher gross profit of $90 million from the Outerwear segment, of which $65 million was attributable to Gear for Sports, $31 million from the International segment, $21 million from the Innerwear segment and $1 million from the Direct to Consumer segment, partially offset by lower gross profit of $9 million from the Hosiery segment. General corporate expenses within gross profit, which are not allocated to segments, were $6 million lower in the nine months of 2011 compared to 2010.

Our results in the nine months of 2011 benefited primarily from net price increases of $206 million, which is net of the impact of higher sales incentives of $34 million, efficiency savings from our supply chain optimization of $34 million, higher sales volumes of $28 million, favorable product sales mix of $22 million, a favorable impact related to foreign currency exchange rates of $11 million, receipt of a one-time termination fee of $5 million related to a royalty license agreement and lower start-up and shut-down costs of $5 million and were negatively impacted by higher input costs of $142 million, particularly cotton and energy and oil-related materials, higher other manufacturing costs of $20 million, which is net of the elimination of $3 million of excess 2010 costs related to servicing sales growth, and higher excess and obsolete inventory costs of $7 million.

The average cotton price reflected in our results was 88 cents per pound in the nine months of 2011 compared to 62 cents per pound in the nine months of 2010. After taking into consideration the cotton costs currently included in our finished goods inventory and cotton prices we have locked in, we expect the average cost of cotton will exceed $1.00 per pound for the full year. These amounts do not include the impact of cotton costs on the cost of sourced goods. While cotton prices have declined in recent months, we will continue to have higher prices for cotton and oil-related materials reflected in our cost of sales, which will impact our results for the remainder of 2011 and the first half of 2012.

Selling, General and Administrative Expenses

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Selling, general and administrative expenses	$804,215	$743,534	$60,681	8.2 %

Our selling, general and administrative expenses were $61 million higher in the nine months of 2011 compared to 2010. As a percent of net sales our selling, general and administrative expenses were 23.0% in the nine months of 2011 compared to 23.4% in 2010. Outerwear, International and Innerwear segment selling, general and administrative expenses were higher by $34 million, $19 million and $16 million, respectively, and Hosiery and Direct to Consumer segment selling, general and administrative expenses were lower by $4 million and $2 million, respectively. General corporate expenses within selling, general and administrative expenses, which are not allocated to segments, were $5 million lower in the nine months of 2011 compared to 2010.

The higher selling, general and administrative expenses were primarily attributable to higher selling and other marketing expenses of $32 million, higher distribution expenses of $14 million, which is net of the elimination of $5 million of excess 2010 costs related to servicing sales growth, incremental administrative costs of $7 million attributable to Gear for Sports, higher expenses of $5 million as a result of opening new retail stores or expanding existing stores and higher media related MAP expenses of $4 million, partially offset by lower pension expense of $3 million.

Operating Profit

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Operating profit	$402,993	$322,577	$80,416	24.9 %

The higher operating profit was primarily attributable to higher operating profit of $56 million from the Outerwear segment, $11 million from the International segment, $5 million from the Innerwear segment and $3 million from the Direct to Consumer segment and lower general corporate expenses of $11 million which are not allocated to segments, partially offset by lower operating profit of $5 million from the Hosiery segment.

Other Expenses

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Other expenses	$ 2,295	$ 5,128	$(2,833)	(55.2)%

During the nine months of 2011, we incurred charges of $2 million for funding fees associated with the sales of certain trade accounts receivable to financial institutions.

During the nine months of 2010, we wrote off unamortized debt issuance costs and incurred charges for funding fees associated with the sales of certain trade accounts receivable to financial institutions, which combined totaled $5 million. The write-off of unamortized debt issuance costs resulted from the repayment of $57 million of principal under the senior secured credit facility that we entered into in 2006 and amended and restated in 2009 (as amended and restated, the “2009 Senior Secured Credit Facility”) and from the reduction in borrowing capacity available under the accounts receivable securitization facility that we entered into in November 2007 (the “Accounts Receivable Securitization Facility”) from $250 million to $150 million that we effected in recognition of our lower trade accounts receivable balance resulting from the sales of certain trade accounts receivable to a financial institution outside the Accounts Receivable Securitization Facility.

Interest Expense, Net

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Interest expense, net	$118,545	$110,394	$8,151	7.4 %

Interest expense, net was higher by $8 million in the nine months of 2011 compared to 2010. The higher interest expense was primarily attributable to higher outstanding debt balances that increased interest expense by $12 million. In addition, the refinancing of our debt structure in November 2010, which included the sale of our $1 billion 6.375% Senior Notes, and the amendment of the 2009 Senior Secured Credit Facility in February 2011, together with a higher LIBOR, combined caused a net decrease in interest expense in the nine months of 2011 of $4 million.

Our weighted average interest rate on our outstanding debt was 5.62% during the nine months of 2011 compared to 5.71% in the nine months of 2010.

Income Tax Expense

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Income tax expense	$ 56,430	$ 23,818	$32,612	136.9 %

Our effective income tax rate was 20% in the nine months of 2011 compared to 12% in the nine months of 2010. The higher effective income tax rate for the nine months of 2011 compared to the nine months of 2010 was primarily attributable to a one-time benefit of $20 million in the nine months of 2010 resulting from the finalization of tax reviews and audits for amounts that were less than originally anticipated. This non-recurring income tax benefit was partially offset by a higher proportion of our earnings attributed to foreign subsidiaries than in the nine months of 2010, which are taxed at rates lower than the U.S. statutory rate.

Net Income

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net income	$225,723	$183,237	$42,486	23.2 %

Net income for the nine months of 2011 was higher than the nine months of 2010 primarily due to higher operating profit of $80 million and lower other expenses of $3 million, partially offset by higher income tax expense of $33 million and higher interest expense of $8 million.

Operating Results by Business Segment — Nine Months Ended October 1, 2011 Compared with Nine Months Ended October 2, 2010

	Nine Months Ended October 1, 2011	Nine Months Ended October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales:				
Innerwear	$1,571,277	$1,522,553	$ 48,724	3.2 %
Outerwear	1,094,888	894,653	200,235	22.4
Hosiery	113,051	117,273	(4,222)	(3.6)
Direct to Consumer	277,819	278,680	(861)	(0.3)
International	434,793	363,895	70,898	19.5
Total net sales	$3,491,828	$3,177,054	$314,774	9.9 %
Segment operating profit:				
Innerwear	$ 231,321	$ 225,896	$ 5,425	2.4 %
Outerwear	117,025	61,034	55,991	91.7
Hosiery	34,465	39,224	(4,759)	(12.1)
Direct to Consumer	22,070	18,898	3,172	16.8
International	53,614	42,462	11,152	26.3
Total segment operating profit	458,495	387,514	70,981	18.3
Items not included in segment operating profit:				
General corporate expenses	(44,641)	(55,891)	(11,250)	(20.1)
Amortization of trademarks and other intangibles	(10,861)	(9,046)	1,815	20.1
Total operating profit	402,993	322,577	80,416	24.9
Other expenses	(2,295)	(5,128)	(2,833)	(55.2)
Interest expense, net	(118,545)	(110,394)	8,151	7.4
Income before income tax expense	$ 282,153	$ 207,055	$ 75,098	36.3 %

A significant portion of the selling, general and administrative expenses in each segment is an allocation of our consolidated selling, general and administrative expenses, however certain expenses that are specifically identifiable to a segment are charged directly to such segment. Certain prior year segment selling, general and administrative expenses have been revised to conform to the current year presentation. These changes were primarily the result of our decision to cease allocating certain compensation related expenses to the segments. Other than this change, the allocation methodology for the consolidated selling, general and administrative expenses for the nine months of 2011 was consistent with the nine months of 2010. Our consolidated selling, general and administrative expenses before segment allocations were $61 million higher in the nine months of 2011 compared to 2010.

Innerwear

	Nine Months Ended October 1, 2011	Nine Months Ended October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$1,571,277	$1,522,553	$48,724	3.2 %
Segment operating profit	231,321	225,896	5,425	2.4

Overall net sales in the Innerwear segment were higher by $49 million in the nine months of 2011 compared to 2010, primarily due to stronger net sales in our male underwear and socks product categories, partially offset by lower net sales in our intimate apparel product category.

Net sales in the male underwear product category were 10% or $68 million higher in the nine months of 2011 compared to 2010, primarily due to net price increases and space gains in the discount retail and department store channels, partially offset by lower unit sales volume.

Higher net sales of $13 million or 7% in our socks product category reflect higher *Hanes* brand net sales of $19 million, partially offset by lower *Champion* brand net sales of $8 million in the nine months of 2011 compared to 2010. The higher *Hanes* brand net sales were primarily due to net price increases, partially offset by lower unit sales volume, and the lower *Champion* brand net sales were primarily attributable to the loss of a seasonal program.

Intimate apparel net sales were $32 million lower in the nine months of 2011 compared to 2010. Our bra category net sales were $27 million lower primarily due to lower unit sales volume resulting from a softness in the intimate apparel category and from higher sales of products with discounted promotional pricing, partially offset by net price increases. Our panties category net sales were lower by $5 million primarily due to lower unit sales volume resulting from a softness in the intimate apparel category, partially offset by net price increases and space gains.

Innerwear segment gross profit was higher by $21 million in the nine months of 2011 compared to 2010. The higher gross profit was primarily due to higher net product pricing of $99 million, which includes the impact of higher sales incentives of $35 million, efficiency savings related to our supply chain optimization of $20 million and favorable product sales mix of $5 million. These lower costs were offset by $68 million of higher input costs such as cotton costs related to finished goods manufactured internally in our facilities, vendor prices, wages and energy and oil-related materials, lower sales volume of $17 million, higher other manufacturing costs of $17 million primarily related to higher volume and freight costs and higher excess and obsolete inventory costs of $3 million. The higher other manufacturing costs of $17 million is net of the elimination of $3 million of excess 2010 costs related to servicing sales growth. Our excess and obsolete inventory costs were higher primarily in our intimate apparel categories as a result of specific retailer program discontinuations.

Innerwear segment operating profit was higher in the nine months of 2011 compared to 2010 primarily as a result of higher gross profit, partially offset by higher distribution expenses of $10 million, higher selling and other marketing expenses of $2 million and higher media related MAP expenses of $2 million. The higher distribution expenses related to higher costs to implement our price increases were partially offset by the elimination of excess 2010 costs related to servicing sales growth.

Outerwear

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$1,094,888	$894,653	$200,235	22.4 %
Segment operating profit	117,025	61,034	55,991	91.7

Outerwear segment net sales were higher by $200 million or 22% in the nine months of 2011 compared to 2010. Outerwear's segment net sales include the impact of Gear for Sports, which was acquired in the fourth quarter of 2010 and contributed $191 million or 21 percentage points of the segment's 22% net sales growth and $65 million of gross profit for the nine months of 2011. The Gear for Sports business includes sales of licensed logo apparel in collegiate bookstores and other channels.

Our *Champion* brand activewear net sales were higher by $17 million or 5% due to higher unit sales volume in the mass merchant and wholesale club channels and space gains in the department store and wholesale club channels, partially offset by lower unit sales volume. Our *Champion* brand has achieved growth by focusing on the fast growing active demographic with a unique moderate price positioning.

Our casualwear category net sales were higher in the wholesale channel by $31 million and lower in the retail channel by $37 million. The higher net sales in the wholesale casualwear channel of 12% were primarily due to net price increases, partially offset by lower unit sales volume. The lower net sales in the retail casualwear channel were impacted by a retailer's decision to focus our *Just My Size* brand toward more core basics versus a mix with fashion-oriented lines, partially offset by net price increases.

Outerwear segment gross profit was higher by $90 million in the nine months of 2011 compared to 2010. The higher gross profit was primarily due to higher net product pricing of $66 million, which includes the impact of lower sales incentives of $1 million, favorable product sales mix of $44 million, higher sales volume of $32 million and efficiency savings related to our supply chain optimization of $12 million, partially offset by $55 million of higher input costs such as cotton costs related to finished goods manufactured internally in our facilities, vendor prices, wages and energy and oil-related materials and higher excess and obsolete inventory costs of $7 million.

Outerwear segment operating profit was higher in the nine months of 2011 compared to 2010 primarily as a result of higher gross profit, partially offset by higher selling and other marketing expenses of $23 million, incremental administrative costs of $8 million attributable to Gear for Sports and higher distribution expenses of $3 million related to higher sales volumes and higher costs to implement our price increases. The higher selling and other marketing expenses were primarily due to higher sales volumes and the incremental costs resulting from the acquisition of Gear for Sports.

Hosiery

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$113,051	$117,273	$(4,222)	(3.6)%
Segment operating profit	34,465	39,224	(4,759)	(12.1)

Net sales in the Hosiery segment declined by $4 million or 4%, which was primarily due to lower net sales of our *L'eggs* brand to mass retailers and food and drug stores and lower net sales of our *Hanes* brand in the national chain and mass merchant channels, partially offset by higher net sales of the *DKNY* brand in the wholesale club channel. The hosiery category has been in a state of consistent decline for the past decade, as the trend toward casual dress reduced demand for sheer hosiery. Generally, we manage the Hosiery segment for cash, placing an emphasis on reducing our cost structure and managing cash efficiently.

Hosiery segment gross profit was lower by $9 million in the nine months of 2011 compared to 2010. The lower gross profit for the nine months of 2011 compared to 2010 was primarily the result of higher other manufacturing costs of $5 million, unfavorable product sales mix of $4 million and lower sales volume of $3 million, partially offset by lower excess and obsolete inventory costs of $3 million.

Hosiery segment operating profit was lower in the nine months of 2011 compared to 2010 primarily as a result of lower gross profit, partially offset by lower distribution expenses of $2 million.

Direct to Consumer

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$277,819	$278,680	$ (861)	(0.3)%
Segment operating profit	22,070	18,898	3,172	16.8

Direct to Consumer segment net sales were lower by $1 million in the nine months of 2011 compared to 2010 due to lower net sales related to our Internet operations of $4 million, partially offset by higher net sales in our outlet stores of $3 million. Comparable store sales were 1% higher in the nine months of 2011 compared to 2010.

Direct to Consumer segment gross profit was $1 million higher in the nine months of 2011 compared to 2010 primarily due to higher net product pricing of $7 million, partially offset by lower sales volume of $4 million and higher input costs of $2 million.

Direct to Consumer segment operating profit was higher in the nine months of 2011 compared to 2010 primarily due to higher gross profit, lower non-media related MAP expenses of $4 million and lower distribution expenses of $2 million, partially offset by higher expenses of $5 million as a result of opening new retail stores or expanding existing stores.

International

	Nine Months Ended			
	October 1, 2011	October 2, 2010	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$434,793	$363,895	$70,898	19.5 %
Segment operating profit	53,614	42,462	11,152	26.3

Overall net sales in the International segment were higher by $71 million or 20% in the nine months of 2011 compared to 2010, primarily as a result of sales growth in Asia, Latin America, Europe and Australia, which reflects net price increases, space gains and a favorable impact of $26 million related to foreign currency exchange rates. Excluding the impact of foreign exchange rates on currency, International segment net sales were higher by 12% in the nine months of 2011 compared to 2010. The favorable impact of foreign currency exchange rates in our International segment was primarily due to the strengthening of the Japanese yen, Canadian dollar, Brazilian real, Euro and Mexican peso compared to the U.S. dollar.

During the nine months of 2011, we experienced higher net sales, in each case excluding the impact of foreign currency exchange rates, in our activewear, intimate apparel and male underwear businesses in Asia of $27 million, in our hosiery, male underwear and intimate apparel businesses in Latin America of $13 million, in our activewear business in Australia of $11 million, which benefited from the acquisition of the assets of TNF in April 2011, and in our casualwear business in Europe of $8 million. These higher net sales were partially offset by lower net sales in our intimate apparel business in Canada of $11 million. The higher net sales in Asia are primarily attributable to space gains and receipt of a one-time termination fee of $5 million related to a royalty license agreement. We subsequently entered into a new agreement with the licensee. In certain international markets we are focusing on adopting global designs for some product categories to quickly launch new styles to expand our market position. The higher net sales reflect our successful efforts to improve our strong positions.

International segment gross profit was higher by $31 million in the nine months of 2011 compared to 2010. The higher gross profit was primarily a result of higher net product pricing of $33 million, a favorable impact related to foreign currency exchange rates of $11 million, receipt of a one-time termination fee of $5 million related to a royalty license agreement and higher sales volume of $2 million, partially offset by vendor price increases of $16 million and unfavorable product sales mix of $5 million.

International segment operating profit was higher in the nine months of 2011 compared to 2010, which was primarily attributable to the higher gross profit, partially offset by higher selling and other marketing expenses of $8 million, higher distribution expenses of $6 million, higher media related MAP expenses of $2 million and higher non-media related MAP expenses of $2 million. The higher selling and marketing expenses were primarily due to incremental costs resulting from the acquisition of the assets of TNF and costs associated with the growth of our business in China. The changes in foreign currency exchange rates, which are included in the impact on gross profit above, had a favorable impact on operating profit of $4 million in the nine months of 2011 compared to 2010.

General Corporate Expenses

General corporate expenses were lower in the nine months of 2011 compared to 2010 primarily due to lower start-up and shut-down costs of $5 million associated with the consolidation and globalization of our supply chain, lower pension expense of $3 million and lower accelerated depreciation of $2 million.

Liquidity and Capital Resources

Trends and Uncertainties Affecting Liquidity

Our primary sources of liquidity are cash generated by operations and availability under the $600 million revolving credit facility (the “Revolving Loan Facility”) under the 2009 Senior Secured Credit Facility, the Accounts Receivable Securitization Facility and our international loan facilities. At October 1, 2011, we had $572 million of borrowing availability under our Revolving Loan Facility (after taking into account outstanding letters of credit), $72 million of borrowing availability under our international loan facilities, $50 million of borrowing availability under our Accounts Receivable Securitization Facility and $48 million in cash and cash equivalents. We currently believe that our existing cash balances and cash generated by operations, together with our available credit capacity, will enable us to comply with the terms of our indebtedness and meet foreseeable liquidity requirements.

The following have impacted or are expected to impact liquidity:

- we have principal and interest obligations under our debt;
- we expect to continue to invest in efforts to improve operating efficiencies and lower costs;
- we expect to continue to ramp up and optimize our lower-cost manufacturing capacity in Asia, Central America and the Caribbean Basin and enhance efficiency;
- we may selectively pursue strategic acquisitions;
- we could increase or decrease the portion of the income of our foreign subsidiaries that is expected to be remitted to the United States, which could significantly impact our effective income tax rate; and
- our board of directors has authorized the repurchase of up to 10 million shares of our stock in the open market over the next few years (2.8 million of which we have repurchased as of October 1, 2011 at a cost of $75 million), although we may choose not to repurchase any stock and instead focus on other uses of cash such as the repayment of our debt.

We expect to be able to manage our working capital levels and capital expenditure amounts to maintain sufficient levels of liquidity. Factors that could help us in these efforts include higher sales volume and the realization of additional cost benefits from previous restructuring and related actions. We have restructured our supply chain over the past four years to create more efficient production clusters that utilize fewer, larger facilities and to balance production capability between the Western Hemisphere and Asia.

Cash Requirements for Our Business

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

Our working capital was higher in nine months of 2011 compared to nine months of 2010, primarily in the form of inventory. In 2011 we expect working capital to be higher than 2010 to support sales growth, price increases and cost inflation. Inventory as of the end of the third quarter of 2011 was $404 million higher than year-end 2010 inventory primarily due to higher input costs such as cotton and oil-related materials. Year-end 2011 inventory is expected to be approximately $250 million to $300 million higher than year-end 2010 as a result of high inflationary costs.

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

Capital spending has varied significantly from year to year as we executed our supply chain consolidation and globalization strategy and the integration and consolidation of our technology systems. We spent $69 million on gross capital expenditures during the nine months of 2011, which were offset by cash proceeds of $13 million primarily from a sale-leaseback transaction. We expect to continue to invest in our infrastructure during 2011 with net capital expenditures for the year approximating $90 million.

We expect, based on a calculation by our actuary, to make required cash contributions of $12 million to the U.S. qualified pension plan in 2011, of which we have made $6 million in the nine months of 2011. We may elect to make voluntary contributions, which are not expected to be significant in 2011.

There have been no other significant changes in the cash requirements for our business from those described in our Annual Report on Form 10-K for the year ended January 1, 2011.

Sources and Uses of Our Cash

The information presented below regarding the sources and uses of our cash flows for the nine months ended October 1, 2011 and October 2, 2010 was derived from our consolidated financial statements.

	Nine Months Ended	
	October 1, 2011	October 2, 2010
	(dollars in thousands)	
Operating activities	$(26,874)	$ (37,074)
Investing activities	(65,239)	(33,620)
Financing activities	97,492	107,217
Effect of changes in foreign currency exchange rates on cash	(1,053)	30
Increase (decrease) in cash and cash equivalents	4,326	36,553
Cash and cash equivalents at beginning of year	43,671	38,943
Cash and cash equivalents at end of period	$ 47,997	$ 75,496

Operating Activities

Net cash used in operating activities was $27 million in the nine months of 2011 compared to $37 million in the nine months of 2010. The net decrease in cash used in operating activities of $10 million for the nine months of 2011 compared to the nine months of 2010 is primarily attributable to higher net income, partially offset by higher uses of working capital.

Net inventory increased $349 million from October 2, 2010 primarily due to $259 million of higher inflationary costs, $50 million related to Gear for Sports and $40 million of incremental units to support sales growth. As expected, inventory units on hand decreased from July 1, 2011 to October 1, 2011, however, as a result of high inflationary costs, our inventory dollars increased during the third quarter of 2011. Net inventory increased $404 million from January 1, 2011 primarily due to $265 million of higher inflationary costs and $139 million of incremental units due to planned build to support our seasonally stronger second half of the year.

Accounts receivable was $86 million higher compared to January 1, 2011 primarily due to higher sales volumes and higher net product pricing we have implemented in response to systemic cost inflation, partially offset by the timing of collections.

Investing Activities

Net cash used in investing activities was $65 million in the nine months of 2011 compared to $34 million in the nine months of 2010. The net increase in cash used in investing activities of $31 million in the nine months of 2011 compared to the nine months of 2010 was primarily the result of lower proceeds from sales of assets of $33 million and cash used for the acquisition of the assets of TNF in April 2011 of $9 million, partially offset by lower gross capital expenditures of $10 million. During the nine months of 2011, proceeds from sales of assets were $13 million, primarily resulting from a sale-leaseback transaction involving one distribution center.

Financing Activities

Net cash provided by financing activities was $97 million in the nine months of 2011 compared to $107 million in the nine months of 2010. The lower net cash from financing activities of $10 million in the nine months of 2011 compared to the nine months of 2010 was primarily the result of higher net repayments on the Revolving Loan Facility of $124 million, partially offset by higher net borrowings of $35 million on the Accounts Receivable Securitization Facility and higher net borrowings on notes payable of $7 million. In addition, we made $59 million in repayments of debt under the 2009 Senior Secured Credit Facility in the nine months of 2010 that did not recur in the nine months of 2011. We also received higher proceeds from stock options exercised of $13 million, partially offset by higher payments of $2 million in the nine months of 2011 to amend our credit facilities that did not occur in the nine months of 2010.

Cash and Cash Equivalents

As of October 1, 2011 and January 1, 2011, cash and cash equivalents were $48 million and $44 million, respectively. The higher cash and cash equivalents as of October 1, 2011 was primarily the result of net cash provided by financing activities of $97 million, partially offset by net cash used in investing activities of $65 million and net cash used in operating activities of $27 million.

Financing Arrangements

In February 2011, we amended the 2009 Senior Secured Credit Facility, which includes the Revolving Loan Facility, to reflect improved debt ratings. This amendment reduced the interest rate, extended the maturity date by two years to December 10, 2015, and increased the flexibility of debt covenants and the use of excess cash flow. In addition, the commitment fee for the unused portion of revolving loan commitments was reduced from 75 basis points to 50 basis points. Further, the applicable margin pricing grid for the loans, which varies based on the Company's Leverage Ratio (as defined below), was reduced by 125 basis points at each applicable Leverage Ratio level.

Pursuant to this amendment, the ratio of total debt to EBITDA (the "Leverage Ratio") that we may not exceed was increased from 4.00 to 1 for each fiscal quarter ending between October 16, 2010 and April 15, 2011 to 4.50 to 1, and will decline over time to 3.75 to 1. Also, the minimum ratio of EBITDA to consolidated total interest expense that we are required to maintain was decreased from 3.25 to 1 for each fiscal quarter ending between July 16, 2011 and October 15, 2012 to 3.00 to 1 and will increase over time to 3.25 to 1. In addition, we will be required to maintain a maximum ratio of senior secured indebtedness to EBITDA, which for each fiscal quarter ending between October 16, 2010 and October 15, 2012 cannot exceed 2.50 to 1 and will decline over time to 2.00 to 1. The methods of calculating all of the components used in these ratios are included in the 2009 Senior Secured Credit Facility. This amendment also significantly increased the flexibility of the indebtedness, investment and restricted payments baskets and use of excess cash flow under the 2009 Senior Secured Credit Facility.

In January 2011, we amended the Accounts Receivable Securitization Facility to provide for two of the subsidiaries acquired by us in the Gear for Sports acquisition, in addition to Hanesbrands, to sell, on a revolving basis, certain domestic trade receivables pursuant to this facility. Prior to this amendment, the Accounts Receivable Securitization Facility contained the same financial ratio provisions as those contained in the 2009 Senior Secured Credit Facility. Pursuant to this amendment, we are required to maintain the financial ratios and other financial covenants contained from time to time in the 2009 Senior Secured Credit Facility, provided that any changes to such covenants after the date of this amendment will only be applicable for purposes of the Accounts Receivable Securitization Facility if approved by the managing agents under the Accounts Receivable Securitization Facility or their affiliates. This amendment also provided for certain other amendments to the Accounts Receivable Securitization Facility, including extending the termination date to March 31, 2011. In connection with this amendment, certain fees were due to the managing agents and certain fees payable to the committed purchasers and the conduit purchasers were decreased.

We also amended the Accounts Receivable Securitization Facility in March 2011. In order to take greater advantage of favorable interest rates, the amount of funding available under the Accounts Receivable

Securitization Facility, which was initially $250 million and which we reduced to $150 million effective February 2010, was increased to $225 million. This amendment also provided for certain other amendments to the Accounts Receivable Securitization Facility, including extending the termination date to March 16, 2012. In addition, certain of the factors that contribute to the overall availability of funding were modified in a manner that, taken together, could result in an increase in the amount of funding that will be available under the facility.

As of October 1, 2011, we were in compliance with all financial covenants under our credit facilities. We expect to maintain compliance with our covenants for the foreseeable future, however economic conditions or the occurrence of events discussed under “Risk Factors” in our Annual Report on Form 10-K or other SEC filings could cause noncompliance.

There have been no other significant changes in the financing arrangements from those described in our Annual Report on Form 10-K for the year ended January 1, 2011.

Critical Accounting Policies and Estimates

We have chosen accounting policies that we believe are appropriate to accurately and fairly report our operating results and financial condition in conformity with accounting principles generally accepted in the United States. We apply these accounting policies in a consistent manner. Our significant accounting policies are discussed in Note 2, titled “Summary of Significant Accounting Policies,” to our financial statements included in our Annual Report on Form 10-K for the year ended January 1, 2011.

The application of critical accounting policies requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures. These estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. We evaluate these estimates and assumptions on an ongoing basis and may retain outside consultants to assist in our evaluation. If actual results ultimately differ from previous estimates, the revisions are included in results of operations in the period in which the actual amounts become known. The critical accounting policies that involve the most significant management judgments and estimates used in preparation of our financial statements, or are the most sensitive to change from outside factors, are discussed in Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended January 1, 2011. There have been no material changes in these policies during the quarter ended October 1, 2011.

Recently Issued Accounting Pronouncements

Fair Value Measurements

In May 2011, the Financial Accounting Standards Board (the “FASB”) issued new accounting rules related to fair value measurements. The new accounting rules clarify some existing concepts, eliminate wording differences between accounting principles generally accepted in the United States of America (“GAAP”) and International Financial Reporting Standards (“IFRS”), and in some limited cases, change some principles to achieve convergence between GAAP and IFRS. The new accounting rules result in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and IFRS. The new accounting rules also expand the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. The new accounting rules will be effective for us beginning after December 15, 2011. We do not expect the adoption of the new accounting rules to have a material effect on our financial condition, results of operations or cash flows.

Presentation of Comprehensive Income

In June 2011, the FASB issued new accounting rules that require an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. The new accounting rules eliminate the option to present components of other comprehensive income as part of the statement of equity. The new accounting rules will be effective for us beginning after December 15, 2011. We do not expect the adoption of the new accounting rules to have a material effect on our financial condition, results of operations or cash flows.

Goodwill Impairment Testing

In September 2011, the FASB issued new accounting rules related to testing goodwill for impairment. The new accounting rules permit an entity to first assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, it is necessary to perform the two-step goodwill impairment test prescribed under current accounting rules. Otherwise, the two-step goodwill impairment test is not required. The new accounting rules will be effective for us beginning after December 15, 2011. We do not expect the adoption of the new accounting rules to have a material effect on our financial condition, results of operations or cash flows.

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

There have been no significant changes in our market risk exposures from those described in Item 7A of our Annual Report on Form 10-K for the year ended January 1, 2011.

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

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

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

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PART II

Item 1. ***Legal Proceedings***

Although we are subject to various claims and legal actions that occur from time to time in the ordinary course of our business, we are not party to any pending legal proceedings that we believe could have a material adverse effect on our business, results of operations, financial condition or cash flows.

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

No updates to report.

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

None.

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

None.

Item 4. ***(Removed and Reserved)***

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

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

SIGNATURES

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

HANESBRANDS INC.

By: /s/ Richard D. Moss
Richard D. Moss
Chief Financial Officer

Date: November 3, 2011

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.2	Articles Supplementary (Junior Participating Preferred Stock, Series A) (incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.3	Amended and Restated Bylaws of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2008).
3.4	Certificate of Formation of BA International, L.L.C. (incorporated by reference from Exhibit 3.4 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.5	Limited Liability Company Agreement of BA International, L.L.C. (incorporated by reference from Exhibit 3.5 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.6	Certificate of Incorporation of Caribesock, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.6 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.7	Bylaws of Caribesock, Inc. (incorporated by reference from Exhibit 3.7 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.8	Certificate of Incorporation of Caribetex, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.8 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3 .9	Bylaws of Caribetex, Inc. (incorporated by reference from Exhibit 3.9 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.10	Certificate of Formation of CASA International, LLC (incorporated by reference from Exhibit 3.10 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.11	Limited Liability Company Agreement of CASA International, LLC (incorporated by reference from Exhibit 3.11 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.12	Amended and Restated Certificate of Incorporation of CC Products, Inc. (incorporated by reference from Exhibit 3.50 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.13	Amended and Restated Bylaws of CC Products, Inc. (incorporated by reference from Exhibit 3.51 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.14	Certificate of Incorporation of Ceibena Del, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.12 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).

Exhibit Number	Description
3.15	Bylaws of Ceibena Del, Inc. (incorporated by reference from Exhibit 3.13 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.16	Articles of Incorporation of Event 1, Inc. (incorporated by reference from Exhibit 3.52 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.17	Amended and Restated By-Laws of Event 1, Inc. (incorporated by reference from Exhibit 3.53 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.18	Amended Certificate of Incorporation of GearCo, Inc. (incorporated by reference from Exhibit 3.44 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.19	Amended and Restated Bylaws of GearCo, Inc. (incorporated by reference from Exhibit 3.45 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.20	Third Amended and Restated Certificate of Incorporation of GFSI Holdings, Inc. (incorporated by reference from Exhibit 3.46 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.21	Amended and Restated Bylaws of GFSI Holdings, Inc. (incorporated by reference from Exhibit 3.47 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.22	Amended and Restated Certificate of Incorporation of GFSI, Inc. (incorporated by reference from Exhibit 3.48 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.23	Amended and Restated Bylaws of GFSI, Inc. (incorporated by reference from Exhibit 3.49 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-171114) filed with the Securities and Exchange Commission on December 10, 2010).
3.24	Certificate of Formation of Hanes Menswear, LLC, together with Certificate of Conversion from a Corporation to a Limited Liability Company Pursuant to Section 18-214 of the Limited Liability Company Act and Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.14 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.25	Limited Liability Company Agreement of Hanes Menswear, LLC (incorporated by reference from Exhibit 3.15 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.26	Certificate of Incorporation of HPR, Inc., together with Certificate of Merger of Hanes Puerto Rico, Inc. into HPR, Inc. (now known as Hanes Puerto Rico, Inc.) (incorporated by reference from Exhibit 3.16 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.27	Bylaws of Hanes Puerto Rico, Inc. (incorporated by reference from Exhibit 3.17 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.28	Articles of Organization of Sara Lee Direct, LLC, together with Articles of Amendment reflecting the change of the entity’s name to Hanesbrands Direct, LLC (incorporated by reference from Exhibit 3.18 to the Registrant’s Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).

Exhibit Number	Description
3.29	Limited Liability Company Agreement of Sara Lee Direct, LLC (now known as Hanesbrands Direct, LLC) (incorporated by reference from Exhibit 3.19 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.30	Certificate of Incorporation of Sara Lee Distribution, Inc., together with Certificate of Amendment of Certificate of Incorporation of Sara Lee Distribution, Inc. reflecting the change of the entity's name to Hanesbrands Distribution, Inc. (incorporated by reference from Exhibit 3.20 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.31	Bylaws of Sara Lee Distribution, Inc. (now known as Hanesbrands Distribution, Inc.) (incorporated by reference from Exhibit 3.21 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.32	Certificate of Formation of HBI Branded Apparel Enterprises, LLC (incorporated by reference from Exhibit 3.22 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.33	Operating Agreement of HBI Branded Apparel Enterprises, LLC (incorporated by reference from Exhibit 3.23 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.34	Certificate of Incorporation of HBI Branded Apparel Limited, Inc. (incorporated by reference from Exhibit 3.24 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.35	Bylaws of HBI Branded Apparel Limited, Inc. (incorporated by reference from Exhibit 3.25 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.36	Certificate of Formation of HbI International, LLC (incorporated by reference from Exhibit 3.26 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.37	Limited Liability Company Agreement of HbI International, LLC (incorporated by reference from Exhibit 3.27 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.38	Certificate of Formation of SL Sourcing, LLC, together with Certificate of Amendment to the Certificate of Formation of SL Sourcing, LLC reflecting the change of the entity's name to HBI Sourcing, LLC (incorporated by reference from Exhibit 3.28 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.39	Limited Liability Company Agreement of SL Sourcing, LLC (now known as HBI Sourcing, LLC) (incorporated by reference from Exhibit 3.29 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.40	Certificate of Formation of Inner Self LLC (incorporated by reference from Exhibit 3.30 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.41	Limited Liability Company Agreement of Inner Self LLC (incorporated by reference from Exhibit 3.31 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.42	Certificate of Formation of Jasper-Costa Rica, L.L.C. (incorporated by reference from Exhibit 3.32 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).

Exhibit Number	Description
3.43	Amended and Restated Limited Liability Company Agreement of Jasper-Costa Rica, L.L.C. (incorporated by reference from Exhibit 3.33 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.44	Certificate of Formation of Playtex Dorado, LLC, together with Certificate of Conversion from a Corporation to a Limited Liability Company Pursuant to Section 18-214 of the Limited Liability Company Act (incorporated by reference from Exhibit 3.36 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.45	Amended and Restated Limited Liability Company Agreement of Playtex Dorado, LLC (incorporated by reference from Exhibit 3.37 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.46	Certificate of Incorporation of Playtex Industries, Inc. (incorporated by reference from Exhibit 3.38 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.47	Bylaws of Playtex Industries, Inc. (incorporated by reference from Exhibit 3.39 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.48	Certificate of Formation of Seamless Textiles, LLC, together with Certificate of Conversion from a Corporation to a Limited Liability Company Pursuant to Section 18-214 of the Limited Liability Company Act (incorporated by reference from Exhibit 3.40 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.49	Limited Liability Company Agreement of Seamless Textiles, LLC (incorporated by reference from Exhibit 3.41 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.50	Certificate of Incorporation of UPCR, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.42 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.51	Bylaws of UPCR, Inc. (incorporated by reference from Exhibit 3.43 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.52	Certificate of Incorporation of UPEL, Inc., together with Certificate of Change of Location of Registered Office and Registered Agent (incorporated by reference from Exhibit 3.44 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
3.53	Bylaws of UPEL, Inc. (incorporated by reference from Exhibit 3.45 to the Registrant's Registration Statement on Form S-4 (Commission file number 333-142371) filed with the Securities and Exchange Commission on April 26, 2007).
10.1	Retention Plan Award Agreement between the Registrant and Richard D. Moss dated June 28, 2011.*
10.2	Severance/Change in Control Agreement dated November 3, 2011 between the Registrant and Richard D. Moss.*
31.1	Certification of Richard A. Noll, Chief Executive Officer.
31.2	Certification of Richard D. Moss, Chief Financial Officer.
32.1	Section 1350 Certification of Richard A. Noll, Chief Executive Officer.
32.2	Section 1350 Certification of Richard D. Moss, Chief Financial Officer.

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

* Agreement relates to executive compensation.

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

Richard D Moss
Chief Treasury & Tax Officer
Retention Plan Award Agreement

— **Richard D Moss** will be provided a cash Retention Plan Award Agreement. The specific provisions of this Retention Plan Award Agreement (the "Retention Award") are as follows:

  — The Retention Award amount is **$275,000 USD** (less applicable taxes).

  — The Retention Plan is in effect from **May 12, 2011** through **August 1, 2012**.

  — This Retention Award will be paid in cash (less applicable taxes) as soon as administratively possible after **August 1, 2012**.

  — The employee must be in an active status to receive the payment.

  — Eligibility for this Retention Award is contingent upon strict confidentiality of the terms of this retention plan during and following the Retention Plan period.

  — In the event of involuntary termination with severance, the employee is eligible for full payment. The payment will be made as soon as administratively possible after the termination date.

  — If the employee resigns or is involuntarily terminated for cause prior to the end of the retention period, the employee will forfeit this award.

  — In case of death or total disability, the employee or employee's estate is eligible for a pro-rata portion based upon employee's period of active service during the retention period. The payment will be made as soon as administratively possible after the date or death of total disability.

Signatures:

/s/ Richard D. Moss	6/28/11
Richard D. Moss Chief Treasury & Tax Officer	Date
/s/ Kevin W. Oliver	6/15/11
Kevin W. Oliver Chief Human Resources Officer	Date
/s/ Richard A. Noll	6/22/11
Richard A. Noll Chairman & Chief Executive Officer	Date

/s/ AD 6/14/11

Annamarie D'Souza Initials

HbI
HANESbrandsINC

Confidential

Confidentiality Agreement
for
Richard D Moss

By signing below, you agree that:

1. In consideration of the cash Retention Award, and unless required by law, you will not disclose the existence of the Retention Award or disclose any details of the Retention Award to any third party or entity, except your attorney, tax preparer, accountant, financial planner, spouse, or domestic partner, but only with the understanding that they, too, are strictly bound by this confidentiality provision.

2. You understand that any failure to abide by this Confidentiality Agreement will result in immediate forfeiture and clawback of the entire Retention Award. Your repayment to Hanesbrands Inc. of the entire Award will be due within 30 days after notice by Hanesbrands of your breach/violation of this agreement.

3. You understand that any failure to abide by this Confidentiality Agreement may lead to disciplinary action.

4. The covenants set forth in this agreement will survive and be enforceable in law and/or equity after your resignation or termination of employment.

5. If any provision of this letter Agreement is invalid or unenforceable, the remaining provisions will continue in effect.

6. This Confidentiality Agreement constitutes the entire Agreement regarding its subject matter, and may not be modified or amended in any way except in writing and shall be governed by the law of the State of North Carolina. If legal action is brought at any time based on any claim arising out of, or relating to this Agreement, you agree to submit to the jurisdiction and venue of the state courts of Forsyth County, North Carolina or the federal district court for the Middle District of North Carolina and agree that such courts shall have exclusive jurisdiction and venue of such action.

7. This Confidentiality Agreement is in force until your resignation or earlier termination from Hanesbrands. This cash retention award will be in the amount of **$275,000** (less applicable taxes) and paid as soon as administratively possible after **August 1, 2012**.

The undersigned acknowledges that she has read and understands this Agreement and signs this Agreement intending to be bound by its terms as of the effective date written below.

AGREED as of this of , 20 .

Signatures:

/s/ Richard D. Moss	6/28/11
Richard D. Moss Chief Treasury & Tax Officer	Date
/s/ Kevin W. Oliver	6/19/11
Kevin W. Oliver Chief Human Resources Officer	Date
/s/ AD 6/14/11	
Annamarie D’Souza Initials	

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SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this 3rd day of November 2011, by and between **Hanesbrands Inc.**, a Maryland corporation (the "*Company*"), and Richard D. Moss ("*Executive*").

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

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

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

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

(a) **Eligibility for Severance.**

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

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

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

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

(A) A termination for *Cause*. For purposes of this *Agreement*, "*Cause*" means *Executive* has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to *Company*; has willfully failed to substantially perform duties after written notice; or is in willful violation of *Company* policies resulting in material harm to *Company*;

(B) A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

(C) A termination due to death;

(D) A termination due to *Retirement.* For purposes of this *Agreement "Retirement"* shall mean *Executive's* voluntary termination of employment on or after *Executive's* attainment of the normal retirement age as defined in the Hanesbrands Inc. Pension and Retirement Plan (the "*Retirement Plan*");

(E) A voluntary termination of employment other than at the request of *Company*;

(F) A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

(G) The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

(H) A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

(I) Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

(iii) **Characterization of Termination**. The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

(iv) **Termination Date**. For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date specified in the separation and release agreement described under section 2(e) below.

(b) **Severance Benefits Payable**. If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

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

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

(A) The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year or *Short Year* in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

(B) The long-term incentive payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. Omnibus Incentive Plan of 2006, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan*") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

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

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

(iv) Except as otherwise provided herein or in the applicable plan**,** participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period*, *Company* shall continue to maintain life insurance covering *Executive* under *Company's Executive Life Insurance Plan* in accordance with its terms. If *Executive* is eligible for early retirement or becomes eligible for early retirement during the *Severance Period*, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

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

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

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

(B) The remaining portion of the *Salary Portion of Severance* shall be paid during the *Severance Period* in accordance with *Company's* payroll schedule, unless the *Committee* shall elect to pay the remaining *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any lump sum payment shall be paid to *Executive* as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of the termination of *Executive's* employment. Notwithstanding the foregoing, in no event shall such remaining portion of the *Salary Portion of Severance* be paid to *Executive* later than December 31 of the second calendar year following the calendar year in which *Executive's Termination Date* occurs. The payment(s) to be made to *Executive* pursuant to this subparagraph (B) are intended to be exempt from *Code Section 409A* (as defined in section 15) under the exemption found in Regulation Section 1.409A-1(b)(9)(iii) for separation pay plans (i.e., the so-called "two times" pay exemption).

(ii) **Incentive Portion.** The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid.

(iii) **Withholding.** All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

(d) **Termination of Benefits**. Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(e) **Separation and Release Agreement**. No benefits under this section 2 shall be payable to *Executive* unless *Executive* and *Company* have executed a separation and release agreement within forty-five (45) days following the *Termination Date* and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

(f) **Death of Executive**. In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for *Involuntary Termination*, payments of such benefits shall cease on the date of *Executive's* death.

3. **Change in Control Benefits.**

(a) **Eligibility for Change in Control Benefits**.

(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 any reduction of not more than ten (10) percent;

(C) A material reduction in *Executive's* level of participation in any of *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates except for any reduction applicable to all senior executives;

(D) The failure of any successor to *Company* to assume and agree to perform this *Agreement*; or

(E) *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control*.

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

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

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

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

(i) In consideration of *Executive's* covenants hereunder, *Executive* shall be entitled to receive the following amounts, payable as provided in section 3(j):

(A) A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

(B) A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(A) above);

(C) A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment (as determined in accordance with subparagraph 2(b)(ii)(B) above); and

(D) A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three (3) fiscal years immediately preceding the year in which the *Change in Control* occurs; and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date* (currently 4%).

Treatment of stock options, RSUs, or other equity awards shall be determined pursuant to the *Executive's* award agreement(s). Executive shall not be eligible for any new *Annual Incentive Plan grants, Long-Term*

Cash Incentive Plan grants, or any other grants of stock options, RSUs, or other equity awards under the *Omnibus Plan* with respect to the *CIC Severance Period* as defined immediately below.

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

(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 unless Executive* and *Company* have executed a *"Separation* *and Release Agreement"* (in substantially the form attached hereto as Exhibit A) within forty-five (45) days following the *Termination Date* and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

(g) **Deferred Compensation**. All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

(h) **Notice of Termination**. Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination")*.

(i) **Termination of Benefits**. All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

(j) **Form and Timing of Benefits**. Subject to the provisions of this section 3 and to section 15, the *Change in Control* benefits described herein shall be paid to *Executive* in cash in a single lump sum payment as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of the *Executive's* termination of employment. The *Change in Control* benefits payable to *Executive* pursuant to this subparagraph (j) are intended to be exempt from *Code Section 409A* (as defined in section 15) under the exemption found in Regulation Section 1.409A-(b)(4) for short-term deferrals.

(k) **Excise Tax Adjustment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will, as determined by *Company*, be subject to the tax (the "*Excise Tax*") imposed by *Code* Section 4999 (or any similar tax that may hereafter be imposed), then such payment shall be either: (i) provided to *Executive* in full, or (ii) provided to *Executive* to such lesser extent as would result in no portion of such payment being subject to such *Excise Tax*, whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, such *Excise Tax*, and any other applicable taxes, results in the receipt by *Executive*, on an after-tax basis, of the greatest amount of the payment, notwithstanding that all or some portion of such payment may be taxable under such *Excise Tax*. To the extent such payment needs to be reduced pursuant to the preceding sentence, reductions shall come from taxable amounts before non-taxable amounts and beginning with the payments otherwise scheduled to occur soonest. *Executive* agrees to cooperate fully with *Company* to determine the benefits applicable under this section. For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, and the amounts of such *Excise Tax*, the following shall apply:

(i) Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *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 value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* Sections 280G(d)(3) and (4);

(iii) *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes; and

(iv) In the event the Internal Revenue Service adjusts any item included in *Company's* computations under this section 3(k) so that *Executive* did not receive the full net benefit intended under the provisions of this section 3(k), *Company* shall reimburse *Executive* for the full amount necessary to make *Executive* whole as determined by the *Committee.* Any such payment shall be treated for *Section 409A* purposes as a payment separate from the payment made pursuant to this subparagraph (k) immediately following *Executive's* termination of employment and shall be made by *Company* to *Executive* within twenty (20) days of the date he remits the additional taxes as a result of such adjustment; provided, however, that no such payment shall be made following the calendar year after the calendar year in which such adjustment was made by the Internal Revenue Service.

(l) **Company's Payment Obligation.** Subject to the provisions of section 4, *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(k) above or in section 4.

(m) **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

(n) **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall reimburse *Executive* for all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3. Such reimbursement shall be made within thirty (30) days following final resolution, in favor of *Executive*, of the conflict or dispute giving rise to such fees and expenses. In no event shall *Executive* be entitled to receive the reimbursements provided for in this subparagraph if he acts in bad faith or pursues a claim without merit, or if he fails to prevail in any action instituted by him or *Company*.

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

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

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

6. **Claims Procedure.** If *Executive* believes that he is entitled to receive severance benefits under this *Agreement*, he may file a claim in writing with the *Committee* within ninety (90) days after the date such *Executive* believes he or she should have received such benefits. No later than ninety (90) days after the receipt of the claim, the *Committee* shall either allow or deny the claim in writing. A denial of a claim, in whole or in part, shall be written in a manner calculated to be understood by *Executive* and shall include the specific reason or reasons for the denial; specific reference to the pertinent provisions of this *Agreement* on which the denial is based; a description of any additional material or information necessary for *Executive* to perfect the claim and an explanation of why such material or information is necessary; and an explanation of the claim review procedure. *Executive* (or his duly authorized representative) may within sixty 60 days after receipt of the denial of his claim request a review upon written application to the *Committee*; review pertinent documents; and submit issues and comments in writing. The *Committee* shall notify *Executive* of its decision on review within sixty (60) days

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

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

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

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

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

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

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

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

14. **Successors and Assigns.** This *Agreement* shall bind and shall inure to the benefit of *Company* and any and all of its successors and assigns. This *Agreement* is personal to

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

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

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

EXECUTIVE: Richard D. Moss

Signature: /s/ Richard D. Moss

HANESBRANDS INC.

By: /s/ Kevin W. Oliver

Title: Chief Human Resources Officer

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc. (the "Company") and Richard D. Moss (the "Executive") enter into this Separation and Release Agreement which was received by Executive on the day of , 20 , signed by Executive on the day of , 20 , and is effective on the day of , 20 (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 , 20 (the "Termination Date"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated , 2011 (the "Change in Control Agreement"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to the benefits described in the Change in Control Agreement provided Executive executes a separation and release agreement acceptable to Company; and

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

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

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

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

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

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

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

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

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

7. **Confidentiality**. At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception

of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement.

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

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

10. **Release**.

(a) Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of

1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

(b) EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

(c) To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

(d) Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are released in this paragraph 10; (iv) the same have not been transferred or assigned or caused to be transferred or assigned to any other person, firm, corporation or other legal entity; and (v) Executive has the full right and power to grant, execute, and deliver the releases, undertakings, and agreements contained in this Agreement.

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

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

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

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

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

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

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

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

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

To Executive at:

[add address]

To the Company at:

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

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

EXECUTIVE: Richard D. Moss

____

HANESBRANDS INC.

By:______________________________

Title:______________________________

Exhibit 31.1

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

I, Richard A. Noll, certify that:

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

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

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2011

Exhibit 31.2

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

I, Richard D. Moss, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ Richard D. Moss

Richard D. Moss
Chief Financial Officer

Date: November 3, 2011

Exhibit 32.1

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

In connection with the Quarterly Report of Hanesbrands Inc. (“Hanesbrands”) on Form 10-Q for the fiscal quarter ended October 1, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard A. Noll, Chief Executive Officer of Hanesbrands, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

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

Date: November 3, 2011

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 1, 2011 (the “Report”) solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Hanesbrands Inc. that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Hanesbrands Inc. and will be retained by Hanesbrands Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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

In connection with the Quarterly Report of Hanesbrands Inc. (“Hanesbrands”) on Form 10-Q for the fiscal quarter ended October 1, 2011 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard D. Moss, Chief Financial Officer of Hanesbrands, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Richard D. Moss
Richard D. Moss
Chief Financial Officer

Date: November 3, 2011

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 1, 2011 (the “Report”) solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Hanesbrands Inc. that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Hanesbrands Inc. and will be retained by Hanesbrands Inc. and furnished to the Securities and Exchange Commission or its staff upon request.