General Information Regarding Tax Status for Dividend Distributions

The distributions received by shareholders of Hanesbrands Inc. are supported by strong earnings and cash flow globally. For US federal income tax purposes, some of these distributions may be designated as non-dividend distributions.

This designation does not impact the company's US GAAP reporting, liquidity, or its current capital deployment strategies. It also will not impact the process or timing of future dividends or the cash to be received.

Under US federal income tax rules, corporate dividends are designated as a dividend or non-dividend distribution based on the applicable "earnings and profits" of the entity paying the dividend. Although Hanesbrands has significant retained earnings, these earnings do not constitute "earnings and profits" as defined in US federal income tax rules.

Dividends are reported annually to shareholders on IRS Form 1099-DIV. Dividend distributions are reported either in Box 1a "Total ordinary dividends" or Box 1b "Qualified dividends", and non-dividend distributions are reported in Box 3 "Nondividend distributions".

Non-dividend distributions are considered a return of capital and are generally not taxable; however, the recipient must adjust their cost basis to reflect the distribution. Generally for US federal income tax purposes, a non-dividend distribution is first treated as a reduction in the shareholder's tax basis in the stock held, and when the basis in the stock is reduced to zero, a non-dividend distribution is then treated as capital gain to the shareholder.

Hanesbrands has posted the Form 8937 on its website at www.hanes.com/investors.

Non-dividend Distribution Example

An individual who is a citizen of the United States owns one share of Hanesbrands stock. This share was purchased on December 31, 2013 for $10.00. During 2015, the shareholder receives total dividends of $1.00 on his single share of stock. Assume that Hanesbrands determines that for US federal income tax purposes, 55% of the 2015 dividend should be treated as a dividend and 45% should be treated as a non-dividend distribution. Therefore, for US federal income tax reporting, this shareholder should receive a 2015 Form 1099-DIV that reports $0.55 as "Qualified dividends" in Box 1b and reports $0.45 in Box 3 as "Nondividend distributions".

The portion of the distribution which is treated as a dividend for US tax purposes is taxable to the shareholder in 2015. Accordingly, this shareholder should report $0.55 of dividend income on their 2015 US Federal Income Tax Return.

The portion of the distribution which is treated as a non-dividend distribution for US federal income tax purposes will likely first reduce the shareholder's basis in their Hanesbrands stock. Therefore, in 2015, the $0.45 of non-dividend distribution will likely reduce the shareholder's basis in Hanesbrands stock from $10.00 to $9.55. The reduction in basis should not be taxable in 2015 but may impact the amount of the taxable gain or loss recognized by the shareholder when the single share of Hanesbrands stock is sold.

Assume this shareholder sells their single share of Hanesbrands stock for $30.00 on February 1, 2016. The shareholder's gain from the sale of the single share of Hanesbrands stock in 2016 will likely be calculated as follows:

Original basis	$10.00
Less: non-dividend distribution	($0.45)
Adjusted basis	$9.55

Sale proceeds	$30.00
Less: Adjusted basis (above)	($9.55)
Capital gain	$20.45

Important Notice

This note is for informational use only and does not constitute tax advice. You are urged to consult your own tax advisor to determine the appropriate tax treatment in connection with receipt of distributions from Hanesbrands Inc. in light of your particular circumstances, including any state, local or foreign tax considerations that may be relevant to your situation.