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

# FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended July 1, 2006**

**or**

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

**Commission file number: 001-32891**

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

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

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

**Securities registered pursuant to Section 12(b) of the Act:**
**Common Stock, par value $0.01 per share**
**Preferred Stock Purchase Rights**

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No ☑

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 o No ☑

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference into Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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

Large accelerated filer o Accelerated filer o Non-accelerated filer ☑

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

As of September 15, 2006, there were 96,306,232 shares of registrant's common stock outstanding, and the aggregate market value of such shares held by non-affiliates of the registrant was approximately $2,041,254,084 based on the closing price of the common stock of $21.20 per share on that date, as reported on the New York Stock Exchange and, for purposes of this computation only, the assumption that all of the registrant's directors and executive officers are affiliates.

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**Trademarks, Trade Names and Service Marks**

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the more important trademarks that we own or have rights to use that appear in this Annual Report on Form 10-K include the *Hanes*, *Champion*, *C9 by Champion*, *Playtex*, *Bali*, *L’eggs*, *Just My Size*, *barely there*, *Wonderbra*, *Beefy-T*, *Outer Banks* and *Duofold* marks, which may be registered in the United States and other jurisdictions. Each trademark, trade name or service mark of any other company appearing in this Annual Report on Form 10-K is, to our knowledge, owned by such other company.

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## FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and other materials we have filed or will file with the Securities and Exchange Commission, or the "SEC," contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as "may," "believe," "will," "expect," "project," "estimate," "intend," "anticipate," "plan," "continue" or similar expressions. In particular, information included under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Our Business" contain forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- our ability to migrate our production and manufacturing operations to lower-cost centers around the world;
- the highly competitive and evolving nature of the industry in which we compete;
- our ability to effectively manage our inventory and reduce inventory reserves;
- any failure by us to successfully streamline our operations;
- retailer consolidation and other changes in the apparel essentials industry;
- our ability to keep pace with changing consumer preferences in intimate apparel;
- any loss of or reduction in sales to any of our top customers, especially Wal-Mart;
- financial difficulties experienced by any of our top customers;
- risks associated with our foreign operations or foreign supply sources, such as disruption of markets, changes in import and export laws, currency restrictions and currency exchange rate fluctuations;
- the impact of economic and business conditions and industry trends in the countries in which we operate on our supply chain;
- any failure by us to protect against dramatic changes in the volatile market price of cotton, the primary material used in the manufacture of our products;
- costs and adverse publicity arising from violations of labor and environmental laws by us or any of our third-party manufacturers;
- our ability to attract and retain key personnel;
- our substantial debt and debt service requirements that restrict our operating and financial flexibility and impose significant interest and financing costs;
- the risk of inflation or deflation;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- the receipt of licenses and other rights associated with Sara Lee's branded apparel business;
- rapid technological changes;
- future financial performance, including availability, terms and deployment of capital;
- the outcome of any pending or threatened litigation;

- our ability to comply with environmental and occupational health and safety laws and regulations;
- general economic conditions; and
- possible terrorists attacks and ongoing military action in the Middle East and other parts of the world.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report on Form 10-K. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any other change in events, conditions or circumstances on which any such statement is based, other than as required by law.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You can inspect, read and copy these reports, proxy statements and other information at the public reference facilities the SEC maintains at 100 F Street, N.E., Washington, D.C. 20549.

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. You can also obtain copies of these materials at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information on the operation of the public reference facilities by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site at *www.sec.gov* that makes available reports, proxy statements and other information regarding issuers that file electronically with it.

Throughout this Annual Report on Form 10-K, we refer you to our website, *www.hanesbrands.com*, as a source for certain information. By making these references, we do not incorporate our website or its contents into this Annual Report on Form 10-K.

## PART I

**Item 1.** ***Business***

## OUR BUSINESS

### General

We are a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion*, *Playtex*, *Bali*, *Just My Size*, *barely there* and *Wonderbra.* We design, manufacture, source and sell a broad range of apparel essentials such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. Our brands hold either the number one or number two U.S. market position by sales in most product categories in which we compete.

We were spun off from Sara Lee Corporation on September 5, 2006. In connection with the spin off, Sara Lee contributed its branded apparel Americas and Asia business to us and distributed all of the outstanding shares of our common stock to its stockholders on a pro rata basis. As a result of the spin off, Sara Lee ceased to own any equity interest in our company. In this Annual Report on Form 10-K, we describe the businesses contributed to us by Sara Lee in the spin off as if the contributed businesses were our business for all historical periods described. References in this Annual Report on Form 10-K to our historical assets, liabilities, products, businesses or activities of our business are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the contributed businesses as the businesses were conducted as part of Sara Lee and its subsidiaries prior to the spin off.

Our products are sold through multiple distribution channels. In fiscal 2006, 44% of our net sales were to mass merchants, 19% were to national chains and department stores, 8% were direct to consumer, 8% were in our international segment and 21% were to other retail channels such as embellishers, specialty retailers, warehouse clubs and sporting goods stores. In addition to designing and marketing apparel essentials, we have a long history of operating a global supply chain that incorporates a mix of self-manufacturing, third-party contractors and third-party sourcing.

The apparel essentials segment of the apparel industry is characterized by frequently replenished items, such as t-shirts, bras, panties, men's underwear, kids' underwear, socks and hosiery. Growth and sales in the apparel essentials industry are not primarily driven by fashion, in contrast to other areas of the broader apparel industry. Rather, we focus on the core attributes of comfort, fit and value, while remaining current with regard to consumer trends.

Our business is organized into four operating segments. These segments—innerwear, outerwear, hosiery and international—are treated as reportable segments for financial reporting purposes.

The following table summarizes our operating segments by category:

| Segment | Primary Products | Primary Brands |
|---|---|---|
| Innerwear | Intimate apparel, such as bras, panties and bodywear | *Hanes, Playtex, Bali, barely there, Just My Size, Wonderbra* |
| | Men's underwear and kids' underwear | *Hanes, Champion, Polo Ralph Lauren*** |
| | Socks | *Hanes, Champion* |
| Outerwear | Activewear, such as performance t-shirts and shorts | *Hanes, Champion, Just My Size* |
| | Casualwear, such as t-shirts, fleece and sport shirts | *Hanes, Just My Size, Outerbanks, Hanes Beefy-T* |
| Hosiery | Hosiery | *L'eggs, Hanes, Just My Size* |
| International | Activewear, men's underwear, kids' underwear, intimate apparel, socks, hosiery and casualwear | *Hanes, Wonderbra*, Playtex*,Champion, Rinbros, Bali* |

* As a result of the February 2006 sale of Sara Lee's European branded apparel business, we are not permitted to sell this brand in the European Union, or EU, several other European countries and South Africa.

** Brand used under a license agreement.

Our brands have a strong heritage in the apparel essentials industry. According to The NPD Group/Consumer Panel Track[SM], or “NPD,” our brands possess either the number one or number two market position in the United States in most of the product categories in which we compete, on a rolling year-end basis as of May 2006. According to a 2006 survey of consumer brand awareness by Women’s Wear Daily, *Hanes* is the most recognized apparel and accessory brand among women in the United States. According to NPD, our largest brand, *Hanes*, is the top selling apparel brand in the United States by units sold, on a rolling year-end basis as of May 2006.

We sell high-volume, frequently replenished apparel essentials. The majority of our core styles continue from year to year, with variations only in color, fabric or design details, and are frequently replenished by consumers. For example, we believe the average U.S. consumer makes 3.5 trips to retailers to purchase men’s underwear and 4.5 trips to purchase panties annually.

We are the largest seller of apparel essentials in the United States as measured by sales. As an example of the scale of our operations, we manufactured and sold more than 400 million t-shirts (innerwear and outerwear) and almost half a billion pairs of socks in fiscal 2006. Most of our products are sold to large retailers that have high-volume demands. We have met the demands of our customers by developing vertically integrated operations and an extensive network of owned facilities and third-party manufacturers over a broad geographic footprint.

We sell our products primarily through large, high-volume retailers, including mass merchants, department stores and national chains. We have strong, long-term relationships with our top customers, including relationships of more than ten years with each of our top ten customers. The size and operational scale of the high-volume retailers with which we do business require extensive category and product knowledge and specialized services regarding the quantity, quality and planning of orders. In the late 1980s, we undertook a shift in our approach to our relationships with our largest customers when we sought to align significant parts of our organization with corresponding parts of their organizations. For example, we are organized into teams that sell to and service our customers across a range of functional areas, such as demand planning, replenishment and logistics. We also have entered into customer-specific programs such as the introduction in 2004 of *C9 by Champion* products marketed and sold through Target stores. Through these efforts, we have become the largest apparel essentials supplier to many of our customers.

Our ability to react to changing customer needs and industry trends will continue to be key to our success. Our design, research and product development teams, in partnership with our marketing teams, drive our efforts to bring innovations to market. We intend to leverage our insights into consumer demand in the apparel essentials industry to develop new products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends.

Examples of our success to date include:

- Tagless garments—where the label is embroidered or printed directly on the garment instead of attached on a tag—which we first released in t-shirts under our *Hanes* brand (2002), and subsequently expanded into other products such as outerwear tops (2003) and panties (2004).
- “Comfort Soft” bands in our underwear and bra lines, which deliver to our consumers a softer, more comfortable feel with the same durable fit (2004 and 2005).
- New versions of our Double Dry wicking products and Friction Free running products under our *Champion* brand (2005).
- The “no poke” wire which was successfully introduced to the market in our *Bali* brand bras (2004).

**Our Industry**

According to industry estimates from NPD, apparel sales in the United States totaled approximately $181 billion in calendar year 2005, growing at a compound annual rate of 3.5% from calendar year 2003 to calendar year 2005, driven largely by strength in adult apparel sales. The apparel essentials segment of the apparel industry is characterized by frequently replenished items, such as t-shirts, bras, panties, men’s

underwear, kids' underwear, socks and hosiery, which represented approximately 24%, or $44 billion, of total calendar year 2005 apparel sales. Apparel essentials sales have been growing faster than the total apparel market, with apparel essentials growing at a compound annual rate of 4.5% over the past two calendar years. The overall U.S. apparel market and the core categories critical to our future success will continue to be influenced by a number of broad-based trends:

- the U.S. population is predicted to increase at a rate of less than 1% annually, with the rate of increase declining through 2050, with a continued aging of the population and a shift in the ethnic mix;
- changing attitudes about fashion, the need for versatility, and continuing preferences for more casual apparel are expected to support the strength of basic or classic styles of "relaxed apparel";
- the impact of a continued deflationary environment in our business and the apparel essentials industry;
- continued increases in body size across all age groups and genders, and especially among children, will drive demand for plus-sized apparel; and
- intense competition and continued consolidation in the retail industry, the shifting of formats among major retailers, convenience and value will continue to be key drivers.

In addition, we anticipate growth in the apparel essentials industry will be driven in part by product improvements and innovations. Improvements in product features, such as stretch in t-shirts or tagless garment labels, or in increased variety through new sizes or styles, such as half sizes and boy leg briefs, are expected to enhance consumer appeal and category demand. Often the innovations and improvements in our industry are not trend-driven, but are designed to react to identifiable consumer needs and demands. As a consequence, the apparel essentials market is characterized by lower fashion risks compared to other apparel categories.

**Our Brands**

Our portfolio of leading brands is designed to address the needs and wants of various consumer segments across a broad range of apparel essentials products. Our portfolio includes four brands that each have fiscal 2006 annual net sales significantly in excess of $200.0 million, with *Hanes* fiscal 2006 net sales exceeding $2.0 billion. Each of our brands has a particular consumer positioning that distinguishes it from its competitors and guides its advertising and product development.

*Hanes* is the largest and most widely recognized brand in our portfolio. According to a 2006 survey of consumer brand awareness by Women's Wear Daily, *Hanes* is the most recognized apparel and accessory brand among women in the United States. The *Hanes* brand covers all of our product categories, including men's underwear, kids' underwear, bras, panties, socks, t-shirts, fleece and sheer hosiery. *Hanes* stands for outstanding comfort, style and value.

*Champion* is our second-largest brand. Specializing in athletic performance apparel, the *Champion* brand is designed for everyday athletes. We believe that *Champion*'s combination of comfort, fit and style provides athletes with mobility, durability and up-to-date styles, all product qualities that are important in the sale of athletic products. We also distribute products under the *C9 by Champion* brand exclusively through Target stores.

*Playtex*, our third-largest brand within our portfolio, offers a line of bras, panties and shapewear, including products that offer solutions for hard to fit figures. *Bali* is the fourth-largest brand within our portfolio. *Bali* offers a range of bras, panties and shapewear sold in the department store channel. Our brand portfolio also includes the following well-known brands: *L'eggs*, *Just My Size*, *barely there*, *Wonderbra*, *Outerbanks*, *and Duofold*. These brands serve to round out our product offerings, allowing us to give consumers a variety of options to meet their diverse needs.

**Our Segments**

Our operations are managed in four operating segments, each of which is a reportable segment: innerwear, outerwear, hosiery and international. Our innerwear, outerwear and hosiery segments principally sell products in the United States and our international segment exclusively sells products in foreign countries.

For more information about our segments, see Note 21 to the combined and consolidated financial statements included in this Annual Report on Form 10-K.

***Innerwear***

The innerwear segment focuses on core apparel essentials, and consists of products such as women's intimate apparel, men's underwear, kids' underwear, socks, thermals and sleepwear, marketed under well-known brands that are trusted by consumers. We are an intimate apparel category leader in the United States with our *Hanes, Playtex, Bali, barely there, Just My Size* and *Wonderbra* brands, offering a full line of bras, panties and bodywear. We are also a leading manufacturer and marketer of men's underwear and kids' underwear under the *Hanes* and *Champion* brand names. We also produce underwear products under a licensing agreement with Polo Ralph Lauren. Our fiscal 2006 net sales from our innerwear segment were $2.6 billion, representing approximately 58% of net sales.

***Outerwear***

We are a leader in the casualwear and activewear markets through our *Hanes, Champion* and *Just My Size* brands, where we offer products such as t-shirts and fleece. Our casualwear lines offer a range of quality, comfortable clothing for men, women and children marketed under the *Hanes* and *Just My Size* brands. The *Just My Size* brand offers casual apparel designed exclusively to meet the needs of plus-size women. In addition to activewear for men and women, *Champion* provides uniforms for athletic programs and in 2004 launched a new apparel program at Target, *C9 by Champion.* We also license our *Champion* name for collegiate apparel and footwear. We also supply our t-shirts, sportshirts and fleece products to screenprinters and embellishers, who imprint or embroider the product and then resell to specialty retailers and organizations such as resorts and professional sports clubs. We sell our products to screenprinters and embellishers primarily under the *Hanes, Hanes Beefy-T* and *Outer Banks* brands. Our fiscal 2006 net sales from our outerwear segment were $1.2 billion, representing approximately 27% of net sales.

***Hosiery***

We are the leading marketer of women's sheer hosiery in the United States. We compete in the hosiery market by striving to offer superior values and executing integrated marketing activities, as well as focusing on the style of our hosiery products. We market hosiery products under our *Hanes, L'eggs* and *Just My Size* brands. Our fiscal 2006 net sales from our hosiery segment were $305.7 million, representing approximately 7% of net sales. Consistent with a sustained decline in the hosiery industry due to changes in consumer preferences, our net sales from hosiery sales have declined each year since 1995.

***International***

Our fiscal 2006 net sales in our international segment were $388.0 million, representing approximately 8% of net sales and included sales in Asia, Canada and Latin America. Japan, Canada and Mexico are our largest international markets and we also have opened sales offices in India and China.

**Design, Research and Product Development**

At the core of our design, research and product development capabilities is a team of more than 300 professionals. As part of plans to consolidate our operations, we recently combined our design, research and development teams into an integrated group for all of our product categories. We also recently opened a new facility located in Winston-Salem, North Carolina, which is the center of our research, technical design and product development efforts. We employ creative design and product development personnel in our design center in New York City and have a research team in the United Kingdom. Consistent with the expansion of our manufacturing operations, we are planning to expand our research and product development activities into Asia. During fiscal 2004, 2005 and 2006, we spent approximately $53 million, $51 million, and $55 million, respectively, on design, research and product development.

**Customers**

In fiscal 2006, approximately 92% of our net sales were to customers in the United States and approximately 8% were to customers outside the United States (consisting of net sales from our international segment and net sales from our outerwear segment to customers outside the United States). Domestically, almost 81% of our net sales were wholesale sales to retailers, 11% were wholesale sales to third-party embellishers and 8% were direct-to-consumer. We have well-established relationships with some of the largest apparel retailers in the world. Our largest customers are Wal-Mart, Target and Kohl's, accounting for 29%, 12% and 6% of our total sales in fiscal 2006, respectively. As is common in the apparel essentials industry, we generally do not have purchase agreements that obligate our customers, including Wal-Mart, to purchase our products. However, all of our key customer relationships have been in place for 10 years or more. Wal-Mart and Target are our only customers with net sales that exceed 10% of any individual segment's net sales. In our innerwear segment, Wal-Mart accounts for 34% of net sales and Target accounts for 11% of net sales. In our outerwear segment, Wal-Mart accounts for 23% of net sales and Target accounts for 19% of net sales. In our hosiery and international segments, Wal-Mart accounts for 21% and 13% of net sales, respectively. Across all of our distribution channels, our largest customers are also among the largest participants in their respective channels. For example, in fiscal 2006 our sales to Wal-Mart exceeded $1.2 billion.

Due to their size and operational scale, high-volume retailers require extensive category and product knowledge and specialized services regarding the quantity, quality and timing of product orders. We have organized multi-functional customer management teams, which has allowed us to form strategic long-term relationships with these customers and efficiently focus resources on category, product and service expertise. Smaller regional customers attracted to our leading brands and quality products also represent an important component of our distribution, and our organizational model provides for an efficient use of resources that delivers a high level of category and channel expertise and services to these customers. In the United States, we sell our products through all distribution channels in which apparel essentials are sold.

Sales to the mass merchant channel accounted for approximately 44% of our net sales in fiscal 2006. We sell all of our product categories in this channel primarily under our *Hanes*, *Just My Size*, *Playtex* and *C9 by Champion* brands. Mass merchants feature high-volume, low-cost sales of basic apparel items along with a diverse variety of consumer goods products, such as grocery and drug products and other hard lines, and are characterized by large retailers, such as Wal-Mart. Wal-Mart, which accounted for approximately 29% of our total net sales for fiscal 2006, is our largest mass merchant customer.

Sales to the national chains and department stores channel accounted for approximately 19% of our net sales in fiscal 2006. The national chains target a higher-income consumer than mass merchants, focus more of their sales on apparel items rather than other consumer goods such as grocery and drug products, and are characterized by large retailers such as Sears, JC Penney and Kohl's. We sell all of our product categories in this channel. Traditional department stores target higher-income consumers and carry more high-end, fashion conscious products than national chains or mass merchants and tend to operate in higher-income areas and commercial centers. Traditional department stores are characterized by large retailers such as Macy's and Dillard's. We sell products in our intimate apparel, hosiery and underwear categories through these department stores.

Sales to the direct-to-consumer channel accounted for approximately 8% of our net sales in fiscal 2006. We sell our branded products directly to consumers through our 224 outlet stores, as well as our catalogs and our web sites operating under the *Hanes* name, as well as *One Hanes Place*, *Outerbanks*, *Just My Size* and *Champion*. Our outlet stores are value based, offering the consumer a savings of 25% to 40% off suggested retail prices, and sell first-quality, excess, post-season, obsolete and slightly imperfect products. Our catalogs and web sites address the growing direct-to-consumer channel that operates in today's 24/7 retail environment, and we have an active database of approximately two million consumers receiving our catalogs and emails. Our web sites have experienced significant growth, and we expect this trend to continue as more consumers embrace this retail shopping channel.

Sales in our international segment represented approximately 8% of our net sales in fiscal 2006, and included sales in Asia, Canada and Latin America. Japan, Canada and Mexico are our largest international

markets, and India and China are the fastest growing. We operate in several locations in Latin America including Mexico, Puerto Rico, Argentina, Brazil and Central America. From an export business perspective, we use distributors to service customers in the Middle East and Asia, and have a limited presence in Latin America. The primary focus of the export business is *Hanes* underwear and *Bali, Playtex, Wonderbra* and *barely there* intimate apparel.

Sales in other channels represented approximately 21% of our net sales in fiscal 2006. We sell t-shirts, golf and sport shirts and fleece sweatshirts to third-party embellishers primarily under our *Hanes*, *Hanes Beefy-T* and *Outerbanks* brands. Sales to third-party embellishers accounted for approximately 11% of our net sales in fiscal 2006. We also sell a significant range of our underwear, activewear and sock products under the *Champion* brand to wholesale clubs, such as Costco, and sporting goods stores, such as The Sports Authority. We sell primarily legwear and underwear products under the *Hanes* and *L'eggs* brands to food, drug and variety stores. We sell our branded apparel essentials products to the U.S. military for sale to servicemen and servicewomen.

**Inventory**

Effective inventory management is a key component of our future success. Since our customers do not purchase our products under long-term supply contracts, but rather on a purchase order basis, effective inventory management requires close coordination with the customer base. We employ various types of inventory management techniques that include collaborative forecasting and planning, vendor managed inventory, key event management, and various forms of replenishment management processes. We have approximately 69 demand management planners in our customer management group who work closely with customers to develop demand forecasts that are passed to the supply chain. We have an additional 18 professionals within the customer management group who coordinate daily with our larger customers to help ensure that our customers' planned inventory levels are in fact available at their individual retail outlets. Additionally, within our supply chain organization we have approximately 150 dedicated professionals that translate the demand forecast into our inventory strategy and specific production plans. These individuals work closely with our customer management team to balance inventory investment/exposure with customer service targets.

**Seasonality**

Generally, our diverse range of product offerings helps mitigate the impact of seasonal changes in demand for certain items. Nevertheless, we are subject to some degree of seasonality. Sales are typically higher in the first 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 a period are also impacted by customers' decisions to increase or decrease their inventory levels in response to anticipated consumer demand.

**Marketing**

Our strategy is to bring consumer-driven innovation to market in a compelling way. Our approach is to build targeted, effective multi-media advertising and marketing campaigns regarding our portfolio of key brands. In addition, we will explore new marketing opportunities through which we can communicate the key features and benefits of our brands to consumers. For example, in fiscal 2005, we launched a comprehensive marketing campaign titled "Look Who We've Got Our Hanes on Now," which we believe significantly increased positive consumer attitudes about the *Hanes* brand in the areas of stylishness, distinctiveness and up-to-date products. We believe that the strength of our consumer insights, our distinctive brand propositions and our focus on integrated marketing give us a competitive advantage in the fragmented apparel marketplace.

**Distribution**

We distribute our products for the U.S. market primarily from U.S.-based company-owned and company-operated distribution centers. As of July 1, 2006, we operated 31 distribution centers and also performed direct

ship services from selected Central America, Caribbean Basin and Mexico based operations to the U.S. markets. We recently opened our first distribution center on the West Coast, in California. International distribution operations use a combination of third-party logistics providers, as well as owned and operated distribution operations, to distribute goods to our various international markets. We are currently in the process of consolidating several of our U.S. distribution centers. In this process, we intend to centralize our distribution centers around our Winston-Salem, North Carolina base and close several of our distribution centers located around the United States.

**Manufacturing and Sourcing**

In fiscal 2006, approximately 80% of our finished goods sold in the United States were manufactured through a combination of facilities we own and operate and facilities owned and operated by third-party contractors. These contractors perform some of the steps in the manufacturing process for us, such as cutting and/or sewing. We sourced the remainder of our finished goods from third-party manufacturers who supply us with finished products based on our designs. We believe that our balanced approach to product supply, which relies on a combination of owned, contracted and sourced manufacturing located across different geographic regions, increases the efficiency of our operations, reduces product costs and offers customers a reliable source of supply.

***Finished Goods That Are Manufactured by Hanesbrands***

The manufacturing process for finished goods that we manufacture begins with raw materials we obtain from third parties. The principal raw materials in our product categories are cotton and synthetics. Our costs for cotton yarn and cotton-based textiles vary based upon the fluctuating and volatile cost of cotton, which is affected by weather, consumer demand, speculation on the commodities market and the relative valuations and fluctuations of the currencies of producer versus consumer countries. We attempt to mitigate the effect of fluctuating raw material costs by entering into short-term supply agreements that set the price we will pay for cotton yarn and cotton-based textiles in future periods. We also enter into hedging contracts on cotton designed to protect us from severe market fluctuations in the wholesale prices of cotton. In addition to cotton yarn and cotton-based textiles, we use thread and trim for product identification, buttons, zippers, snaps and lace.

Fluctuations in crude oil or petroleum prices also may influence the prices of items used in our business, such as chemicals, dyestuffs, polyester yarn and foam. Alternate sources of these materials and services are readily available. After they are sourced, cotton and synthetic materials are spun into yarn, which is then knitted into cotton, synthetic and blended fabrics. We spin a significant portion of the yarn and knit a significant portion of the fabrics we use in our owned and operated facilities. To a lesser extent, we purchase fabric from several domestic and international suppliers in conjunction with scheduled production. These fabrics are cut and sewn into finished products, either by us or by third-party contractors. Most of our cutting and sewing operations are located in Central America and the Caribbean Basin.

In making decisions about the location of manufacturing operations and third-party sources of supply, we consider a number of factors including local labor costs, quality of production, applicable quotas and duties and freight costs. Although, according to a 2005 study, approximately 80% of our workforce in fiscal 2005 was located outside the United States, approximately 70% of our labor costs in fiscal 2005 were related to our domestic workforce. We continue to evaluate actions to reduce our U.S. workforce over time, which should have the effect of reducing our total labor costs. Over the past ten years, we have engaged in a substantial asset relocation strategy designed to relocate or eliminate portions of our U.S. based manufacturing operations to lower-cost locations in Central America, the Caribbean Basin and Asia. In this regard, we have recently launched two textile manufacturing projects outside of the United States—an owned textile manufacturing facility in the Dominican Republic, which began production in early 2006, and a strategic alliance with a third-party textile manufacturer in El Salvador, which began production in 2005. At these facilities, textiles are knit, dyed, finished and cut in accordance with our specifications. We expect to achieve cost efficiencies from our operations at these facilities primarily as a result of lower labor costs. In addition, because these manufacturing facilities are located in close proximity to the sewing operations to which the manufactured textiles must be transported, we expect to achieve additional efficiencies by reducing the amount of time

needed to produce finished goods. We also expect to increase asset utilization through the operations at these facilities. In connection with moving operations from other facilities, we reduced excess manufacturing capacity. We also expect to benefit from locating many of the processes that require constant changes to the manufacturing line at a single facility, which allows for fewer changes at other facilities. We closed two of our owned textile facilities in the United States in connection with these projects. We also recently closed two additional facilities in the United States and one in Mexico.

***Finished Goods That Are Manufactured by Third Parties***

In addition to our manufacturing capabilities, we also source finished goods designed by us from third-party manufacturers, also referred to as "turnkey products." Many of these turnkey products are sourced from international suppliers by our strategic sourcing hubs in Hong Kong and other locations in Asia.

All contracted and sourced manufacturing must meet our high quality standards. Further, all contractors and third-party manufacturers must be preaudited and adhere to our strict supplier and business practices guidelines. These requirements provide strict standards covering hours of work, age of workers, health and safety conditions and conformity with local laws. Each new supplier must be inspected and agree to comprehensive compliance terms prior to performance of any production on our behalf. We audit compliance with these standards and maintain strict compliance performance records. In addition to our audit procedures, we require certain of our suppliers to be Worldwide Responsible Apparel Production, or "WRAP," certified. WRAP is a stringent apparel certification program that independently monitors and certifies compliance with certain specified manufacturing standards that are intended to ensure that a given factory produces sewn goods under lawful, humane and ethical conditions. WRAP uses third-party, independent certification firms, and requires factory-by-factory certification.

**Trade Regulation**

We are exposed to certain risks of doing business outside of the United States. We import goods from company-owned facilities in Mexico, Central America and the Caribbean Basin, and from suppliers in those areas and in Asia, Europe, Africa and the Middle East. These import transactions had been subject to constraints imposed by bilateral agreements that imposed quotas that limited the amount of certain categories of merchandise from certain countries that could be imported into the United States and the EU.

Pursuant to a 1995 Agreement on Textiles and Clothing under the World Trade Organization, or "WTO," effective January 1, 2005, the United States and other WTO member countries were required, with few exceptions, to remove quotas on goods from WTO member countries. The complete removal of quotas would benefit us, as well as other apparel companies, by allowing us to source products without quantitative limitation from any country. Several countries, including the United States, have imposed safeguard quotas on China pursuant to the terms of China's Accession Agreement to the WTO, and others may impose similar restrictions in the future. Our management evaluates the possible impact of these and similar actions on our ability to import products from China. We do not expect the imposition of these safeguards to have a material impact on us.

Our management monitors new developments and risks relating to duties, tariffs and quotas. In response to the changing import environment resulting from the elimination of quotas, management has chosen to continue its balanced approach to manufacturing and sourcing. We attempt to limit our sourcing exposure through geographic diversification with a mix of company-owned and contracted production, as well as shifts of production among countries and contractors. We will continue to manage our supply chain from a global perspective and adjust as needed to changes in the global production environment.

**Competition**

The apparel essentials market is highly competitive and rapidly evolving. Competition generally is based upon price, brand name recognition, product quality, selection, service and purchasing convenience. Our businesses face competition today from other large corporations and foreign manufacturers. These competitors include Fruit of the Loom, Inc., Warnaco Group Inc., VF Corporation and Maidenform Brands, Inc. in our

innerwear business segment and Gildan Activewear, Inc., Russell Corporation and Fruit of the Loom, Inc. in our outerwear business segment. We also compete with many small manufacturers across all of our business segments. Additionally, department stores and other retailers, including many of our customers, market and sell apparel essentials products under private labels that compete directly with our brands. We also face intense competition from specialty stores who sell private label apparel not manufactured by us such as Victoria's Secret, Old Navy and The Gap.

Our competitive strengths include our strong brands with leading market positions, our high-volume, core essentials focus, our significant scale of operations and our strong customer relationships.

- *Strong Brands with Leading Market Positions.* According to NPD, our brands possess either the number one or number two market position in the United States in most of the product categories in which we compete, on a rolling year-end basis. According to NPD, our largest brand, *Hanes*, is the top selling apparel brand in the United States by units sold, on a rolling year-end basis.
- *High-Volume, Core Essentials Focus.* We sell high-volume, frequently replenished apparel essentials. The majority of our core styles continue from year to year, with variations only in color, fabric or design details, and are frequently replenished by consumers. We believe that our status as a high-volume seller of core apparel essentials creates a more stable and predictable revenue base and reduces our exposure to dramatic fashion shifts often observed in the general apparel industry.
- *Significant Scale of Operations.* We are the largest seller of apparel essentials in the United States as measured by sales. As an example of the scale of our operations, we manufactured and sold more than 400 million t-shirts (innerwear and outerwear) and almost half a billion pairs of socks in fiscal 2006. Most of our products are sold to large retailers which have high-volume demands. We believe that we are able to leverage our significant scale of operations to provide us with greater manufacturing efficiencies, purchasing power and product design, marketing and customer management resources than our smaller competitors.
- *Strong Customer Relationships.* We sell our products primarily through large, high-volume retailers, including mass merchants, department stores and national chains. We have strong, long-term relationships with our top customers, including relationships of over ten years with each of our top ten customers. In the late 1980s, we undertook a shift in our approach to our relationships with our largest customers when we sought to align significant parts of our organization with corresponding parts of their organizations. We also have entered into customer-specific programs such as the introduction in 2004 of *C9 by Champion* products marketed and sold through Target stores. Through these efforts, we have become the largest apparel essentials supplier to many of our customers.

**Intellectual Property**

***Overview***

We market our products under hundreds of trademarks, service marks, and trade names in the United States and other countries around the world, the most widely recognized being *Hanes, Playtex, Bali, barely there, Wonderbra, Just My Size, L'eggs, Champion, C9 by Champion, Duofold, Beefy-T, Outer Banks, Sol y Oro, Rinbros, Zorba* and *Ritmo.* Some of our products are sold under trademarks that have been licensed from third parties, such as Polo Ralph Lauren men's underwear, and we also hold licenses from various toy and media companies which give us the right to use certain of their proprietary characters, names and trademarks.

Some of our own trademarks are licensed to third parties for non-core product categories, such as *Champion* for athletic-oriented accessories. In the United States, the *Playtex* trademark is owned by Playtex Marketing Corporation, of which we own a 50% share and which grants to us a perpetual license to the *Playtex* trademark on and in connection with the sale of apparel in the United States and Canada. The other 50% share of Playtex Marketing Corporation is owned by Playtex Products, Inc., an unrelated third-party, which has a perpetual license to the *Playtex* trademark on and in connection with the sale of non-apparel products in the United States. Outside the United States and Canada, we own the *Playtex* trademark and

perpetually license such trademark to Playtex Products, Inc. for non-apparel products. In addition, as described below, as part of Sara Lee's sale in February 2006 of its European branded apparel business, Sun Capital has an exclusive, perpetual, royalty-free license to sell and distribute apparel products under the *Wonderbra* and *Playtex* trademarks in the member states of the EU, as well as several other European nations and South Africa. We also own a number of copyrights. Our trademarks and copyrights are important to our marketing efforts and have substantial value. We aggressively protect these trademarks and copyrights from infringement and dilution through appropriate measures, including court actions and administrative proceedings.

Although the laws vary by jurisdiction, trademarks generally remain valid as long as they are in use and/or their registrations are properly maintained and have not been found to have become generic. Most of the trademarks in our portfolio, including all of our core brands, are covered by trademark registrations in the countries of the world in which we do business, with registration periods ranging between seven and 20 years depending on the country. Trademark registrations generally can be renewed indefinitely as long as the trademarks are in use. We have an active program designed to ensure that our trademarks are registered, renewed, protected and maintained. We plan to continue to use all of our core trademarks and plan to renew the registrations for such trademarks for as long as we continue to use them. Most of our copyrights are unregistered, although we have a sizable portfolio of copyrighted lace designs that are the subject of a number of registrations at the U.S. Copyright Office.

We place high importance on product innovation and design, and a number of these innovations and designs are the subject of patents. However, we do not regard any segment of our business as being dependent upon any single patent or group of related patents. In addition, we own proprietary trade secrets, technology and know-how that we have not patented.

***Shared Trademark Relationship with Sun Capital***

In February 2006, Sara Lee sold its European branded apparel business to an affiliate of Sun Capital. In connection with the sale, Sun Capital received an exclusive, perpetual, royalty-free license to sell and distribute apparel products under the *Wonderbra* and *Playtex* trademarks in the member states of the EU, as well as Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Morocco, Norway, Romania, Russia, Serbia-Montenegro, South Africa, Switzerland, Ukraine, Andorra, Albania, Channel Islands, Lichtenstein, Monaco, Gibraltar, Guadeloupe, Martinique, Reunion and French Guyana (the "Covered Nations"). We are not permitted to sell *Wonderbra* and *Playtex* branded products in these nations and without our agreement Sun Capital is not permitted to sell *Wonderbra* and *Playtex* branded products outside of these nations. In connection with the sale, we also have received an exclusive, perpetual royalty-free license to sell DIM and UNNO branded products in Panama, Honduras, El Salvador, Costa Rica, Nicaragua, Belize, Guatemala, Mexico, Puerto Rico, the United States, Canada and, for DIM products, Japan. We are not permitted to sell DIM or UNNO branded apparel products outside of these countries and Sun Capital will not be permitted to sell DIM or UNNO branded apparel products inside these countries. We also are not permitted to distribute or sell certain apparel products, not including *Hanes* products, in the Covered Nations until February 2007. In addition, the rights to certain European-originated brands previously part of Sara Lee's branded apparel portfolio were transferred to Sun Capital, and are not included in our brand portfolio.

***Licensing Relationship with Tupperware Corporation***

In December 2005, Sara Lee sold its direct selling business, which markets cosmetics, skin care products, toiletries and clothing in 18 countries, to Tupperware Corporation. In connection with the sale, Dart Industries Inc., or "Dart," an affiliate of Tupperware, received a three-year exclusive license agreement to use the *C Logo*, *Champion U.S.A.*, *Wonderbra*, *W by Wonderbra*, *The One and Only Wonderbra*, *Playtex*, *Just My Size* and *Hanes* trademarks for the manufacture and sale, under the applicable brands, of certain men's and women's apparel in the Philippines, including underwear, socks, sportswear products, bras, panties and girdles, and for the exhaustion of similar product inventory in Malaysia. Dart also received a ten-year, royalty-free, exclusive license to use the *Girl's Attitudes* and *Girls' Attitudes* trademarks for the manufacture and sale of certain toiletries, cosmetics, intimate apparel, underwear, sportswear, watches, bags and towels in the Philippines. The rights and obligations under these agreements were assigned to us as a part of the spin off. These license

agreements are not yet effective pending the closing of the sale of the direct selling business in the Philippines.

In connection with the sale of Sara Lee's direct selling business, Tupperware Corporation also signed two five-year distributorship agreements providing Tupperware with the exclusive right for three years to distribute and sell, through door-to-door and similar channels, *Playtex*, *Champion*, *Rinbros*, *Aire*, *Wonderbra*, *Hanes* and *Teens by Hanes* apparel items in Mexico that we have discontinued and/or determined to be obsolete. The agreements also provide Tupperware with the exclusive right for five years to distribute and sell through such channels such apparel items sold by us in the ordinary course of business. The agreements also grant a limited right to use such trademarks solely in connection with the distribution and sale of those products in Mexico.

Under the terms of the agreements, we reserve the right to apply for, prosecute and maintain trademark registrations in Mexico for those products covered by the distributorship agreement. The rights and obligations under these agreements were assigned to us as part of the spin off.

**Environmental Matters**

We are subject to various federal, state, local and foreign laws and regulations that govern our activities, operations and products that may have adverse environmental, health and safety effects, including laws and regulations relating to generating emissions, water discharges, waste, product and packaging content and workplace safety. Noncompliance with these laws and regulations may result in substantial monetary penalties and criminal sanctions. We are aware of hazardous substances or petroleum releases at a few of our facilities and are working with the relevant environmental authorities to investigate and address such releases. We also have been identified as a "potentially responsible party" at a few waste disposal sites undergoing investigation and cleanup under the federal Comprehensive Environmental Response, Compensation and Liability Act (commonly known as Superfund) or state Superfund equivalent programs. Where we have determined that a liability has been incurred and the amount of the loss can reasonably be estimated, we have accrued amounts in our balance sheet for losses related to these sites. Compliance with environmental laws and regulations and our remedial environmental obligations historically have not had a material impact on our operations, and we are not aware of any proposed regulations or remedial obligations that could trigger significant costs or capital expenditures in order to comply.

**Government Regulation**

We are subject to U.S. federal, state and local laws and regulations that could affect our business, including those promulgated under the Occupational Safety and Health Act, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Product Identification Act, the rules and regulations of the Consumer Products Safety Commission and various environmental laws and regulations. Our international businesses are subject to similar laws and regulations in the countries in which they operate. Our operations also are subject to various international trade agreements and regulations. See "Trade Regulation" above. While we believe that we are in compliance in all material respects with all applicable governmental regulations, current governmental regulations may change or become more stringent or unforeseen events may occur, any of which could have a material adverse effect on our financial position or results of operations.

**Employees**

As of July 1, 2006, we had approximately 49,000 employees, approximately 14,000 of whom were located in the United States. As of July 1, 2006, in the United States, fewer than 110 employees were covered by collective bargaining agreements. A portion of our international employees were also covered by collective bargaining agreements. We believe our relationships with our employees are good.

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

## RISK FACTORS

This section describes circumstances or events that could have a negative effect on our financial results or operations or that could change, for the worse, existing trends in our businesses. The occurrence of one or more of the circumstances or events described below could have a material adverse effect on our financial condition, results of operations and cash flows or on the trading prices of our common stock. The risks and uncertainties described in this Annual Report on Form 10-K are not the only ones facing us. Additional risks and uncertainties that currently are not known to us or that we currently believe are immaterial also may adversely affect our businesses and operations.

### Risks Related to Our Business

**A significant portion of our textile manufacturing operations are located in higher-cost locations, placing us at a product cost disadvantage to our competitors who have a higher percentage of their manufacturing operations in lower-cost, offshore locations.**

Though there has been a general industrywide migration of manufacturing operations to lower-cost locations, such as Central America, the Caribbean Basin and Asia, a significant portion of our textile manufacturing operations are still located in higher-cost locations, such as the United States. In addition, our competitors generally source or produce a greater portion of their textiles from regions with lower costs than us, placing us at a cost disadvantage. Our competitors are able to exert pricing pressure on us by using their manufacturing cost savings to reduce prices of their products, while maintaining higher margins than us. To remain competitive, we must, among other things, react to these pricing pressures by lowering our prices from time to time. We will continue to experience pricing pressure and remain at a cost disadvantage to our competitors unless we are able to successfully migrate a greater portion of our textile manufacturing operations to lower-cost locations. However, we cannot guarantee that our migration plans, as executed, will relieve these pricing pressures and our cost disadvantage.

**We are in the process of relocating a significant portion of our textile manufacturing operations to overseas locations and this process involves significant costs and the risk of operational interruption.**

We currently are relocating and expect to continue to relocate a significant portion of our textile manufacturing operations to locations in Central America, the Caribbean Basin and Asia. The process of relocating significant portions of our textile manufacturing and production operations has resulted in and will continue to result in significant costs. This process also may result in operational interruptions, which may have an adverse effect on our business, results of operations and financial condition.

**The integration of our information technology systems is complex, and any delay or problem with this integration may cause serious disruption or harm to our business.**

As part of our efforts to consolidate our operations, we are in the process of integrating currently unrelated information technology systems across our company which have resulted in operational inefficiencies and in some cases increased our costs. This process involves the replacement of eight independent systems environments running on different technology platforms with a unified enterprise system that will integrate all of our departments and functions onto common software that runs off a single database. We are subject to the risk that we will not able to absorb the level of systems change, commit the necessary resources or focus the management attention necessary for the implementation to succeed. Many key strategic initiatives of major business functions, such as our supply chain and our finance operations, depend on advanced capabilities enabled by the new systems and if we fail to properly execute or if we miss critical deadlines in the implementation of this initiative, we could experience serious disruption and harm to our business.

**We operate in a highly competitive and rapidly evolving market, and our market share and results of operations could be adversely affected if we fail to compete effectively in the future.**

The apparel essentials market is highly competitive and evolving rapidly. Competition is generally based upon price, brand name recognition, product quality, selection, service and purchasing convenience. Our businesses face competition today from other large corporations and foreign manufacturers. These competitors include Fruit of the Loom, Inc., Warnaco Group Inc., VF Corporation and Maidenform Brands, Inc. in our innerwear business segment and Gildan Activewear, Inc., Russell Corporation and Fruit of the Loom, Inc. in our outerwear business segment. We also compete with many small companies across all of our business segments. Additionally, department stores and other retailers, including many of our customers, market and sell apparel essentials products under private labels that compete directly with our brands. These customers may buy goods that are manufactured by others, which represents a lost business opportunity for us, or they may sell private label products manufactured by us, which have significantly lower gross margins than our branded products. We also face intense competition from specialty stores that sell private label apparel not manufactured by us, such as Victoria's Secret, Old Navy and The Gap. Increased competition may result in a loss of or a reduction in shelf space and promotional support and reduced prices, in each case decreasing our cash flows, operating margins and profitability. Our ability to remain competitive in the areas of price, quality, brand recognition, research and product development, manufacturing and distribution will, in large part, determine our future success. If we fail to compete successfully, our market share, results of operations and financial condition will be materially and adversely affected.

**If we fail to manage our inventory effectively, we may be required to establish additional inventory reserves or we may not carry enough inventory to meet customer demands, causing us to suffer lower margins or losses.**

We are faced with the constant challenge of balancing our inventory with our ability to meet marketplace needs. Excess inventory reserves can result from the complexity of our supply chain, a long manufacturing process and the seasonal nature of certain products. As a result, we are subject to high levels of obsolescence and excess stock. Based on discussions with our customers and internally generated projections, we produce, purchase and/or store raw material and finished goods inventory to meet our expected demand for delivery. However, we sell a large number of our products to a small number of customers, and these customers generally are not required by contract to purchase our goods. If, after producing and storing inventory in anticipation of deliveries, demand is lower than expected, we may have to hold inventory for extended periods or sell excess inventory at reduced prices, in some cases below our cost. There are inherent uncertainties related to the recoverability of inventory, and it is possible that market factors and other conditions underlying the valuation of inventory may change in the future and result in further reserve requirements. Excess inventory can reduce gross margins or result in operating losses, lowered plant and equipment utilization and lowered fixed operating cost absorption, all of which could have a material adverse effect on our business, results of operations or financial condition. For example, while our total inventory reserves were approximately $91 million in fiscal 2004 and $88 million in fiscal 2006, our total inventory reserves were approximately $116 million in fiscal 2005, due in part to lower demand for some of our products than forecasted.

Conversely, we also are exposed to lost business opportunities if we underestimate market demand and produce too little inventory for any particular period. Because sales of our products are generally not made under contract, if we do not carry enough inventory to satisfy our customers' demands for our products within an acceptable time frame, they may seek to fulfill their demands from one or several of our competitors and may reduce the amount of business they do with us. Any such action would have a material adverse effect on our business, results of operations and financial condition.

**Sales of and demand for our products may decrease if we fail to keep pace with evolving consumer preferences and trends.**

Our success depends on our ability to anticipate and respond effectively to evolving consumer preferences and trends and to translate these preferences and trends into marketable product offerings. If we are unable to successfully anticipate, identify or react to changing styles or trends or misjudge the market for our products,

our sales may be lower than expected and we may be faced with a significant amount of unsold finished goods inventory. In response, we may be forced to increase our marketing promotions, provide mark-down allowances to our customers or liquidate excess merchandise, any of which could have a material adverse effect on our net sales and profitability. Our brand image may also suffer if customers believe that we are no longer able to offer innovative products, respond to consumer preferences or maintain the quality of our products.

**We rely on a relatively small number of customers for a significant portion of our sales, and the loss of or material reduction in sales to any of our top customers would have a material adverse effect on our business, results of operations and financial condition.**

In fiscal 2006, our top ten customers accounted for 65% of our net sales and our top customer, Wal-Mart, accounted for 29% of our net sales. We expect that these customers will continue to represent a significant portion of our net sales in the future. In addition, our top ten customers are the largest market participants in our primary distribution channels across all of our product lines. Any loss of or material reduction in sales to any of our top ten customers, especially Wal-Mart, would be difficult to recapture, and would have a material adverse effect on our business, results of operations and financial condition.

**We generally do not sell our products under contracts, and, as a result, our customers are generally not contractually obligated to purchase our products.**

We generally do not enter into purchase agreements that obligate our customers to purchase our products, and as a result, most of our sales are made on a purchase order basis. For example, we have no agreements with Wal-Mart that obligate Wal-Mart to purchase our products. If any of our customers experiences a significant downturn in its business, or fails to remain committed to our products or brands, the customer is generally under no contractual obligation to purchase our products and, consequently, may reduce or discontinue purchases from us. In the past, such actions have resulted in a decrease in sales and an increase in our inventory and have had an adverse effect on our business, results of operations and financial condition. If such actions occur again in the future, our business, results of operations and financial condition will likely be similarly affected.

**Further consolidation among our customer base and continued growth of our existing customers could result in increased pricing pressure, reduced floor space for our products and other changes that could be harmful to our business.**

In recent years there has been a growing trend toward retailer consolidation. As a result of this consolidation, the number of retailers to which we sell our products continues to decline and, as such, larger retailers now are able to exercise greater negotiating power when purchasing our products. Continued consolidation in the retail industry could result in further price and other competition that may damage our business. Additionally, as our customers grow larger, they increasingly may require us to provide them with some of our products on an exclusive basis, which could cause an increase in the number of stock keeping units, or “SKUs,” we must carry and, consequently, increase our inventory levels and working capital requirements.

Moreover, as our customers consolidate and grow larger they may increasingly seek markdown allowances, incentives and other forms of economic support which reduce our gross margins and affect our profitability. Our financial performance is negatively affected by these pricing pressures when we are forced to reduce our prices without being able to correspondingly reduce our production costs.

**Our customers generally purchase our products on credit, and as a result, our results of operations and financial condition may be adversely affected if our customers experience financial difficulties.**

During the past several years, various retailers, including some of our largest customers, have experienced significant difficulties, including restructurings, bankruptcies and liquidations. This could adversely affect us because our customers generally pay us after goods are delivered. Adverse changes in our customers’ financial

position could cause us to limit or discontinue business with that customer, require us to assume more credit risk relating to that customer's future purchases or limit our ability to collect accounts receivable relating to previous purchases by that customer, all of which could have a material adverse effect on our business, results of operations and financial condition.

**International trade regulations may increase our costs or limit the amount of products that we can import from suppliers in a particular country.**

Because a significant amount of our manufacturing and production operations are in, or our products are sourced from, overseas locations, we are subject to international trade regulations. The international trade regulations to which we are subject or may become subject include tariffs, safeguards or quotas. These regulations could limit the countries from which we produce or source our products or significantly increase the cost of operating in or obtaining materials originating from certain countries. Restrictions imposed by international trade regulations can have a particular impact on our business when, after we have moved our operations to a particular location, new unfavorable regulations are enacted in that area or favorable regulations currently in effect are changed. The countries in which our products are manufactured or into which they are imported may from time to time impose additional new regulations, or modify existing regulations, including:

- additional duties, taxes, tariffs and other charges on imports, including retaliatory duties or other trade sanctions, which may or may not be based on WTO rules, and which would increase the cost of products purchased from suppliers in such countries;
- quantitative limits that may limit the quantity of goods which may be imported into the United States from a particular country, including the imposition of further "safeguard" mechanisms by the U.S. government or governments in other jurisdictions, limiting our ability to import goods from particular countries, such as China;
- changes in the classification of products that could result in higher duty rates than we have historically paid;
- modification of the trading status of certain countries;
- requirements as to where products are manufactured;
- creation of export licensing requirements, imposition of restrictions on export quantities or specification of minimum export pricing; or
- creation of other restrictions on imports.

Adverse international trade regulations, including those listed above, would harm our business.

**Significant fluctuations and volatility in the price of cotton and other raw materials we purchase may have a material adverse effect on our business, results of operations and financial condition.**

Cotton is the primary raw material used in the manufacture of many of our products. Our costs for cotton yarn and cotton-based textiles vary based upon the fluctuating and often volatile cost of cotton, which is affected by weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. In addition, fluctuations in crude oil or petroleum prices may also influence the prices of related items used in our business, such as chemicals, dyestuffs, polyester yarn and foam.

We are not always successful in our efforts to protect our business from the volatility of the market price of cotton through short-term supply agreements and hedges, and our business can be adversely affected by dramatic movements in cotton prices. For example, we estimate that, excluding the impact of futures contracts, a change of $0.01 per pound in cotton prices would affect our annual raw material costs by $3.5 million, at current levels of production. The ultimate effect of this change on our earnings cannot be quantified, as the effect of movements in cotton prices on industry selling prices are uncertain, but any dramatic increase in the

price of cotton would have a material adverse effect on our business, results of operations and financial condition.

**We incurred substantial indebtedness in connection with the spin off, which subjects us to various restrictions and could decrease our profitability and otherwise adversely affect our business.**

We incurred substantial indebtedness of $2.6 billion in connection with the spin off as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.” We are subject to significant financial and operating restrictions contained in the credit facilities governing our indebtedness. These restrictions affect, and in some cases significantly limit or prohibit, among other things, our ability to:

- borrow funds;
- pay dividends or make other distributions;
- make investments;
- engage in transactions with affiliates; or
- create liens on our assets.

In addition, our credit facilities require us to maintain financial ratios. If we fail to comply with the covenant restrictions contained in these credit facilities, that failure could result in a default that accelerates the maturity of the indebtedness under such facilities.

Our substantial leverage also could put us at a significant competitive disadvantage compared to our competitors which are less leveraged. These competitors could have greater financial flexibility to pursue strategic acquisitions, secure additional financing for their operations by incurring additional debt, expend capital to expand their manufacturing and production operations to lower-cost areas and apply pricing pressure on us. In addition, because many of our customers rely on us to fulfill a substantial portion of their apparel essentials demand, any concern these customers may have regarding our financial condition may cause them to reduce the amount of products they purchase from us. Our substantial leverage could also impede our ability to withstand downturns in our industry or the economy in general.

**As a result of our substantial indebtedness, we may not have sufficient funding for our operations and capital requirements.**

We paid $2.4 billion of the proceeds of the borrowings we incurred in connection with the spin off to Sara Lee, and as a result, those proceeds are not available for our business needs, such as funding working capital or the expansion of our operations. In addition, the restrictions contained in our credit facilities restrict our ability to obtain additional capital in the future to:

- fund capital expenditures or acquisitions;
- meet our debt payment obligations and capital commitments;
- fund any operating losses or future development of our business affiliates;
- obtain lower borrowing costs that are available from secured lenders or engage in advantageous transactions that monetize our assets; or
- conduct other necessary or prudent corporate activities.

We may need to incur additional debt or issue equity in order to fund working capital and capital expenditures or to make acquisitions and other investments. We cannot assure you that debt or equity financing will be available to us on acceptable terms or at all. If we are not able to obtain sufficient financing, we may be unable to maintain or expand our business. It may be more expensive for us to raise funds through the issuance of additional debt than it was while we were part of Sara Lee.

If we raise funds through the issuance of debt or equity, any debt securities or preferred stock issued will have rights, preferences and privileges senior to those of holders of our common stock in the event of a liquidation, and the terms of the debt securities may impose restrictions on our operations. If we raise funds through the issuance of equity, the issuance would dilute the ownership interest of our stockholders.

**To service our substantial debt obligations we may need to increase the portion of the income of our foreign subsidiaries that is expected to be remitted to the United States, which could significantly increase our income tax expense.**

We pay U.S. federal income taxes on that portion of the income of our foreign subsidiaries that is expected to be remitted to the United States and be taxable. The amount of the income of our foreign subsidiaries we remit to the United States may significantly impact our U.S. federal income tax rate. In order to service our substantial debt obligations, we may need to increase the portion of the income of our foreign subsidiaries that we expect to remit to the United States, which may significantly increase our income tax expense. Consequently, we believe that our tax rate in future periods is likely to be higher, on average, than our historical income tax rates.

**If we fail to meet our payment or other obligations under some of our credit facilities, the lenders could foreclose on, and acquire control of, substantially all of our assets.**

In connection with our incurrence of indebtedness under each of our senior secured credit facility and our second lien credit facilities, the lenders under those facilities have received a pledge of substantially all of our existing and future direct and indirect subsidiaries, with certain customary or agreed-upon exceptions for foreign subsidiaries and certain other subsidiaries. Additionally, these lenders generally have a lien on substantially all of our assets and the assets of our subsidiaries, with certain exceptions. As a result of these pledges and liens, if we fail to meet our payment or other obligations under our senior secured credit facility or our second lien credit facility, the lenders under those facilities will be entitled to foreclose on substantially all of our assets and, at their option, liquidate these assets.

**Our supply chain relies on an extensive network of foreign operations and any disruption to or adverse impact on such operations may adversely affect our business, results of operations and financial condition.**

We have an extensive global supply chain in which a significant portion of our products are manufactured in or sourced from locations in Central America, the Caribbean Basin, Mexico and Asia. Potential events that may disrupt our foreign operations include:

- political instability and acts of war or terrorism;
- disruptions in shipping and freight forwarding services;
- increases in oil prices, which would increase the cost of shipping;
- interruptions in the availability of basic services and infrastructure, including power shortages;
- fluctuations in foreign currency exchange rates resulting in uncertainty as to future asset and liability values, cost of goods and results of operations that are denominated in foreign currencies;
- extraordinary weather conditions or natural disasters, such as hurricanes, earthquakes or tsunamis; and
- the occurrence of an epidemic, the spread of which may impact our ability to obtain products on a timely basis.

Disruptions to our foreign operations have an adverse impact on our supply chain that can result in production and sourcing interruptions, increases in our cost of sales and delayed deliveries of our products to our customers, all of which can have an adverse affect on our business, results of operations and financial condition.

**The loss of one or more of our suppliers of finished goods or raw materials may interrupt our supplies and materially harm our business.**

We purchase all of the raw materials used in our products and approximately 20% of the apparel designed by us from a limited number of third-party suppliers and manufacturers. Our ability to meet our customers' needs depends on our ability to maintain an uninterrupted supply of raw materials and finished products from our third-party suppliers and manufacturers. Our business, financial condition or results of operations could be adversely affected if any of our principal third-party suppliers or manufacturers experience production problems, lack of capacity or transportation disruptions. The magnitude of this risk depends upon the timing of the changes, the materials or products that the third-party manufacturers provide and the volume of production.

Our dependence on third parties for raw materials and finished products subjects us to the risk of supplier failure and customer dissatisfaction with the quality of our products. Quality failures by our third-party manufacturers or changes in their financial or business condition that affect their production could disrupt our ability to supply quality products to our customers and thereby materially harm our business.

**We may suffer negative publicity if we or our third-party manufacturers violate labor laws or engage in practices that are viewed as unethical or illegal.**

We cannot fully control the business and labor practices of our third-party manufacturers, the majority of whom are located in Central America, the Caribbean Basin and Asia. If one of our own manufacturing operations or one of our third-party manufacturers violates or is accused of violating local or international labor laws or other applicable regulations, or engages in labor or other practices that would be viewed in any market in which our products are sold as unethical, we could suffer negative publicity which could tarnish our brands' image or result in a loss of sales. In addition, if such negative publicity affected one of our customers, it could result in a loss of business for us.

**We have approximately 49,000 employees worldwide, and our business operations and financial performance could be adversely affected by changes in our relationship with our employees or changes to U.S. or foreign employment regulations.**

We have approximately 49,000 employees worldwide. This means we have a significant exposure to changes in domestic and foreign laws governing our relationships with our employees, including wage and hour laws and regulations, fair labor standards, minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements and payroll taxes, which likely would have a direct impact on our operating costs. We have approximately 35,000 employees outside of the United States. A significant increase in minimum wage or overtime rates in such countries could have a significant impact on our operating costs and may require that we relocate those operations or take other steps to mitigate such increases, all of which may cause us to incur additional costs, expend resources responding to such increases and lower our margins.

In addition, some of our employees are members of labor organizations or are covered by collective bargaining agreements. If there were a significant increase in the number of our employees who are members of labor organizations or become parties to collective bargaining agreements, we would become vulnerable to a strike, work stoppage or other labor action by these employees that could have an adverse effect on our business.

**Due to the extensive nature of our foreign operations, fluctuations in foreign currency exchange rates could negatively impact our results of operations.**

We sell a majority of our products in transactions denominated in U.S. dollars; however, we purchase many of our products, pay a portion of our wages and make other payments in our supply chain in foreign currencies. As a result, if the U.S. dollar were to weaken against any of these currencies, our cost of sales could increase substantially. We are also exposed to gains and losses resulting from the effect that fluctuations in foreign currency exchange rates have on the reported results in our consolidated financial statements due to

the translation of operating results and financial position of our foreign subsidiaries. In addition, currency fluctuations can impact the price of cotton, the primary raw material we use in our business.

**We have significant unfunded employee benefit liabilities; if assumptions underlying our calculation of these liabilities prove incorrect, the amount of these liabilities could increase or we could be required to make contributions to these plans in excess of our current expectations, both of which could have a negative impact on our cash flows, liquidity and results of operations.**

We assumed significant unfunded employee benefit liabilities of approximately $277 million for pension, postretirement and other retirement benefit qualified and nonqualified plans from Sara Lee in connection with the spin off. Included in these unfunded liabilities are pension obligations that have not been reflected in our historical financial statements, because these obligations have historically been obligations of Sara Lee. The pension obligations we assumed are approximately $201 million more than the corresponding pension assets we acquired, and as a result our pension plans are underfunded. In addition, we could be required to make contributions to the pension plans in excess of our current expectations if financial conditions change or if the assumptions we have used to calculate our pension costs and obligations are inaccurate. A significant increase in our funding obligations could have a negative impact on our cash flows, liquidity and results of operations.

**We are prohibited from selling our Wonderbra and Playtex intimate apparel products in the EU, as well as certain other countries in Europe and South Africa, and therefore are unable to take advantage of business opportunities that may arise in such countries.**

In February 2006, Sara Lee sold its European branded apparel business to an affiliate of Sun Capital. In connection with the sale, Sun Capital received an exclusive, perpetual, royalty-free license to sell and distribute apparel products under the *Wonderbra* and *Playtex* trademarks in the member states of the EU, as well as Russia, South Africa, Switzerland and certain other nations in Europe. Due to the exclusive license, we are not permitted to sell *Wonderbra* and *Playtex* branded products in these nations and Sun Capital is not permitted to sell *Wonderbra* and *Playtex* branded products outside of these nations. We are also not permitted to distribute or sell certain apparel products, not including *Hanes* products, in these nations until February 2007. Consequently, we will not be able to take advantage of business opportunities that may arise relating to the sale of *Wonderbra* and *Playtex* products in these nations. For more information on these sales restrictions see “Our Business—Intellectual Property.”

**The success of our business is tied to the strength and reputation of our brands, including brands that we license to other parties. If other parties take actions that weaken, harm the reputation of, or cause confusion with our brands, our business, and consequently our sales and results of operations, may be adversely affected.**

We license some of our important trademarks to third parties. For example, we license *Champion* to third parties for athletic-oriented accessories. Although we make concerted efforts to protect our brands through quality control mechanisms and contractual obligations imposed on our licensees, there is a risk that some licensees may not be in full compliance with those mechanisms and obligations. In that event, or if a licensee engages in behavior with respect to the licensed marks that would cause us reputational harm, we could experience a significant downturn in that brand’s business, adversely affecting our sales and results of operations. Similarly, any misuse of the *Wonderbra* and *Playtex* brands by Sun Capital could result in bad press and a loss of sales for our products under these brands, any of which may have a material adverse effect on our business, results of operations or financial condition.

**We design, manufacture, source and sell products under trademarks that are licensed from third parties. If any licensor takes actions related to their trademarks that would cause their brands or our company reputational harm, our business may be adversely affected.**

We design, manufacture, source and sell a number of our products under trademarks that are licensed from third parties such as our Polo Ralph Lauren men’s underwear. Since we do not control the brands licensed to us, our licensors could make changes to their brands or business models that could result in a

significant downturn in a brand's business, adversely affecting our sales and results of operations. If any licensor engages in behavior with respect to the licensed marks that would cause us reputational harm, or if any of the brands licensed to us violates the trademark rights of another or are deemed to be invalid or unenforceable, we could experience a significant downturn in that brand's business, adversely affecting our sales and results of operations, and we may be required to expend significant amounts on public relations, advertising and, possibly, legal fees.

**Risks Related to Our Spin Off from Sara Lee**

**If the IRS determines that the spin off does not qualify as a "tax-free" distribution or a "tax-free" reorganization, we may be subject to substantial liability.**

Sara Lee has received a private letter ruling from the IRS to the effect that, among other things, the spin off qualifies as a tax-free distribution for U.S. federal income tax purposes under Section 355 of the Internal Revenue Code of 1986, as amended, or the "Code," and as part of a tax-free reorganization under Section 368(a)(1)(D) of the Code, and the transfer to us of assets and the assumption by us of liabilities in connection with the spin off will not result in the recognition of any gain or loss for U.S. federal income tax purposes to Sara Lee.

Although the private letter ruling relating to the qualification of the spin off under Sections 355 and 368(a)(1)(D) of the Code generally is binding on the IRS, the continuing validity of the ruling is subject to the accuracy of factual representations and assumptions made in connection with obtaining such private letter ruling. Also, as part of the IRS's general policy with respect to rulings on spin off transactions under Section 355 of the Code, the private letter ruling obtained by Sara Lee is based upon representations by Sara Lee that certain conditions which are necessary to obtain tax-free treatment under Section 355 and Section 368(a)(1)(D) of the Code have been satisfied, rather than a determination by the IRS that these conditions have been satisfied. Any inaccuracy in these representations could invalidate the ruling.

If the spin off does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, Sara Lee would be subject to tax as if it has sold the common stock of our company in a taxable sale for its fair market value. Sara Lee's stockholders would be subject to tax as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them, taxed as a dividend (without reduction for any portion of a Sara Lee's stockholder's basis in its shares of Sara Lee common stock) for U.S. federal income tax purposes and possibly for purposes of state and local tax law, to the extent of a Sara Lee's stockholder's pro rata share of Sara Lee's current and accumulated earnings and profits (including any arising from the taxable gain to Sara Lee with respect to the spin off). It is expected that the amount of any such taxes to Sara Lee's stockholders and to Sara Lee would be substantial.

Pursuant to a Tax Sharing Agreement we entered into with Sara Lee in connection with the spin off, we agreed to indemnify Sara Lee and its affiliates for any liability for taxes of Sara Lee resulting from: (1) any action or failure to act by us or any of our affiliates following the completion of the spin off that would be inconsistent with or prohibit the spin off from qualifying as a tax-free transaction to Sara Lee and to Sara Lee's stockholders under Sections 355 and 368(a)(1)(D) of the Code, or (2) any action or failure to act by us or any of our affiliates following the completion of the spin off that would be inconsistent with or cause to be untrue any material, information, covenant or representation made in connection with the private letter ruling obtained by Sara Lee from the IRS relating to, among other things, the qualification of the spin off as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code. See *"We agreed with Sara Lee to certain restrictions in order to comply with U.S. federal income tax requirements for a tax-free spin off and we may not be able to engage in acquisitions and other strategic transactions that may otherwise be in our best interests"* below. Our indemnification obligations to Sara Lee and its affiliates are not limited in amount or subject to any cap. It is expected that the amount of any such taxes to Sara Lee would be substantial.

**We have no operating history as an independent company upon which our performance can be evaluated and accordingly, our prospects must be considered in light of the risks that any newly independent company encounters.**

Prior to the consummation of the spin off, we operated as part of Sara Lee. Accordingly, we have virtually no experience operating as an independent company and performing various corporate functions, including human resources, tax administration, legal (including compliance with the Sarbanes-Oxley Act of 2002 and with the periodic reporting obligations of the Securities Exchange Act of 1934), treasury administration, investor relations, internal audit, insurance, information technology and telecommunications services, as well as the accounting for many items such as equity compensation, income taxes, derivatives, intangible assets and pensions. Our prospects must be considered in light of the risks, expenses and difficulties encountered by companies in the early stages of independent business operations, particularly companies such as ours in highly competitive markets with complex supply chain operations.

**Our historical financial information is not necessarily indicative of our results as a separate company and therefore may not be reliable as an indicator of our future financial results.**

Our historical financial statements have been created from Sara Lee's financial statements using our historical results of operations and historical bases of assets and liabilities as part of Sara Lee. Accordingly, the historical financial information we have included in this Annual Report on Form 10-K is not necessarily indicative of what our financial position, results of operations and cash flows would have been if we had been a separate, stand-alone entity during the periods presented.

The historical financial information is not necessarily indicative of what our results of operations, financial position and cash flows will be in the future and does not reflect many significant changes in our capital structure, funding and operations resulting from the spin off. While our historical results of operations include all costs of Sara Lee's branded apparel business, our historical costs and expenses do not include all of the costs that would have been or will be incurred by us as an independent company. In addition, we have not made adjustments to our historical financial information to reflect changes, many of which are significant, that occurred in our cost structure, financing and operations as a result of the spin off, including the substantial debt we incurred and pension liabilities we assumed in connection with the spin off. These changes include potentially increased costs associated with reduced economies of scale and purchasing power.

Our effective income tax rate as reflected in our historical financial information also may not be indicative of our future effective income tax rate. Among other things, the rate may be materially impacted by:

- changes in the mix of our earnings from the various jurisdictions in which we operate;
- the tax characteristics of our earnings;
- the timing and amount of earnings of foreign subsidiaries that we repatriate to the United States, which may increase our tax expense and taxes paid;
- the timing and results of any reviews of our income tax filing positions in the jurisdictions in which we transact business; and
- the expiration of the tax incentives for manufacturing operations in Puerto Rico, which have been repealed effective in fiscal 2007.

**We and Sara Lee will provide a number of services to each other pursuant to the Master Transition Services Agreement. When the Master Transition Services Agreement terminates, we will be required to replace Sara Lee's services internally or through third parties on terms that may be less favorable to us.**

Under the terms of a Master Transition Services Agreement that we entered into with Sara Lee in connection with the spin off, we and Sara Lee are providing to each other, for a fee, specified support services related to human resources and payroll functions, financial and accounting functions and information technology for periods of up to 12 months following the spin off (with some renewal terms available). When the Master Transition Services Agreement terminates, Sara Lee will no longer be obligated to provide any of

these services to us or pay us for the services we are providing Sara Lee, and we will be required to either enter into a new agreement with Sara Lee or another services provider or assume the responsibility for these functions ourselves. At such time, the economic terms of the new arrangement may be less favorable than the arrangement with Sara Lee under the Master Transition Services Agreement, which may have a material adverse effect on our business, results of operations and financial condition.

**We agreed with Sara Lee to certain restrictions in order to comply with U.S. federal income tax requirements for a tax-free spin off and we may not be able to engage in acquisitions and other strategic transactions that may otherwise be in our best interests.**

Current U.S. federal tax law that applies to spin offs generally creates a presumption that the spin off would be taxable to Sara Lee but not to its stockholders if we engage in, or enter into an agreement to engage in, a plan or series of related transactions that would result in the acquisition of a 50% or greater interest (by vote or by value) in our stock ownership during the four-year period beginning on the date that begins two years before the spin off, unless it is established that the transaction is not pursuant to a plan related to the spin off. U.S. Treasury Regulations generally provide that whether an acquisition of our stock and a spin off are part of a plan is determined based on all of the facts and circumstances, including specific factors listed in the regulations. In addition, the regulations provide certain “safe harbors” for acquisitions of our stock that are not considered to be part of a plan related to the spin off.

There are other restrictions imposed on us under current U.S. federal tax law for spin offs and with which we will need to comply in order to preserve the favorable tax treatment of the distribution, such as continuing to own and manage our apparel business and limitations on sales or redemptions of our common stock for cash or other property following the distribution.

In the Tax Sharing Agreement that we entered into with Sara Lee, we agreed that, among other things, we will not take any actions that would result in any tax being imposed on Sara Lee as a result of the spin off. Further, for the two-year period following the spin off, we agreed not to: (1) repurchase any of our stock except in certain circumstances permitted by the IRS guidelines, (2) voluntarily dissolve or liquidate or engage in any merger (except certain cash acquisition mergers), consolidation, or other reorganizations except for certain mergers of our wholly-owned subsidiaries to the extent not inconsistent with the tax-free status of the spin off, (3) sell, transfer, or otherwise dispose of more than 50% of our assets, excluding any sales conducted in the ordinary course of business or (4) cease, transfer or dispose of all or any portion of our socks business. We are, however, permitted to take certain actions otherwise prohibited by the tax sharing agreement if we provide Sara Lee with an unqualified opinion of tax counsel or private letter ruling from the IRS, acceptable to Sara Lee, to the effect that these actions will not affect the tax-free nature of the spin off. These restrictions could substantially limit our strategic and operational flexibility, including our ability to finance our operations by issuing equity securities, make acquisitions using equity securities, repurchase our equity securities, raise money by selling assets, or enter into business combination transactions.

**The terms of our spin off from Sara Lee, anti-takeover provisions of our charter and by-laws, as well as Maryland law and our stockholder rights agreement, may reduce the likelihood of any potential change of control or unsolicited acquisition proposal that you might consider favorable.**

The terms of our spin off from Sara Lee could delay or prevent a change of control that our stockholders may favor. An acquisition or issuance of our common stock could trigger the application of Section 355(e) of the Code. Under the Tax Sharing Agreement that we entered into with Sara Lee, we are required to indemnify Sara Lee for the resulting tax in connection with such an acquisition or issuance and this indemnity obligation might discourage, delay or prevent a change of control that our stockholders may consider favorable. Our charter and bylaws and Maryland law contain provisions that could make it harder for a third-party to acquire us without the consent of our board of directors. Our charter permits our board of directors, without stockholder approval, to amend the charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have the authority to issue. In addition, our board of directors may classify or reclassify any unissued shares of common stock or preferred stock and may set the preferences, conversion or other rights, voting powers, and other terms of the classified or reclassified

shares. Our board of directors could establish a series of preferred stock that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders. Our board of directors also is permitted, without stockholder approval, to implement a classified board structure at any time.

Our bylaws, which only can be amended by our board of directors, provide that nominations of persons for election to our board of directors and the proposal of business to be considered at a stockholders meeting may be made only in the notice of the meeting, by our board of directors or by a stockholder who is entitled to vote at the meeting and has complied with the advance notice procedures of our bylaws. Also, under Maryland law, business combinations, including issuances of equity securities, between us and any person who beneficially owns 10% or more of our common stock or an affiliate of such person, are prohibited for a five-year period unless exempted by the statute. After this five-year period, a combination of this type must be approved by two super-majority stockholder votes, unless some conditions are met or the business combination is exempted by our board of directors.

In addition, we have adopted a stockholder rights agreement which provides that in the event of an acquisition of or tender offer for 15% of our outstanding common stock, our stockholders shall be granted rights to purchase our common stock at a certain price. The stockholder rights agreement could make it more difficult for a third-party to acquire our common stock without the approval of our board of directors.

These and other provisions of Maryland law or our charter and bylaws could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for our common stock or otherwise be considered favorably by our stockholders.

**Item 1B.** ***Unresolved Staff Comments***

Not applicable.

**Item 2.** ***Properties***

We own and lease facilities supporting our administrative, manufacturing, distribution and direct outlet activities. We own our approximately 470,000 square-foot headquarters located in Winston-Salem, North Carolina. Our headquarters house our various sales, marketing and corporate business functions. Research and development as well as certain product-design functions also are located in Winston-Salem, while other design functions are located in New York City and other research facilities are located in London.

As of July 1, 2006, we had 165 manufacturing and distribution facilities in 24 countries. We owned approximately 70 of our manufacturing and distribution facilities and leased approximately 95 of the remaining manufacturing and distribution facilities as of July 1, 2006. The leases for these facilities expire between 2006 and 2014, with the exception of some seasonal warehouses that we lease on a month-by-month basis. For more information about our capital lease obligations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Future Contractual Obligations and Commitments.”

As of July 1, 2006, we also operated 224 direct outlet stores in 41 states, most of which are leased under five-year, renewable lease agreements. We believe that our facilities, as well as equipment, are in good condition and meet our current business needs.

The following table summarizes our facility space by country as of July 1, 2006:

| Facilities by Country | Owned Square Feet | Leased Square Feet | Total |
|---|---|---|---|
| United States | 14,085,029 | 5,232,544 | 19,317,573 |
| Non-U.S. facilities: | | | |
| Mexico | 1,292,647 | 352,249 | 1,644,896 |
| Dominican Republic | 848,000 | 464,456 | 1,312,456 |
| Puerto Rico | — | 751,053 | 751,053 |
| Honduras | 382,001 | 384,784 | 766,785 |
| Canada | 316,780 | 292,938 | 609,718 |
| Germany | — | 17,224 | 17,224 |
| Costa Rica | 475,422 | 118,774 | 594,196 |
| El Salvador | 187,056 | 47,340 | 234,396 |
| Argentina | 102,434 | 1,896 | 104,330 |
| Brazil | — | 175,947 | 175,947 |
| 13 other countries | — | 203,531 | 203,531 |
| Total non-U.S. facilities | 3,604,340 | 2,810,192 | 6,414,532 |
| **Totals** | 17,689,369 | 8,042,736 | 25,732,105 |

The following table summarizes our facility space by segment as of July 1, 2006:

| Facilities by Segment* | Number of Facilities | Leased Square Feet | Owned Square Feet | Total |
|---|---|---|---|---|
| Innerwear | 75 | 4,448,977 | 6,828,874 | 11,277,851 |
| Outerwear | 31 | 765,091 | 6,200,402 | 6,965,493 |
| Hosiery | 5 | 134,000 | 1,605,662 | 1,739,662 |
| International | 54 | 1,370,213 | 772,196 | 2,142,409 |
| **Totals** | 165 | 6,718,281 | 15,407,134 | 22,125,415 |

* Excludes Hanesbrands Direct Outlet stores, property held for sale and office buildings housing corporate functions.

**Item 3.** ***Legal Proceedings***

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

**Item 4.** ***Submission of Matters to a Vote of Security Holders***

Prior to the spin off, Sara Lee, as our sole shareholder, approved the following actions. On June 29, 2006, Sara Lee approved the Hanesbrands Inc. Omnibus Incentive Plan and the Hanesbrands Inc. Annual Performance-Based Incentive Plan. Also, on June 29, 2006, Sara Lee elected the following persons to our board of directors:

- Harry A. Cockrell
- Charles W. Coker
- Bobby J. Griffin
- James C. Johnson
- J. Patrick Mulcahy
- Alice M. Peterson
- Andrew J. Schindler

The election of Ms. Peterson became effective on August 16, 2006, while the election of Messrs. Cockrell, Coker, Griffin, Johnson, Mulcahy, and Schindler became effective on September 5, 2006.

## PART II

**Item 5.** ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

**Market for our Common Stock**

Our common stock currently is traded on the New York Stock Exchange, or the "NYSE," under the symbol "HBI." A "when-issued" trading market for our common stock on the NYSE began on August 16, 2006, and "regular way" trading of our common stock began on September 6, 2006. Prior to August 16, 2006, there was no public market for our common stock. Each share of our common stock has attached to it one preferred stock purchase right. These rights initially will be transferable with and only with the transfer of the underlying share of common stock. We have not made any repurchases of our equity securities in the past year, nor have we made any unregistered sales of our equity securities.

From September 6, 2006 through September 15, 2006, the highest trading price for our common stock was $23.20 per share, and the lowest trading price for our common stock was $19.55 per share. The market price of our common stock has fluctuated since the spin off and is likely to fluctuate in the future. Changes in the market price of our common stock may result from, among other things:

- quarter-to-quarter variations in operating results;
- operating results being different from analysts' estimates;
- changes in analysts' earnings estimates or opinions;
- announcements of new products or pricing policies by us or our competitors;
- announcements of acquisitions by us or our competitors;
- developments in existing customer relationships;
- actual or perceived changes in our business strategy;
- developments in new litigation and claims;
- sales of large amounts of our common stock;
- changes in market conditions in the apparel essentials industry;
- changes in general economic conditions; and
- fluctuations in the securities markets in general.

**Holders of Record**

On September 15, 2006, there were 68,592 holders of record of our common stock. Because many of the shares of our common stock are held by brokers and other institutions on behalf of stockholders, we are unable to determine the total number of stockholders represented by these record holders, but we believe that at the time of the spin off on September 5, 2006 there were more than 250,000 beneficial owners of our common stock.

**Dividends**

We currently do not pay regular dividends on our outstanding stock. We expect to consider whether to adopt a policy of paying, subject to legally available funds, a modest quarterly cash dividend on outstanding shares of our common stock. The declaration of any future dividends and, if declared, the amount of any such dividends, will be subject to our actual future earnings, capital requirements, regulatory restrictions, debt covenants, other contractual restrictions and to the discretion of our board of directors. Our board of directors may take into account such matters as general business conditions, our financial condition and results of operations, our capital requirements, our prospects and such other factors as our board of directors may deem relevant.

**Item 6.** ***Selected Financial Data***

The following table presents our selected historical financial data. The statements of income data for each of the fiscal years in the three fiscal years ended July 1, 2006 and the balance sheet data as of July 3, 2004, July 2, 2005 and July 1, 2006 have been derived from our audited Combined and Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K. The financial data as of and for the years ended June 29, 2002 and June 28, 2003 have been derived from our financial statements not included in this Annual Report on Form 10-K.

Our historical financial data are not necessarily indicative of our future performance or what our financial position and results of operations would have been if we had operated as a separate, stand-alone entity during the periods shown. The data should be read in conjunction with our historical financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

| | Years Ended | | | | |
|---|---|---|---|---|---|
| | June 29 2002 (unaudited) | June 28, 2003 | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| | | | (dollars in thousands) | | |
| **Statements of Income Data:** | | | | | |
| Net sales | $ 4,920,840 | $ 4,669,665 | $ 4,632,741 | $ 4,683,683 | $ 4,472,832 |
| Cost of sales | 3,278,506 | 3,010,383 | 3,092,026 | 3,223,571 | 2,987,500 |
| Gross profit | 1,642,334 | 1,659,282 | 1,540,715 | 1,460,112 | 1,485,332 |
| Selling, general and administrative expenses | 1,146,549 | 1,126,065 | 1,087,964 | 1,053,654 | 1,051,833 |
| Charges for (income from) exit activities | 27,580 | (14,397) | 27,466 | 46,978 | (101) |
| Income from operations | 468,205 | 547,614 | 425,285 | 359,480 | 433,600 |
| Interest expense | 2,509 | 44,245 | 37,411 | 35,244 | 26,075 |
| Interest income | (13,753) | (46,631) | (12,998) | (21,280) | (8,795) |
| Income before income taxes | 479,449 | 550,000 | 400,872 | 345,516 | 416,320 |
| Income tax expense (benefit) | 139,488 | 121,560 | (48,680) | 127,007 | 93,827 |
| Net income | $ 339,961 | $ 428,440 | $ 449,552 | $ 218,509 | $ 322,493 |

| | June 29, 2002 (unaudited) | June 28, 2003 | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|---|---|
| | | | (dollars in thousands) | | |
| **Balance Sheet Data:** | | | | | |
| Cash and cash equivalents | $ 106,250 | $ 289,816 | $ 674,154 | $ 1,080,799 | $ 298,252 |
| Total assets | 4,064,730 | 3,915,573 | 4,402,758 | 4,237,154 | 4,891,075 |
| Noncurrent liabilities: | | | | | |
| Noncurrent capital lease obligations | 12,171 | 10,054 | 7,200 | 6,188 | 2,786 |
| Noncurrent deferred tax liabilities | 10,140 | 6,599 | — | 7,171 | 5,014 |
| Other noncurrent liabilities | 37,660 | 32,598 | 28,734 | 40,200 | 42,187 |
| Total noncurrent liabilities | 59,971 | 49,251 | 35,934 | 53,559 | 49,987 |
| Total parent companies' equity | 1,762,824 | 2,237,448 | 2,797,370 | 2,602,362 | 3,229,134 |

## Item 7. *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" 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 Annual Report on Form 10-K. Our fiscal year ends on the Saturday closest to June 30. Fiscal years 2004, 2005 and 2006 were 53-, 52- and 52-week years, respectively. All reported results for fiscal 2004 include the impact of the additional week. 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 listed under "Risk Factors" and included elsewhere in this Annual Report on Form 10-K.

### Overview

MD&A is a supplement to our combined and consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K, and is provided to enhance your understanding of our results of operations and financial condition. Our MD&A is organized as follows:

- *Overview.* This section provides a general description of our company and operating segments, business and industry trends and our key business strategies and background information on other matters discussed in this MD&A.
- *Components of Net Sales and Expense.* This section provides an overview of the components of our net sales and expense that are key to an understanding of our results of operations.
- *Combined and Consolidated Results of Operations* and *Operating Results by Business Segment.* These sections provide our analysis and outlook for the significant line items on our statements of income, as well as other information that we deem meaningful to an understanding of our results of operations on both a combined and consolidated basis and a business segment basis.
- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity and cash flows, as well as a discussion of our commitments that existed as of July 1, 2006.
- *Significant Accounting Policies and Critical Estimates.* This section discusses the accounting policies that are considered important to the evaluation and reporting of our financial condition and results of operations, and whose application requires significant judgments or a complex estimation process.
- *Issued But Not Yet Effective Accounting Standards.* This section provides a summary of the most recent authoritative accounting standards and guidance that the company will be required to adopt in a future period.

### Overview

#### *Our Company*

We are a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion*, *Playtex*, *Bali*, *Just My Size*, *barely there* and *Wonderbra.* We design, manufacture, source and sell a broad range of apparel essentials such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. Our brands hold either the number one or number two U.S. market position by sales in most product categories in which we compete.

We were spun off from Sara Lee Corporation on September 5, 2006. In connection with the spin off, Sara Lee contributed its branded apparel Americas and Asia business to us and distributed all of the outstanding shares of our common stock to its stockholders on a pro rata basis. As a result of the spin off, Sara Lee ceased to own any equity interest in our company. In this Annual Report on Form 10-K, we describe the businesses contributed to us by Sara Lee in the spin off as if the contributed businesses were our business for all

historical periods described. References in this Annual Report on Form 10-K to our historical assets, liabilities, products, businesses or activities of our business are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the contributed businesses as the businesses were conducted as part of Sara Lee and its subsidiaries prior to the spin off.

***Our Segments***

Our operations are managed in four operating segments, each of which is a reportable segment: innerwear, outerwear, hosiery and international. Our innerwear, outerwear and hosiery segments principally sell products in the United States and our international segment exclusively sells products in foreign countries.

- *Innerwear.* The innerwear segment focuses on core apparel essentials, and consists of products such as women's intimate apparel, men's underwear, kids' underwear, socks, thermals and sleepwear, marketed under well-known brands that are trusted by consumers. We are an intimate apparel category leader in the United States with our *Hanes*, *Playtex*, *Bali*, *barely there*, *Just My Size*, and *Wonderbra* brands. We are also a leading manufacturer and marketer of men's underwear, and kids' underwear under the *Hanes* and *Champion* brand names. Our fiscal 2006 net sales from our innerwear segment were $2.6 billion, representing approximately 58% of net sales.
- *Outerwear.* We are a leader in the casualwear and activewear markets through our *Hanes*, *Champion* and *Just My Size* brands, where we offer products such as t-shirts and fleece. Our casualwear lines offer a range of quality, comfortable clothing for men, women and children marketed under the *Hanes* and *Just My Size* brands. The *Just My Size* brand offers casual apparel designed exclusively to meet the needs of plus-size women. In addition to activewear for men and women, *Champion* provides uniforms for athletic programs and in 2004 launched a new apparel program at Target, *C9 by Champion.* We also license our *Champion* name for collegiate apparel and footwear. We also supply our t-shirts, sportshirts and fleece products to screenprinters and embellishers, who imprint or embroider the product and then resell to specialty retailers and organizations such as resorts and professional sports clubs. Our fiscal 2006 net sales from our outerwear segment were $1.2 billion, representing approximately 27% of net sales.
- *Hosiery.* We are the leading marketer of women's sheer hosiery in the United States. We compete in the hosiery market by striving to offer superior values and executing integrated marketing activities, as well as focusing on the style of our hosiery products. We market hosiery products under our *Hanes*, *L'eggs* and *Just My Size* brands. Our fiscal 2006 net sales from our hosiery segment were $305.7 million, representing approximately 7% of net sales. Consistent with a sustained decline in the hosiery industry due to changes in consumer preferences, our net sales from hosiery sales have declined each year since 1995.
- *International.* Our fiscal 2006 net sales in our international segment were $388.0 million, representing approximately 8% of net sales and included sales in Asia, Canada and Latin America. Japan, Canada and Mexico are our largest international markets and we also have opened sales offices in India and China.

***Business and Industry Trends***

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

Our distribution channels range from direct-to-consumer sales at our outlet stores, to national chains and department stores to warehouse clubs and mass-merchandise outlets. In fiscal 2006, 44% of our net sales were

to mass merchants, 19% were to national chains and department stores, 8% were direct to consumer, 8% were in our international segment and 21% were to other retail channels such as embellishers, specialty retailers, warehouse clubs and sporting goods stores. Our net sales in fiscal 2006 were $4.5 billion, down 4.5% from the prior fiscal year mainly due to the discontinuation of low margin product lines, partially offset by increased *C9 by Champion* sales.

In recent years, there has been a growing trend toward retailer consolidation, and as result, the number of retailers to which we sell our products continues to decline. In fiscal 2006, for example, our top ten customers accounted for 65% of our net sales and our top customer, Wal-Mart, accounted for over $1.2 billion of our net sales. Our largest customers in fiscal 2006 were Wal-Mart, Target and Kohl's, which accounted for 29%, 12% and 6% of total sales, respectively. This trend toward consolidation has had and will continue to have significant effects on our business. Consolidation creates pricing pressures as our customers grow larger and increasingly seek to have greater concessions in their purchase of our products, while they also are increasingly demanding that we provide them with some of our products on an exclusive basis. To counteract these and other effects of consolidation, it has become increasingly important to increase operational efficiency and lower costs. As discussed below, for example, we are moving more of our supply chain from domestic to foreign locations to lower the costs of our operational structure.

Anticipating changes in and managing our operations in response to consumer preferences remains an important element of our business. In recent years, we have experienced changes in our net sales, revenues and cash flows in accordance with changes in consumer preferences and trends. For example, since fiscal 1995, net sales in our hosiery segment have declined in connection with a larger sustained decline in the hosiery industry. The hosiery segment only comprises 7% of our sales, 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.

***Our Key Business Strategies***

Our mission is to grow earnings and cash flow by integrating our operations, optimizing our supply chain, increasing our brand leadership and leveraging and strengthening our retail relationships. Specifically, we intend to focus on the following strategic initiatives:

- *Create a More Integrated, Focused Company.* Historically, we have had a decentralized operating structure, with many distinct operating units. We are in the process of consolidating functions, such as purchasing, finance, manufacturing/sourcing, planning, marketing and product development, across all of our product categories in the United States. We also are in the process of integrating our distribution operations and information technology systems. We believe that these initiatives will streamline our operations, improve our inventory management, reduce costs, standardize processes and allow us to distribute our products more effectively to retailers. We expect that our initiative to integrate our technology systems also will provide us with more timely information, increasing our ability to allocate capital and manage our business more effectively.
- *Develop a Lower-Cost Efficient Supply Chain.* As a provider of high-volume products, we are continually seeking to improve our cost-competitiveness and operating flexibility through supply chain initiatives. Over the next several years, we will continue to transition additional parts of our supply chain from the United States to locations in Central America, the Caribbean Basin and Asia in an effort to optimize our cost structure. We intend to continue to self-manufacture core products where we can protect or gain a significant cost advantage through scale or in cases where we seek to protect proprietary processes and technology. We plan to continue to selectively source product categories that do not meet these criteria from third-party manufacturers. We expect that in future years our supply chain will become more balanced across the Eastern and Western Hemispheres. We expect that these changes in our supply chain will result in significant cost efficiencies and increased asset utilization.
- *Increase the Strength of Our Brands with Consumers.* We intend to increase our level of marketing support behind our key brands with targeted, effective advertising and marketing campaigns. For

example, in fiscal 2005, we launched a comprehensive marketing campaign titled "Look Who We've Got Our Hanes on Now," which we believe significantly increased positive consumer attitudes about the *Hanes* brand in the areas of stylishness, distinctiveness and up-to-date products. Our ability to react to changing customer needs and industry trends will continue to be key to our success. Our design, research and product development teams, in partnership with our marketing teams, drive our efforts to bring innovations to market. We intend to leverage our insights into consumer demand in the apparel essentials industry to develop new products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends.

- *Strengthen Our Retail Relationships.* We intend to expand our market share at large, national retailers by applying our extensive category and product knowledge, leveraging our use of multi-functional customer management teams and developing new customer-specific programs such as *C9 by Champion* for Target. Our goal is to strengthen and deepen our existing strategic relationships with retailers and develop new strategic relationships. Additionally, we plan to expand distribution by providing manufacturing and production of apparel essentials products to specialty stores and other distribution channels, such as direct to consumer through the Internet.

***Restructuring and Transformation Plans***

Over the past several years, we have undertaken a variety of restructuring efforts designed to improve operating efficiencies and lower costs. We have closed plant locations, reduced our workforce, and relocated some of our domestic manufacturing capacity to lower cost locations. For example, we recently closed two facilities in the United States and one in Mexico. While we believe that these efforts have had and will continue to have a beneficial impact on our operational efficiency and cost structure, we have incurred significant costs to implement these initiatives. In particular, we have recorded charges for severance and other employment-related obligations relating to workforce reductions, as well as payments in connection with lease and other contract terminations. These amounts are included in the "Charges for (income from) exit activities" and "Selling, general and administrative expenses" lines of our statements of income. As a result of the exit activities taken since the beginning of fiscal 2004, our cost structure was reduced and efficiencies improved, generating savings of $80.2 million. For more information about the fiscal 2004, 2005 and 2006 restructuring activities, see Note 5, titled "Exit Activities" to our Combined and Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

As further plans are developed and approved by management and our board of directors, we expect to recognize additional exit costs to eliminate duplicative functions within the organization and transition a significant portion of our manufacturing capacity to lower-cost locations. As part of our efforts to consolidate our operations, we also are in the process of integrating information technology systems across our company. This process involves the replacement of eight independent information technology platforms with a unified enterprise system, which will integrate all of our departments and functions into common software that runs off a single database. Once this plan is developed and approved by management, a number of variables will impact the cost and timing of installing and transitioning to new information technology systems.

**Components of Net Sales and Expense**

***Net sales***

We generate net sales by selling apparel essentials such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear. Our net sales are recognized net of discounts, coupons, rebates, volume-based incentives and cooperative advertising costs. We recognize net sales when title and risk of loss pass to our customers. Net sales include an estimate for returns and allowances based upon historical return experience. We also offer a variety of sales incentives to resellers and consumers that are recorded as reductions to net sales.

***Cost of sales***

Our cost of sales includes the cost of manufacturing finished goods, which consists largely of labor and raw materials such as cotton and petroleum-based products. Our cost of sales also includes finished goods sourced from third-party manufacturers who supply us with products based on our designs as well as charges for slow moving or obsolete inventories. Rebates, discounts and other cash consideration received from a vendor related to inventory purchases are reflected in cost of sales when the related inventory item is sold. Our costs of sales do not include shipping and handling costs, and thus our gross margins may not be comparable to those of other entities that include such costs in costs of sales.

***Selling, general and administrative expenses***

Our selling, general and administrative expenses, or “SG&A expenses,” include selling, advertising, shipping, handling and distribution costs, rent on leased facilities, depreciation on owned facilities and equipment and other general and administrative expenses. Also included are allocations of corporate expenses and charges which consist of expenses for business insurance, medical insurance, employee benefit plan amounts and, because we were part of Sara Lee during all periods presented, allocations from Sara Lee for certain centralized administration costs for treasury, real estate, accounting, auditing, tax, risk management, human resources and benefits administration. These allocations of centralized administration costs were determined on bases that we and Sara Lee considered to be reasonable and take into consideration and include relevant operating profit, fixed assets, sales and payroll. SG&A expenses also include management payroll, benefits, travel, information systems, accounting, insurance and legal expenses.

***Charges for (income from) exit activities***

We have from time to time closed facilities and reduced headcount, including in connection with previously announced restructuring and business transformation plans. We refer to these activities as exit activities. When we decide to close facilities or reduce headcount we take estimated charges for such exit activities, including charges for exited noncancelable leases and other contractual obligations, as well as severance and benefits. If the actual charge is different from the original estimate, an adjustment is recognized in the period such change in estimate is identified.

***Interest expense***

As part of our historical relationship with Sara Lee, we engaged in intercompany borrowings. We also have borrowed monies from third parties under a credit facility and a revolving line of credit. The interest charged under these facilities was recorded as interest expense. We are no longer able to borrow from Sara Lee. As part of the spin off on September 5, 2006, we incurred $2.6 billion of debt in the form of a new senior secured credit facility, a new senior secured second lien credit facility and a bridge loan facility, $2.4 billion of the proceeds of which was paid to Sara Lee. As a result, our interest expense in future periods will be substantially higher than in historical periods.

***Interest income***

Interest income is the return we earned on our cash and cash equivalents and, historically, on money we lent to Sara Lee as part of its corporate cash management practices. Our cash and cash equivalents are invested in highly liquid investments with original maturities of three months or less.

***Income tax expense (benefit)***

Our effective income tax rate fluctuates from period to period and can be materially impacted by, among other things:

- changes in the mix of our earnings from the various jurisdictions in which we operate;
- the tax characteristics of our earnings;

- the timing and amount of earnings of foreign subsidiaries that we repatriate to the United States, which may increase our tax expense and taxes paid;
- the timing and results of any reviews of our income tax filing positions in the jurisdictions in which we transact business; and
- the expiration of the tax incentives for manufacturing operations in Puerto Rico, which have been repealed effective in fiscal 2007.

In particular, to service the substantial amount of debt we incurred in connection with the spin off and to meet other general corporate needs, we may have less flexibility than we have had previously regarding the timing or amount of future earnings that we repatriate from foreign subsidiaries. As a result, we believe that our income tax rate in future periods is likely to be higher, on average, than our historical effective tax rates.

***Inflation and Changing Prices***

We believe that changes in net sales and in net income that have resulted from inflation or deflation have not been material during the periods presented. There is no assurance, however, that inflation or deflation will not materially affect us in the future.

**Combined and Consolidated Results of Operations—Fiscal 2006 Compared with Fiscal 2005**

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Net sales | $ 4,683,683 | $ 4,472,832 | $ (210,851) | (4.5)% |
| Cost of sales | 3,223,571 | 2,987,500 | (236,071) | (7.3) |
| Gross profit | 1,460,112 | 1,485,332 | 25,220 | 1.7 |
| Selling, general and administrative expenses | 1,053,654 | 1,051,833 | (1,821) | (0.2) |
| Charges for (income from) exit activities | 46,978 | (101) | (47,079) | (100.2) |
| Income from operations | 359,480 | 433,600 | 74,120 | 20.6 |
| Interest expense | 35,244 | 26,075 | (9,169) | (26.0) |
| Interest income | (21,280) | (8,795) | 12,485 | 58.7 |
| Income before income taxes | 345,516 | 416,320 | 70,804 | 20.5 |
| Income tax expense | 127,007 | 93,827 | (33,180) | (26.1) |
| Net income | $ 218,509 | $ 322,493 | $ 103,984 | 47.6 |

***Net Sales***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Net sales | $ 4,683,683 | $ 4,472,832 | $ (210,851) | (4.5)% |

Net sales declined primarily due to the $142 million impact from the discontinuation of low-margin product lines in the innerwear, outerwear and international segments and a $48 million decline in sheer hosiery sales. Other factors netting to $21 million of this decline include lower selling prices and changes in product sales mix. Going forward, we expect the trend of declining hosiery sales to continue as a result of shifts in consumer preferences.

***Cost of Sales***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Cost of sales | $ 3,223,571 | $ 2,987,500 | $ (236,071) | (7.3)% |

Cost of sales declined year over year primarily as a result of the decline in net sales. As a percent of net sales, gross margin increased from 31.2% in fiscal 2005 to 33.2% in fiscal 2006. The increase in gross margin percentage was primarily due to a $140 million impact from lower cotton costs, and lower charges for slow moving and obsolete inventories and a $13 million impact from the benefits of prior year restructuring actions partially offset by an $84 million impact of lower selling prices and changes in product sales mix. Although our fiscal 2006 results benefited from lower cotton prices, we currently anticipate cotton costs to increase in future periods.

***Selling, General and Administrative Expenses***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Selling, general and administrative expenses | $ 1,053,654 | $ 1,051,833 | $ (1,821) | (0.2)% |

SG&A expenses declined due to a $31 million benefit from prior year restructuring actions, an $11 million reduction in variable distribution costs and a $7 million reduction in pension plan expense. These decreases were partially offset by a $47 million decrease in recovery of bad debts, higher share-based compensation expense, increased advertising and promotion costs and higher costs incurred related to the spin off. Measured as a percent of net sales, SG&A expenses increased from 22.5% in fiscal 2005 to 23.5% in fiscal 2006.

***Charges for (Income from) Exit Activities***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Charges for (income from) exit activities | $ 46,978 | $ (101) | $ (47,079) | (100.2)% |

The charge for exit activities in fiscal 2005 is primarily attributable to costs for severance actions related to the decision to terminate 1,126 employees, most of whom are located in the United States. The income from exit activities in fiscal 2006 resulted from the impact of certain exit activities that were completed for amounts more favorable than originally expected which is partially offset by $4 million of costs associated with the decision to terminate 449 employees.

***Income from Operations***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Income from operations | $ 359,480 | $ 433,600 | $ 74,120 | 20.6% |

Income from operations in fiscal 2006 was higher than in fiscal 2005 as a result of the items discussed above.

***Interest Expense and Interest Income***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Interest expense | $ 35,244 | $ 26,075 | $ (9,169) | (26.0)% |
| Interest income | (21,280) | (8,795) | 12,485 | 58.7% |
| Net interest expense | $ 13,964 | $ 17,280 | $ 3,316 | 23.7% |

Interest expense decreased year over year as a result of lower average balances on borrowings from Sara Lee. Interest income decreased significantly as a result of lower average cash balances. As a result of the spin off on September 5, 2006, our net interest expense will increase substantially as a result of our increased indebtedness.

***Income Tax Expense***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Income tax expense | $ 127,007 | $ 93,827 | $ (33,180) | (26.1)% |

Our effective income tax rate decreased from 36.8% in fiscal 2005 to 22.5% in fiscal 2006. The decrease in our effective tax rate is attributable primarily to an $81.6 million charge in fiscal 2005 related to the repatriation of the earnings of foreign subsidiaries to the United States. Of this total, $50.0 million was recognized in connection with the remittance of current year earnings to the United States, and $31.6 million related to earnings repatriated under the provisions of the American Jobs Creation Act of 2004. The tax expense for both periods was impacted by a number of significant items which are set out in the reconciliation of our effective tax rate to the U.S. statutory rate in Note 19 titled "Income Taxes" to our Combined and Consolidated Financial Statements.

***Net Income***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Net income | $ 218,509 | $ 322,493 | $ 103,984 | 47.6% |

Net income in fiscal 2006 was higher than in fiscal 2005 as a result of the items discussed above.

**Operating Results by Business Segment—Fiscal 2006 Compared with Fiscal 2005**

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| **Net sales:** | | | | |
| Innerwear | $ 2,740,653 | $ 2,648,320 | $ (92,333) | (3.4)% |
| Outerwear | 1,300,812 | 1,230,621 | (70,191) | (5.4) |
| Hosiery | 353,540 | 305,704 | (47,836) | (13.5) |
| International | 354,547 | 387,994 | 33,447 | 9.4 |
| Net sales | 4,749,552 | 4,572,639 | (176,913) | (3.7) |
| Intersegment | (65,869) | (99,807) | (33,938) | (51.5) |
| Total net sales | $ 4,683,683 | $ 4,472,832 | $ (210,851) | (4.5) |
| **Operating segment income:** | | | | |
| Innerwear | $ 261,267 | $ 323,556 | $ 62,289 | 23.8 |
| Outerwear | 61,310 | 85,632 | 24,322 | 39.7 |
| Hosiery | 52,954 | 54,548 | 1,594 | 3.0 |
| International | 21,705 | 32,792 | 11,087 | 51.1 |
| Total operating segment income | 397,236 | 496,528 | 99,292 | 25.0 |
| Items not included in operating segment income: | | | | |
| Amortization of trademarks and other intangibles | (9,100) | (9,031) | 69 | 0.8 |
| General corporate expenses not allocated to the segments | (28,656) | (53,897) | (25,241) | (88.1) |
| Total income from operations | 359,480 | 433,600 | 74,120 | 20.6 |
| Net interest expense | (13,964) | (17,280) | (3,316) | (23.8) |
| Income before income taxes | $ 345,516 | $ 416,320 | $ 70,804 | 20.5 |

***Innerwear***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Net sales | $ 2,740,653 | $ 2,648,320 | $ (92,333) | (3.4)% |
| Operating segment income | 261,267 | 323,556 | 62,289 | 23.8 |

Net sales in the innerwear segment decreased primarily due to a $65 million impact of our discontinuation of certain sleepwear, thermal and private label product lines and the closure of certain retail stores. Net sales were also negatively impacted by $15 million of lower sock sales due to both lower shipment volumes and lower pricing.

Gross margin in the innerwear segment increased from 33.9% in fiscal 2005 to 36.2% in fiscal 2006, reflecting a $78 million impact of lower charges for slow moving and obsolete inventories, lower cotton costs and benefits from prior restructuring actions, partially offset by lower gross margins for socks due to pricing pressure and mix.

The increase in innerwear operating segment income is primarily attributable to the increase in gross margin and a $19 million impact of lower SG&A expenses due to headcount reductions. This is partially offset by $35 million related to higher media advertising and promotion spending, pricing pressures and product sales mix.

***Outerwear***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Net sales | $ 1,300,812 | $ 1,230,621 | $ (70,191) | (5.4)% |
| Operating segment income | 61,310 | 85,632 | 24,322 | 39.7 |

Net sales in the outerwear segment decreased primarily due to the $64 million impact of our exit of certain lower-margin fleece product lines and a $33 million impact of lower sales of casualwear products both in the retail channel and in the embellishment channel, resulting from lower prices and an unfavorable sales mix, partially offset by a $44 million impact from higher sales of activewear products.

Gross margin in the outerwear segment increased from 18.9% in fiscal 2005 to 20.2% in fiscal 2006, reflecting a $72 million impact of lower charges for slow moving and obsolete inventories, lower cotton costs, benefits from prior restructuring actions and the exit of certain lower-margin fleece product lines, partially offset by pricing pressures and an unfavorable sales mix of t-shirts sold in the embellishment channel.

The increase in outerwear operating segment income is primarily attributable to lower cotton costs and a $7 million impact of lower SG&A expenses due to the benefits of restructuring actions.

***Hosiery***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Net sales | $ 353,540 | $ 305,704 | $ (47,836) | (13.5)% |
| Operating segment income | 52,954 | 54,548 | 1,594 | 3.0 |

Net sales in the hosiery segment decreased primarily due to the continued decline in sheer hosiery consumption in the United States. Outside unit volumes in the hosiery segment decreased by 13% in fiscal 2006, with a 11% decline in *L'eggs* volume to mass retailers and food and drug stores and a 22% decline in *Hanes* volume to department stores. Overall the hosiery market declined 11%. We expect this trend to continue as a result of shifts in consumer preferences.

Gross margin in the hosiery segment increased from 40.7% in fiscal 2005 to 43.2% in fiscal 2006. The increase resulted primarily from improved product sales mix and pricing.

The increase in hosiery operating segment income is primarily attributable to reductions of SG&A expenses.

***International***

| | Fiscal 2005 | Fiscal 2006 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Net sales | $ 354,547 | $ 387,994 | $ 33,447 | 9.4% |
| Operating segment income | 21,705 | 32,792 | 11,087 | 51.1 |

Net sales in the international segment increased primarily due to the acquisition of a Hong Kong based sourcing business at the end of fiscal 2005, partially offset by lower sales in Latin America, which were mainly due to a $13 million impact from our exit of certain low-margin product lines. The acquired business contributed $40 million of sales in fiscal 2006 most of which were sales of non-finished goods. Changes in foreign currency exchange rates increased net sales by $10 million.

Gross margin decreased from 39.8% in fiscal 2005 to 37.9% in fiscal 2006. The decrease resulted primarily from a $13 million impact from lower margins of the Hong Kong sourcing business, partially offset by margin improvements in sales in Canada resulting from greater purchasing power for contracted goods.

The increase in international operating segment income is primarily attributable to a $6 million impact of lower restructuring costs and improvements in gross margin in Canada.

***General Corporate Expenses***

General corporate expenses not allocated to the segments increased in fiscal 2006 from fiscal 2005 as a result of higher incurred costs related to the spin off.

**Combined and Consolidated Results of Operations—Fiscal 2005 Compared with Fiscal 2004**

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Net sales | $ 4,632,741 | $ 4,683,683 | $ 50,942 | 1.1% |
| Cost of sales | 3,092,026 | 3,223,571 | 131,545 | 4.3 |
| Gross profit | 1,540,715 | 1,460,112 | (80,603) | (5.2) |
| Selling, general and administrative expenses | 1,087,964 | 1,053,654 | (34,310) | (3.2) |
| Charges for exit activities | 27,466 | 46,978 | 19,512 | 71.0 |
| Income from operations | 425,285 | 359,480 | (65,805) | (15.5) |
| Interest expense | 37,411 | 35,244 | (2,167) | (5.8) |
| Interest income | (12,998) | (21,280) | (8,282) | (63.7) |
| Income before income taxes | 400,872 | 345,516 | (55,356) | (13.8) |
| Income tax expense (benefit) | (48,680) | 127,007 | 175,687 | NM |
| Net income | $ 449,552 | $ 218,509 | $ (231,043) | (51.4) |

***Net Sales***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Net sales | $ 4,632,741 | $ 4,683,683 | $ 50,942 | 1.1% |

Net sales increased year over year primarily as a result of a $95 million impact from increases in net sales in the innerwear and outerwear segments. Approximately $102 million of this increase was due to

increased sales of our *Champion* activewear products, primarily due to the introduction of our *C9 by Champion* line toward the end of fiscal 2004. Net sales were adversely affected by a $62 million impact from declines in the hosiery and international segments. The total impact of the 53rd week in fiscal 2004 was $77 million.

***Cost of Sales***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Cost of sales | $ 3,092,026 | $ 3,223,571 | $ 131,545 | 4.3% |

Cost of sales increased year over year as a result of the increase in net sales. Also contributing to the increase in cost of sales was a $94 million impact from higher raw material costs for cotton and charges for slow moving and obsolete inventories. Our gross margin declined from 33.3% in fiscal 2004 to 31.2% in fiscal 2005.

***Selling, General and Administrative Expenses***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Selling, general and administrative expenses | $ 1,087,964 | $ 1,053,654 | $ (34,310) | (3.2)% |

SG&A expenses declined due to a $36 million impact from lower benefit plan costs, increased recovery of bad debts and a lower cost structure achieved through prior restructuring activities, offset in part by increases in total advertising and promotion costs. SG&A expenses in fiscal 2004 included a $7.5 million charge related to the discontinuation of the *Lovable* U.S. trademark, while SG&A expenses in fiscal 2005 included a $4.5 million charge for accelerated depreciation of leasehold improvements as a result of exiting certain store leases. Measured as a percent of net sales, SG&A expenses declined from 23.5% in fiscal 2004 to 22.5% in fiscal 2005.

***Charges for (Income from) Exit Activities***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Charges for (income from) exit activities | $ 27,466 | $ 46,978 | $ 19,512 | 71.0% |

The charge for exit activities in fiscal 2005 is primarily attributable to costs for severance actions related to the decision to terminate 1,126 employees, most of whom are located in the United States. The charge for exit activities in fiscal 2004 is primarily attributable to a charge for severance actions related to the decision to terminate 4,425 employees, most of whom are located outside the United States. The increase year over year is primarily attributable to the relative costs associated with terminating U.S. employees as compared to international employees.

***Income from Operations***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Income from operations | $ 425,285 | $ 359,480 | $ (65,805) | (15.5)% |

Income from operations in fiscal 2005 was lower than in fiscal 2004 primarily due to higher raw material costs for cotton and charges for slow moving and obsolete inventories.

***Interest Expense and Interest Income***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Interest expense | $ 37,411 | $ 35,244 | $ (2,167) | (5.8)% |
| Interest income | (12,998) | (21,280) | (8,282) | (63.7) |
| Net interest expense | $ 24,413 | $ 13,964 | $ (10,449) | (42.8) |

Interest expense decreased year over year as a result of lower average balances on borrowings from Sara Lee. Interest income increased significantly as a result of higher average cash balances. As a result of the spin off on September 5, 2006, our net interest expense will increase substantially as a result of our increased indebtedness.

***Income Tax Expense (Benefit)***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Income tax expense (benefit) | $ (48,680) | $ 127,007 | $ 175,687 | NM |

Our effective income tax rate increased from a negative 12.1% in fiscal 2004 to 36.8% in fiscal 2005. The increase in our effective tax rate is attributable primarily to an $81.6 million charge in fiscal 2005 related to the repatriation of the earnings of foreign subsidiaries to the United States. Of this total, $50.0 million was recognized in connection with the remittance of current year earnings to the United States, and $31.6 million related to earnings repatriated under the provisions of the American Jobs Creation Act of 2004. The negative rate in fiscal 2004 is attributable primarily to an income tax benefit of $128.1 million resulting from Sara Lee's finalization of tax reviews and audits for amounts that were less than originally anticipated and recognized in fiscal 2004. The tax expense for both periods was impacted by a number of significant items which are set out in the reconciliation of our effective tax rate to the U.S. statutory rate in Note 19 titled "Income Taxes" to our Combined and Consolidated Financial Statements.

***Net Income***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Net income | $ 449,552 | $ 218,509 | $ (231,043) | (51.4)% |

Net income in fiscal 2005 was lower than in fiscal 2004 as a result of the decline in income from operations and the increase in income tax expense, as discussed above.

**Operating Results by Business Segment—Fiscal 2005 Compared with Fiscal 2004**

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| **Net sales:** | | | | |
| Innerwear | $ 2,704,500 | $ 2,740,653 | $ 36,153 | 1.3% |
| Outerwear | 1,243,108 | 1,300,812 | 57,704 | 4.6 |
| Hosiery | 401,052 | 353,540 | (47,512) | (11.8) |
| International | 367,590 | 354,547 | (13,043) | (3.5) |
| Net sales | 4,716,250 | 4,749,552 | 33,302 | 0.7 |
| Intersegment | (83,509) | (65,869) | 17,640 | 21.1 |
| Total net sales | $ 4,632,741 | $ 4,683,683 | $ 50,942 | 1.1 |
| **Operating segment income:** | | | | |
| Innerwear | $ 334,111 | $ 261,267 | $ (72,844) | (21.8) |
| Outerwear | 52,356 | 61,310 | 8,954 | 17.1 |
| Hosiery | 53,929 | 52,954 | (975) | (1.8) |
| International | 25,125 | 21,705 | (3,420) | (13.6) |
| Total operating segment income | 465,521 | 397,236 | (68,285) | (14.7) |
| Items not included in operating segment income: | | | | |
| Amortization of trademarks and other intangibles | (8,712) | (9,100) | (388) | (4.5) |
| General corporate expenses not allocated to the segments | (31,524) | (28,656) | 2,868 | 9.1 |
| Total income from operations | 425,285 | 359,480 | (65,805) | (15.5) |
| Net interest expense | (24,413) | (13,964) | 10,449 | 42.8 |
| Income before income taxes | $ 400,872 | $ 345,516 | $ (55,356) | (13.8) |

***Innerwear***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | (dollars in thousands) | | | |
| Net sales | $ 2,704,500 | $ 2,740,653 | $ 36,153 | 1.3% |
| Operating segment income | 334,111 | 261,267 | (72,844) | (21.8) |

Net sales in the innerwear segment increased primarily due to a $40 million impact from volume increases in the sales of men’s underwear and socks. Net sales were adversely affected year over year by a $47 million impact of the 53rd week in fiscal 2004.

Gross margin in the innerwear segment declined from 36.1% in fiscal 2004 to 33.9% in fiscal 2005, reflecting a $60 million impact of higher raw material costs for cotton and charges for slow moving and obsolete underwear inventories.

The decrease in innerwear operating segment income is primarily attributable to the following factors. First, we increased inventory reserves by $28 million for slow moving and obsolete underwear inventories in fiscal 2005 as compared to fiscal 2004. Second, charges for exit activities increased by $12 million compared to fiscal 2004. Third, operating segment income was adversely affected year over year by a $12 million impact of the 53rd week in fiscal 2004. The remaining increase in operating segment income was primarily the result of higher unit volume offset in part by higher media advertising and promotion.

***Outerwear***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Net sales | $ 1,243,108 | $ 1,300,812 | $ 57,704 | 4.6% |
| Operating segment income | 52,356 | 61,310 | 8,954 | 17.1 |

Net sales in the outerwear segment increased primarily due to $106 million in volume increases in sales of *Champion* products, offsetting $45 million in volume declines in t-shirts sold through our embellishment channel. Net sales were adversely affected year over year by an $18 million impact of the 53rd week in fiscal 2004.

Gross margin in the outerwear segment decreased from 20.9% in fiscal 2004 to 18.9% in fiscal 2005, reflecting a $45 million impact of higher raw material costs for cotton and additional start-up costs associated with new product rollouts.

The increase in outerwear operating segment income is attributable primarily to higher net sales, partially offset by a $12 million increase in charges for exit activities in fiscal 2005 as compared to fiscal 2004. Operating segment income also was adversely affected year over year by a $1 million impact of the 53rd week in fiscal 2004.

***Hosiery***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Net sales | $ 401,052 | $ 353,540 | $ (47,512) | (11.8)% |
| Operating segment income | 53,929 | 52,954 | (975) | (1.8) |

Net sales in the hosiery segment decreased primarily due to $42 million from unit volume decreases and $5 million from unfavorable product sales mix. Outside unit volumes in the hosiery segment decreased by 8% in fiscal 2005, with a 7% decline in *L'eggs* volume to mass retailers and food and drug stores and a 13% decline in *Hanes* volume to department stores. The 8% volume decrease was in line with the overall hosiery market decline. Net sales also were adversely affected year over year by a $6 million impact of the 53rd week in fiscal 2004.

Gross margin in the hosiery segment decreased from 41.5% in fiscal 2004 to 40.7% in fiscal 2005. The decrease resulted primarily from $1 million in unfavorable product sales mix.

The decrease in hosiery operating segment income is attributable primarily to a decrease in sales, partially offset by a $16 million decrease in media advertising and promotion spending and SG&A expenses. Hosiery operating segment income was also adversely affected year over year by a $2 million impact of the 53rd week in fiscal 2004.

***International***

| | Fiscal 2004 | Fiscal 2005 | Dollar Change | Percent Change |
|---|---|---|---|---|
| | | (dollars in thousands) | | |
| Net sales | $ 367,590 | $ 354,547 | $ (13,043) | (3.5)% |
| Operating segment income | 25,125 | 21,705 | (3,420) | (13.6) |

Net sales in the international segment decreased primarily as a result of an $18.6 million decrease in sales from Latin America and Asia, partially offset by an $11 million impact from changes in foreign currency exchange rates during fiscal 2005. Net sales were adversely affected year over year by a $6 million impact of the 53rd week in fiscal 2004.

Gross margin increased from 37.3% in fiscal 2004 to 39.8% in fiscal 2005. The increase resulted primarily from margin improvements in Canada and Latin America, partially offset by declines in Asia.

The decrease in international operating segment income is attributable primarily to the decrease in net sales and higher media advertising and promotion expenditures in fiscal 2005 as compared to fiscal 2004. These effects were offset in part by the improvement in gross margin and $3 million from changes in foreign currency exchange rates. International operating segment income also was affected adversely year over year by a $2 million impact of the 53rd week in fiscal 2004.

***General Corporate Expenses***

General corporate expenses not allocated to the segments decreased in fiscal 2005 from fiscal 2004 as a result of lower allocations of Sara Lee centralized costs and employee benefit costs, offset in part by expenses incurred for the spin off.

**Liquidity and Capital Resources**

***Trends and Uncertainties Affecting Liquidity***

Following the spin off which occurred on September 5, 2006, our capital structure, long-term capital commitments and sources of liquidity changed significantly from our historical capital structure, long-term capital commitments and sources of liquidity described below. In periods after the spin off, our primary source of liquidity will be cash provided from operating activities and availability under our revolving loan facility described below. The following has or is expected to negatively impact liquidity:

- we incurred long-term debt in connection with the spin off of $2.6 billion;
- we expect to continue to invest in efforts to improve operating efficiencies and lower costs;
- we expect to continue to add new manufacturing capacity in Central America, the Caribbean Basin, Mexico and Asia;
- we assumed pension and other benefit obligations from Sara Lee of approximately $277 million and;
- we may need to increase the portion of the income of our foreign subsidiaries that is expected to be remitted to the United States, which could significantly increase our income tax expense.

We incurred indebtedness of $2.6 billion in connection with the spin off as further described below. On September 5, 2006 we paid $2.4 billion of the proceeds from these borrowings to Sara Lee and, as a result, those proceeds will not be available for our business needs, such as funding working capital or the expansion of our operations. In addition, in order to service our substantial debt obligations, we may need to increase the portion of the income of our foreign subsidiaries that is expected to be remitted to the United States, which could significantly increase our income tax expense. We believe that our cash provided from operating activities, together with our available credit capacity, will enable us to comply with the terms of our new indebtedness and meet presently foreseeable financial requirements.

We expect to continue the restructuring efforts that we have undertaken over the last several years. For example, we recently closed two facilities in the United States and one in Mexico. The implementation of these efforts, which are designed to improve operating efficiencies and lower costs, has resulted and is likely to continue to result in significant costs. As further plans are developed and approved by management and our board of directors, we expect to recognize additional exit costs to eliminate duplicative functions within the organization and transition a significant portion of our manufacturing capacity to lower-cost locations. We also expect to incur costs associated with the integration of our information technology systems across our company.

As we continue to add new manufacturing capacity in Central America, the Caribbean Basin and Asia, our exposure to events that could disrupt our foreign supply chain, including political instability, acts of war or terrorism or other international events resulting in the disruption of trade, disruptions in shipping and freight forwarding services, increases in oil prices, which would increase the cost of shipping, interruptions in the availability of basic services and infrastructure and fluctuations in foreign currency exchange rates, is increased. Disruptions in our foreign supply chain could negatively impact our liquidity by interrupting

production in offshore facilities, increasing our cost of sales, disrupting merchandise deliveries, delaying receipt of the products into the United States or preventing us from sourcing our products at all. Depending on timing, these events could also result in lost sales, cancellation charges or excessive markdowns.

We assumed approximately $277 million in unfunded employee benefit liabilities for pension, postretirement and other retirement benefit qualified and nonqualified plans from Sara Lee in connection with the spin off that occurred on September 5, 2006. Included in these liabilities are pension obligations which have not been reflected in our historical financial statements prior to the spin off, because these obligations have historically been obligations of Sara Lee. The pension obligations we assumed are approximately $201 million more than the corresponding pension assets we acquired. In addition, we could be required to make contributions to the pension plans in excess of our current expectations if financial conditions change or if the assumptions we have used to calculate our pension costs and obligations turn out to be inaccurate. A significant increase in our funding obligations could have a negative impact on our liquidity.

***Net Cash from Operating Activities***

Net cash from operating activities increased to $510.6 million in fiscal 2006 from $506.9 million in fiscal 2005. The $3.7 million increase was primarily the result of more effective working capital utilization and higher earnings in the business. Net cash from operating activities was $506.9 million in fiscal 2005 as compared to $471.4 million in fiscal 2004. The increase of $35.5 million was primarily due to an increase in cash generated from more efficient usage of working capital, which was partially offset by lower profitability in the business.

***Net Cash Used in Investing Activities***

Net cash used in investing activities increased to $110.7 million in fiscal 2006 from $60.1 million in fiscal 2005. The increase was primarily the result of higher purchases of property and equipment. Net cash used in investing activities was $60.1 million in fiscal 2005, compared to $61.3 million in fiscal 2004. For fiscal years 2004, 2005 and 2006, we expended $63.6 million, $67.1 million and $110.1 million, respectively, to fund purchases of property, plant and equipment and received proceeds from the sales of assets of $4.5 million, $9.0 million and $5.5 million, respectively, during these periods.

***Net Cash Used in Financing Activities***

Net cash used in financing activities increased to $1.2 billion in fiscal 2006, from $41.4 million in fiscal 2005. This increase was primarily the result of net transactions with parent companies which included net borrowings of $1.3 billion from parent companies and related entities, and $94 million of dividends paid to the parent companies and related entities, which were partially offset by an increase of $275 million in bank overdraft. Net cash used in financing activities was $41.4 million in fiscal 2005, compared to $25.8 million in fiscal 2004. During fiscal 2005, we repaid $113.4 million to Sara Lee-related entities and distributed $5.9 million in net transactions with parent companies and related entities while incurring $88.8 million in short-term borrowings from third-parties. During fiscal 2004, we repaid $24.2 million to Sara Lee-related entities.

***Cash and Cash Equivalents***

At the end of fiscal years 2004, 2005 and 2006, cash and cash equivalents were $674.2 million, $1.1 billion and $298.3 million, respectively. The decrease in cash and cash equivalents at the end of fiscal 2006 was primarily the result of a $1.0 billion sweep of cash from our accounts by Sara Lee in anticipation of the spin off. The fiscal 2006 balance was also impacted by a $275 million bank overdraft which was classified as a current liability. As part of Sara Lee, we participated in Sara Lee’s cash pooling arrangements under which positive and negative cash balances are netted within geographic regions.

The recapitalization undertaken in conjunction with the spin off resulted in a reduction in cash and cash equivalents. In periods after the spin off, our primary source of liquidity will be cash provided from operating activities and availability under our revolving loan facility described below.

***Amounts due to or from Parent Companies and Related Entities***

A significant portion of the cash and cash equivalents on our balance sheet has been generated from our controlled foreign corporations and is located outside of the United States. When we were owned by Sara Lee, its policy was to determine at the end of each fiscal year the amount of cash to be repatriated to the United States and the amount to be permanently reinvested outside of the United States. As a result of decisions made in prior years to permanently reinvest earnings in foreign jurisdictions, our domestic operations have borrowed periodically from Sara Lee to meet funding requirements. In cases where our domestic operations had excess cash, the excess cash was swept into Sara Lee's cash pooling accounts or lent to Sara Lee-related entities. Ultimately, the amounts owed to or due from Sara Lee and its related entities were driven by Sara Lee's cash management policies and our operating requirements. These amounts have historically totaled as follows:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| | | (dollars in thousands) | |
| Due from related entities | $ 73,430 | $ 26,194 | $ 273,428 |
| Funding receivable with parent companies | 55,379 | — | 161,686 |
| Notes receivable from parent companies | 432,748 | 90,551 | 1,111,167 |
| Due to related entities | (97,592) | (59,943) | (43,115) |
| Funding payable with parent companies | — | (317,184) | — |
| Notes payable to parent companies | (478,295) | (228,152) | (246,830) |
| Notes payable to related entities | (436,387) | (323,046) | (466,944) |
| Net amount due (to) from parent companies and related entities | $ (450,717) | $ (811,580) | $ 789,392 |

Changes in these balances are the result of operational funding needs and Sara Lee's cash management requirements. These items are further described in Note 20, titled "Relationship with Sara Lee and Related Entities," to our Combined and Consolidated Financial Statements. All amounts payable to or receivable from Sara Lee and its related entities were extinguished as part of the spin off which occurred on September 5, 2006.

***Notes Payable and Credit Facilities***

Notes payable to banks were $3.5 million at July 1, 2006, $83.3 million at July 2, 2005, and zero at the end of fiscal 2004. We did not use cash on hand to repay notes payable at July 1, 2006 and July 2, 2005 as we did at the end of fiscal 2004.

Prior to the end of fiscal 2006, we maintained a 364-day short-term non-revolving credit facility under which we could borrow up to 107 million Canadian dollars at a floating rate of interest that was based upon either the announced bankers acceptance lending rate plus 0.6% or the Canadian prime lending rate. Under the agreement, we had the option to borrow amounts for periods of time of less than 364 days. The facility expired at the end of the 364-day period and the amount of the facility could not be increased until the next renewal date. In fiscal 2006, the borrowings under this agreement were repaid at the end of the year and the facility was closed.

In addition, we have a RMB 30 million (approximately $3.8 million) short-term revolving facility arrangement with a Chinese branch of a U.S. bank. The facility is dated January 27, 2006 and is renewable annually. Borrowings under the facility accrue interest at the prevailing base lending rates published by the People's Bank of China from time to time less 10% and are currently guaranteed by Sara Lee. As of July 1, 2006, $3.5 million was outstanding under this facility. In July 2006, the facility was increased to RMB 50 million (approximately $6.35 million). We are presently in compliance with the covenants contained in this facility.

***New Credit Facilities***

In connection with the spin off, on September 5, 2006, we entered into a $2.15 billion senior secured credit facility (the “Senior Secured Credit Facility”) which includes a $500 million revolving loan facility that was undrawn at the time of the spin off, a $450 million senior secured second lien credit facility (the “Second Lien Credit Facility”) and a $500 million bridge loan facility (the “Bridge Loan Facility”) with various financial institution lenders, including Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the co-syndication agents and the joint lead arrangers and joint bookrunners. Citicorp USA, Inc. is acting as administrative agent and Citibank, N.A. is acting as collateral agent for the Senior Secured Credit Facility and the Second Lien Credit Facility. Morgan Stanley Senior Funding, Inc. is acting as the administrative agent for the Bridge Loan Facility. As a result of this debt incurrence, the amount of interest expense will increase significantly in periods after the spin off. We paid $2.4 billion of the proceeds of these borrowings to Sara Lee prior to the consummation of the spin off.

*Senior Secured Credit Facility*

The Senior Secured Credit Facility provides for aggregate borrowings of $2.15 billion, consisting of: (i) a $250.0 million Term A loan facility (the “Term A Loan Facility”); (ii) a $1.4 billion Term B loan facility (the “Term B Loan Facility”); and (iii) a $500.0 million revolving loan facility (the “Revolving Loan Facility”) that was undrawn at the time of the spin off.

The Senior Secured Credit Facility is guaranteed by substantially all of our existing and future direct and indirect U.S. subsidiaries, with certain customary or agreed-upon exceptions for some of our other subsidiaries. We and each of the guarantors under the Senior Secured Credit Facility have granted the lenders under the Senior Secured Credit Facility a valid and perfected first priority (subject to certain customary exceptions) lien and security interest in the following:

- the equity interests of substantially all of our direct and indirect U.S. subsidiaries and 65% of the voting securities of certain foreign subsidiaries; and
- substantially all present and future property and assets, tangible and intangible, of us and each guarantor, except for certain enumerated interests, and all proceeds and products of such property and assets.

The final maturity of the Term A Loan Facility is September 5, 2012. The Term A Loan Facility will amortize in an amount per annum equal to the following: year 1—5.00%; year 2—10.00%; year 3—15.00%; year 4—20.00%; year 5—25.00%; year 6—25.00%. The final maturity of the Term B Loan Facility is September 5, 2013. The Term B Loan Facility will be repaid in equal quarterly installments in an amount equal to 1% per annum, with the balance due on the maturity date. The final maturity of the Revolving Loan Facility is September 5, 2011. All borrowings under the Revolving Loan Facility must be repaid in full upon maturity.

At our option, borrowings under the Senior Secured Credit Facility may be maintained from time to time as (a) Base Rate loans, which shall bear interest at the higher of (i) 1/2 of 1% in excess of the federal funds rate and (ii) the rate published in the Wall Street Journal as the “prime rate” (or equivalent), in each case in effect from time to time, plus the applicable margin in effect from time to time (which is currently 0.75% for the Term A Loan Facility and the Revolving Loan Facility and 1.25% for the Term B Loan Facility), or (b) LIBOR based loans, which shall bear interest at the LIBO Rate (as defined in the Senior Secured Credit Facility and adjusted for maximum reserves), as determined by the administrative agent for the respective interest period plus the applicable margin in effect from time to time (which is currently 1.75% for the Term A Loan Facility and the Revolving Loan Facility and 2.25% for the Term B Loan Facility).

The Senior Secured Credit Facility requires us to comply with customary affirmative, negative and financial covenants. The Senior Secured Credit Facility requires that we maintain a minimum interest coverage ratio and a maximum total debt to EBITDA ratio. The interest coverage covenant requires that the ratio of our EBITDA for the preceding four fiscal quarters to our consolidated total interest expense for such period shall not be less than 2 to 1 for each fiscal quarter ending after December 15, 2006. The interest coverage ratio

limit will increase over time until it reaches 3.25 to 1 for fiscal quarters ending after October 15, 2009. The total debt to EBITDA covenant requires that the ratio of our total debt to our EBITDA for the preceding four fiscal quarters will not be more than 5.5 to 1 for each fiscal quarter ending after December 15, 2006. This ratio limit will decline over time until it reaches 3 to 1 for fiscal quarters after October 15, 2009. The method of calculating all of the components used in the covenants is included in the Senior Secured Credit Facility.

The Senior Secured Credit Facility contains customary events of default, including nonpayment of principal when due; nonpayment of interest, fees or other amounts after stated grace period; inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; any cross-default of more than $50 million; certain judgments of more than $50 million; certain ERISA-related events; and a change in control (as defined in the Senior Secured Credit Facility).

*Second Lien Credit Facility*

The Second Lien Credit Facility provides for aggregate borrowings of $450 million by our wholly-owned subsidiary, HBI Branded Apparel Limited, Inc. The Second Lien Credit Facility is unconditionally guaranteed by us and each entity guaranteeing the Senior Secured Credit Facility, subject to the same exceptions and exclusions provided in the Senior Secured Credit Facility. The Second Lien Credit Facility and the guarantees in respect thereof are secured on a second-priority basis (subordinate only to the Senior Secured Credit Facility and any permitted additions thereto or refinancings thereof) by substantially all of the assets that secure the Senior Secured Credit Facility (subject to the same exceptions).

Loans under the Second Lien Credit Facility will bear interest in the same manner as those under the Senior Secured Credit Facility, subject to a margin of 2.75% for Base Rate loans and 3.75% for LIBOR based loans.

The Second Lien Credit Facility requires us to comply with customary affirmative, negative and financial covenants and includes customary events of default. The Second Lien Credit Facility requires that we maintain a minimum interest coverage ratio and a maximum total debt to EBITDA ratio. The interest coverage covenant requires that the ratio of our EBITDA for the preceding four fiscal quarters to our consolidated total interest expense for such period shall not be less than 1.5 to 1 for each fiscal quarter ending after December 15, 2006. The interest coverage ratio will increase over time until it reaches 2.5 to 1 for fiscal quarters ending after October 15, 2009. The total debt covenant requires that the ratio of our total debt to our EBITDA for the preceding four fiscal quarters will not be more than 6 to 1 for each fiscal quarter ending after December 15, 2006. This ratio will decline over time until it reaches 3.75 to 1 for fiscal quarters ending after October 15, 2009. The method of calculating all of the components used in the covenants is included in the Second Lien Credit Facility.

The Second Lien Credit Facility contains customary events of default, including nonpayment of principal when due; nonpayment of interest, fees or other amounts after stated grace period; inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; any cross-default of more than $60 million; certain judgments of more than $60 million; certain ERISA-related events; and a change in control (as defined in the Second Lien Credit Facility).

The Second Lien Credit Facility matures on March 5, 2014 and includes a penalty for prepayment of the loan prior to September 5, 2009. The Second Lien Credit Facility will not amortize and will be repaid in full on its maturity date.

*Bridge Loan Facility*

The Bridge Loan Facility provides for a borrowing of $500 million and is unconditionally guaranteed by each entity guaranteeing the Senior Secured Credit Facility. The Bridge Loan Facility is unsecured and will mature on September 5, 2007. If the Bridge Loan Facility has not been repaid at maturity, the outstanding principal amount of the facility will roll over into a rollover loan in the same amount that will mature on September 5, 2014. Lenders that have extended rollover loans to us may request that we issue “Exchange

Notes" to them in exchange for the rollover loans, and also may request that we register such notes upon request.

Interest under the Bridge Loan Facility shall be paid at the Contract Rate. "Contract Rate" is defined as of any date of determination, (i) from the Closing Date to, but excluding, the three month anniversary of the Closing Date, a rate of 9.6475%, (ii) on and after the three month anniversary of the Closing Date to, but excluding, the six month anniversary of the Closing Date, a rate per annum (the "Second Contract Rate") equal to the sum of the First Contract Rate plus 0.50%, (iii) on and after the six month anniversary of the Closing Date to, but excluding, the nine month anniversary of the Closing Date, a rate per annum (the "Third Contract Rate") equal to the sum of the Second Contract Rate plus 0.50%, (iv) on and after the three month anniversary of the Closing Date to, but excluding, the Bridge Loan Repayment Date, a rate per annum (the "Fourth Contract Rate") equal to the sum of the Third Contract Rate plus 0.50% and (v) on and after the Bridge Loan Repayment Date, a rate per annum equal to the sum of the Fourth Contract Rate plus an increase of 0.50% every three months. However, the interest rate borne by the Bridge Loan Facility will not exceed 11.50%.

The Bridge Loan Facility requires us to comply with customary affirmative, negative and financial covenants and includes customary events of default.

***Off-Balance Sheet Arrangements***

We engage in off-balance sheet arrangements that we believe are reasonably likely to have a current or future effect on our financial condition and results of operations. These off-balance sheet arrangements include operating leases for manufacturing facilities, warehouses, office space, vehicles and machinery and equipment. In addition, prior to and during fiscal 2005, we participated in Sara Lee's receivables sale program.

*Leases*

Minimum operating lease obligations are scheduled to be paid as follows: $37.6 million in fiscal 2007, $30.9 million in fiscal 2008, $23.5 million in fiscal 2009, $19.0 million in fiscal 2010, $17.7 million in fiscal 2011 and $13.6 million thereafter.

*Sale of Accounts Receivable*

Historically, we participated in a Sara Lee program to sell trade accounts receivable to a limited purpose subsidiary of Sara Lee. The subsidiary, a separate bankruptcy remote corporate entity, is consolidated in Sara Lee's results of operations and statement of financial position. This subsidiary held trade accounts receivable that it purchased from the operating units and sold participating interests in those receivables to financial institutions, which in turn purchased and received ownership and security interests in those receivables. During fiscal 2005, Sara Lee terminated its receivable sale program and no receivables were sold under this program at the end of fiscal 2005. The amount of receivables sold under this program was $22.3 million at the end of fiscal 2004. Changes in the balance of receivables sold are a component of net cash from operating activities ("(Increase) decrease in trade accounts receivable") with an offset to a change in "Decrease (increase) in due to and from related entities" in our Combined and Consolidated Statement of Cash Flows. As collections reduced accounts receivable included in the pool, the operating units sold new receivables to the limited purpose subsidiary. The limited purpose subsidiary had the risk of credit loss on the sold receivables.

The proceeds from the sale of the receivables were equal to the face amount of the receivables less a discount. The discount was based on a floating rate and was accounted for as a cost of the receivable sale program. This cost has been included in "Selling, general and administrative expenses" in our Combined and Consolidated Statements of Income. The calculated discount rate for 2004 and 2005 was 1.2%, resulting in aggregated costs of $5.0 million and $4.0 million in fiscal 2004, and 2005, respectively. We retained collection and administrative responsibilities for the participating interests in the defined pool.

***Future Contractual Obligations and Commitments***

We do not have any material unconditional purchase obligations, as such term is defined by Statement of Financial Accounting Standards, or "SFAS," No. 47, Disclosure of Long-Term Purchase Obligations. The following tables contain information on our contractual obligations and commitments as of July 1, 2006.

| | At July 1, 2006 | Payments Due by Fiscal Year | | | |
|---|---|---|---|---|---|
| | | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| | | | (in thousands) | | |
| **Obligations extinguished upon separation:** | | | | | |
| Due to related entities | $ 43,115 | $ 43,115 | $ — | $ — | $ — |
| Notes payable to parent companies | 246,830 | 246,830 | — | — | — |
| Note payable to related entities | 466,944 | 466,944 | — | — | — |
| Interest on debt obligations | 2,123 | 2,123 | — | — | — |
| | 759,012 | 759,012 | — | — | — |
| **Obligations retained at separation (1):** | | | | | |
| Notes payable to banks | 3,471 | 3,471 | — | — | — |
| Interest on debt obligations | 163 | 163 | — | — | — |
| Operating lease obligations | 142,285 | 37,624 | 54,412 | 36,657 | 13,592 |
| Capital lease obligations including related interest payments | 5,925 | 2,887 | 2,767 | 271 | — |
| Purchase obligations (2) | 463,178 | 12,082 | 444,521 | 9,075 | 1,000 |
| Other long-term liabilities (3) | 29,473 | 12,651 | 9,010 | 7,812 | — |
| | 644,495 | 68,878 | 510,710 | 53,815 | 14,592 |
| Total | $ 1,403,507 | $ 827,890 | $ 510,710 | $ 53,815 | $ 14,592 |

(1) In connection with the spin off on September 5, 2006, we incurred approximately (i) $1.65 billion of indebtedness funded under the Senior Secured Credit Facility, which included the additional $500.0 million Revolving Loan Facility which was undrawn at the closing of the spin off, (ii) $450.0 million of indebtedness under the Second Lien Credit Facility and (iii) $500.0 million of indebtedness under the Bridge Loan Facility. Each of these credit facilities bears interest as described in "New Credit Facilities" above. The indebtedness under these facilities is not included in this table.

(2) "Purchase obligations," as disclosed in the table, are obligations to purchase goods and services in the ordinary course of business for production and inventory needs (such as raw materials, supplies, packaging, and manufacturing arrangements), capital expenditures, marketing services, royalty-bearing license agreement payments and other professional services. This table only includes purchase obligations for which we have agreed upon a fixed or minimum quantity to purchase, a fixed, minimum or variable pricing arrangement, and an approximate delivery date. Actual cash expenditures relating to these obligations may vary from the amounts shown in the table above. We enter into purchase obligations when terms or conditions are favorable or when a long-term commitment is necessary. Many of these arrangements are cancelable after a notice period without a significant penalty. This table omits obligations that did not exist as of July 1, 2006, as well as obligations for accounts payable and accrued liabilities recorded on the balance sheet.

(3) Represents the projected payment for long-term liabilities recorded on the balance sheet for deferred compensation, deferred income and the projected fiscal 2007 pension contribution of $2.2 million. We have employee benefit obligations consisting of pensions and other postretirement benefits including medical. Other than the projected fiscal 2007 pension contribution of $2.2 million, pension and postretirement obligations have been excluded from the table. A discussion of our pension and postretirement plans is included in Notes 17 and 18 to our Combined and Consolidated Financial Statements. Our obligations for employee health and property and casualty losses are also excluded from the table.

*Pension Plans*

The exact amount of contributions made to pension plans by us in any year is dependent upon a number of factors, and historically included minimum funding requirements in the jurisdictions in which Sara Lee operates and Sara Lee's policy of charging its operating units for pension costs. In conjunction with the spin off which occurred on September 5, 2006, we established the Hanesbrands Inc. Pension and Retirement Plan, which assumed the portion of the underfunded liabilities and the portion of the assets of pension plans sponsored by Sara Lee that relate to our employees. In addition, we assumed sponsorship of certain other Sara Lee plans and will continue sponsorship of the Playtex Apparel Inc. Pension Plan and the National Textiles, L.L.C. Pension Plan. We are required to make periodic pension contributions to the assumed plans, the Playtex Apparel Inc. Pension Plan, the National Textiles, L.L.C. Pension Plan and the Hanesbrands Inc. Pension and Retirement Plan. The levels of contribution will differ from historical levels of contributions to Sara Lee due to a number of factors, including the funded status of the plans as of the completion of the spin off, as well as our operation as a stand-alone company, financing costs, tax positions and jurisdictional funding requirements.

*Guarantees*

Due to our historical relationship with Sara Lee, there are various contracts under which Sara Lee has guaranteed certain third-party obligations relating to our business. Typically, these obligations arise from third-party credit facilities guaranteed by Sara Lee and as a result of contracts entered into by our entities and authorized by Sara Lee, under which Sara Lee agrees to indemnify a third-party against losses arising from a breach of representations and covenants related to such matters as title to assets sold, the collectibility of receivables, specified environmental matters, lease obligations assumed and certain tax matters. In each of these circumstances, payment by Sara Lee is conditioned on the other party making a claim pursuant to the procedures specified in the contract. These procedures allow Sara Lee to challenge the other party's claims. In addition, Sara Lee's obligations under these agreements may be limited in terms of time and/or amount, and in some cases Sara Lee or the related entities may have recourse against third-parties for certain payments made by Sara Lee. It is not possible to predict the maximum potential amount of future payments under certain of these agreements, due to the conditional nature of Sara Lee's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by Sara Lee under these agreements have not been material, and no amounts are accrued for these items on our Combined and Consolidated Balance Sheets.

As of July 1, 2006, these contracts included the guarantee of credit limits with third-party banks, and guarantees over supplier purchases. We had not guaranteed or undertaken any obligation on behalf of Sara Lee or any other related entities as of July 1, 2006.

**Significant Accounting Policies and Critical Estimates**

Our significant accounting policies are discussed in Note 3, titled "Summary of Significant Accounting Policies," to our Combined and Consolidated Financial Statements. In most cases, the accounting policies we utilize are the only ones permissible under generally accepted accounting principles (GAAP). However, applying these policies requires significant judgments or a complex estimation process that can affect our results of operations and financial position. We base our estimates on our historical experience and other assumptions that we believe are reasonable. If actual amounts are ultimately different from our previous estimates, we include the revisions in our results of operations for the period in which the actual amounts become known.

Our accounting policies and estimates that can have a significant impact upon our operating results and financial position are as follows:

***Sales Recognition and Incentives***

We recognize sales when title and risk of loss passes to the customer. We record provisions for any uncollectible amounts based upon our historical collection statistics and current customer information. Our management reviews these estimates each quarter and makes adjustments based upon actual experience.

Note 3(d), titled "Summary of Significant Accounting Policies—Sales Recognition and Incentives," to our Combined and Consolidated Financial Statements describes a variety of sales incentives that we offer to resellers and consumers of our products. Measuring the cost of these incentives requires, in many cases, estimating future customer utilization and redemption rates. We use historical data for similar transactions to estimate the cost of current incentive programs. Our management reviews these estimates each quarter and makes adjustments based upon actual experience and other available information.

***Catalog Expenses***

We incur expenses for printing catalogs for our products to aid in our sales efforts. We initially record these expenses as a prepaid item and charge it against SG&A expenses over time as the catalog is distributed into the stream of commerce. Expenses are recognized at a rate that approximates our historical experience with regard to the timing and amount of sales attributable to a catalog distribution.

***Inventory Valuation***

We carry inventory on our balance sheet at the estimated lower of cost or market. Cost is determined by the first-in, first-out, or "FIFO," method for 96% of our inventories at July 1, 2006, and by the last-in, first-out, or "LIFO," method for the remainder. There was no difference between the FIFO and LIFO inventory valuation at July 1, 2006, July 2, 2005 or July 3, 2004. We carry obsolete, damaged, and excess inventory at the net realizable value, which we determine by assessing historical recovery rates, current market conditions and our future marketing and sales plans. Because our assessment of net realizable value is made at a point in time, there are inherent uncertainties related to our value determination. Market factors and other conditions underlying the net realizable value may change, resulting in further reserve requirements. A reduction in the carrying amount of an inventory item from cost to market value creates a new cost basis for the item that cannot be reversed at a later period.

Rebates, discounts and other cash consideration received from a vendor related to inventory purchases are reflected as reductions in the cost of the related inventory item, and are therefore reflected in cost of sales when the related inventory item is sold. While we believe that adequate write-downs for inventory obsolescence have been provided in the Combined and Consolidated Financial Statements, consumer tastes and preferences will continue to change and we could experience additional inventory write downs in the future.

***Depreciation and Impairment of Property, Plant and Equipment***

We state property, plant and equipment at its historical cost, and we compute depreciation using the straight-line method over the asset's life. We estimate an asset's life based on historical experience, manufacturers' estimates, engineering or appraisal evaluations, our future business plans and the period over which the asset will economically benefit us, which may be the same as or shorter than its physical life. Our policies require that we periodically review our assets' remaining depreciable lives based upon actual experience and expected future utilization. Based upon current levels of depreciation, the average remaining depreciable life of our net property other than land is five years.

We test an asset for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Such events include significant adverse changes in business climate, current period operating or cash flow losses, forecasted continuing losses or a current expectation that an asset will be disposed of before the end of its useful life. We evaluate an asset's recoverability by comparing the asset's net carrying amount to the future net undiscounted cash flows we expect such asset will generate. If we determine that an asset is not recoverable, we recognize an impairment loss in the amount by which the asset's carrying amount exceeds its estimated fair value.

When we recognize an impairment loss for an asset held for use, we depreciate the asset's adjusted carrying amount over its remaining useful life. We do not restore previously recognized impairment losses.

***Trademarks and Other Identifiable Intangibles***

Trademarks and computer software are our primary identifiable intangible assets. We amortize identifiable intangibles with finite lives, and we do not amortize identifiable intangibles with indefinite lives. We base the estimated useful life of an identifiable intangible asset upon a number of factors, including the effects of demand, competition, expected changes in distribution channels and the level of maintenance expenditures required to obtain future cash flows. As of July 1, 2006, the net book value of trademarks and other identifiable intangible assets was $136.4 million, of which we are amortizing the entire balance. We anticipate that our amortization expense for the next year will be $6.9 million.

We evaluate identifiable intangible assets subject to amortization for impairment using a process similar to that used to evaluate asset amortization described above under "—Depreciation and Impairment of Property, Plant and Equipment." We assess identifiable intangible assets not subject to amortization for impairment at least annually and more often as triggering events occur. In order to determine the impairment of identifiable intangible assets not subject to amortization, we compare the fair value of the intangible asset to its carrying amount. We recognize an impairment loss for the amount by which an identifiable intangible asset's carrying value exceeds its fair value.

We measure a trademark's fair value using the royalty saved method. We determine the royalty saved method by evaluating various factors to discount anticipated future cash flows, including operating results, business plans, and present value techniques. The rates we use to discount cash flows are based on interest rates and the cost of capital at a point in time. Because there are inherent uncertainties related to these factors and our judgment in applying them, the assumptions underlying the impairment analysis may change in such a manner that impairment in value may occur in the future. Such impairment will be recognized in the period in which it becomes known.

***Assets and Liabilities Acquired in Business Combinations***

We account for business acquisitions using the purchase method, which requires us to allocate the cost of an acquired business to the acquired assets and liabilities based on their estimated fair values at the acquisition date. We recognize the excess of an acquired business's cost over the fair value of acquired assets and liabilities as goodwill as discussed below under "Goodwill." We use a variety of information sources to determine the fair value of acquired assets and liabilities. We use third-party appraisers to determine the fair value and lives of property and identifiable intangibles, consulting actuaries to determine the fair value of obligations associated with defined benefit pension plans, and legal counsel to assess obligations associated with legal and environmental claims.

***Goodwill***

As of July 1, 2006, we had $278.7 million of goodwill. We do not amortize goodwill, but we assess for impairment at least annually and more often as triggering events occur. Historically, we have performed our annual review in the second quarter of each year.

In evaluating the recoverability of goodwill, we estimate the fair value of our reporting units. Reporting units are business components one level below the operating segment level for which discrete information is available and reviewed by segment management. We rely on a number of factors to determine the fair value of our reporting units and evaluate various factors to discount anticipated future cash flows, including operating results, business plans, and present value techniques. As discussed above under "Trademarks and Other Identifiable Intangibles," there are inherent uncertainties related to these factors, and our judgment in applying them and the assumptions underlying the impairment analysis may change in such a manner that impairment in value may occur in the future. Such impairment will be recognized in the period in which it becomes known.

We evaluate the recoverability of goodwill using a two-step process based on an evaluation of reporting units. The first step involves a comparison of a reporting unit's fair value to its carrying value. In the second step, if the reporting unit's carrying value exceeds its fair value, we compare the goodwill's implied fair value

and its carrying value. If the goodwill's carrying value exceeds its implied fair value, we recognize an impairment loss in an amount equal to such excess.

***Insurance Reserves***

Prior to the spin off, we were insured through Sara Lee for property, worker's compensation, and other casualty programs, subject to minimum claims thresholds. Because the Sara Lee programs cover a large number of participants in many domestic Sara Lee operating units in addition to us, Sara Lee charges an amount to cover premium costs to each operating unit. In connection with the spin off which occurred on September 5, 2006, we obtained our own insurance coverage, the costs for which are greater than the costs realized as a participant in Sara Lee's programs.

***Income Taxes***

Historically, all income taxes have been computed and reported on a separate return basis as if we were not part of Sara Lee. Deferred taxes were recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. Net operating loss carry forwards had been determined in our Combined and Consolidated Financial Statements as if we were separate from Sara Lee, resulting in a different net operating loss carry forward amount than reflected by Sara Lee. Given our continuing losses in certain geographic locations on a separate return basis, a valuation reserve has been established for the value of the deferred tax assets relating to these specific locations. Federal income taxes are provided on that portion of our income of foreign subsidiaries that is expected to be remitted to the United States and be taxable, reflecting the historical decisions made by Sara Lee with regards to earnings permanently reinvested in foreign jurisdictions. In periods after the spin off, we may make different decisions as to the amount of earnings permanently reinvested in foreign jurisdictions, due to anticipated cash flow or other business requirements, which may result in a different federal income tax provision.

Sara Lee's management periodically estimates the probable tax obligations of Sara Lee using historical experience in tax jurisdictions and its informed judgment. These estimates have been included in our Combined and Consolidated Statements of Income to the extent applicable to us on a stand-alone basis. There are inherent uncertainties related to the interpretation of tax regulations in the jurisdictions in which we transact business. The judgments and estimates made at a point in time may change based on the outcome of tax audits, as well as changes to, or further interpretations of, regulations. Sara Lee has historically adjusted its income tax expense in the period in which these events occur, and these adjustments are included in our Combined and Consolidated Statements of Income. If such changes take place, there is a risk that our effective tax rate may increase or decrease in any period.

In conjunction with the spin off, we and Sara Lee entered into a Tax Sharing Agreement. This agreement allocates responsibilities between us and Sara Lee for taxes and certain other tax matters. Under the Tax Sharing Agreement, Sara Lee generally is liable for all U.S. federal, state, local and foreign income taxes attributable to us with respect to taxable periods ending on or before September 5, 2006. Sara Lee also is liable for income taxes attributable to us with respect to taxable periods beginning before September 5, 2006 and ending after September 5, 2006, but only to the extent those taxes are allocable to the portion of the taxable period ending on September 5, 2006. We are generally liable for all other taxes attributable to us. Changes in the amounts payable or receivable by us under the stipulations of this agreement may impact our tax provision in any period.

***Stock Compensation***

During the periods presented, Sara Lee restricted stock units, or "RSUs," and stock options were issued to our employees in exchange for employee services. See Note 4 to the Combined and Consolidated Financial Statements regarding stock-based compensation for further information on these awards. The cost of RSUs and other equity-based awards is equal to the fair value of the award at the date of grant, and compensation expense is recognized for those awards earned over the service period. Certain of the RSUs vest based upon

the employee achieving certain defined performance measures. During the service period, management estimates the number of awards that will meet the defined performance measures. With regard to stock options, at the date of grant, we determine the fair value of the award using the Black-Scholes option pricing formula. Management estimates the period of time the employee will hold the option prior to exercise and the expected volatility of Sara Lee’s stock, each of which impacts the fair value of the stock options.

***Defined Benefit Pension Plans***

For a discussion of our net periodic benefit cost, plan obligations, plan assets, and how we measure the amount of these costs, see Note 17, titled “Employee Benefit Plans,” to our Combined and Consolidated Financial Statements.

The following assumptions were used by Sara Lee to calculate the pension costs and obligations of the plans in which we participated prior to the spin off. We are in the process of assessing whether and to what extent we will use these same assumptions going forward.

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| **Net periodic benefit cost:** | | | |
| Discount rate | 5.50% | 5.50% | 5.60% |
| Long-term rate of return on plan assets | 7.75% | 7.83% | 7.76% |
| Rate of compensation increase | 5.87% | 4.50% | 4.00% |
| **Plan obligations:** | | | |
| Discount rate | 5.50% | 5.60% | 5.80% |
| Rate of compensation increase | 4.50% | 4.00% | 4.00% |

Sara Lee’s policies regarding the establishment of pension assumptions and allocating the cost of participation in its company wide plans during the periods presented were as follows:

- In determining the discount rate, Sara Lee utilized the yield on high-quality fixed-income investments that have a AA bond rating and match the average duration of the pension obligations.
- Salary increase assumptions were based on historical experience and anticipated future management actions.
- In determining the long term rate of return on plan assets Sara Lee assumed that the historical long term compound growth rate of equity and fixed income securities would predict the future returns of similar investments in the plan portfolio. Investment management and other fees paid out of plan assets were factored into the determination of asset return assumptions.
- Retirement rates were based primarily on actual experience while standard actuarial tables were used to estimate mortality.
- Operating units which participated in one of Sara Lee’s company wide defined benefit pension plans were allocated a portion of the total annual cost of the plan. Consulting actuaries determined the allocated cost by determining the service cost associated with the employees of each operating unit. Other elements of the net periodic benefit cost (interest on the projected benefit obligation, the estimated return on plan assets, and the amortization of deferred losses and prior service cost) were allocated based upon the projected benefit obligation associated with the current and former employees of the reporting entity as a percentage of the projected benefit obligation of the entire defined benefit plan.

Although Sara Lee historically included salary increase assumptions, as noted above, estimated salary increases are not included in calculating our pension costs because future accruals under our pension plans are frozen so that none of our pension plans recognize future salary increases.

We accumulate and amortize results that differ from these assumptions over future periods, which generally affect the future net periodic benefit cost.

In connection with the spin off, we assumed Sara Lee's obligations under the Sara Lee Corporation Consolidated Pension and Retirement Plan and the Sara Lee Corporation Supplemental Executive Retirement Plan that related to our current and former employees. The amount of the net liability actually assumed was evaluated in a manner specified by the Employee Retirement Income Security Act of 1974, as amended, or "ERISA," and will be finalized and certified by plan actuaries several months after the completion of the spin off.

**Issued But Not Yet Effective Accounting Standards**

*Accounting for Uncertainty in Income Taxes*

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes: An Interpretation of FASB Statement No. 109*, or "FIN No. 48". This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109. FIN No. 48 prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. This interpretation is effective for fiscal years beginning after December 15, 2006 and as such, we will adopt FIN No. 48 beginning July 1, 2007. We are currently assessing the impact the adoption of FIN No. 48 will have on our consolidated financial position and results of operations.

**Item 7A.** ***Quantitative and Qualitative Disclosures about Market Risk***

We are exposed to market risk from changes in foreign exchange rates, interest rates and commodity prices. Historically, Sara Lee has maintained risk management control systems on our behalf to monitor the foreign exchange, interest rate and commodities risks and Sara Lee's offsetting hedge position. Sara Lee's risk management control system uses analytical techniques including market value, sensitivity analysis and value at risk estimations.

**Foreign Exchange Risk**

We sell the majority of our products in transactions in U.S. dollars; however, we purchase some raw materials, pay a portion of our wages and make other payments in our supply chain in foreign currencies. Our exposure to foreign exchange rates exists primarily with respect to the Canadian dollar, Mexican peso, and Japanese yen against the U.S. dollar. We intend to use foreign exchange forward and option contracts to hedge our exposure to adverse changes in foreign exchange rates. A sensitivity analysis technique has been used to evaluate the effect that changes in the market value of foreign exchange currencies will have on our forward and option contracts. At the end of fiscal 2006, the potential change in fair value of these instruments, assuming a 10% change in the underlying currency price, was $6.4 million. At the end of fiscal 2006, the market value of the contracts was $1.2 million. In conjunction with the spin off, all foreign currency hedge contracts were terminated and, all gains and losses on these contracts were realized at the time of termination.

**Interest Rates**

Our historic interest rate exposure primarily relates to intercompany loans or other amounts due to or from Sara Lee, cash balances (positive or negative) in foreign cash pool accounts which we have maintained with Sara Lee in the past, and cash held in short-term investment accounts outside of the United States. We have not historically used financial instruments to address our exposure to interest rate movements.

Various notes receivable and notes payable between us and Sara Lee are reflected on the Combined and Consolidated Balance Sheets. These notes receivable and payable were capitalized by the parties in connection with the spin off that occurred on September 5, 2006. In connection with the spin off, we incurred (i) $1.65 billion of indebtedness funded under the Senior Secured Credit Facility, which includes the additional $500.0 million Revolving Loan Facility which was undrawn at the closing of the spin off and (ii) $450.0 million of indebtedness under the Second Lien Credit Facility that bears interest at a floating rate based on a published market rate plus the applicable margin from the credit agreements. We also incurred $500.0 million of indebtedness under the Bridge Loan Facility that has a floating rate of interest and there can be no assurance that we will be able to refinance this indebtedness at the same or better rates upon maturity. We paid

$2.4 billion of the proceeds of this debt to Sara Lee. We are exposed to interest rate risk from the floating rate debt issuance and we are required to hedge a portion of our floating rate debt under our credit facilities. Prior to any hedging activities, a 25-basis point movement in the interest rate charged on the floating rate debt that we incurred on September 5, 2006 would result in a change in interest expense of $6.5 million.

**Commodities**

Cotton is the primary raw material we use to manufacture many of our products. In addition, fluctuations in crude oil or petroleum prices may influence the prices of other raw materials we use to manufacture our products, such as chemicals, dyestuffs, polyester yarn and foam. We generally purchase our raw materials at market prices. In fiscal 2006, we started to use commodity financial instruments to hedge the price of cotton, for which there is a high correlation between costs and the financial instrument. We generally do not use commodity financial instruments to hedge other raw material commodity prices. At July 1, 2006, the potential change in fair value of cotton commodity derivative instruments, assuming a 10% adverse change in the underlying commodity price, was $3.5 million.

**Item 8.** ***Financial Statements and Supplementary Data***

**Financial Statements**

Our financial statements required by this item are contained on pages F-1 through F-46 of this Annual Report. See Item 15(a)(1) for a listing of financial statements provided.

**Item 9.** ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A.** ***Controls and Procedures***

As required by Exchange Act Rule 13a-15(b), our management, including the 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 July 1, 2006. Based on that evaluation, the 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 the Chief Executive Officer and Chief Financial Officer, concluded that no changes in our internal control over financial reporting occurred during the fourth quarter of fiscal 2006 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B.** ***Other Information***

None.

# PART III

## Item 10. *Directors and Executive Officers of the Registrant*

The charts below list our directors and executive officers and are followed by biographic information about them and a description of certain corporate governance matters.

| Name | Age | Positions |
|---|---|---|
| Lee A. Chaden | 64 | Executive Chairman and Director |
| Richard A. Noll | 49 | Chief Executive Officer and Director |
| E. Lee Wyatt Jr. | 53 | Executive Vice President, Chief Financial Officer |
| Gerald W. Evans Jr. | 47 | Executive Vice President, Chief Supply Chain Officer |
| Michael Flatow | 56 | Executive Vice President, General Manager, Wholesale Americas |
| Kevin D. Hall | 47 | Executive Vice President, Chief Marketing Officer |
| Joan P. McReynolds | 56 | Executive Vice President, Chief Customer Officer |
| Kevin W. Oliver | 49 | Executive Vice President, Human Resources |
| Harry A. Cockrell(2)(3) | 56 | Director |
| Charles W. Coker(2)(3) | 73 | Director |
| Bobby J. Griffin(1) | 57 | Director |
| James C. Johnson(2)(3) | 54 | Director |
| J. Patrick Mulcahy(1) | 62 | Director |
| Alice M. Peterson(1) | 54 | Director |
| Andrew J. Schindler(2)(3) | 62 | Director |

(1) Member of the Audit Committee

(2) Member of the Compensation and Benefits Committee

(3) Member of the Governance and Nominating Committee

*Lee A. Chaden* has served as our Executive Chairman since April 2006 and a director since our formation in September 2005. From May 2003 until the completion of the spin off in September 2006, he also served as an Executive Vice President of Sara Lee. From May 2004 until April 2006, Mr. Chaden served as Chief Executive Officer of Sara Lee Branded Apparel. He has also served at the Sara Lee corporate level as Executive Vice President—Global Marketing and Sales from May 2003 to May 2004 and Senior Vice President—Human Resources from 2001 to May 2003. Mr. Chaden joined Sara Lee in 1991 as President of the U.S. and Westfar divisions of Playtex Apparel, Inc., which Sara Lee acquired that year. While employed by Sara Lee, Mr. Chaden also served as President and Chief Executive Officer of Sara Lee Intimates, Vice President of Sara Lee Corporation, Senior Vice President of Sara Lee Corporation and Chief Executive Officer of Sara Lee Branded Apparel—Europe. Mr. Chaden currently serves on the Board of Directors of Stora Enso Corporation.

*Richard A. Noll* has served as our Chief Executive Officer since April 2006 and a director since our formation in September 2005. From December 2002 until the completion of the spin off in September 2006, he also served as a Senior Vice President of Sara Lee. From July 2005 to April 2006, Mr. Noll served as President and Chief Operating Officer of Sara Lee Branded Apparel. Mr. Noll served as Chief Executive Officer of the Sara Lee Bakery Group from July 2003 to July 2005 and as the Chief Operating Officer of the Sara Lee Bakery Group from July 2002 to July 2003. From July 2001 to July 2002, Mr. Noll was Chief Executive Officer of Sara Lee Legwear, Sara Lee Direct and Sara Lee Mexico. Mr. Noll joined Sara Lee in 1992 and held a number of management positions with increasing responsibilities while employed by Sara Lee.

*E. Lee Wyatt Jr.* has served as our Executive Vice President, Chief Financial Officer since the completion of the spin off in September 2006. From September 2005 until the completion of the spin off, Mr. Wyatt

served as a Vice President of Sara Lee and as Chief Financial Officer of Sara Lee Branded Apparel. Prior to joining Sara Lee, Mr. Wyatt was Executive Vice President, Chief Financial Officer and Treasurer of Sonic Automotive, Inc. from April 2003 to September 2005, and Vice President of Administration and Chief Financial Officer of Sealy Corporation from September 1998 to February 2003.

*Gerald W. Evans Jr.* has served as our Executive Vice President, Chief Supply Chain Officer since the completion of the spin off in September 2006. From July 2005 until the completion of the spin off, Mr. Evans served as a Vice President of Sara Lee and as Chief Supply Chain Officer of Sara Lee Branded Apparel. Prior to July 2005, Mr. Evans served as President and Chief Executive Officer of Sara Lee Sportswear and Underwear from March 2003 until June 2005 and as President and Chief Executive Officer of Sara Lee Sportswear from March 1999 to February 2003.

*Michael Flatow* has served as our Executive Vice President, General Manager, Wholesale Americas since the completion of the spin off in September 2006. From August 2005 until the completion of the spin off, he served as a Vice President of Sara Lee and as President—Innerwear Americas for Sara Lee Branded Apparel. From April 2003 to August 2005, Mr. Flatow served as President of the Intimates and Hosiery Group of Sara Lee Branded Apparel. Mr. Flatow served as Chief Customer Officer of Sara Lee Branded Apparel from July 2001 to April 2003, as President of Sara Lee Hosiery from May 1999 to July 2001 and as President of Champion Products from 1997 to May 1999.

*Kevin D. Hall* has served as our Executive Vice President, Chief Marketing Officer since June 2006. From June 2005 until June 2006, Mr. Hall served on the advisory board of, and was a consultant to, Affinova, Inc., a marketing research and strategy firm. From August 2001 until June 2005, Mr. Hall served as Senior Vice President of Marketing for Fidelity Investments Tax-Exempt Retirement Services Company, a provider of 401(k), 403(b) and other defined contribution retirement plans and services. From June 1985 to August 2001, Mr. Hall served in various marketing positions with The Procter & Gamble Company, most recently as general manager of the Vidal Sassoon business.

*Joan P. McReynolds* has served our Executive Vice President, Chief Customer Officer since the completion of the spin off in September 2006. From August 2004 until the completion of the spin off, Ms. McReynolds served as Chief Customer Officer of Sara Lee Branded Apparel. From May 2003 to July 2004, Ms. McReynolds served as Chief Customer Officer for the food, drug and mass channels of customer management for Sara Lee Hosiery. Prior to that, Ms. McReynolds served as Vice President of sales for Sara Lee Hosiery from January 1997 to April 2003.

*Kevin W. Oliver* has served as our Executive Vice President, Human Resources since the completion of the spin off in September 2006. From January 2006 until the completion of the spin off, Mr. Oliver served as a Vice President of Sara Lee and as Senior Vice President, Human Resources of Sara Lee Branded Apparel. From February 2005 to December 2005, Mr. Oliver served as Senior Vice President, Human Resources for Sara Lee Food and Beverage and from August 2001 to January 2005 as Vice President, Human Resources for the Sara Lee Bakery Group.

*Harry A. Cockrell* has served as a member of our board of directors since the completion of the spin off in September 2006. Mr. Cockrell has been serving as shareholder and director of Pathfinder Investment Holdings Corporation, a privately owned investment company which invests in and manages hotels and resorts in the Philippines, since 1999, and of PTG Investment Holdings Corporation and Pacific Tiger Group Limited since 1999 and 2005, respectively, each of which is a privately owned investment company which invests in diversified interests in the Asia Pacific Region. From 1994 to 2003 Mr. Cockrell served as a member of the Investment Committee of The Asian Infrastructure Fund, an equity fund focused on investments in Asian utility markets and from 1992 to 1998, Mr. Cockrell served as a director of Jardine Fleming Asian Realty Inc., an investment company focused mainly on Asian property projects.

*Charles W. Coker* has served as a member of our board of directors since the completion of the spin off in September 2006. Mr. Coker served as Chairman of the Board of Sonoco Products Company from 1990 to May 2005. Mr. Coker also served as Chief Executive Officer of Sonoco Products from 1990 to 1998, as President from 1970 to 1990, and was reappointed President from 1994 to 1996, while maintaining the title

and responsibility of Chairman and Chief Executive Officer. Mr. Coker currently serves on the board of directors of Sara Lee.

*Bobby J. Griffin* has served as a member of our board of directors since the completion of the spin off in September 2006. Since 1986, Mr. Griffin has served in various management positions with Ryder System, Inc., including as President, International Operations from March 2005 to present, Executive Vice President, International Operations from 2003 to March 2005 and Executive Vice President, Global Supply Chain Operations from 2001 to 2003.

*James C. Johnson* has served as a member of our board of directors since the completion of the spin off in September 2006. Since July 2004, Mr. Johnson has served as Vice President, Corporate Secretary and Assistant General Counsel of The Boeing Company. Prior to July 2004, Mr. Johnson served in various positions with The Boeing Company beginning in 1998, including as Senior Vice President, Corporate Secretary and Assistant General Counsel from September 2002 until a management reorganization in July 2004 and as Vice President, Corporate Secretary and Assistant General Counsel from July 2001 until September 2002. Mr. Johnson currently serves on the board of directors of Ameren Corporation.

*J. Patrick Mulcahy* has served as a member of our board of directors since the completion of the spin off in September 2006. From January 2005 to the present, Mr. Mulcahy has served as Vice Chairman of Energizer Holdings, Inc. From 2000 to January 2005, Mr. Mulcahy served as Chief Executive Officer of Energizer Holdings, Inc. From 1967 to 2000, Mr. Mulcahy served in a number of management positions with Ralston Purina Company, including as Co-Chief Executive Officer from 1997 to 1999. In addition to serving on the board of directors of Energizer Holdings, Inc., Mr. Mulcahy also currently serves on the board of directors of Solutia Inc.

*Alice M. Peterson* has served as a member of our board of directors since August 2006. Ms. Peterson is President of Syrus Global, a provider of ethics and compliance solutions. Ms. Peterson has served as a director for RIM Finance, LLC, a wholly owned subsidiary of Research In Motion, Ltd., the maker of the BlackBerry™ handheld device, since 2000. Ms. Peterson served as a director of TBC Corporation, a marketer of private branded replacement tires, from July 2005 to November 2005, when it was acquired by Sumitomo Corporation of America. From 1998 to August 2004, she served as a director of Fleming Companies. From December 2000 to December 2001, Ms. Peterson served as president and general manager of RIM Finance, LLC. She previously served in executive positions at Sears, Roebuck and Co., Kraft Foods Inc. and Pepisco, Inc. Ms. Peterson is a director of the general partner of Williams Partners L.P.

*Andrew J. Schindler* has served as a member of our board of directors since the completion of the spin off in September 2006. From 1974 to 2005, Mr. Schindler served in various management positions with R.J. Reynolds Tobacco Holdings, Inc., including Chairman of Reynolds America Inc. from December 2004 to December 2005 and Chairman and Chief Executive Officer from 1999 to 2004. Mr. Schindler currently serves on the board of directors of Arvin Meritor, Inc., Pike Electric Corporation and Krispy Kreme Doughnuts, Inc.

**Corporate Governance**

***Board of Directors***

Our board of directors has nine members. Two of the members are also employees of our company: Mr. Chaden is our Executive Chairman and Mr. Noll is our Chief Executive Officer. The other seven of the members are non-employee directors. Our board of directors has determined that each of the non-employee directors is also an independent director under New York Stock Exchange listing standards. Our board of directors has adopted categorical standards of independence, which are filed as Exhibit 99.1 to this Annual Report on Form 10-K. The non-employee directors are expected to meet regularly without any employee directors or other Hanesbrands employees present.

Prior to the spin off, our board of directors consisted of Mr. Chaden, Mr. Noll and two representatives of Sara Lee. Our board of directors, as it was constituted during such period, did not meet in fiscal 2006, but took various actions by written consent.

Commencing with the first annual meeting of stockholders to be held after the spin off, our directors will be elected at the annual meeting of stockholders and will serve until our next annual meeting of stockholders. Our board of directors maintains three standing committees of independent directors: the Audit Committee, the Compensation and Benefits Committee and the Governance and Nominating Committee.

Hanesbrands has not yet had an annual meeting of stockholders. Hanesbrands intends to encourage the members of its board of directors to attend our annual meetings of stockholders. Security holders may send written communications to our board of directors or to specified individual directors by sending such communications care of the Corporate Secretary's Office, Hanesbrands Inc., 1000 East Hanes Mill Road, Winston-Salem, North Carolina 27105. Such communications will be reviewed by our legal department and, depending on the content, will be:

- forwarded to the addressees or distributed at the next scheduled board meeting; or
- if they relate to financial or accounting matters, forwarded to the Audit Committee or discussed at the next scheduled Audit Committee meeting; or
- if they relate to the recommendation of the nomination of an individual, forwarded to the Governance and Nominating Committee or discussed at the next scheduled Governance and Nominating Committee meeting; or
- if they relate to the operations of Hanesbrands, forwarded to the appropriate officers of Hanesbrands, and the response or other handling reported to the board at the next scheduled board meeting.

***Audit Committee***

The Audit Committee currently is comprised of Mr. Griffin, Mr. Mulcahy and Ms. Peterson; Ms. Peterson is its chair. Each of the members of the Audit Committee meets the standards of independence applicable to audit committee members under applicable SEC rules and New York Stock Exchange listing standards and is financially literate, as required under applicable New York Stock Exchange listing standards. In addition, the board of directors has determined that Ms. Peterson possesses the experience and qualifications required of an "audit committee financial expert," as that term is used in applicable SEC regulations implementing Section 407 of the Sarbanes-Oxley Act of 2002.

The Audit Committee is responsible for oversight on matters relating to corporate accounting and financial matters and our financial reporting and disclosure practices. In addition, the Audit Committee is responsible for reviewing our audited financial statements with management and the independent registered public accounting firm, recommending whether our audited financial statements should be included in our Annual Report on Form 10-K and preparing a report to stockholders to be included in our annual proxy statement. At least one member of the Audit Committee will be an "audit committee financial expert" as defined by the SEC.

The Audit Committee operates under a written charter adopted by the board of directors, which sets forth the responsibilities and powers delegated by the board to the Audit Committee. A copy of the Audit Committee charter is available in the "Investors" section of our website, *www.hanesbrands.com.* A copy of our Global Business Practices is available in the "Investors" section of our website. Our Global Business Practices apply to all directors and employees of our company and its subsidiaries. Any waiver of applicable requirements in the Global Business Practices that is granted to any of our directors, to our principal executive officer, to any of our senior financial officers (including our principal financial officer, principal accounting officer or controller) or to any other person who is an executive officer of Hanesbrands requires the approval of the Audit Committee and waivers will be disclosed on our website, *www.hanesbrands.com* in the "Investors" section, or in a Current Report on Form 8-K.

***Compensation and Benefits Committee***

The Compensation Committee currently is comprised of Mr. Cockrell, Mr. Coker, Mr. Johnson and Mr. Schindler; Mr. Coker is its chair. Each of these directors is a non-employee director within the meaning of

Section 16 of the Securities Exchange Act, an outside director within the meaning of Section 162(m) of the Internal Revenue Code and an independent director under applicable New York Stock Exchange listing standards. The responsibilities of the Compensation and Benefits Committee include establishing and overseeing overall compensation programs and salaries for key executives, evaluating the performance of key executives including the Chief Executive Officer, and also reviewing and approving their salaries and approving and overseeing the administration of our incentive plans. The Compensation and Benefits Committee is also responsible for reviewing and approving employee benefit plans applicable to our key executives, and preparing a report to stockholders to be included in our annual proxy statement.

The Compensation and Benefits Committee operates under a written charter adopted by the board of directors, which sets forth the responsibilities and powers of the Compensation and Benefits Committee. This charter may be found on our website, *www.hanesbrands.com*.

***Governance and Nominating Committee***

The Governance and Nominating Committee currently is comprised of Mr. Cockrell, Mr. Coker, Mr. Johnson and Mr. Schindler; Mr. Johnson is its chair. Each of these directors is an independent director under applicable New York Stock Exchange listing standards. The responsibilities of the Governance and Nominating Committee include assisting the board of directors in identifying individuals qualified to become board members and recommending to the board the nominees for election as directors at the next annual meeting of stockholders. The Governance and Nominating Committee also is responsible for assisting the board in determining the compensation of the board and its committees, in monitoring a process to assess board effectiveness, in developing and implementing our Corporate Governance Guidelines and in overseeing the evaluation of the board of directors and management.

The Governance and Nominating Committee will identify nominees for director positions from various sources. In assessing potential director nominees, the Governance and Nominating Committee will consider individuals who have demonstrated exceptional ability and judgment and who will be most effective, in conjunction with the other nominees and board members, in collectively serving interests of the stockholders. The Governance and Nominating Committee also will consider any potential conflicts of interest. All director nominees must possess a reputation for the highest personal and professional ethics, integrity and values. In addition, nominees must also be willing to devote sufficient time and effort in carrying out their duties and responsibilities effectively, and should be committed to serve on the board for an extended period of time.

The Governance and Nominating Committee operates under a written charter adopted by the board of directors, which sets forth the responsibilities and powers of the Governance and Nominating Committee. This charter may be found on our website, *www.hanesbrands.com*.

**Share Retention Guidelines**

***Executive Officer Share Retention Guidelines***

We believe that our executives should have a significant equity interest in Hanesbrands. In order to promote such equity ownership and further align the interests of our executives with our stockholders, we have adopted share retention and ownership guidelines for our key executives. The stock ownership requirements vary based upon the executive's level and range from a minimum of one times the executive's salary to a maximum of four times the executive's salary, in the case of the Chief Executive Officer. Until the stock ownership guidelines are met, an executive is required to retain 50% of any shares received (on a net after tax basis) under our equity-based compensation plans. Our key executives will have a substantial portion of their incentive compensation paid in the form of our common stock. In addition to shares directly held by a key executive, shares held for such executive in the Hanesbrands Inc. Employee Stock Purchase Plan of 2006, the Hanesbrands Inc. Retirement Savings Plan and the Hanesbrands Inc. Executive Deferred Compensation Plan (including equivalent shares held in that plan) will be counted for purposes of determining whether the ownership requirements are met.

***Director Share Retention Guidelines***

We believe that our directors should have a significant equity interest in Hanesbrands. In order to promote such equity ownership and further align the interests of our directors with our stockholders, we plan to adopt share retention and ownership guidelines for directors.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors, and persons who beneficially own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership of these securities with the SEC. We were not subject to Section 16(a) of the Exchange Act until after the completion of the fiscal year ended July 1, 2006. As such our officers, directors and greater than ten percent beneficial owners were not subject to such requirements during the fiscal year ended July 1, 2006.

**Item 11.** ***Executive Compensation***

## EXECUTIVE COMPENSATION

As noted throughout this Annual Report on Form 10-K, we were a wholly-owned subsidiary of Sara Lee until September 5, 2006, the date of the spin off. Because this report covers the fiscal year ended July 1, 2006, the compensation discussion that follows relates to the compensation practices of Sara Lee and does not necessarily reflect the compensation we will pay in the future. Future compensation levels could be higher or lower, because historical compensation was determined by Sara Lee and future compensation levels will be determined based on the compensation policies, programs and procedures to be established by our Compensation and Benefits Committee.

### Summary Compensation Table

The following table contains compensation information for our Chief Executive Officer and four of our other executive officers who, based on employment with Sara Lee and its subsidiaries prior to the spin off, were our most highly compensated officers for the fiscal year ended July 1, 2006. All of the information included in this table reflects compensation earned by the individuals for service with Sara Lee and its subsidiaries. All references in the following tables to stock and stock options relate to awards of stock and stock options granted by Sara Lee.

| | | Annual Compensation | | | Long-Term Compensation Awards | | |
|---|---|---|---|---|---|---|---|
| Name and Principal Position | Fiscal Year | Salary ($) | Bonus ($)(1) | Other Annual Compensation ($)(2) | Restricted Stock Award(s) ($)(3) | Securities Underlying Options (#) | All Other Compensation ($)(4) |
| Lee A. Chaden | 2006 | 659,200 | 1,058,665 | 117,287 | 737,204 | 128,936 | 75,561 |
| Executive Chairman | 2005 | 646,400 | 1,062,682 | 104,524 | 1,532,712 | 71,488 | 108,658 |
| | 2004 | 535,901 | 874,590 | 5,610 | 854,330 | 129,949 | 80,421 |
| Richard A. Noll | 2006 | 575,000 | 1,281,128 | 2,289 | 248,715 | — | 48,339 |
| Chief Executive | 2005 | 468,333 | 666,154 | 14,999 | 802,003 | 55,263 | 77,773 |
| Officer | 2004 | 439,583 | 669,136 | 4,253 | 729,565 | 33,538 | 50,539 |
| E. Lee Wyatt Jr. | 2006 | 458,333 | 555,133 | — | 172,295 | — | 3,304 |
| Executive Vice President, Chief Financial Officer | | | | | | | |
| Gerald W. Evans Jr. | 2006 | 360,500 | 436,638 | 1,190 | 158,530 | — | 22,482 |
| Executive Vice | 2005 | 353,500 | 202,237 | 232 | 380,902 | 58,461 | 28,390 |
| President, Chief Supply Chain Officer | | | | | | | |
| Michael Flatow | 2006 | 329,703 | 399,336 | 925 | 158,530 | — | 20,563 |
| Executive Vice | 2005 | 323,301 | 184,993 | 232 | 380,902 | 19,008 | 29,844 |
| President, General Manager, Wholesale Americas | | | | | | | |

(1) For fiscal 2004, 75% of Mr. Noll’s and Mr. Chaden’s bonus was paid in cash and 25% was paid in restricted stock units, or “RSUs.” The fair market value of these RSUs is reported in the “Restricted Stock Awards” column for 2004. All other amounts reported in the “Bonus” column consist of cash payments for annual performance.

(2) Amounts reported in the “Other Annual Compensation” column include the cost to Sara Lee of providing perquisites and other personal benefits and tax gross-ups. The amounts shown for perquisites for Mr. Chaden include amounts for personal use of corporate aircraft ($28,708 in fiscal 2006), financial advisory services ($24,650 in fiscal 2006 and $18,483 in fiscal 2005), club initiation fee ($35,730 in fiscal 2005), and personal use of corporate automobile ($19,426 in fiscal 2006).

(3) Amounts represent the market value of RSUs based on the closing price per share of Sara Lee common stock on the date of grant. Upon vesting, each RSU is converted into one share of Sara Lee common stock. This column includes (i) 37,922 RSUs granted to Mr. Chaden on August 25, 2005, originally scheduled to vest over three years in equal annual increments; (ii) 12,794 RSUs granted to Mr. Noll on August 25, 2005, originally scheduled to vest in one year; (iii) 9,150 RSUs granted to Mr. Wyatt, 8,419 RSUs granted to Mr. Evans and 8,419 RSUs granted to Mr. Flatow on September 1, 2005, which RSUs, originally scheduled to vest in one year; (iv) 13,123 RSUs granted to Mr. Chaden and 10,040 RSUs granted to Mr. Noll on August 26, 2004 in lieu of 25% of their fiscal 2004 annual incentive bonus, which RSUs vested on July 2, 2005; (v) 34,505 RSUs granted to Mr. Chaden, 18,055 RSUs granted to Mr. Noll, 17,150 RSUs granted to Mr. Evans and 17,150 RSUs granted to Mr. Flatow on August 26, 2004, all of which were originally scheduled to vest over three years in equal annual increments; and (vi) 34,500 RSUs granted to Mr. Chaden and 18,055 RSUs granted to Mr. Noll on August 26, 2004, which RSUs vest on August 31, 2007 to the extent predetermined Sara Lee performance targets have been achieved. Vesting of all RSUs accelerated upon completion of the spin off except the performance-based RSUs granted to Messrs. Chaden and Noll, which will continue to vest over the applicable performance period subject to attainment of Sara Lee performance measures. Dividend equivalents granted on the Sara Lee RSUs during the vesting period are escrowed, and the dividend equivalents are distributed at the end of the vesting period in the same proportion as the RSUs vest. For Sara Lee RSUs granted prior to fiscal 2005, interest accrues on the escrowed dividend equivalents and is paid at the end of the vesting period with the accrued dividend equivalents. To the extent any applicable performance goals are not attained, the RSUs, and the escrowed dividend equivalents and interest, if any, are forfeited. The market value and the aggregate number of all RSUs held by each executive officer named above as of June 30, 2006, the last business day of fiscal 2006 (based on the $16.02 closing price per share of Sara Lee common stock on that day), were as follows: Mr. Chaden, $1,849,189 (115,430); Mr. Noll, $975,378 (60,885); Mr. Wyatt $146,583 (9,150); Mr. Evans, $389,318 (24,302); and Mr. Flatow $389,318 (24,302).

(4) The amounts reported in the "All Other Compensation" column for fiscal 2006 consist of matching contributions under the Sara Lee Corporation 401(k) Plan and amounts allocated under the Sara Lee Corporation Supplemental Executive Retirement Plan to the following officers: Mr. Chaden, $75,561; Mr. Noll, $48,339; Mr. Wyatt, $3,304; Mr. Evans, $22,482; and Mr. Flatow, $20,563.

**Option Grants in Last Fiscal Year**

The following table sets forth information regarding stock options with respect to shares of Sara Lee common stock granted during fiscal 2006 to each of our executive officers named in the Summary Compensation Table.

| Name | Number of Securities Underlying Options Granted (#) | Percentage of Total Options Granted to Employees in Fiscal 2006 | Exercise Price ($/Share) | Expiration Date | Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term(1) | |
|---|---|---|---|---|---|---|
| | | | | | 5% | 10% |
| Lee A. Chaden | 128,936 | 6.44 | $ 19.54 | August 25, 2015 | $ 1,584,443 | $ 4,015,290 |
| Richard A. Noll | — | — | — | — | — | — |
| E. Lee Wyatt Jr. | — | — | — | — | — | — |
| Gerald W. Evans Jr. | — | — | — | — | — | — |
| Michael Flatow | — | — | — | — | — | — |

(1) The potential realizable value assumes that the fair market value of Sara Lee common stock on the date the option was granted appreciates at the indicated annual growth rate, compounded annually, for the option term. These growth rates are not intended by Sara Lee to forecast future appreciation, if any, of the price of common stock, and we and Sara Lee expressly disclaim any representation to that effect. Actual gains, if any, on exercised stock options will depend on the future performance of Sara Lee's common stock.

**Aggregated Sara Lee Option Exercises and Year-End Option Values**

The following table discloses information regarding the aggregate number of Sara Lee options that our executive officers named in the Summary Compensation Table exercised during fiscal 2006 and the value of remaining Sara Lee options held by those executives as of July 1, 2006. The fiscal year-end value of unexercised in-the-money options listed below has been calculated based on the market value of Sara Lee common stock on June 30, 2006 of $16.02 per share, less the applicable exercise price per share, multiplied by the number of shares underlying such options.

| Name | Shares Acquired on Exercise (#) | Value Realized ($) | Number of Securities Underlying Unexercised Options at July 2, 2006 (#) | | Value of Unexercised In-the Money Options at July 2, 2006 ($) | |
|---|---|---|---|---|---|---|
| | | | Exercisable | Unexercisable | Exercisable | Unexercisable |
| Lee A. Chaden | — | — | 545,484 | 128,936 | — | — |
| Richard A. Noll | — | — | 357,963 | — | — | — |
| E. Lee Wyatt Jr. | — | — | — | — | — | — |
| Gerald W. Evans Jr. | — | — | 306,077 | — | — | — |
| Michael Flatow | — | — | 200,063 | — | — | — |

**Employee Benefits Plans and Arrangements**

***Hanesbrands Inc. Pension and Retirement Plan and Hanesbrands Inc. Supplemental Employee Retirement Plan***

Our executive officers participate in the Hanesbrands Inc. Pension and Retirement Plan and the Hanesbrands Inc. Supplemental Employee Retirement Plan, or the “Hanesbrands SERP.” The Hanesbrands Inc. Pension and Retirement Plan is a frozen defined benefit pension plan, intended to be qualified under Section 401(a) of the Code, that provides the benefits that had accrued for our employees, including our executive officers, under the Sara Lee Corporation Consolidated Pension and Retirement Plan as of December 31, 2005. The Hanesbrands SERP is an unfunded deferred compensation plan that, in part, will provide the nonqualified supplemental pension benefits that had accrued for certain of our employees, including our executive officers, under the Sara Lee Corporation Supplemental Executive Retirement Plan.

The following table shows the approximate annual pension benefits payable under the Hanesbrands Inc. Pension and Retirement Plan and the Hanesbrands SERP for our executive officers. The compensation covered by these plans is based on an employee’s average annual salary and cash bonus for the highest five consecutive years in the ten years ending December 31, 2005. The amounts payable under the pension program are computed on the basis of a straight-life annuity and are not subject to deduction for Social Security benefits or other amounts.

| Final Average Compensation | Estimated Annual Normal Retirement Pension Based Upon the Indicated Credited Service | | | | |
|---|---|---|---|---|---|
| | 15 Years | 20 Years | 25 Years | 30 Years | 35 Years |
| $ 250,000 | $ 65,625 | $ 87,800 | $ 109,375 | $ 131,250 | $ 153,125 |
| 500,000 | 131,250 | 175,000 | 218,750 | 262,500 | 306,250 |
| 750,000 | 196,875 | 262,500 | 328,125 | 393,750 | 459,375 |
| 1,000,000 | 262,500 | 350,000 | 437,500 | 525,000 | 612,500 |
| 1,250,000 | 328,125 | 437,500 | 546,875 | 656,250 | 765,625 |
| 1,500,000 | 393,750 | 525,000 | 656,250 | 787,500 | 918,750 |
| 1,750,000 | 459,375 | 612,500 | 765,625 | 918,750 | 1,071,875 |
| 2,000,000 | 525,000 | 700,000 | 875,000 | 1,050,000 | 1,225,000 |

Benefits under the pension program were frozen as of December 31, 2005. As a frozen program, no additional employees will become eligible to participate in the program, and participants in the plan will not accrue any additional benefits after December 31, 2005. Messrs. Chaden, Noll, Evans and Flatow have 14, 14, 14 and 19 years of credited service, respectively, with respect to the pension benefits described above.

In addition to the benefits described in the table above, Mr. Evans will receive an estimated annual pension of $4,402 for approximately 8 years of credited service earned under an alternate formula and Mr. Flatow will receive an estimated annual pension of $1,515 for approximately one year of credited service earned under an alternate formula. Further, as a result of a minimum benefit formula, Mr. Flatow will receive an estimated annual pension $18,531 in excess of that shown in the table as of December 31, 2005.

The nonqualified benefits accrued by Mr. Chaden historically have been funded with periodic payments made by Sara Lee to trusts established by him. Sara Lee will make final payment to Mr. Chaden's trust in the amount of $1.85 million approximately six months after the spin off. All nonqualified benefits other than those payable to Mr. Chaden will be paid out of our general assets.

***Hanesbrands Inc. Retirement Savings Plan***

Our executive officers and other employees also participate in the Hanesbrands Inc. Retirement Savings Plan (the "Hanesbrands 401(k) Plan"), a defined contribution retirement plan intended to qualify under Section 401(a) of the Code. Under the Hanesbrands 401(k) Plan, employees may contribute a portion of their compensation to the plan on a pre-tax basis and receive a matching employer contribution of up to a possible maximum of 4% of their eligible compensation. In addition, exempt and non-exempt salaried employees are eligible to receive an employer contribution of up to an additional 4% of their eligible compensation.

***Hanesbrands Inc. Supplemental Employee Retirement Plan***

The Hanesbrands SERP is a nonqualified supplemental retirement plan. The purpose of the Hanesbrands SERP is to provide to a select group of management or highly compensated employees supplemental deferred compensation benefits primarily consisting of (i) benefits that would be earned under the Hanesbrands 401(k) Plan but for certain compensation and benefit limitations imposed on the Hanesbrands 401(k) Plan by the Code, (ii) those supplemental retirement benefits that had been accrued under the Sara Lee Corporation Supplemental Executive Retirement Plan as of December 31, 2005 and (iii) transitional defined contribution credits for one to five years and ranging from 4% to 15% of eligible compensation for certain executives based on their combined age and years of service as of January 1, 2006. The transitional credits for our named executive officers are as follows: Messrs. Chaden and Flatow (15%), Messrs. Noll and Evans (12%), and Mr. Wyatt (0%). The transfer of the existing liabilities relating to the Sara Lee Corporation Supplemental Executive Retirement Plan to the Hanesbrands SERP was made in accordance with the terms and conditions of the Employee Matters Agreement that we entered into with Sara Lee in connection with the spin off.

***The Hanesbrands Inc. Omnibus Incentive Plan of 2006 and Initial Awards***

*General*

The Hanesbrands Inc. Omnibus Incentive Plan of 2006, or the "Hanesbrands OIP," which was approved by Sara Lee as our sole stockholder prior to the completion of the spin off, permits the issuance of long-term incentive awards to our employees, non-employee directors and employees of our subsidiaries to promote the interests of our company and our stockholders. The Hanesbrands OIP is designed to promote these interests by providing such employees and eligible non-employee directors with a proprietary interest in pursuing the long-term growth, profitability and financial success of our company. The Hanesbrands OIP is administered by our Compensation and Benefits Committee. Awards under the OIP may be made in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, performance shares and cash. The aggregate number of shares of our common stock that may be issued under the Hanesbrands OIP will not exceed 13,105,000 (subject to the adjustment for stock splits, reorganizations and similar transactions).

Awards under the Hanesbrands OIP may be made subject to the attainment of performance goals relating to one or more business criteria within the meaning of Section 162(m) of the Code, including, but not limited to, revenue; revenue growth; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; earnings per share; operating income; pre- or after-tax income; net operating profit after taxes; economic value added (or an equivalent metric); ratio of operating earnings to capital spending; cash

flow (before or after dividends); cash flow per share (before or after dividends); net earnings; net sales; sales growth; share price performance; return on assets or net assets; return on equity; return on capital (including return on total capital or return on invested capital); cash flow return on investment; total stockholder return; improvement in or attainment of expense levels; and improvement in or attainment of working capital levels. Any performance criteria selected by the Compensation and Benefits Committee may be used to measure our performance as a whole or the performance of any of our business units and may be measured relative to a peer group or index. No award in excess of $5.0 million may be paid to any participant in any single year. If an award in excess of that amount is earned in any year, it will be deferred under the Hanesbrands Inc. Executive Deferred Compensation Plan until it is deductible by us.

*Clawback Provisions*

The Compensation and Benefits Committee may make retroactive adjustments to, and the participant shall reimburse us for, any cash or equity based incentive compensation paid to the participant where such compensation was predicated upon achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that the participant otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from the participant's misconduct.

*Initial Awards*

Consistent with the objectives of the Hanesbrands OIP of providing employees with a proprietary interest in our company and aligning employee interest with that of our stockholders, a number of awards were made under the Hanesbrands OIP in connection with the spin off. All of these awards, including the date on which the awards were granted, were approved by the Compensation and Employee Benefits Committee of the board of directors of Sara Lee prior to the spin off. Two categories of these awards were intended to replace award values that our employees would have received under Sara Lee incentive plans but for the spin off. Two other categories of these awards were for other awards and for our 2006 annual awards. The timing of these awards is the 15th trading date following the completion of the spin off, which we believe was a reasonable time period to permit the development of an orderly market for the trading of our common stock. These awards were made as follows:

- *Fiscal 2006 Awards.* In anticipation of the spin off, our employees generally received only a partial Sara Lee award for fiscal 2006 in August 2005. On September 26, 2006, we granted the remaining pro rata portion of the award in a combination of stock options and RSUs that will vest ratably over a two-year period. These awards, including the date on which the awards were granted, were approved by the Compensation and Employee Benefits Committee of the board of directors of Sara Lee prior to the spin off. Generally, 50% of the value of the award to our executive officers was made in the form of stock options and 50% of the value of the award was made in the form of RSUs. The exercise price of the stock options is 100% of the fair market value of our common stock on the grant date. The awards made to our named executive officers are as follows:

| Executive | Stock Options | RSUs |
|---|---|---|
| Lee A. Chaden (1) | — | — |
| Richard A. Noll | 121,382 | 38,742 |
| E. Lee Wyatt, Jr. | 77,031 | 24,586 |
| Gerald W. Evans, Jr. | 42,989 | 13,721 |
| Michael Flatow | 42,989 | 13,721 |

(1) Mr. Chaden received a full Sara Lee award for fiscal 2006.

- *Sara Lee Option Replacement Awards.* Most Sara Lee options granted prior to August 2006 had a shortened exercise period as a result of employees terminating employment with the Sara Lee controlled group due to the spin off. On September 26, 2006, we granted Hanesbrands stock options to our employees who were active at the time of the spin off to replace this lost value. These awards,

including the date on which the awards were granted, were approved by the Compensation and Employee Benefits Committee of the board of directors of Sara Lee prior to the spin off. We did not grant these options to employees who qualified for early retirement under the Sara Lee pension program because their Sara Lee options remain exercisable until the original expiration date. The replacement options were exercisable upon grant at an exercise price that is equal 100% of the fair market value of our common stock on the date of grant. The options may be exercised for five years. The number of options granted to each recipient was determined based on a Black-Scholes option-pricing model calculation of the lost value of the Sara Lee options, which determination was made as of September 5, 2006 upon the completion of the spin off. The awards made to our named executive officers are as follows:

| Executive | Stock Options |
|---|---|
| Lee A. Chaden (1) | — |
| Richard A. Noll | 71,011 |
| E. Lee Wyatt, Jr (2) | — |
| Gerald W. Evans, Jr. | 52,029 |
| Michael Flatow (1) | — |

(1) Neither Mr. Chaden nor Mr. Flatow received an option replacement award as each of them was eligible for early retirement from Sara Lee, and their Sara Lee options therefore continue to vest.

(2) Mr. Wyatt did not receive an option replacement award as he did not hold any Sara Lee options.

In addition to these awards, each of Mr. Chaden and Mr. Noll received a bonus that was paid in cash based on our fiscal 2006 performance. This bonus was designed as an incentive to achieve above-target operating profit and sales performance for fiscal year 2006 while conducting a successful spin off. The amounts of these bonuses are included in the "Bonus" column in the summary compensation table.

On September 26, 2006, we also granted the following two categories of awards:

- *Other Awards.* We granted a number of awards in connection with the completion of the spin off. For our executive officers, the form of these awards was evenly split between stock options, which vest ratably over a three-year period, and RSUs, which vest on the third anniversary of their grant date. These awards, including the date on which the awards were granted, were approved by the Compensation and Employee Benefits Committee of the board of directors of Sara Lee prior to the spin off. The exercise price of the stock options is 100% of the fair market value of our common stock on the date of grant. The options generally expire seven years after the date of grant. The awards made to our named executive officers are as follows:

| Executive | Stock Options | RSUs |
|---|---|---|
| Lee A. Chaden | 67,751 | 22,351 |
| Richard A. Noll | 203,252 | 67,054 |
| E. Lee Wyatt, Jr(1) | — | 89,405 |
| Gerald W. Evans, Jr. | 57,588 | 18,999 |
| Michael Flatow | 57,588 | 18,999 |

(1) This award to Mr. Wyatt was composed entirely of RSUs that vest ratably over two years.

- *2006 Annual Award.* We issued our 2006 annual equity awards. The 2006 annual awards to our executive officers, as well as the pool of awards for other employees and the date on which the awards were granted, were approved by the Compensation and Employee Benefits Committee of the board of directors of Sara Lee. For executive officers, the form of these awards was split evenly between stock options and RSUs that vest ratably over a three-year period. The exercise price of the stock options is

100% of the fair market value of our common stock on the grant date. The awards made to our named executive officers are as follows:

| Executive | Stock Options | RSUs |
|---|---|---|
| Lee A. Chaden | 100,488 | 33,152 |
| Richard A. Noll | 162,602 | 53,643 |
| E. Lee Wyatt, Jr. | 74,526 | 24,586 |
| Gerald W. Evans, Jr. | 57,588 | 18,999 |
| Michael Flatow | 57,588 | 18,999 |

***The Hanesbrands Inc. Performance-Based Annual Incentive Plan***

The Hanesbrands Inc. Performance-Based Annual Incentive Plan, or the “Hanesbrands AIP,” is designed to provide annual cash awards that satisfy the conditions for performance-based compensation under Section 162(m) of the Code and is administered by our Compensation and Benefits Committee. Under the Hanesbrands AIP, the Compensation and Benefits Committee has the authority to grant annual incentive awards to our key employees (including our executive officers) or the key employees of our subsidiaries.

Awards under the Hanesbrands AIP are drawn from an incentive pool that is equal to 3% of our operating income for the fiscal year. For purposes of the Hanesbrands AIP, “operating income” will mean our operating income for a performance period as reported on our income statement computed in accordance with generally accepted accounting principles, but shall exclude (i) the effects of charges for restructurings, (ii) discontinued operations, (iii) extraordinary items or other unusual or non-recurring items and (iv) the cumulative effect of tax or accounting changes. The incentive pool from which the Hanesbrands AIP awards will be drawn will be established for a performance period that typically corresponds to our fiscal year.

The Compensation and Benefits Committee will allocate an incentive pool percentage to each designated participant for each performance period. In no event may the incentive pool percentage for any one participant exceed 40% of the total pool for that performance period. Each participant’s incentive award will be determined by the Compensation and Benefits Committee based on the participant’s allocated portion of the incentive pool and attainment of specified performance measures subject to adjustment in the sole discretion of the Compensation and Benefits Committee. In no event may the portion of the incentive pool allocated to a participant who is a covered employee for purposes of Section 162(m) of the Code be increased in any way, including as a result of the reduction of any other participant’s allocated portion, but such portion may be decreased by the Compensation and Benefits Committee. The Compensation and Benefits Committee may make retroactive adjustments to, and the participant shall reimburse us for, any cash or equity based incentive compensation paid to the participant where such compensation was predicated upon achieving certain financial results that were substantially the subject of a restatement, and as a result of the restatement it is determined that the participant otherwise would not have been paid such compensation, regardless of whether or not the restatement resulted from the participant’s misconduct.

***Deferred Compensation***

We have two deferred compensation programs: the Hanesbrands Inc. Executive Deferred Compensation Plan and the Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan. Under the plans, executive officers and non-employee directors may defer receipt of cash and equity compensation. The amount of compensation that may be deferred is determined in accordance with the plans based on elections by such participant. The amounts payable under the plans earn or lose value based on the investment performance of one or more of the various investment funds offered under the plans and selected by the participants. The amount payable to participants will be payable either on the withdrawal date elected by the participant or upon the occurrence of certain events as provided under the plans. A participant may designate one or more beneficiaries to receive any portion of the obligations payable in the event of death, however neither participants nor their beneficiaries may transfer any right or interest in the plans.

***Hanesbrands Inc. Executive Life Insurance Program***

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

***Hanesbrands Inc. Executive Disability Program***

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

***The Hanesbrands Inc. Employee Stock Purchase Plan of 2006***

*General*

We intend to implement in 2007 the Hanesbrands Inc. Employee Stock Purchase Plan of 2006, or the "Hanesbrands ESPP," which we adopted in connection with the spin off. The purpose of the Hanesbrands ESPP is to provide an opportunity for eligible employees and eligible employees of designated subsidiaries to purchase a limited number of shares of our common stock at a discount through voluntary automatic payroll deductions. The Hanesbrands ESPP is designed to attract, retain, and reward our employees and to strengthen the mutuality of interest between our employees and our stockholders. The Hanesbrands ESPP will be administered by our Compensation and Benefits Committee. Our board of directors may at any time amend, suspend or discontinue the Hanesbrands ESPP, subject to any stockholder approval needed to comply with the requirements of the SEC, the Code and the rules of the New York Stock Exchange.

*Shares Available for Issuance*

The aggregate number of shares of our common stock that may be issued under the Hanesbrands ESPP will not exceed 2,442,000 shares (subject to mandatory adjustment in the event of a stock split, stock dividend, recapitalization, reorganization, or similar transaction). The maximum amount eligible for purchase of shares through the Hanesbrands ESPP by any employee in any year will be $25,000.

*Payroll Deductions and Purchase of Shares*

An employee may contribute from his or her cash earnings through payroll deductions during an offering period and the accumulated deductions will be applied to the purchase of shares on the first day of the next following offering period. The Hanesbrands ESPP will provide for consecutive offering periods of three months each on a schedule determined by the Committee. The purchase price per share will be at least 85% of the fair market value of our shares immediately after the end of each offering period in which an employee participates in the plan.

***Severance/Change in Control Arrangements***

In addition to the plans and programs described above, on September 1, 2006, we entered into severance/change in control agreements, or "Severance Agreements," with the following executive officers: Lee A. Chaden, Richard A. Noll, E. Lee Wyatt Jr., Gerald W. Evans Jr., Michael Flatow, Kevin D. Hall, Joan P. McReynolds and Kevin W. Oliver. Each agreement is effective for an unlimited term, unless we give at least 18 months prior written notice that the agreement will not be renewed. In addition, if a change in control occurs during the term, the agreement will automatically continue for two years following the change in control. The agreements prohibit our executive officers from working for our competitors, soliciting business

from our customers, attempting to hire our employees and disclosing our confidential information. Payments under the agreements terminate if the terminated executive officer becomes employed by one of our competitors. As a condition of the agreements, our executive officers must release any claims against us.

*Severance*

The Severance Agreements with our executive officers provide them with severance benefits upon their involuntary termination of employment. Generally, if an executive officer's employment is terminated by us for any reason other than for cause, or if an executive officer terminates his or her employment at our request, we will pay them benefits for a period of 12 to 24 months depending on their position and length of service with Hanesbrands and with Sara Lee. The Severance Agreements prohibit our executive officers from working for our competitors, soliciting business from our customers, attempting to hire our employees and disclosing our confidential information while payments under the Severance Agreement are being made. Payments under the Severance Agreement terminate if the terminated executive officer becomes employed by one of our competitors. As a condition of the Severance Agreements, our executive officers must release any claims against us.

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

*Change in Control*

The Severance Agreements also contain change in control benefits for our executive officers to help keep them focused on their work responsibilities during the uncertainty that accompanies a change in control, to preserve benefits after a change in control transaction and to help us attract and retain key talent. Generally, the agreements provide for severance pay and continuation of certain benefits if the executive officer's employment is terminated involuntarily (for a reason other than "cause" as defined in the agreement) within two years following a change in control, or within three months prior to a change in control. The definition of "involuntary termination" under the Severance Agreements includes a voluntary termination by the executive officer for "good reason."

The Severance Agreements provide that a terminated executive officer will receive in a lump sum payment, two times (three times in the case of Mr. Noll) his or her cash compensation (consisting of base salary, the greater of their current target bonus or their average actual bonus over the prior three years and the matching contribution to the defined contribution plan in which the executive officer is participating), a pro-rated portion of his or her annual bonus for the fiscal year in which the termination occurs based upon the greater of their target bonus or actual performance as of the date of termination, a pro-rata portion of his or her long-term cash incentive plan payment for any performance period that is at least 50% completed prior to the executive officer's termination date, the replacement of lost savings and retirement benefits through the Hanesbrands SERP and the continued eligibility to participate in our medical, dental and executive insurance plans during the change in control severance period. The change in control severance period is a period of two years (three years for Mr. Noll) following the executive officer's termination date. Outstanding awards under the Hanesbrands OIP will be treated pursuant to the terms of the Hanesbrands OIP. In the event that any payments made in connection with a change in control would be subject to the excise tax imposed on parachute payments by Section 4999 of the Code, we will make tax equalization payments with respect to the executive officer's compensation for all federal, state and local income and excise taxes, and any penalties and interest, but only if the total payments made in connection with a change in control exceed 330% of such executive officer's "base amount" (as determined under Section 280G(b) of the Code). Otherwise, the payments made to such executive officer in connection with a change in control that are classified as parachute payments will be reduced so that the value of the total payments to such executive officer is $1 less than the

maximum amount such executive officer may receive without becoming subject to the tax imposed by Section 4999 of the Code.

**Director Compensation**

***Cash and Equity-Based Compensation***

Each non-employee director for service on our board of directors is compensated as follows:

- an annual cash retainer of $70,000, which will be paid in quarterly installments;
- an additional annual cash retainer of $10,000 for the chair of the Audit Committee, $5,000 for the chair of the Compensation and Benefits Committee and $5,000 for the chair of the Governance and Nominating Committee;
- an additional annual cash retainer of $5,000 for each member of the Audit Committee other than the chair;
- an annual grant of $70,000 in restricted stock units, with a one-year vesting schedule; these units will be converted at vesting into deferred stock units payable in stock six months after termination of service on our board of directors; and
- reimbursement of customary expenses for attending board, committee and shareholder meetings.

Directors who are also our employees will receive no additional compensation for serving as a director.

For their service with us in 2006, we paid our directors an amount equal to half of their annual cash retainer and a grant of restricted stock units with one half the value of the annual grant.

***Deferred Compensation Plan for Outside Directors***

Under the Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan, all non-employee directors are permitted to defer the receipt of all or a portion (not less than 25 percent) of their annual retainer into a nonqualified, unfunded deferred compensation plan. At the election of the director, amounts deferred under the plan will earn a return equivalent to the return on an investment in an interest-bearing account earning interest based on the Federal Reserve’s published rate for 5 year constant maturity Treasury notes at the beginning of the calendar year, or be invested in a stock equivalent account and earn a return based on our stock price. Amounts deferred, plus any dividend equivalents or interest, will be paid in cash or in shares of our common stock as applicable. Any awards of restricted stock or RSUs to non-employee directors that are automatically deferred pursuant to the terms of the award are deferred under this plan. Any payment of shares of our common stock under this plan will come from the Hanesbrands Inc. Omnibus Incentive Plan of 2006.

**Item 12.** ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The following table sets forth information, as of September 15, 2006 regarding beneficial ownership by (1) each person who is known by us to beneficially own more than 5% of our common stock, (2) each director and executive officer and (3) all of our directors and executive officers as a group. The address of each director and executive officer shown in the table below is c/o Hanesbrands Inc., 1000 East Hanes Mill Road, Winston-Salem, North Carolina 27105.

| Name and Address of Beneficial Owner | Beneficial Ownership of our Common Stock | Percent of Class |
|---|---|---|
| Capital Research and Management Company (1) | 7,381,637 | 7.7% |
| Lee A. Chaden (2) (3) | 2,466 | * |
| Richard A. Noll (3) | 3,550 | * |
| E. Lee Wyatt Jr. (3) | 823 | * |
| Gerald W. Evans Jr. (3) | 1,732 | * |
| Michael Flatow (3) | 1,855 | * |
| Kevin D. Hall | — | — |
| Joan P. McReynolds | 879 | * |
| Kevin W. Oliver (3) | 1,195 | * |
| Harry A. Cockrell | — | — |
| Charles W. Coker (4) | 8,162(2) | * |
| Bobby J. Griffin | — | — |
| James C. Johnson | — | — |
| J. Patrick Mulcahy | — | — |
| Alice M. Peterson | — | — |
| Andrew J. Schindler | — | — |
| All directors and executive officers as a group (15 persons) | 20,662 | * |

* Less than 1%.

(1) Calculated based on the distribution ratio of one share of our common stock distributed for every eight shares of Sara Lee stock held by Capital Research and Management Company, or "CRM," as of the record date. The number of shares of Sara Lee common stock held by CRM used for this calculation is based on the information reported on an amended Schedule 13G filed with the SEC by CRM, on February 10, 2006, which disclosed that CRM owned 59,053,100 shares, or 7.8%, of Sara Lee common stock. In this Schedule 13G amendment, CRM stated that it is an investment adviser registered under the Investment Advisers Act of 1940 and is deemed to be the beneficial owner of the shares as a result of acting as investment adviser to various investment companies registered under the Investment Company Act of 1940. CRM's address is 333 South Hope Street, Los Angeles, California 90071.

(2) Includes 40 shares held in a trust account of which Mr. Chaden is the custodian and his daughter is the beneficiary. Mr. Chaden disclaims beneficial ownership of such shares.

(3) Includes ownership through interests in the Hanesbrands 401(k) Plan.

(4) Includes 6,402 shares of our common stock owned by Mr. Coker's spouse, with respect to which Mr. Coker disclaims beneficial ownership.

**Equity Compensation Plan Information**

The following table provides information about our equity compensation plans as of September 15, 2006.

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | Weighted Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance |
|---|---|---|---|
| Equity compensation plans approved by security holders | — | — | 15,547,000 |
| Equity compensation plans not approved by security holders | N/A | N/A | N/A |
| Total | — | — | 15,547,000 |

**Item 13. *Certain Relationships and Related Transactions***

Prior to the spin off, we were a wholly owned subsidiary of Sara Lee. In connection with the spin off, we entered into a number of agreements with Sara Lee, which are described below. Effective upon the completion of the spin off, Sara Lee ceased to be a related party to us.

**Master Separation Agreement**

The Master Separation Agreement governs the contribution of Sara Lee's branded apparel Americas/Asia business to us, the subsequent distribution of shares of our common stock to Sara Lee stockholders and other matters related to Sara Lee's relationship with us. To effect the contribution, Sara Lee agreed to transfer all of the assets of the branded apparel Americas/Asia business to us and we agreed to assume, perform and fulfill all of the liabilities of the branded apparel Americas/Asia division in accordance with their respective terms, except for certain liabilities to be retained by Sara Lee. All assets transferred are generally transferred on an "as is," "where is" basis.

Under the Master Separation Agreement, we also agreed to use reasonable best efforts to obtain any required consents, substitutions or amendments required to novate or assign all rights and obligations under any contracts to be transferred in connection with the contribution. Sara Lee's agreement to consummate the distribution was subject to the satisfaction of a number of conditions including the following:

- the registration statement for our common stock being declared effective by the SEC;
- any actions and filings with regard to applicable securities and blue sky laws of any state being taken and becoming effective or accepted;
- our common stock being accepted for listing on the New York Stock Exchange, on official notice of distribution;
- no legal restraint or prohibition preventing the consummation of the contribution or distribution or any other transaction related to the spin off being in effect;
- Sara Lee's receipt of a private letter ruling from the IRS or an opinion of counsel to the effect, among other things, that the spin off will qualify as a tax-free distribution for U.S. federal income tax purposes under Section 355 of the Internal Revenue Code and as part of a tax-free reorganization under Section 368(a)(1)(D) of the Internal Revenue Code;
- the contribution becoming effective in accordance with the Master Separation Agreement and the ancillary agreements;
- Sara Lee receiving a satisfactory solvency opinion with regards to our company from an investment banking or valuation firm; and

- our receipt of the proceeds of the borrowings under the Senior Secured Credit Facility, the Second Lien Credit Facility and the Bridge Loan Facility and distribution of $2.4 billion to Sara Lee.

We and Sara Lee agreed to waive, and neither we nor Sara Lee will be able to seek, consequential, special, indirect or incidental damages or punitive damages.

**Tax Sharing Agreement**

We also entered into a Tax Sharing Agreement with Sara Lee. This agreement (i) governs the allocation of U.S. federal, state, local, and foreign tax liability between us and Sara Lee, (ii) provides for restrictions and indemnities in connection with the tax treatment of the distribution, and (iii) addresses other tax-related matters.

Under the Tax Sharing Agreement, Sara Lee generally is liable for all U.S. federal, state, local, and foreign income taxes attributable to us with respect to taxable periods ending on or before September 5, 2006 and for certain income taxes attributable to us with respect to taxable periods beginning before September 5, 2006 ending after September 5, 2006. We have agreed to indemnify Sara Lee (and Sara Lee has agreed to indemnify us) for any tax detriments arising from an inter-group adjustment, but only to the extent we (or Sara Lee) realize a corresponding tax benefit.

The Tax Sharing Agreement also provides that we are liable for taxes incurred by Sara Lee that arise as a result of our taking or failing to take certain actions that result in the distribution failing to meet the requirements of a tax-free distribution under Sections 355 and 368(a)(1)(D) of the Code. We therefore have agreed that, among other things, we will not take any actions that would result in any tax being imposed on the spin off, including, subject to specified exceptions any of the following actions during the two-year period following the spin off:

- selling or acquiring from any person, any of our equity securities;
- disposing of assets that, in the aggregate, constitute more than 50% of our gross assets;
- engaging in certain transactions with regard to our socks business;
- dissolving, liquidating or engaging in any merger, consolidation, or other reorganization; or
- taking any action that would cause Sara Lee to recognize gain under any gain recognition agreement to which Sara Lee is a party.

In addition, we have agreed not to engage in certain of the actions described above, whether before or after the two-year period following the spin off, if it is pursuant to an arrangement negotiated (in whole or in part) prior to the first anniversary of the spin off.

Notwithstanding the foregoing, we may engage in activities that are prohibited by the tax sharing agreement if we provide Sara Lee with an unqualified opinion of tax counsel or if Sara Lee receives a supplemental private letter ruling from the IRS, acceptable to Sara Lee, to the effect that these actions will not affect the tax-free nature of the spin off.

**Employee Matters Agreement**

We also entered into an Employee Matters Agreement with Sara Lee. This agreement allocates responsibility for employee benefit matters on the date of and after the spin off, including the treatment of existing welfare benefit plans, savings plans, equity-based plans and deferred compensation plans as well as our establishment of new plans. Under the Employee Matters Agreement, the Hanesbrands Inc. Retirement Savings Plan assumed all liabilities from the Sara Lee 401(k) Plan related to our current and former employees and Sara Lee caused the accounts of our employees to be transferred to the Hanesbrands Inc. Retirement Savings Plan. The Hanesbrands Inc. Pension and Retirement Plan assumed all liabilities from the Sara Lee Corporation Consolidated Pension and Retirement Plan related to our current and former employees, and Sara Lee caused the assets of these plans related to our current and former employees to be transferred to the Hanesbrands Inc. Pension and Retirement Plan.

We have also agreed to assume the liabilities for, and Sara Lee will transfer the assets of Sara Lee's retirement plans related to pension benefits accrued by our current and former employees covered under Sara Lee's Canadian retirement plan, obligations under Sara Lee's nonqualified deferred compensation plan, and assume certain other defined contribution plans and defined pension plan. We also agreed to assume medical liabilities related to our employees under Sara Lee's employee healthcare plan.

**Master Transition Services Agreement**

In connection with the spin off, we also entered into a Master Transition Services Agreement with Sara Lee. Under the Master Transition Services Agreement we and Sara Lee agreed to provide each other with specified support services related to among others:

- human resources and financial shared services for a period of seven months with one 90-day renewal term;
- tax-shared services for a period of one year with one 15-month renewal term; and
- information technology services for a period ranging from six months with no renewal term to one year with indefinite renewal terms based on the service provided.

Each of these services is provided for a fee, which differs depending upon the service.

**Real Estate Matters Agreement**

Along with each of the other agreements relating to the spin off, we entered into a Real Estate Matters Agreement with Sara Lee. This agreement governs the manner in which Sara Lee will transfer to or share with us various leased and owned properties associated with the branded apparel business. The Real Estate Matters Agreement describes the property to be transferred or shared with us for each type of transaction (e.g., conveyance, assignments and subleases) and includes the standard forms of the proposed transfer documents (e.g., forms of conveyance and assignment) as exhibits. Under the agreement, we have agreed to accept the transfer of all of the properties allocated to us, even if such properties have been damaged by a casualty or other change in condition. We also have agreed to pay all costs and expenses required to effect the transfers (including landlord consent fees, landlord attorneys' fees, title insurance fees and transfer taxes).

**Indemnification and Insurance Matters Agreement**

We also have entered into an Indemnification and Insurance Matters Agreement with Sara Lee. This agreement provides general indemnification provisions pursuant to which we have agreed to indemnify Sara Lee and its affiliates, agents, successors and assigns from all liabilities (other than liabilities related to tax, which are solely covered by the tax sharing agreement) arising from:

- our failure to pay, perform or otherwise promptly discharge any of our liabilities;
- our business;
- any breach by us of the Master Separation Agreement or any of the ancillary agreements; and
- any untrue statement of a material fact or any omission to state a material fact required to be stated with respect to the information contained in our registration statement on Form 10 or our information statement that was distributed to Sara Lee stockholders.

Sara Lee has agreed to indemnify us and our affiliates, agents, successors and assigns from all liabilities (other than liabilities related to tax, which are solely covered by the tax sharing agreement) arising from:

- its failure to pay, perform or otherwise promptly discharge any of its liabilities;
- Sara Lee's business;
- any breach by Sara Lee of the Master Separation Agreement or any of the ancillary agreements; and

- with regard to sections relating to Sara Lee, any untrue statement of a material fact or any omission to state a material fact required to be stated with respect to the information contained in our registration statement on Form 10 or our information statement that was distributed to Sara Lee stockholders.

Further, under this agreement, we and Sara Lee have released each other from any liabilities existing or alleged to have existed on or before the date of the distribution. This provision does not preclude us or Sara Lee from enforcing the Master Separation Agreement or any ancillary agreement we have entered into with each other.

The Indemnification and Insurance Matters Agreement contains provisions governing the recovery by and payment to us of insurance proceeds related to our business and arising on or prior to the date of the distribution and our insurance coverage. We have agreed to reimburse Sara Lee, to the extent it is required to pay, for amounts necessary to satisfy all applicable self-insured retentions, fronted policies, deductibles and retrospective premium adjustments and similar amounts not covered by insurance policies in connection with our liabilities.

**Intellectual Property Matters Agreement**

We also entered into an Intellectual Property Matters Agreement with Sara Lee. The Intellectual Property Matters Agreement provides for the license by Sara Lee to us of certain software. It also will govern the wind-down of our use of certain of Sara Lee’s trademarks (other than those being transferred to us in connection with the spin off).

**Item 14.** ***Principal Accountant Fees and Services***

The following table sets forth the fees billed to the Company by PricewaterhouseCoopers LLP for services in the fiscal years ended July 2, 2005 and July 1, 2006:

| | Years Ended | |
|---|---|---|
| | July 2, 2005 | July 1, 2006 |
| Audit fees | $ 3,449,815 | $ 3,832,255 |
| Audit-related fees | — | — |
| Tax fees | — | — |
| All other fees | — | — |
| Total fees | $ 3,449,815 | $ 3,832,255 |

In the above table, in accordance with applicable SEC rules, “Audit fees” include: (a) fees billed for professional services for the audit of the combined and consolidated financial statements included in this Annual Report on Form 10-K, and (b) fees billed for services that are normally provided by the principal accountant in connection with statutory and regulatory filings or engagements.

For the year ended July 2, 2005, tax fees of $199,886 billed directly to and paid by Sara Lee are not included in the above table. For the year ended July 1, 2006, audit fees of $3,519,193 billed directly to and paid by Sara Lee are not included in the above table. These fees relate to professional services for the audit of the combined and consolidated financial statements included in our Registration Statement on Form 10.

Our Audit Committee has not adopted pre-approval policies and procedures with respect to services to be rendered by PricewaterhouseCoopers.

## PART IV

**Item 15.** ***Exhibits and Financial Statement Schedules***

**(a)(1)-(2) Financial Statements and Schedules**

The financial statements and schedules listed in the accompanying Index to Combined and Consolidated Financial Statements on page F-1 are filed as part of this Report.

**(a)(3) Exhibits**

See “Index to Exhibits” beginning on page E-1, which is incorporated by reference herein. The Index to Exhibits lists all exhibits filed with this Report and identifies which of those exhibits are management contracts and compensation plans.

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## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 27th day of September, 2006.

HANESBRANDS INC.

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

## POWER OF ATTORNEY

KNOW BY ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints jointly and severally, Lee A. Chaden, Richard A. Noll and E. Lee Wyatt Jr., and each one of them, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Capacity | Date |
|---|---|---|
| /s/ LEE A. CHADEN<br>Lee A. Chaden | Executive Chairman and Director | September 27, 2006 |
| /s/ RICHARD A. NOLL<br>Richard A. Noll | Chief Executive Officer and Director (principal executive officer) | September 27, 2006 |
| /s/ E. LEE WYATT JR.<br>E. Lee Wyatt Jr. | Executive Vice President, Chief Financial Officer (principal financial officer) | September 27, 2006 |
| /s/ DALE W. BOYLES<br>Dale W. Boyles | Vice President, Chief Accounting Officer and Controller (principal accounting officer) | September 27, 2006 |
| /s/ HARRY A. COCKRELL<br>Harry A. Cockrell | Director | September 27, 2006 |
| /s/ CHARLES W. COKER<br>Charles W. Coker | Director | September 27, 2006 |
| /s/ BOBBY J. GRIFFIN<br>Bobby J. Griffin | Director | September 27, 2006 |
| /s/ JAMES C. JOHNSON<br>James C. Johnson | Director | September 27, 2006 |
| /s/ J. PATRICK MULCAHY<br>J. Patrick Mulcahy | Director | September 27, 2006 |
| /s/ ALICE M. PETERSON<br>Alice M. Peterson | Director | September 27, 2006 |
| /s/ ANDREW J. SCHINDLER<br>Andrew J. Schindler | Director | September 27, 2006 |

**INDEX TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE**

**HANESBRANDS**


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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of
Hanesbrands Inc.:

In our opinion, the accompanying combined and consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Hanesbrands at July 3, 2004, July 2, 2005 and July 1, 2006 and the results of its operations and its cash flows for each of the three years in the period ended July 1, 2006 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related combined and consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chicago, Illinois
September 28, 2006

**HANESBRANDS**

**Combined and Consolidated Statements of Income**
**(in thousands)**

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Net sales | $ 4,632,741 | $ 4,683,683 | $ 4,472,832 |
| Cost of sales | 3,092,026 | 3,223,571 | 2,987,500 |
| Gross profit | 1,540,715 | 1,460,112 | 1,485,332 |
| Selling, general and administrative expenses | 1,087,964 | 1,053,654 | 1,051,833 |
| Charges for (income from) exit activities | 27,466 | 46,978 | (101) |
| Income from operations | 425,285 | 359,480 | 433,600 |
| Interest expense | 37,411 | 35,244 | 26,075 |
| Interest income | (12,998) | (21,280) | (8,795) |
| Income before income taxes | 400,872 | 345,516 | 416,320 |
| Income tax expense (benefit) | (48,680) | 127,007 | 93,827 |
| Net income | $ 449,552 | $ 218,509 | $ 322,493 |

See accompanying notes to combined and consolidated financial statements.

**HANESBRANDS**

**Combined and Consolidated Balance Sheets**
**(in thousands)**

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | $ 674,154 | $ 1,080,799 | $ 298,252 |
| Trade accounts receivable, less allowances of $59,908 in 2004, $47,829 in 2005 and $41,628 in 2006 | 525,721 | 575,094 | 523,430 |
| Due from related entities | 73,430 | 26,194 | 273,428 |
| Inventories | 1,312,860 | 1,262,557 | 1,236,586 |
| Funding receivable with parent companies | 55,379 | — | 161,686 |
| Notes receivable from parent companies | 432,748 | 90,551 | 1,111,167 |
| Deferred tax assets | 35,710 | 30,745 | 102,498 |
| Other current assets | 104,672 | 59,800 | 48,765 |
| Total current assets | 3,214,674 | 3,125,740 | 3,755,812 |
| Property, net | 601,224 | 558,657 | 617,021 |
| Trademarks and other identifiable intangibles, net | 152,814 | 145,786 | 136,364 |
| Goodwill | 278,610 | 278,781 | 278,655 |
| Deferred tax assets | 144,416 | 118,762 | 94,893 |
| Other noncurrent assets | 11,020 | 9,428 | 8,330 |
| Total assets | $ 4,402,758 | $ 4,237,154 | $ 4,891,075 |
| **Liabilities and Parent Companies' Equity** | | | |
| Accounts payable | $ 192,488 | $ 196,455 | $ 207,648 |
| Bank overdraft | — | — | 275,385 |
| Due to related entities | 97,592 | 59,943 | 43,115 |
| Accrued liabilities: | | | |
| Payroll and employee benefits | 106,116 | 115,080 | 141,535 |
| Advertising and promotion | 61,513 | 62,855 | 61,839 |
| Exit activities | 29,857 | 51,677 | 21,938 |
| Other | 150,994 | 137,821 | 138,512 |
| Notes payable to banks | — | 83,303 | 3,471 |
| Funding payable with parent companies | — | 317,184 | — |
| Notes payable to parent companies | 478,295 | 228,152 | 246,830 |
| Notes payable to related entities | 436,387 | 323,046 | 466,944 |
| Capital lease obligations | 5,322 | 4,753 | 2,613 |
| Deferred tax liabilities | 10,890 | 964 | 2,124 |
| Total current liabilities | 1,569,454 | 1,581,233 | 1,611,954 |
| Capital lease obligations | 7,200 | 6,188 | 2,786 |
| Deferred tax liabilities | — | 7,171 | 5,014 |
| Other noncurrent liabilities | 28,734 | 40,200 | 42,187 |
| Total liabilities | 1,605,388 | 1,634,792 | 1,661,941 |
| Parent companies' equity: | | | |
| Parent companies' equity investment | 2,829,738 | 2,620,571 | 3,237,518 |
| Accumulated other comprehensive loss | (32,368) | (18,209) | (8,384) |
| Total parent companies' equity | 2,797,370 | 2,602,362 | 3,229,134 |
| Total liabilities and parent companies' equity | $ 4,402,758 | $ 4,237,154 | $ 4,891,075 |

See accompanying notes to combined and consolidated financial statements.

**HANESBRANDS**

**Combined and Consolidated Statements of Parent Companies' Equity**
**Years ended July 3, 2004, July 2, 2005 and July 1, 2006**
**(in thousands)**

| | Parent Companies Equity Investment | Accumulated Other Comprehensive Loss | Total | Comprehensive Income |
|---|---|---|---|---|
| **Balances at June 28, 2003** | **$ 2,267,525** | **$ (30,077)** | **$ 2,237,448** | |
| Net income | 449,552 | — | 449,552 | $ 449,552 |
| Translation adjustments | — | (6,680) | (6,680) | (6,680) |
| Net unrealized gain on qualifying cash flow hedges, net of tax | — | 4,389 | 4,389 | 4,389 |
| Comprehensive income | | | | $ 447,261 |
| Net transactions with parent companies | 112,661 | — | 112,661 | |
| **Balances at July 3, 2004** | **2,829,738** | **(32,368)** | **2,797,370** | |
| Net income | 218,509 | — | 218,509 | $ 218,509 |
| Translation adjustments | — | 15,187 | 15,187 | 15,187 |
| Net unrealized loss on qualifying cash flow hedges, net of tax | — | (1,028) | (1,028) | (1,028) |
| Comprehensive income | | | | $ 232,668 |
| Net transactions with parent companies | (427,676) | — | (427,676) | |
| **Balances at July 2, 2005** | **2,620,571** | **(18,209)** | **2,602,362** | |
| Net income | 322,493 | — | 322,493 | $ 322,493 |
| Translation adjustments | — | 13,518 | 13,518 | 13,518 |
| Net unrealized loss on qualifying cash flow hedges, net of tax | — | (3,693) | (3,693) | (3,693) |
| Comprehensive income | | | | $ 332,318 |
| Net transactions with parent companies | 294,454 | — | 294,454 | |
| **Balances at July 1, 2006** | **$ 3,237,518** | **$ (8,384)** | **$ 3,229,134** | |

See accompanying notes to combined and consolidated financial statements.

**HANESBRANDS**

**Combined and Consolidated Statements of Cash Flows**
**(in thousands)**

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Operating activities: | | | |
| Net income | $ 449,552 | $ 218,509 | $ 322,493 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 105,517 | 108,791 | 105,173 |
| Amortization of intangibles | 8,712 | 9,100 | 9,031 |
| Impairment charges on intangibles | 8,880 | — | — |
| Noncash charges for (income from) exit activities | (1,548) | 2,064 | (4,220) |
| Deferred income tax provision (benefit) | 31,259 | 66,710 | (46,804) |
| Other | 4,842 | 1,942 | 1,456 |
| Changes in current assets and liabilities, net of business acquired: | | | |
| Decrease (increase) in trade accounts receivable | 2,553 | (39,572) | 59,403 |
| Decrease (increase) in inventories | (78,154) | 58,924 | 69,215 |
| Decrease (increase) in other current assets | (1,727) | 45,351 | 21,169 |
| Decrease (increase) in due to and from related entities | (8,827) | 19,972 | (5,048) |
| Increase (decrease) in accounts payable | (12,005) | 1,076 | (673) |
| Increase (decrease) in accrued liabilities | (37,618) | 14,004 | (20,574) |
| Net cash from operating activities | 471,436 | 506,871 | 510,621 |
| Investing activities: | | | |
| Purchases of property and equipment | (63,633) | (67,135) | (110,079) |
| Acquisition of business | — | (1,700) | (2,436) |
| Proceeds from sales of assets | 4,507 | 8,959 | 5,520 |
| Other | (2,133) | (204) | (3,666) |
| Net cash used in investing activities | (61,259) | (60,080) | (110,661) |
| Financing activities: | | | |
| Principal payments on capital lease obligations | (4,730) | (5,442) | (5,542) |
| Net transactions with parent companies | (13,782) | 4,499 | (1,251,962) |
| Borrowings on notes payable to banks | 79,987 | 88,849 | 7,984 |
| Repayments on notes payable to banks | (79,987) | (5,546) | (93,073) |
| Net transactions with related entities | 16,877 | (10,378) | (259,026) |
| Borrowings (repayments) on notes payable to related entities | (24,178) | (113,359) | 143,898 |
| Increase in bank overdraft | — | — | 275,385 |
| Net cash used in financing activities | (25,813) | (41,377) | (1,182,336) |
| Effect of changes in foreign exchange rates on cash | (26) | 1,231 | (171) |
| Increase (decrease) in cash and cash equivalents | 384,338 | 406,645 | (782,547) |
| Cash and cash equivalents at beginning of year | 289,816 | 674,154 | 1,080,799 |
| Cash and cash equivalents at end of year | $ 674,154 | $ 1,080,799 | $ 298,252 |

See accompanying notes to combined and consolidated financial statements.

**HANESBRANDS**

**Notes to Combined and Consolidated Financial Statements**
**July 3, 2004, July 2, 2005 and July 1, 2006**
**(dollars in thousands, except per share data)**

**(1) Background**

On February 10, 2005, Sara Lee Corporation ("Sara Lee") announced an overall Transformation Plan to drive long-term growth and performance, which included spinning off Sara Lee's apparel business in the Americas and Asia, referred to as Branded Apparel Americas and Asia within these Combined and Consolidated Financial Statements. The Transformation Plan announcement followed the January 25, 2005 announcement of Sara Lee's intent to sell its European branded apparel business and private label business in the United Kingdom in separate transactions. The European branded apparel business was subsequently sold on February 6, 2006. In connection with the spin off, Sara Lee incorporated Hanesbrands Inc., a Maryland corporation, to which it would transfer the assets and liabilities that relate to the Branded Apparel Americas and Asia business. Sara Lee completed the spin off of Hanesbrands on September 5, 2006. References to "Hanesbrands" or the "Company" refer to the Branded Apparel Americas and Asia business that were contributed to Hanesbrands Inc. in the spin off.

The Company is a consumer goods company with a portfolio of leading apparel brands, including *Hanes*, *Champion*, *Playtex*, *Bali*, *Just My Size*, *barely there and Wonderbra*. The Company designs, manufactures, sources and sells a broad range of apparel essentials products such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear.

The Company owns and operates production facilities in the U.S., Canada, Latin America and Asia. Additional third-party sourcing arrangements exist in Latin America and Asia.

Cotton is the primary raw material used in the manufacture of many of the Company's products. The costs for cotton yarn and cotton-based textiles vary based upon the fluctuating and often volatile cost of cotton, which is affected by weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond the control of the Company. In addition, fluctuations in crude oil or petroleum costs may also influence the prices of related items used in the Company's business such as chemicals, dyes, polyester yarn and foam. Prices for raw materials fluctuate based upon supply and demand in the marketplace.

The Company's products are sold through multiple distribution channels including mass merchants, national chains, traditional department stores, wholesale clubs, sporting goods retailers, food, drug and variety stores, off-price retailers, specialty stores and third-party embellishers. The Company's sales are seasonal in that sales are typically higher in the first two quarters of each fiscal year (July to December). Socks, hosiery and fleece products generally have higher sales during this period as a result of cooler weather, back-to-school shopping and holidays. Sales levels in a period are also impacted by customers' decisions to increase or decrease their inventory levels in response to anticipated consumer demand.

**(2) Basis of Presentation**

These Combined and Consolidated Financial Statements of Hanesbrands reflect the historical financial position, results of operations and cash flows of Sara Lee's Branded Apparel Americas and Asia business during each respective period. These Combined and Consolidated Financial Statements do not include European branded apparel operations or a private label business in the U.K., which Sara Lee historically operated and managed separately from the Branded Apparel Americas and Asia business. Under Sara Lee's ownership, certain Branded Apparel Americas and Asia operations were divisions of Sara Lee and not separate legal entities, while Branded Apparel Americas and Asia foreign operations were subsidiaries of Sara Lee. Because a direct ownership relationship did not exist among the various units comprising the Branded Apparel Americas and Asia business, Sara Lee's parent companies' equity investment is shown in lieu of stockholders'

equity in the Combined and Consolidated Financial Statements. Within these financial statements, entities that are part of Sara Lee's consolidated results of operations, but are not part of Branded Apparel Americas and Asia as defined above, are referred to as "related entities." These historical Combined and Consolidated Financial Statements have been prepared using Sara Lee's historical cost basis in the assets and liabilities and the results of Branded Apparel Americas and Asia. The financial information included herein may not reflect the consolidated financial position, operating results, changes in parent companies' equity investment and cash flows of Branded Apparel Americas and Asia in the future, and does not reflect what they would have been had Branded Apparel Americas and Asia been a separate, stand alone entity during the periods presented. On September 5, 2006 Hanesbrands Inc. began operating as a separate independent publicly traded company.

Branded Apparel Americas and Asia historically has utilized the services of Sara Lee for certain functions. These services include providing working capital, as well as certain legal, finance, internal audit, financial reporting, tax advisory, insurance, global information technology, environmental matters and human resource services, including various corporate-wide employee benefit programs. The cost of these services has been allocated to Hanesbrands and included in the Combined and Consolidated Financial Statements. The allocations have been determined on the basis which the Sara Lee and Branded Apparel Americas and Asia businesses considered to be reasonable reflections of the utilization of services provided by Sara Lee. A more detailed discussion of the relationship with Sara Lee, including a description of the costs which have been allocated to the Branded Apparel Americas and Asia business, as well as the method of allocation, is included in note 20 to the Combined and Consolidated Financial Statements.

The Company's fiscal year ends on the Saturday closest to June 30. Fiscal years 2004, 2005 and 2006 included 53, 52, and 52-weeks, respectively. Unless otherwise stated, references to years relate to fiscal years.

**(3) Summary of Significant Accounting Policies**

***(a) Combination and Consolidation***

The Combined and Consolidated Financial Statements include the accounts of the Company, its controlled subsidiary companies which in general are majority owned entities, and the accounts of variable interest entities (VIEs) for which the Company is deemed the primary beneficiary, as defined by the Financial Accounting Standards Board's (FASB) Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46) and related interpretations. Excluded from the accounts of the Company are Sara Lee entities which during the periods presented maintained legal ownership of certain of the Company's divisions (Parent Companies). The results of companies acquired or disposed of during the year are included in the Combined and Consolidated Financial Statements from the effective date of acquisition, or up to the date of disposal. All intercompany balances and transactions have been eliminated in consolidation.

In January 2003, the FASB issued FIN 46, which addresses consolidation by business enterprises of VIEs that either: (1) do not have sufficient equity investment at risk to permit the entity to finance its activities without additional subordinated financial support, or (2) have equity investors that lack an essential characteristic of a controlling financial interest.

Throughout calendar 2003, the FASB released numerous proposed and final FASB Staff Positions (FSPs) regarding FIN 46, which both clarified and modified FIN 46's provisions. In December 2003, the FASB issued Interpretation No. 46 (FIN 46-R), which replaced FIN 46. FIN 46-R retains many of the basic concepts introduced in FIN 46; however, it also introduced a new scope exception for certain types of entities that qualify as a "business" as defined in FIN 46-R, revised the method of calculating expected losses and residual returns for determination of the primary beneficiary, included new guidance for assessing variable interests, and codified certain FSPs on FIN 46. The Company adopted the provisions of FIN 46-R in 2004.

The Company assessed its business relationship and the underlying contracts with certain vendors, as well as all other investments in businesses historically accounted for under the equity method, and determined that consolidation of certain VIEs was required.

In June 2002, the Company entered into a fixed supply contract with a third party sewing operation. The Company evaluated the contract, and although the Company had no equity interest in the business, it was determined that it was the primary beneficiary and beginning in 2004, the Company consolidated the business. In the first quarter of 2006, the terms of the supply contract changed and the operation no longer qualified for consolidation as a VIE. Beginning in 2005, the Company consolidated a second VIE, an Israeli manufacturer and supplier of yarn. The Company has a 49% ownership interest in the Israeli joint venture, however, based upon certain terms of the supply contract, the Company has a disproportionate share of expected losses and residual returns.

The effect of consolidating the above mentioned VIEs was the inclusion of $2,500 of total assets and $2,500 of total liabilities at July 3, 2004, the inclusion of $21,396 of total assets and $13,219 of total liabilities at July 2, 2005, and the inclusion of $13,589 of total assets and $8,666 of total liabilities at July 1, 2006 on the Combined and Consolidated Balance Sheets.

In relation to the Company's ownership of the Israeli joint venture, the Company reported a minority interest of $8,100 and $4,935 in the "Other noncurrent liabilities" line of the Combined and Consolidated Balance Sheets at July 2, 2005 and July 1, 2006, respectively.

***(b) Use of Estimates***

The preparation of Combined and Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, certain financial statement disclosures at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

***(c) Foreign Currency Translation***

Foreign currency-denominated assets and liabilities are translated into U.S. dollars at exchange rates existing at the respective balance sheet dates. Translation adjustments resulting from fluctuations in exchange rates are recorded as a separate component of other comprehensive income within parent companies' equity. The Company translates the results of operations of its foreign operations at the average exchange rates during the respective periods. Gains and losses resulting from foreign currency transactions, the amounts of which are not material for any of the periods presented, are included in the "Selling, general and administrative expenses" line of the Combined and Consolidated Statements of Income.

***(d) Sales Recognition and Incentives***

The Company recognizes sales when title and risk of loss passes to the customer. The Company records a reduction for returns and allowances based upon historical return experience. The Company earns royalty revenues through license agreements with manufacturers of other consumer products that incorporate certain of the Company's brands. The Company accrues revenue earned under these contracts based upon reported sales from the licensee. The Company offers a variety of sales incentives to resellers and consumers of its products,

**HANESBRANDS**

**Notes to Combined and Consolidated Financial Statements—(Continued)**
**July 3, 2004, July 2, 2005 and July 1, 2006**
**(dollars in thousands, except per share data)**

and the policies regarding the recognition and display of these incentives within the Combined and Consolidated Statements of Income are as follows:

*Discounts, Coupons, and Rebates*

The Company recognizes the cost of these incentives at the later of the date at which the related sale is recognized or the date at which the incentive is offered. The cost of these incentives is estimated using a number of factors, including historical utilization and redemption rates. Substantially all cash incentives of this type are included in the determination of net sales. The Company generally includes incentives offered in the form of free products in the determination of cost of sales.

*Volume-Based Incentives*

These incentives typically involve rebates or refunds of cash that are redeemable only if the reseller completes a specified number of sales transactions. Under these incentive programs, the Company estimates the anticipated rebate to be paid and allocates a portion of the estimated cost of the rebate to each underlying sales transaction with the customer. The Company generally includes these amounts in the determination of net sales.

*Cooperative Advertising*

Under these arrangements, the Company agrees to reimburse the reseller for a portion of the costs incurred by the reseller to advertise and promote certain of the Company's products. The Company recognizes the cost of cooperative advertising programs in the period in which the advertising and promotional activity first takes place. The Company generally includes the costs of these incentives in the determination of net sales.

*Fixtures and Racks*

Store fixtures and racks are periodically provided to resellers to display Company products. The Company expenses the cost of these fixtures and racks in the period in which they are delivered to the resellers. The Company generally includes the costs of these amounts in the determination of net sales.

***(e) Advertising Expense***

Advertising costs, which include the development and production of advertising materials and the communication of these materials through various forms of media, are expensed in the period the advertising first takes place. The Company recognized advertising expense in the "Selling, general and administrative expenses" caption in the Combined and Consolidated Statements of Income of $188,695 in 2004, $179,980 in 2005 and $190,934 in 2006.

***(f) Shipping and Handling Costs***

Revenue received for shipping and handling costs is included in net sales and was $14,418 in 2004, $14,504 in 2005 and $20,405 in 2006. Shipping costs, that comprise payments to third party shippers, and handling costs, which consist of warehousing costs in the Company's various distribution facilities, were $246,353 in 2004, $246,770 in 2005 and $235,690 in 2006. The Company recognizes shipping, handling and distribution costs in the "Selling, general and administrative expenses" line of the Combined and Consolidated Statements of Income.

### *(g) Cash and Cash Equivalents*

All highly liquid investments with a maturity of three months or less at the time of purchase are considered to be cash equivalents. During the periods presented, a significant portion of our cash and cash equivalents were in the Company's bank accounts that were part of Sara Lee's global cash funding system. With respect to accounts in the Sara Lee global cash funding system, the bank had a right to offset the accounts of the Company against the other Sara Lee accounts.

### *(h) Accounts Receivable Valuation*

Accounts receivable are stated at their net realizable value. The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the receivables portfolio determined on the basis of historical experience, specific allowances for known troubled accounts and other currently available information.

### *(i) Inventory Valuation*

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method for 96% of the Company's inventories at July 1, 2006, and by the last-in, first-out (LIFO) method for the remainder. There was no difference between the FIFO and LIFO inventory valuation at July 3, 2004, July 2, 2005 or July 1, 2006. Rebates, discounts and other cash consideration received from a vendor related to inventory purchases are reflected as reductions in the cost of the related inventory item, and are therefore reflected in cost of sales when the related inventory item is sold.

### *(j) Property*

Property is stated at historical cost and depreciation expense is computed using the straight-line method over the lives of the assets. Machinery and equipment is depreciated over periods ranging from 3 to 25 years and buildings and building improvements over periods of up to 40 years. Additions and improvements that substantially extend the useful life of a particular asset and interest costs incurred during the construction period of major properties are capitalized. Repairs and maintenance costs are expensed as incurred. Upon sale or disposition of a property element, the cost and related accumulated depreciation are removed from the accounts.

Property is tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Such events include significant adverse changes in the business climate, several periods of operating or cash flow losses, forecasted continuing losses or a current expectation that an asset group will be disposed of before the end of its useful life. Recoverability of property is evaluated by a comparison of the carrying amount of an asset or asset group to future net undiscounted cash flows expected to be generated by the asset or asset group. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the estimated fair value. When an impairment loss is recognized for assets to be held and used, the adjusted carrying amount of those assets is depreciated over its remaining useful life. Restoration of a previously recognized impairment loss is not permitted under U.S. generally accepted accounting principles.

### *(k) Trademarks and Other Identifiable Intangible Assets*

The primary identifiable intangible assets of the Company are trademarks and computer software. Identifiable intangibles with finite lives are amortized and those with indefinite lives are not amortized. The estimated useful life of a finite-lived intangible asset is based upon a number of factors, including the effects

of demand, competition, expected changes in distribution channels and the level of maintenance expenditures required to obtain future cash flows. Finite-lived trademarks are being amortized over periods ranging from 5 to 30 years, while computer software is being amortized over periods ranging from 2 to 10 years.

Identifiable intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used in evaluating elements of property. Identifiable intangible assets not subject to amortization are assessed for impairment at least annually and as triggering events occur. The impairment test for identifiable intangible assets not subject to amortization consists of comparing the fair value of the intangible asset to its carrying amount. An impairment loss is recognized for the amount by which the carrying value exceeds the fair value of the asset. In assessing fair value, management relies on a number of factors to discount anticipated future cash flows including operating results, business plans and present value techniques. Rates used to discount cash flows are dependent upon interest rates and the cost of capital at a point in time. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of intangible asset impairment.

***(l) Goodwill***

Goodwill is the amount by which the purchase price exceeds the fair value of the assets acquired and liabilities assumed in a business combination. When a business combination is completed, the assets acquired and liabilities assumed are assigned to the reporting unit or units of the Company given responsibility for managing, controlling and generating returns on these assets and liabilities. Reporting units are generally business components one level below the operating segment for which discrete financial information is available and reviewed by segment management. In many instances, all of the acquired assets and assumed liabilities are assigned to a single reporting unit and in these cases all of the goodwill is assigned to the same reporting unit. In those situations in which the acquired assets and liabilities are allocated to more than one reporting unit, the goodwill to be assigned to each reporting unit is determined in a manner similar to how the amount of goodwill recognized in a business combination is determined.

Goodwill is not amortized; however, it is assessed for impairment at least annually and as triggering events occur. The annual review is performed at the end of the second quarter of each fiscal year. Recoverability of goodwill is evaluated using a two-step process. The first step involves comparing the fair value of a reporting unit to its carrying value. If the carrying value of the reporting unit exceeds its fair value, the second step of the process involves comparing the implied fair value to the carrying value of the goodwill of that reporting unit. If the carrying value of the goodwill of a reporting unit exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to such excess.

In evaluating the recoverability of goodwill, it is necessary to estimate the fair values of the reporting units. In making this assessment, management relies on a number of factors to discount anticipated future cash flows including operating results, business plans and present value techniques. Rates used to discount cash flows are dependent upon interest rates and the cost of capital at a point in time. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of goodwill impairment.

***(m) Investments in Affiliates***

The Company uses the equity method of accounting for its investments in and earnings or losses of affiliates that it does not control but over which it does exert significant influence. The Company considers whether the fair values of any of its equity method investments have declined below their carrying value whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. If the Company considered any such decline to be other than temporary (based on various factors, including

historical financial results, product development activities and the overall health of the affiliate's industry), a write-down would be recorded to estimated fair value.

***(n) Stock-Based Compensation***

Sara Lee has various stock option, employee stock purchase and stock award plans in which employees of the company participated during the periods presented and maintained available shares for future grant in the form of options, restricted shares or stock appreciation rights to company employees and other employees of Sara Lee.

On July 3, 2005, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment" (SFAS No. 123(R)) using the modified prospective method. SFAS No. 123(R) requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards. Under the modified prospective method of adopting SFAS No. 123(R), the Company recognized compensation cost for all share-based payments granted after July 3, 2005, plus any awards granted to employees prior to July 3, 2005 that remained unvested at that time. Under this method of adoption, no restatement of prior periods is required. The cumulative effect of adopting SFAS No. 123(R) was immaterial in 2006.

Prior to July 3, 2005, the Company recognized the cost of employee services received in exchange for Sara Lee equity-based instruments in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB No. 25). APB No. 25 required the use of the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock over the amount the employee must pay for the stock. Compensation expense for substantially all equity-based awards was measured under APB No. 25 on the date the awards were granted. Under APB No. 25, no compensation expense has been recognized for stock options, replacement stock options and shares purchased by our employees under the Sara Lee Employee Stock Purchase Plan (Sara Lee ESPP) during the years prior to 2006. Compensation expense was recognized under APB No. 25 for the cost of Sara Lee restricted share unit (RSU) awards granted to employees during the years prior to 2006.

A substantial portion of these RSUs vest solely upon continued future service to Sara Lee. The cost of these awards is determined using the fair value of shares on the date of grant, and compensation is recognized ratably over the period during which the employees provide the requisite service to Sara Lee.

A small portion of RSUs vest based upon continued future employment and the achievement of certain defined performance measures. The cost of these awards is determined using the fair value of the shares awarded at the end of the performance period. At interim dates, Sara Lee determines the expected compensation expense using the estimated number of shares to be earned and the change in the market price of the shares from the beginning to the end of the period.

During 2004 and 2005, had the cost of employee services received in exchange for equity instruments been recognized based on the grant-date fair value of those instruments in accordance with the provisions of

Statement of Financial Accounting Standards No. 123, *Accounting for Stock-based Compensation* (SFAS 123), the Company's net income would have been impacted as shown in the following table:

| | Years Ended | |
|---|---|---|
| | July 3, 2004 | July 2, 2005 |
| Reported net income | $ 449,552 | $ 218,509 |
| Plus—stock-based employee compensation included in reported net income, net of related tax effects | 4,270 | 6,606 |
| Less—total stock-based employee compensation expense determined under the fair-value method for all awards, net of related tax effects | (9,402) | (10,854) |
| Pro forma net income | $ 444,420 | $ 214,261 |

***(o) Income Taxes***

Income taxes are prepared on a separate return basis as if the Company had been a group of separate legal entities. As a result, actual tax transactions that would not have occurred had the Company been a separate entity have been eliminated in the preparation of these Combined and Consolidated Financial Statements. In the periods presented, there was no formal tax sharing agreement between the Company and Sara Lee.

Deferred taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting using tax rates in effect for the years in which the differences are expected to reverse. Given continuing losses in certain jurisdictions in which the Company operates on a separate return basis, a valuation allowance has been established for the full value of the net deferred tax assets in these specific locations. Net operating loss carryforwards, charitable contribution carryforwards and capital loss carryforwards have been determined in these Combined and Consolidated Financial Statements as if the Company had been a group of legal entities separate from Sara Lee, which results in different carryforward amounts than those shown by Sara Lee. Sara Lee periodically estimates the probable tax obligations using historical experience in tax jurisdictions and informed judgments. There are inherent uncertainties related to the interpretation of tax regulations in the jurisdictions in which the Company transacts business. The judgments and estimates made at a point in time may change based on the outcome of tax audits, as well as changes to or further interpretations of regulations. The Company adjusts its income tax expense in the period in which these events occur. If such changes take place, there is a risk that the tax rate may increase or decrease in any period.

***(p) Financial Instruments***

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

The Company formally documents its hedge relationships, including identifying the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. This process includes linking derivatives that are designated as hedges of specific assets, liabilities, firm commitments or forecasted transactions. The Company also formally assesses, both at inception and at least quarterly thereafter, whether the derivatives that are used in hedging transactions are highly effective in

offsetting changes in either the fair value or cash flows of the hedged item. If it is determined that a derivative ceases to be a highly effective hedge, or if the anticipated transaction is no longer likely to occur, the Company discontinues hedge accounting, and any deferred gains or losses are recorded in the "Selling, general and administrative expenses" of the Combined and Consolidated Financial Statements.

Derivatives are recorded in the Combined and Consolidated Balance Sheets at fair value in other assets and other liabilities. The fair value is based upon either market quotes for actively traded instruments or independent bids for nonexchange traded instruments.

On the date the derivative is entered into, the Company designates the type of derivative as a fair value hedge, cash flow hedge, net investment hedge or a natural hedge, and accounts for the derivative in accordance with its designation.

*Natural Hedge*

A derivative used as a hedging instrument whose change in fair value is recognized to act as an economic hedge against changes in the values of the hedged item is designated a natural hedge. For derivatives designated as natural hedges, changes in fair value are reported in earnings in the "Selling, general and administrative expenses" line of the Combined and Consolidated Statements of Income. Forward exchange contracts are recorded as natural hedges when the hedged item is a recorded asset or liability that is revalued in each accounting period, in accordance with SFAS No. 52, *Foreign Currency Translation.*

*Cash Flow Hedge*

A hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability is designated as a cash flow hedge. The effective portion of the change in the fair value of a derivative that is designated as a cash flow hedge is recorded in the "Accumulated other comprehensive loss" line of the Combined and Consolidated Balance Sheets. When the hedged item affects the income statement, the gain or loss included in accumulated other comprehensive income (loss) is reported on the same line in the Combined and Consolidated Statements of Income as the hedged item. In addition, both the fair value of changes excluded from the Company's effectiveness assessments and the ineffective portion of the changes in the fair value of derivatives used as cash flow hedges are reported in the "Selling, general and administrative expenses" line in the Combined and Consolidated Statements of Income.

***(q) Business Acquisitions***

All business acquisitions have been accounted for under the purchase method. Cash, the fair value of other assets distributed, securities issued unconditionally, and amounts of consideration that are determinable at the date of acquisition are included in determining the cost of an acquired business.

During the first quarter of 2006, the Company acquired a domestic yarn and textile production company for $2,436 in cash and the assumption of $84,000 of debt. The fair value of the assets acquired, net of liabilities assumed, approximated the purchase price based upon preliminary valuations and no goodwill was recognized as a result of the transaction. In 2005, purchases from the acquired business accounted for approximately 18% of the Company's total cost of sales. Following the acquisition, substantially all of the yarn and textiles produced by the acquired business will be used in products produced by the Company.

***(r) Recently Issued Accounting Standards***

*Accounting for Uncertainty in Income Taxes*

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes: An Interpretation of FASB Statement No. 109* (FIN No. 48). This interpretation clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109. FIN No. 48 prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return. This interpretation is effective for fiscal years beginning after December 15, 2006 and as such, the Company will adopt FIN No. 48 in 2008. We are currently assessing the impact the adoption of FIN No. 48 will have on our consolidated financial position and results of operations.

**(4) Stock-Based Compensation**

Sara Lee has various stock option, employee stock purchase and stock award plans in which employees of the company participated during the periods presented and maintained available shares for future grant in the form of options, restricted shares or stock appreciation rights to company employees and other employees of Sara Lee.

On July 3, 2005, the Company adopted the provisions of Statement SFAS No. 123(R) using the modified prospective method. SFAS No. 123(R) requires companies to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards. Under the modified prospective method of adopting SFAS No. 123(R), the Company recognized compensation cost for all share-based payments granted after July 3, 2005, plus any awards granted to employees prior to July 3, 2005 that remained unvested at that time. Under this method of adoption, no restatement of prior periods is required. The cumulative effect of adopting SFAS No. 123(R) was immaterial in 2006.

Prior to July 3, 2005, the Company recognized the cost of employee services received in exchange for Sara Lee equity-based instruments in accordance with APB No. 25. APB No. 25 required the use of the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock over the amount the employee must pay for the stock. Compensation expense for substantially all equity-based awards was measured under APB No. 25 on the date the awards were granted. Under APB 25, no compensation expense has been recognized for stock options, replacement stock options and shares purchased by our employees under the Sara Lee ESPP during the years prior to 2006. Compensation expense was recognized under the provisions of APB 25 for the cost of Sara Lee RSU awards granted to executives during the years prior to 2006.

***(a) Stock Options***

The exercise price of each stock option equals or exceeds the market price of Sara Lee's stock on the date of grant. Options can generally be exercised over a maximum term of 10 years. Options generally vest ratably over three years. Under certain Sara Lee stock option plans, an active employee could receive a replacement stock option equal to the number of shares surrendered upon a stock-for-stock exercise. The exercise price of the replacement option was 100% of the market value at the date of exercise of the original option, and the replacement option remains exercisable for the remaining term of the original option. Replacement stock options generally vest six months from the grant date. Beginning in 2006, Sara Lee discontinued the granting of replacement stock options. The fair value of each option grant is estimated on the

date of grant using the Black-Scholes option-pricing model using the weighted average assumptions as outlined in the following table.

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Weighted average expected lives | 3.4 years | 3.3 years | 6.1 years |
| Weighted average risk-free interest rate | 2.4% | 3.3% | 4.3% |
| Range of risk-free interest rates | 1.7 - 3.0% | 2.8 - 3.9% | 4.3% |
| Weighted average expected volatility | 25.5% | 23.0% | 26.4% |
| Range of expected volatility | 24.5 - 27.2% | 20.9 - 24.5% | 26.4% |
| Expected dividend yield | 3.5% | 3.4% | 4.0% |

The Company uses historical volatility for a period of time that is comparable to the expected life of the option to determine volatility assumptions. The Company discontinued the granting of replacement options after the start of 2006. As a result of this change, the Company utilized the simplified method outlined in SEC Staff Accounting Bulletin No. 107 to estimate expected lives for options granted during the period.

A summary of the changes in stock options outstanding to the Company's employees under Sara Lee's option plans during the year ended July 1, 2006 is presented below:

| (Shares in Thousands) | Shares | Weighted-Average Exercise Price | Aggregate Intrinsic Value | Weighted-Average Remaining Contractual Term (Years) |
|---|---|---|---|---|
| Options outstanding at July 2, 2005 | 14,333 | $ 21.82 | $ 5,783 | 3.7 |
| Granted | 129 | 19.54 | | |
| Exercised | (131) | 15.35 | | |
| Canceled/expired | (1,687) | 22.65 | | |
| Net transfers in (out) | (10) | 20.96 | | |
| Options outstanding at July 1, 2006 | 12,634 | 21.74 | $ 541 | 2.9 |
| Options exercisable at July 1, 2006 | 12,634 | $ 21.74 | $ 541 | 2.9 |

The weighted average grant date fair value of options granted during the years ended July 3, 2004, July 2, 2005 and July 1, 2006 were $3.26, $3.39 and $3.99, respectively. The total intrinsic value of options exercised during the years ended July 3, 2004, July 2, 2005 and July 1, 2006 were $13,641, $11,902 and $414, respectively. The fair value of options that vested during the years ended July 3, 2004, July 2, 2005 and July 1, 2006 were $4,965, $11,941 and $1,894, respectively. The Company received cash from the exercise of stock options during the years ended July 3, 2004, July 2, 2005 and July 1, 2006 of $34,150, $40,763 and $2,008, respectively. As of July 1, 2006, the Company had no unrecognized compensation expense related to stock option plans. The weighted average fair value of individual options granted during 2004, 2005 and 2006 was $3.81, $4.06 and $3.48, respectively.

***(b) Sara Lee Employee Stock Purchase Plan (Sara Lee ESPP)***

The Sara Lee ESPP permits eligible full-time employees to purchase a limited number of shares of Sara Lee's common stock. Under the plan, Sara Lee sold 530,319, 448,846 and 228,705 shares to company employees in 2004, 2005 and 2006, respectively. Until November 2005, the plan allowed the purchase of

shares by U.S. participants at 85% of market value. Current purchases under the Sara Lee ESPP plan (by U.S. participants) are at the fair value of the shares. Compensation expense has been calculated for the fair value of the employees' purchase rights using the Black-Scholes model. Assumptions include an expected life of 1/4 of a year and weighted average risk-free interest rates of 1.0% in 2004, 2.3% in 2005 and 3.7% in 2006. Other underlying assumptions are consistent with those used for Sara Lee's stock option plans described above.

***(c) Stock Unit Awards***

Restricted stock units (RSUs) are granted to certain employees to incent performance and retention over periods ranging from one to five years. Upon the achievement of defined goals, the RSUs are converted into shares of Sara Lee's common stock on a one-for-one basis and issued to the employees. A substantial portion of all RSUs vest solely upon continued future service to the Company. A small portion of RSUs vest based upon continued future employment and the achievement of certain defined performance measures. The cost of these awards is determined using the fair value of the shares on the date of grant, and compensation is recognized over the period during which the employees provide the requisite service to the Company. A summary of the changes in the stock unit awards outstanding under Sara Lee's benefit plans during the year ended July 1, 2006 is presented below:

| (Shares in Thousands) | Shares | Weighted-Average Grant-Date Fair Value | Aggregate Intrinsic Value | Weighted-Average Remaining Contractual Term (Years) |
|---|---|---|---|---|
| Nonvested share units at July 2, 2005 | 1,618 | $ 20.33 | $ 32,885 | 1.0 |
| Granted | 237 | 19.23 | | |
| Vested | (850) | 20.00 | | |
| Forfeited | (29) | 21.01 | | |
| Net transfers | 87 | 20.70 | | |
| Nonvested share units at July 1, 2006 | 1,063 | 20.47 | $ 21,756 | 1.0 |
| Exercisable share units at July 1, 2006 | 45 | $ 18.67 | $ 833 | 2.4 |

The total fair value of shared-based units that vested during the years ended July 3, 2004, July 2, 2005 and July 1, 2006 was $2,238, $4,557 and $16,726. As of July 1, 2006, the Company had $6,161 of total unrecognized compensation expense related to stock unit plans which will be recognized over the weighted average period of one year.

For all share-based payments, during the years ended July 3, 2004, July 2, 2005 and July 1, 2006, the Company recognized total compensation expense of $6,989, $10,811 and $17,089, and recognized a tax benefit of $2,719, $4,205 and $6,648, respectively. Sara Lee satisfies the requirement for common shares for share-based payments to employees by issuing newly authorized shares.

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Notes to Combined and Consolidated Financial Statements—(Continued)
July 3, 2004, July 2, 2005 and July 1, 2006
(dollars in thousands, except per share data)

**(5) Exit Activities**

The reported results for 2004, 2005 and 2006 reflect amounts recognized for exit and disposal actions, including the impact of certain activities that were completed for amounts more favorable than previously estimated. The impact of these costs (income) on income before income taxes is summarized as follows:

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Exit and disposal programs: | | | |
| 2006 Restructuring actions | $ — | $ — | $ 4,119 |
| 2005 Restructuring actions | — | 54,012 | (2,700) |
| 2004 Restructuring actions | 29,014 | (2,352) | (963) |
| Business Reshaping | (1,548) | (133) | (557) |
| Decrease (increase) in income before income taxes | $ 27,466 | $ 51,527 | $ (101) |

The following table illustrates where the costs (income) associated with these actions are recognized in the Combined and Consolidated Statements of Income.

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Selling, general and administrative expenses | $ — | $ 4,549 | $ — |
| Charges for (income from) exit activities | 27,466 | 46,978 | (101) |
| Decrease (increase) in income before income taxes | $ 27,466 | $ 51,527 | $ (101) |

The impact of these costs (income) on the Company’s business segments is summarized as follows:

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Innerwear | $ 7,904 | $ 19,735 | $ (148) |
| Outerwear | 5,684 | 17,437 | (416) |
| Hosiery | 2,420 | 2,986 | (57) |
| International | 8,914 | 4,536 | (895) |
| (Increase) decrease in business segment income | 24,922 | 44,694 | (1,516) |
| Increase in general corporate expense | 2,544 | 6,833 | 1,415 |
| Decrease (increase) in income from operations | $ 27,466 | $ 51,527 | $ (101) |

**2006 Restructuring Actions**

During 2006, the Company approved a series of actions to exit certain defined business activities and to lower its cost structure. Each of these actions is to be completed within a 12-month period after being approved. The net impact of these actions was to reduce income before income taxes by $4,119 and these actions impacted the operating income of the Company’s business segments as follows: Innerwear—a charge of $1,264; Outerwear—a charge of $292; International—a charge of $783; and Corporate—a charge of $1,780. The charge represents costs associated with terminating 449 employees and providing them with severance

benefits in accordance with benefits previously communicated to the affected employee group. The specific locations of these employees are summarized in a table contained in this note. This charge is reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income. As of the end of 2006, 147 employees had been terminated and the severance obligation remaining in accrued liabilities on the Combined and Consolidated Balance Sheet was $3,394.

The following table summarizes the charges taken for the exit activities approved during 2006 and the related status as of July 1, 2006. Any accrued amounts remaining as of the end of 2006 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid in the next year.

| | Cumulative Exit Costs Recognized | Non-Cash Charges | Cash Payments | Accrued Exit Costs as of July 1, 2006 |
|---|---|---|---|---|
| Employee termination and other benefits | $ 4,119 | $ — | $ (725) | $ 3,394 |

The following table summarizes planned and actual employee terminations by location and business segment as of July 1, 2006:

| Number of Employees | Innerwear | Outerwear | Hosiery | International | Corporate | Total |
|---|---|---|---|---|---|---|
| United States | 170 | 70 | — | — | 44 | 284 |
| Canada | — | — | — | — | — | — |
| Mexico | — | — | — | 165 | — | 165 |
| | 170 | 70 | — | 165 | 44 | 449 |
| Actions completed | 50 | 70 | — | 18 | 9 | 147 |
| Actions remaining | 120 | — | — | 147 | 35 | 302 |
| | 170 | 70 | — | 165 | 44 | 449 |

**2005 Restructuring Actions**

During 2005, the Company approved a series of actions to exit certain defined business activities and to lower its cost structure. Each of these actions was to be completed within a 12-month period after being approved. In 2005 these actions reduced income before income taxes by $54,012 and decreased the operating results of the Company's business segments as follows: Innerwear—$21,679; Outerwear—$17,508; Hosiery—$3,219; International—$4,773; and Corporate—$6,833.

During 2006, certain of these actions were completed for amounts more favorable than originally estimated. As a result, costs previously accrued were adjusted and resulted in an increase of $2,700 to income before income taxes. The $2,700 consists of a credit for employee termination benefits and resulted from actual costs to settle the obligations being lower than expected. The adjustment is reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income and increased the operating results of the Company's business segments as follows: Innerwear—$307; Outerwear—$350; Hosiery—$40; International—$1,638; and Corporate—$365.

After combining the amounts recognized in 2005 and 2006, the exit activities completed by the Company under these action plans reduced income before income taxes by a total of $51,312. This charge reflects the cost associated with terminating 1,012 employees and providing them with severance benefits in accordance with existing benefit plans or local employment laws. The specific location of these employees is summarized in a table contained in this note. This cumulative charge is reflected in the "Charges for (income from) exit activities" line in the Combined and Consolidated Statements of Income for 2006 and 2005. As of the end of

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**Notes to Combined and Consolidated Financial Statements—(Continued)**
**July 3, 2004, July 2, 2005 and July 1, 2006**
**(dollars in thousands, except per share data)**

2006, all of the employees have been terminated and the severance obligation remaining in accrued liabilities on the Combined and Consolidated Balance Sheet was $16,514.

The following table summarizes the charges taken for the exit activities approved during 2005 and the related status as of July 1, 2006. Any accrued amounts remaining as of the end of 2006 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid in the next two years.

| | Cumulative Exit Costs Recognized | Non-Cash Charges | Cash Payments | Accrued Exit Costs as of July 1, 2006 |
|---|---|---|---|---|
| Employee termination and other benefits | $ 43,922 | $ — | $ (27,408) | $ 16,514 |
| Noncancelable lease and other contractual obligations | 2,841 | — | (2,841) | — |
| Accelerated depreciation | 4,549 | (4,549) | — | — |
| | $ 51,312 | $ (4,549) | $ (30,249) | $ 16,514 |

The following table summarizes planned and actual employee terminations by location and business segment as of July 1, 2006:

| Number of Employees | Innerwear | Outerwear | Hosiery | International | Corporate | Total |
|---|---|---|---|---|---|---|
| United States | 198 | 84 | 69 | — | 336 | 687 |
| Canada | — | — | — | 186 | | 186 |
| Mexico | — | — | — | 139 | | 139 |
| | 198 | 84 | 69 | 325 | 336 | 1,012 |
| Actions completed | 198 | 84 | 69 | 325 | 336 | 1,012 |
| Actions remaining | — | — | — | — | | — |
| | 198 | 84 | 69 | 325 | 336 | 1,012 |

**2004 Restructuring Actions**

During 2004, the Company approved a series of actions to exit certain defined business activities and lower its cost structure. In 2004, these actions reduced income before income taxes by $29,014 and decreased the operating results of the Company’s business segments as follows: Innerwear—$9,240; Outerwear—$5,706; Hosiery—$2,482; International—$9,042; and Corporate—$2,544.

During 2005, certain of these actions were completed for amounts more favorable than originally estimated. As a result, costs previously accrued were adjusted and resulted in an increase of $2,352 to income before income taxes. The $2,352 is composed of a credit for employee termination benefits and resulted from the actual costs to settle termination obligations being lower than expected and certain employees originally targeted for termination not being severed as originally planned. This adjustment is reflected in the “Charges for (income from) exit activities” line of the Combined and Consolidated Statement of Income and increased the operating results of the Company’s business segments as follows: Innerwear—$1,811; Outerwear—$71; Hosiery—$233; and International—$237.

During 2006, certain of these actions were completed for amounts more favorable than originally estimated. As a result, costs previously accrued were adjusted and resulted in an increase of $963 to income before income taxes. The $963 is composed of a credit for employee termination benefits and resulted from the actual costs to settle termination obligations being lower than expected. This adjustment is reflected in the “Charges for (income from) exit activities” line of the Combined and Consolidated Statement of Income and

increased the operating results of the Company's business segments as follows: Innerwear—$548; Outerwear—$358; Hosiery—$17; and International—$40.

After combining the amounts recognized in 2004, 2005, and 2006, the exit activities completed by the Company under these action plans reduced income before income taxes by a total of $25,699. This charge reflects the cost associated with terminating 4,425 employees and providing them with severance benefits in accordance with existing benefit plans or local employment laws. The specific location of these employees is summarized in a table contained in this note. This cumulative charge is reflected in the "Charges for (income from) exit activities" line in the Combined and Consolidated Statements of Income for 2004, 2005 and 2006. As of the end of 2006, all of the employees have been terminated and the severance obligation remaining in accrued liabilities on the Combined and Consolidated Balance Sheet was $172.

The following table summarizes the cumulative charges taken for the exit activities approved during 2004 and the related status as of July 1, 2006. Any accrued amounts remaining as of the end of 2006 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid in the next year.

| | Exit Costs Recognized | Cash Payments | Accrued Exit Costs as of July 1, 2006 |
|---|---|---|---|
| Employee termination and other benefits | $25,699 | $(25,527) | $172 |

The following table summarizes the employee terminations by location and business segment. All actions were completed as of July 1, 2006.

| Number of Employees | United States | Puerto Rico and Latin America | Total |
|---|---|---|---|
| Innerwear | 319 | 950 | 1,269 |
| Outerwear | 46 | 2,549 | 2,595 |
| Hosiery | 185 | — | 185 |
| International | — | 353 | 353 |
| Corporate | 23 | — | 23 |
| Total | 573 | 3,852 | 4,425 |

**Business Reshaping**

Beginning in the second quarter of 2001, the Company's management approved a series of actions to exit certain defined business activities. The final series of actions was approved in the second quarter of 2002. Each of these actions was to be completed in a 12-month period after being approved. All actions included in this program have been completed. The impact of these actions on income before income taxes is described below.

During 2004, exit activities were completed for amounts that were more favorable than originally anticipated. As a result, the costs previously accrued were adjusted and resulted in an increase of $1,548 to income before income taxes. The $1,548 consists of a $147 credit for employee termination benefits, a credit of $1,352 for noncancelable leases and other third-party obligations, and a credit of $49 for previously recognized losses on the disposal of property and equipment. The adjustment for severance benefits resulted from the actual costs to settle the termination benefits being lower than expected. The adjustment for noncancelable leases and other third-party obligations resulted from settling these liabilities for less than originally estimated. These adjustments are reflected in the "Charges for (income from) exit activities" line of

the Combined and Consolidated Statement of Income and increased the operating income of the Company's business segments as follows: Innerwear—$1,336; Outerwear—$22; Hosiery—$62; and International—$128.

During 2005, certain noncancelable lease and other contractual obligations under this program were settled for amounts that were more favorable than originally anticipated. As a result, the costs previously accrued were adjusted and resulted in an increase of $133 to income before income taxes. This adjustment is reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income and increased the operating income of the Innerwear segment.

During 2006, certain pension termination and other contractual obligations under this program were settled for amounts that were more favorable than originally anticipated. As a result, the costs previously accrued were adjusted and resulted in an increase of $557 to income before income taxes. This adjustment is reflected in the "Charges for (income from) exit activities" line of the Combined and Consolidated Statement of Income and increased the operating income of the Innerwear segment.

The following table summarizes the cumulative charges taken for approved exit activities under the Business Reshaping program since 2001 and the related status as of July 1, 2006. All actions included in this program have been completed. Any accrued amounts remaining as of the end of 2006 represent those cash expenditures necessary to satisfy remaining obligations, which will be primarily paid in the next 4 years.

| | Cumulative Exit Costs Recognized | Actual Loss on Asset Disposal | Cash Payments | Accrued Exit Costs as of July 1, 2006 |
|---|---|---|---|---|
| Employee termination and other benefits | $ 81,483 | $ — | $ (81,483) | $ — |
| Pension termination costs | — | — | — | — |
| Other exit costs—includes noncancelable lease and other contractual obligations | 10,277 | — | (8,419) | 1,858 |
| Losses on disposals of property and equipment and other related costs | 26,929 | (26,929) | — | — |
| Losses on disposals of inventories | 15,364 | (15,364) | — | — |
| Moving and other related costs | 1,862 | — | (1,862) | — |
| | $ 135,915 | $ (42,293) | $ (91,764) | $ 1,858 |

### (6) Sale of Accounts Receivable

Historically, the Company participated in a Sara Lee program to sell trade accounts receivable to a limited purpose subsidiary of Sara Lee. The subsidiary, a separate bankruptcy remote corporate entity, is consolidated in Sara Lee's results of operations and statement of financial position. This subsidiary held trade accounts receivable that it purchased from the operating units and sold participating interests in those receivables to financial institutions, which in turn purchased and received ownership and security interests in those receivables. During 2005, Sara Lee terminated its receivable sale program and no receivables were sold under this program at the end of 2005. The amount of receivables sold under this program was $22,313 at the end of 2004. Changes in the balance of receivables sold are a component of operating cash flow (change in trade receivables) with an offset to a change in "Due from related entities" in the Combined and Consolidated Statement of Cash Flows. As collections reduced accounts receivable included in the pool, the operating units sold new receivables to the limited purpose subsidiary. The limited purpose subsidiary had the risk of credit loss on the sold receivables.

The proceeds from the sale of the receivables were equal to the face amount of the receivables less a discount. The discount was based on a floating rate and was accounted for as a cost of the receivable sale program. This cost has been included in “Selling, general and administrative expenses” in the Combined and Consolidated Statements of Income. The calculated discount rate for 2004 and 2005 was 1.2%, resulting in aggregated costs of $4,981 and $4,020 in 2004 and 2005, respectively. The Company retained collection and administrative responsibilities for the participating interests in the defined pool.

**(7) Inventories**

Inventories consisted of the following:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Raw materials | $ 116,314 | $ 93,813 | $ 104,728 |
| Work in process | 214,799 | 181,556 | 196,170 |
| Finished goods | 981,747 | 987,188 | 935,688 |
| | $ 1,312,860 | $ 1,262,557 | $ 1,236,586 |

**(8) Investments in Affiliates**

The Company’s investments in affiliates at July 3, 2004, July 2, 2005 and July 1, 2006 was $6,247, $87 and $200, respectively. The balance at July 3, 2004 primarily consists of a 49% interest in an Israeli yarn manufacturer joint venture that was consolidated in accordance with FIN 46-R during 2005.

The following table summarizes the status and results of the Company’s investments in affiliates:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Beginning investment | $ 6,930 | $ 6,247 | $ 87 |
| Equity income | 3,260 | 2,472 | 1 |
| Dividends received | (3,943) | (3,030) | — |
| Consolidation of the Israeli joint venture | — | (5,602) | — |
| Purchase of investment | — | — | 112 |
| Ending investment | $ 6,247 | $ 87 | $ 200 |

The balances reported in the above table are recorded in the “Other noncurrent assets” line of the Combined and Consolidated Balance Sheets.

**(9) Property, Net**

Property is summarized as follows:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Land | $ 21,805 | $ 22,033 | $ 29,023 |
| Buildings and improvements | 411,168 | 405,277 | 463,146 |
| Machinery and equipment | 1,230,986 | 1,138,428 | 1,124,517 |
| Construction in progress | 41,057 | 41,005 | 32,235 |
| Capital leases | 26,525 | 28,358 | 25,966 |
| | 1,731,541 | 1,635,101 | 1,674,887 |
| Less accumulated depreciation | 1,130,317 | 1,076,444 | 1,057,866 |
| Property, net | $ 601,224 | $ 558,657 | $ 617,021 |

The total depreciation expense recognized in 2004, 2005 and 2006 was $105,517, $108,791 and $105,173 respectively.

**(10) Notes Payable to Banks**

The Company had the following short-term obligations at July 2, 2005 and July 1, 2006:

| | Interest Rate | Principal Amount 2005 | Principal Amount 2006 |
|---|---|---|---|
| 364-day credit facility | 3.16% | $ 81,972 | $ — |
| Other | 4.69 | 1,331 | 3,471 |
| | | $ 83,303 | $ 3,471 |

The Company maintained a 364-day short-term non-revolving credit facility under which the Company could borrow up to 107 million Canadian dollars at a floating rate of interest that was based upon either the announced bankers acceptance lending rate plus 0.6% or the Canadian prime lending rate. Under the agreement, the Company had the option to borrow amounts for periods of time less than 364 days. The facility expired at the end of the 364-day period and the amount of the facility could not be increased until the next renewal date. During fiscal 2004 and 2005 the Company and the bank renewed the facility. At the end of fiscal 2005, the Company had borrowings under this facility of $81,972 at an interest rate of 3.16%. In 2006, the borrowings under this agreement were repaid at the end of the year and the facility was closed.

Total interest paid on third party debt instruments was $3,945, $4,041 and $2,588 in 2004, 2005 and 2006, respectively.

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**(11) Accumulated Other Comprehensive Loss**

The components of accumulated other comprehensive loss are as follows:

| | Cumulative Translation Adjustment | Net Unrealized Income (Loss) on Cash Flow Hedges | Tax Impact | Accumulated Other Comprehensive Loss |
|---|---|---|---|---|
| Balance at July 3, 2004 | $ (33,600) | $ 1,883 | $ (651) | $ (32,368) |
| Other comprehensive income (loss) activity | 15,187 | (1,408) | 380 | 14,159 |
| Balance at July 2, 2005 | $ (18,413) | $ 475 | $ (271) | $ (18,209) |
| Other comprehensive income (loss) activity | 13,518 | (6,051) | 2,358 | 9,825 |
| Balance at July 1, 2006 | $ (4,895) | $ (5,576) | $ 2,087 | $ (8,384) |

**(12) Leases**

The Company leases certain buildings, equipment and vehicles under agreements that are classified as capital leases. The building leases have original terms that range from ten to 15 years, while the equipment and vehicle leases generally have terms of less than seven years.

The gross amount of plant and equipment and related accumulated depreciation recorded under capital leases were as follows:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Buildings | $ 8,258 | $ 8,258 | $ 7,624 |
| Machinery and equipment | 881 | 3,660 | 3,700 |
| Vehicles | 17,386 | 16,440 | 14,642 |
| | 26,525 | 28,358 | 25,966 |
| Less accumulated depreciation | 17,808 | 20,132 | 21,439 |
| Net capital leases | $ 8,717 | $ 8,226 | $ 4,527 |

Depreciation expense for capital lease assets was $4,321 in 2004, $4,467 in 2005 and $3,233 in 2006.

Rental expense under operating leases was $45,997 in 2004, $52,055 in 2005 and $54,874 in 2006.

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Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of July 1, 2006 were as follows:

| | Capital Leases | Operating Leases |
|---|---|---|
| Fiscal year: | | |
| 2007 | $ 2,887 | $ 37,624 |
| 2008 | 1,886 | 30,895 |
| 2009 | 881 | 23,517 |
| 2010 | 271 | 18,966 |
| 2011 | — | 17,691 |
| Thereafter | — | 13,592 |
| Total minimum lease payments | 5,925 | $ 142,285 |
| Less amount representing interest | 526 | |
| Present value of net minimum capital lease payments | 5,399 | |
| Less current installments of obligations under capital leases | 2,613 | |
| Obligations under capital leases, excluding current installments | $ 2,786 | |

**(13) Commitments and Contingencies**

The Company is a party to various pending legal proceedings, claims and environmental actions by government agencies. In accordance with SFAS No. 5, *Accounting for Contingencies*, the Company records a provision with respect to a claim, suit, investigation, or proceeding when it is probable that a liability has been incurred and the amount of the loss can reasonably be estimated. Any provisions are reviewed at least quarterly and are adjusted to reflect the impact and status of settlements, rulings, advice of counsel and other information pertinent to the particular matter. The recorded liabilities for these items were not material to the Combined and Consolidated Financial Statements of the Company in any of the years presented. Although the outcome of such items cannot be determined with certainty, the Company's legal counsel and management are of the opinion that the final outcome of these matters will not have a material adverse impact on the consolidated financial position, results of operations or liquidity.

*License Agreements*

The Company is party to several royalty-bearing license agreements for use of third-party trademarks in certain of their products. The license agreements typically require a minimum guarantee to be paid either at the commencement of the agreement, by a designated date during the term of the agreement or by the end of the agreement period. When payments are made in advance of when they are due, the Company records a prepayment and amortizes the expense in the "Cost of sales" line of the Combined and Consolidated Income Statements uniformly over the guaranteed period. For guarantees required to be paid at the completion of the agreement, royalties are expensed through "Cost of sales" as the related sales are made. Management has reviewed all license agreements and concluded that these guarantees do not fall under Statement of Financial Accounting Standards Interpretation No. 45 *Reporting Requirements*, and accordingly, there are no liabilities recorded at inception of the agreements.

For fiscal years 2004, 2005 and 2006, the Company incurred royalty expense of approximately $9,570, $10,571 and $12,554, respectively.

Minimum amounts due under the license agreements are approximately $10,818 in 2007, $7,850 in 2008, $6,355 in 2009, and $3,500 in 2010.

## (14) Intangible Assets and Goodwill

### *(a) Intangible Assets*

The primary components of the Company's intangible assets and the related accumulated amortization are as follows:

| | Gross | Accumulated Amortization | Net Book Value |
|---|---|---|---|
| 2004: | | | |
| Intangible assets subject to amortization: | | | |
| Trademarks and brand names | $ 34,890 | $ 19,181 | $ 15,709 |
| Computer software | 26,044 | 19,507 | 6,537 |
| | $ 60,934 | $ 38,688 | 22,246 |
| Trademarks and brand names not subject to amortization | | | 130,568 |
| Net book value of intangible assets | | | $ 152,814 |

| | Gross | Accumulated Amortization | Net Book Value |
|---|---|---|---|
| 2005: | | | |
| Intangible assets subject to amortization: | | | |
| Trademarks and brand names | $ 89,457 | $ 26,457 | $ 63,000 |
| Computer software | 24,721 | 22,836 | 1,885 |
| Other intangibles | 1,873 | 16 | 1,857 |
| | $ 116,051 | $ 49,309 | 66,742 |
| Trademarks and brand names not subject to amortization | | | 79,044 |
| Net book value of intangible assets | | | $ 145,786 |

| | Gross | Accumulated Amortization | Net Book Value |
|---|---|---|---|
| 2006: | | | |
| Intangible assets subject to amortization: | | | |
| Trademarks and brand names | $ 182,914 | $ 50,815 | $ 132,099 |
| Computer software | 26,963 | 24,368 | 2,595 |
| Other intangibles | 1,873 | 203 | 1,670 |
| | $ 211,750 | $ 75,386 | |
| Net book value of intangible assets | | | $ 136,364 |

The amortization expense for intangibles subject to amortization was $8,712 in 2004, $9,100 in 2005 and $9,031 in 2006. The estimated amortization expense for the next five years, assuming no change in the estimated useful lives of identifiable intangible assets or changes in foreign exchange rates is as follows: $6,894 in 2007, $5,851 in 2008, $5,436 in 2009, $5,135 in 2010, and $5,135 in 2011.

During 2004, trademarks with a net book value of $8,880 were moved to the finite lived category from the indefinite lived category and at the end of the year, the remaining $7,500 of this trademarks carrying value was written off. The sales of products with this trademark were primarily to a single large retailer and during 2004 that retailer elected to simplify is offerings and no longer carry this product. After evaluating alternatives, the Company concluded that the carrying value of the trademark could not be recovered and the amount was written off and included in “Selling, general and administrative expenses” in the Combined and Consolidated Statements of Income.

No impairment charges were recognized in 2005 or 2006. However, as a result of the annual impairment review, the Company concluded that certain trademarks had lives that were no longer indefinite. As a result of this conclusion, trademarks with a net book value of $51,524 and $79,044 in 2005 and 2006, respectively, were moved from the indefinite lived category and amortization was initiated over a 30 year period.

***(b) Goodwill***

Goodwill and the changes in those amounts during the period are as follows:

| | |
|---|---|
| Net book value at July 3, 2004 | 278,610 |
| Foreign exchange | 171 |
| Net book value at July 2, 2005 | $ 278,781 |
| Foreign exchange | (126) |
| Net book value at July 1, 2006 | $ 278,655 |

There was no impairment of goodwill in any of the years presented.

**(15) Guarantees**

Due to the historical relationship between Sara Lee and the Company, there are various contracts under which Sara Lee has guaranteed certain third-party obligations relating to the Company’s business. Typically, these obligations arise from third-party credit facilities guaranteed by Sara Lee and as a result of contracts entered into by the Company’s entities and authorized by Sara Lee, under which Sara Lee agrees to indemnify a third-party against losses arising from a breach of representations and covenants related to such matters as title to assets sold, the collectibility of receivables, specified environmental matters, lease obligations and certain tax matters. In each of these circumstances, payment by Sara Lee is conditioned on the other party making a claim pursuant to the procedures specified in the contract, which procedures allow Sara Lee to challenge the other party’s claims. In addition, Sara Lee’s obligations under these agreements may be limited in terms of time and/or amount, and in some cases Sara Lee or the related entities may have recourse against third-parties for certain payments made by Sara Lee. It is not possible to predict the maximum potential amount of future payments under certain of these agreements, due to the conditional nature of Sara Lee’s obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by Sara Lee under these agreements have not been material, and no amounts are accrued for these items on the Combined and Consolidated Balance Sheets.

As of July 1, 2006, these contracts included the guarantee of credit limits with third-party banks, and guarantees over supplier purchases. The Company had not guaranteed or undertaken any obligation on behalf of Sara Lee or any other related entities as of July 1, 2006.

**(16) Financial Instruments and Risk Management**

***(a) Currency Swaps***

The Company has issued certain foreign currency-denominated debt instruments to a related entity and utilizes currency swaps to reduce the variability of functional currency cash flows related to the foreign currency debt.

The Company records gains and losses on these derivative instruments using mark-to-market accounting. Under this accounting method, the changes in the market value of outstanding financial instruments are recognized as gains or losses in the period of change. All derivatives using mark-to-market accounting were settled in 2005.

The fair value of currency swaps is determined based upon externally developed pricing models, using financial data obtained from swap dealers.

| Currency Swap | Notional Principal(1) | Weighted Average Interest Rates(2) | |
|---|---|---|---|
| | | Receive | Pay |
| 2004: Receive variable—pay variable | $247,875 | 2.5 | 1.7 |

(1) The notional principal is the amount used for the calculation of interest payments that are exchanged over the life of the swap transaction and is equal to the amount of foreign currency or dollar principal exchanged at maturity, if applicable.

(2) The weighted-average interest rates are at the balance sheet date.

***(b) Forward Exchange and Option Contracts***

The Company uses forward exchange and option contracts to reduce the effect of fluctuating foreign currencies on short-term foreign currency-denominated intercompany transactions, foreign currency-denominated product sourcing transactions, foreign currency-denominated investments and other known foreign currency exposures. Gains and losses on these contracts are intended to offset losses and gains on the hedged transaction in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates. The principal currencies hedged by the Company include the European euro, Mexican peso, Canadian dollar and Japanese yen.

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The following table summarizes by major currency the contractual amounts of the Company's forward exchange contracts in U.S. dollars. The bought amounts represent the net U.S. dollar equivalent of commitments to purchase foreign currencies, and the sold amounts represent the net U.S. dollar equivalent of commitments to sell foreign currencies. The foreign currency amounts have been translated into a U.S. dollar equivalent value using the exchange rate at the reporting date. Forward exchange contracts mature on the anticipated cash requirement date of the hedged transaction, generally within one year.

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Foreign currency—bought (sold): | | | |
| Canadian dollar | $ (34,701) | $ (36,413) | $ (30,155) |
| European euro | 2,459 | 1,388 | 1,006 |
| Japanese yen | (10,404) | (17,078) | (5,837) |
| Mexican peso | (13,799) | (15,830) | — |
| Colombian peso | — | 4,550 | 9,579 |
| Other | — | (1,365) | — |

The Company held foreign exchange option contracts to reduce the foreign exchange fluctuations on anticipated purchase transactions. The following table summarizes the notional amount of option contracts to sell foreign currency, in U.S. dollars:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Foreign currency—sold: | | | |
| European euro | $ 1,302 | $ 12,285 | $ 11,066 |
| Japanese yen | — | — | 6,029 |

The following table summarizes the net derivative gains or losses deferred into accumulated other comprehensive loss and reclassified to earnings in 2004, 2005 and 2006.

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Net accumulated derivative gain (loss) deferred at beginning of year | $ (4,740) | $ 1,883 | $ 475 |
| Deferral of net derivative gain (loss) in accumulated other comprehensive loss | 3,585 | (1,620) | (4,452) |
| Reclassification of net derivative loss (gain) to income | 3,038 | 212 | (1,599) |
| Net accumulated derivative gain (loss) at end of year | $ 1,883 | $ 475 | $ (5,576) |

The Company expects to reclassify into earnings during the next 12 months net loss from accumulated other comprehensive income of approximately $5,576 at the time the underlying hedged transactions are realized. During the years ended July 3, 2004, July 2, 2005 and July 1, 2006 the Company recognized expense of $0, $554 and $306, respectively, for hedge ineffectiveness related to cash flow hedges. Amounts reported for hedge ineffectiveness are not included in accumulated other comprehensive loss and therefore, not included in the above table.

There were no derivative losses excluded from the assessment of effectiveness or gains or losses resulting from the disqualification of hedge accounting for 2004, 2005 and 2006.

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***(c) Fair Values***

The carrying amounts of cash and cash equivalents, trade accounts receivable, notes receivable and accounts payable approximated fair value as of July 3, 2004, July 2, 2005 and July 1, 2006. The carrying amounts of the Company's notes payable to parent companies, notes payable to banks, notes payable to related entities and funding receivable/payable with parent companies approximated fair value as of July 3, 2004, July 2, 2005 and July 1, 2006 primarily due to the short-term nature of these instruments. The fair values of the remaining financial instruments recognized in the Combined and Consolidated Balance Sheets of the Company at the respective year ends were:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Currency swaps | $ 56,258 | $ — | $ — |
| Foreign currency forwards and options | 1,434 | 348 | 1,168 |

The fair value of the currency swaps is determined based upon externally developed pricing models, using financial market data obtained from swap dealers. The fair value of foreign currency forwards and options is based upon quoted market prices obtained from third-party institutions.

***(d) Concentration of Credit Risk***

Trade accounts receivable due from customers that the Company considers highly leveraged were $79,598 at July 3, 2004, $100,314 at July 2, 2005 and $121,870 at July 1, 2006. The financial position of these businesses has been considered in determining allowances for doubtful accounts.

**(17) Employee Benefit Plans**

Historically employees who meet certain eligibility requirements have participated in defined benefit pension plans sponsored by Sara Lee. These defined benefit pension plans include employees from a number of domestic Sara Lee business units. All obligations pursuant to these plans have historically been obligations of Sara Lee and as such, are not included on the Company's Combined and Consolidated Balance Sheets. The annual cost of the Sara Lee defined benefit plans is allocated to all of the participating businesses based upon a specific actuarial computation which is followed consistently.

Additionally, the Company sponsors two noncontributory defined benefit plans, the Playtex Apparel, Inc. Pension Plan and the National Textiles L.L.C. Pension Plan, for certain qualifying individuals. Beginning in 2006, the Company assumed the National Textiles L.L.C. Pension Plan through the acquisition of National Textiles.

The annual expense incurred by the Company for these defined benefit plans is as follows:

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Playtex Apparel, Inc. Pension Plan | $ 753 | $ 9 | $ (234) |
| National Textiles L.L.C. Pension Plan | — | — | (1,059) |
| Participation in Sara Lee sponsored defined benefit plans | 67,340 | 46,675 | 30,835 |
| Total pension plan expense | $ 68,093 | $ 46,684 | $ 29,542 |

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The components of the Company's noncontributory defined benefit pension plans were as follows:

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Service costs | $ 2 | $ 1 | $ — |
| Interest cost | 1,297 | 1,274 | 5,291 |
| Expected return on assets | (1,226) | (1,510) | (6,584) |
| Amortization of: | | | |
| Prior service cost | 232 | 232 | — |
| Net actuarial loss | 448 | 12 | — |
| Net periodic pension cost | $ 753 | $ 9 | $ (1,293) |

The funded status of the Company's defined benefit pension plans at the respective year ends was as follows:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| **Projected benefit obligation:** | | | |
| Beginning of year | $ 24,293 | $ 23,910 | $ 22,456 |
| Service cost | 2 | 1 | — |
| Interest cost | 1,297 | 1,274 | 5,292 |
| Benefits paid | (1,622) | (1,635) | (7,129) |
| Net transfer in due to acquisition | — | — | 94,011 |
| Actuarial (gain) loss | (60) | (1,094) | (1,325) |
| End of year | 23,910 | 22,456 | 113,305 |
| **Fair value of plan assets:** | | | |
| Beginning of year | 16,531 | 20,026 | 19,443 |
| Actual return/(loss) on plan assets | 5,118 | 1,051 | 3,544 |
| Net transfer in due to acquisition | — | — | 85,649 |
| Benefits paid | (1,623) | (1,634) | (7,129) |
| End of year | 20,026 | 19,443 | 101,507 |
| **Funded status** | (3,884) | (3,013) | (11,798) |
| Unrecognized: | | | |
| Prior service cost | 232 | — | — |
| Actuarial loss | 2,511 | 1,864 | 3,580 |
| Accrued benefit cost recognized | $ (1,141) | $ (1,149) | $ (8,218) |

Accrued benefit costs related to the Company's defined benefit pension plans are reported in the "Accrued liabilities—Payroll and employee benefits" and "Other noncurrent liabilities" lines of the Combined and Consolidated Balance Sheets.

The accumulated benefit obligation is the present value of pension benefits (whether vested or unvested) attributed to employee service rendered before the measurement date and based on employee service and compensation prior to that date. The accumulated benefit obligations of the Company's defined benefit pension

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plans as of the measurement dates in 2004, 2005 and 2006 were $23,910, $22,456 and $113,305, respectively, which equals the projected benefit obligation.

*(a) Measurement Date and Assumptions*

A March 31 measurement date is used to value plan assets and obligations for the Company's defined benefit pension plans. The weighted average actuarial assumptions used in measuring the net periodic benefit cost and plan obligations for the three years were as follows:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| **Net periodic benefit cost:** | | | |
| Discount rate | 5.50% | 5.50% | 5.60% |
| Long-term rate of return on plan assets | 7.75 | 7.83 | 7.76 |
| Rate of compensation increase | 5.87 | 4.50 | 4.00 |
| **Plan obligations:** | | | |
| Discount rate | 5.50% | 5.60% | 5.80% |
| Rate of compensation increase | 4.50 | 4.00 | 4.00 |

*(b) Plan Assets, Expected Benefit Payments, and Funding*

The allocation of pension plan assets as of the respective year end measurement dates is as follows:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| **Asset category:** | | | |
| Equity securities | 61% | 58% | 61% |
| Debt securities | 33 | 31 | 38 |
| Real estate | 4 | 4 | — |
| Cash and other | 2 | 7 | 1 |

The investment objectives for the pension plan assets are designed to generate returns that will enable the pension plans to meet their future obligations.

**(18) Postretirement Health-Care and Life-Insurance Plans**

Historically, employees who meet certain eligibility requirements have participated in postretirement health-care and life insurance plans sponsored by Sara Lee. These plans include employees from a number of domestic Sara Lee business units. The annual cost of the Sara Lee plans is allocated to all of the participating businesses based upon a specific actuarial computation which is consistently followed. All obligations pursuant to these plans have historically been obligations of Sara Lee and as such, are not included on the Company's Combined and Consolidated Balance Sheets.

The annual expense incurred by the Company for these postretirement health-care and life insurance plans is as follows:

| | Year Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Participation in Sara Lee sponsored postretirement and life insurance plans | $ 6,899 | $ 7,794 | $ 6,188 |

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## (19) Income Taxes

The provisions for income tax computed by applying the U.S. statutory rate to income before taxes as reconciled to the actual provisions were:

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Income before income taxes: | | | |
| Domestic | 4.2% | (35.5)% | 23.4% |
| Foreign | 95.8 | 135.5 | 76.6 |
| | 100.0% | 100.0% | 100.0% |
| Tax expense at U.S. statutory rate | 35.0% | 35.0% | 35.0% |
| Tax on remittance of foreign earnings | 4.7 | 14.5 | 3.3 |
| Finalization of tax reviews and audits | (32.0) | (5.8) | — |
| Foreign taxes less than U.S. statutory rate | (10.8) | (7.7) | (8.3) |
| Taxes related to earnings previously deemed permanently invested | — | 9.1 | — |
| Benefit of foreign tax credit | (8.2) | (7.3) | (4.5) |
| Other, net | (0.8) | (1.0) | (3.0) |
| Taxes at effective worldwide tax rates | (12.1)% | 36.8% | 22.5% |

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Current and deferred tax provisions (benefits) were:

| | Current | Deferred | Total |
|---|---|---|---|
| **Year ended July 3, 2004** | | | |
| Domestic | $ (95,476) | $ 43,322 | $ (52,154) |
| Foreign | 13,497 | (12,063) | 1,434 |
| State | 2,040 | — | 2,040 |
| | $ (79,939) | $ 31,259 | $ (48,680) |
| **Year ended July 2, 2005** | | | |
| Domestic | $ 28,332 | $ 74,780 | $ 103,112 |
| Foreign | 30,655 | (8,070) | 22,585 |
| State | 1,310 | — | 1,310 |
| | $ 60,297 | $ 66,710 | $ 127,007 |
| **Year ended July 1, 2006** | | | |
| Domestic | $ 119,598 | $ (27,103) | $ 92,495 |
| Foreign | 18,069 | (1,911) | 16,158 |
| State | 2,964 | (17,790) | (14,826) |
| | $ 140,631 | $ (46,804) | $ 93,827 |

| | 2004 | 2005 | 2006 |
|---|---|---|---|
| Cash payments for income taxes | $ 11,753 | $ 16,099 | $ 14,035 |

Cash payments above represent cash tax payments made by the Company in foreign jurisdictions. During the periods presented, tax payments made in the U.S. were made by Sara Lee on the Company’s behalf and were settled in the funding payable with parent companies account.

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The deferred tax assets and liabilities at the respective year-ends were as follows:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Deferred tax assets: | | | |
| Nondeductible reserves | $ 12,833 | $ 14,424 | $ 14,580 |
| Inventory | 71,933 | 99,887 | 97,633 |
| Capital loss | 248,118 | 248,118 | 23,149 |
| Accrued expenses | 25,691 | 36,468 | 39,871 |
| Employee benefits | 64,032 | 49,412 | 65,105 |
| Charitable contributions | 20,763 | 11,216 | — |
| Net operating loss and other tax carryforwards | 51,021 | 40,913 | 37,641 |
| Other | 11,620 | 8,361 | 7,237 |
| Gross deferred tax assets | 506,011 | 508,799 | 285,216 |
| Less valuation allowances | (268,332) | (269,633) | (47,127) |
| Deferred tax assets | 237,679 | 239,166 | 238,089 |
| Deferred tax liabilities: | | | |
| Prepaids | 4,183 | 5,837 | 5,803 |
| Property and equipment | 12,175 | 12,283 | 2,601 |
| Intangibles | 26,533 | 29,029 | 30,604 |
| Foreign dividends declared but not received | 25,552 | 50,645 | 8,828 |
| Deferred tax liabilities | 68,443 | 97,794 | 47,836 |
| Net deferred tax assets | $ 169,236 | $ 141,372 | $ 190,253 |

The valuation allowance for deferred tax assets as of July 3, 2004, July 2, 2005 and July 1, 2006 was, $268,332, $269,633 and $47,127 respectively. The net change in the total valuation allowance for the years ended July 3, 2004, July 2, 2005 and July 1, 2006 were $217, $1,301 and ($222,506), respectively.

The valuation allowance relates in part to deferred tax assets established under SFAS No. 109 for loss carryforwards at July 3, 2004, July 2, 2005 and July 1, 2006 of $16,270, $18,116 and $21,123, respectively, and to foreign goodwill of $3,944 at July 3, 2004, $3,399 at July 2, 2005 and $2,855 at July 1, 2006.

In addition, a $248,118 valuation allowance exists for capital losses resulting from the sale of U.S. apparel capital assets in 2001 and 2003. Of these capital losses ($224,969) expired unused at July 1, 2006. The remaining ($23,149) capital losses are due to expire unused in 2008 and have a 100% valuation allowance.

Since Sara Lee will retain the liabilities related to income tax contingencies for all periods prior to the spin off, such amounts have been reflected in the “Parent companies’ equity investment” line of the Combined and Consolidated Balance Sheets.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the

deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances.

At July 1, 2006, the Company has net operating loss carryforwards of approximately $89,880 which will expire as follows:

| Years Ending: | |
|---|---|
| June 30, 2007 | $ 5,330 |
| June 28, 2008 | 10,984 |
| June 27, 2009 | 1,616 |
| July 3, 2010 | 7,048 |
| July 2, 2011 and thereafter | 64,902 |

The Company recognized a $50.0 million tax charge related to the repatriation of the earnings of foreign subsidiaries to the U.S. in 2005.

In addition, the Company recognized a $31.6 million tax charge for extraordinary dividends associated with the American Jobs Creation Act of 2004 (Act). On October 22, 2004, the President of the United States signed the Act which created a temporary incentive for U.S. corporations to repatriate accumulated income earned abroad by providing an 85% dividends received deduction for certain dividends from controlled foreign corporations.

At July 1, 2006, applicable U.S. federal income taxes and foreign withholding taxes have not been provided on the accumulated earnings of foreign subsidiaries that are expected to be permanently reinvested. If these earnings had not been permanently reinvested, deferred taxes of approximately $52.9 million would have been recognized in the Combined and Consolidated Financial Statements.

### (20) Relationship with Sara Lee and Related Entities

During the periods presented, the Company participated in a number of corporate-wide programs administered by Sara Lee. These programs included participation in Sara Lee's Global Cash Funding System, insurance programs, employee benefit programs, worker's compensation programs, and tax planning services. As part of the Company's participation in Sara Lee's Global Cash Funding System, Sara Lee provided all funding used for working capital purposes or other investment needs. These funding amounts are reflected in these financial statements and described further below. Sara Lee has issued debt for general corporate purposes and this debt and related interest have not been allocated to these financial statements. The following is a discussion of the relationship with Sara Lee, the services provided and how they have been accounted for in the Company's financial statements.

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***(a) Amounts due to or from Parent Companies and Related Entities***

The amounts due (to) from parent companies and related entities were as follows:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Due from related entities | $ 73,430 | $ 26,194 | $ 273,428 |
| Funding receivable with parent companies | 55,379 | — | 161,686 |
| Notes receivable from parent companies | 432,748 | 90,551 | 1,111,167 |
| Due to related entities | (97,592) | (59,943) | (43,115) |
| Funding payable with parent companies | — | (317,184) | — |
| Notes payable to parent companies | (478,295) | (228,152) | (246,830) |
| Notes payable to related entities | (436,387) | (323,046) | (466,944) |
| Net amount due (to) from parent companies and related entities | $ (450,717) | $ (811,580) | $ 789,392 |

***(b) Allocation of Corporate Costs***

The costs of certain services that were provided by Sara Lee to the Company during the periods presented have been reflected in these financial statements, including charges for services such as business insurance, medical insurance and employee benefit plans and allocations for certain centralized administration costs for treasury, real estate, accounting, auditing, tax, risk management, human resources and benefits administration. These allocations of centralized administration costs were determined using a proportional cost allocation method on bases that the Company and Sara Lee considered to be reasonable, including relevant operating profit, fixed assets, sales, and payroll. Allocated costs are included in the "Selling, general and administrative expenses" line of the Combined and Consolidated Income Statements and the "Parent companies' equity investment" line of the Combined and Consolidated Balance Sheets. The total amount allocated for centralized administration costs by Sara Lee in 2004, 2005 and 2006 were $32,568, $34,213 and $37,478, respectively. These costs represent management's reasonable allocation of the costs incurred. However, these amounts may not be representative of the costs necessary for the Company to operate as a separate standalone company. The "Net transactions with parent companies" line item in the Combined and Consolidated Statements of Parent Companies' Equity primarily reflects dividends paid to parent companies and costs paid by Sara Lee on behalf of the Company.

***(c) Global Cash Funding System***

During the periods presented, the Company participated in Sara Lee's Global Cash Funding System. Sara Lee maintains a separate program for domestic operating locations and foreign locations.

*Domestic Cash Funding System*—In the Domestic Cash Funding System, the Company's domestic operating locations maintained a bank account with a specific bank as directed by Sara Lee. These funding system bank accounts were linked together and were globally managed by Sara Lee. The Company recorded two types of transactions in the funding system bank account as follows—(1) cash collections from the Company's operations were deposited into the account, and (2) any cash borrowings or charges which were used to fund operations were taken from the account. Cash collections deposited into this account generally included all cash receipts made by the operating locations. Cash borrowings made by the Company from the Sara Lee cash concentration system were used to fund operating expenses. Interest was not earned or paid on the domestic cash funding system account. A portion of cash in the Company's bank accounts during the periods presented was part of the funding system utilized by Sara Lee where the bank had a right of offset for the Company accounts against other Sara Lee accounts.

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For the periods presented, transactions between the Company and Sara Lee consisted of the following:

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| Payable (receivable) balance at beginning of period | $ (94,803) | $ (55,379) | $ 317,184 |
| Cash collections from operations | (1,257,636) | (1,180,617) | (2,225,050) |
| Cash borrowings and other payments | 1,297,060 | 1,553,180 | 1,746,180 |
| (Receivable) payable balance at end of period | $ (55,379) | $ 317,184 | $ (161,686) |
| Average balance during the period | $ (75,091) | $ 130,902 | $ 77,749 |

The receivable or payable at the end of each period is reported in the "Funding receivable with parent companies" or "Funding payable with parent companies" line of the Combined and Consolidated Balance Sheets. These amounts were generally settled on a monthly basis, and therefore have been shown in current assets or liabilities on the Combined and Consolidated Balance Sheets. The "Net transactions with parent companies" line on the Combined and Consolidated Statements of Cash Flows primarily reflects the cash activity in the funding (receivable) payable with parent and cash activity in the "Parent companies' equity investment" line in the balance sheet.

*Foreign Cash Pool System* — The Company maintained a bank account with a bank selected by Sara Lee in each foreign operating location. Within each country, one Sara Lee entity is designated as the cash pool leader and the individual bank accounts that each subsidiary maintains were linked with the country's cash pool leader account. During each day, under the cash pooling arrangement, each individual participant can either deposit funds into the cash pool account from the collection of receivables or withdraw funds from the account to fund working capital or other cash needs of the business. At the end of the day, the cash pool leader sweeps all cash balances in the country's cash pool accounts into the cash pool leader's account, or funds any overdrawn accounts so that each cash pool participant account has a zero balance at the end of the day. The cash pool leader controls all funds in the leader's account. As cash is swept into or out of a cash pool account, an intercompany payable or receivable is established between the cash pool leader and the participant. The net receivable or payable balance in the intercompany account earns interest or pays interest at the applicable country's market rate. The net interest income (expense) recognized on the cash pool intercompany account by the Company for 2004, 2005 and 2006 was $579, $84 and ($1,092), respectively. At the end of 2004, 2005 and 2006, the Company reported the cash pool balances of $42,913, $14,458 and $1,109, respectively, in the "Due from related entities" line and $49,970, $40,740 and $39,739, respectively, in the "Due to related entities" line of the Combined and Consolidated Balance Sheets. Sara Lee and the Company did not intend on repaying any of these outstanding amounts upon completion of the spin off and therefore these amounts are shown in current assets or liabilities on the Combined and Consolidated Balance Sheet.

***(d) Intercompany Loans***

During the periods presented, certain of the Company's divisions had various short-term loans to and from Sara Lee and other parent companies. The purpose of these loans was to provide funds for certain working capital or other capital and operating requirements of the business. These loans maintained fixed interest rates ranging from 1.32% to 5.60%, 1.8% to 5.60%, 3.60% to 5.66% at July 3, 2004, and July 2, 2005 and July 1, 2006, respectively. The balances are reported in the short-term "Notes payable to parent companies" line and the short-term "Notes receivable from parent companies" line in the Combined and Consolidated Balance Sheets. Sara Lee and the Company did not intend on repaying these outstanding

amounts upon the completion of the spin off and therefore have shown these amounts in current assets or liabilities on the Combined and Consolidated Balance Sheets.

***(e) Other Transactions with Sara Lee Related Entities***

During all periods presented, the Company's entities engaged in certain transactions with other Sara Lee businesses that are not part of the Company, which included the purchase and sale of certain inventory, the exchange of services, and royalty arrangements involving the use of trademarks or other intangibles.

Transactions with related entities are summarized in the table below:

| | 2004 | 2005 | 2006 |
|---|---|---|---|
| Sales to related entities | $ 1,365 | $ 1,999 | $ 1,630 |
| Net royalty income | 3,782 | 3,152 | 1,554 |
| Net service expense | 10,170 | 8,915 | 4,449 |
| Interest expense | 32,041 | 30,759 | 23,036 |
| Interest income | 6,795 | 16,275 | 5,807 |

The outstanding balances, excluding interest, resulting from such transactions are reported in the "Due to related entities" and the "Due from related entities" lines of the Combined and Consolidated Balance Sheets. Interest income and expense with related entities are reported in the "Interest income" and "Interest expense" lines of the Combined and Consolidated Statements of Income. The remaining balances included in these lines represent interest with third parties.

In addition to trade transactions, certain divisions within the Company had outstanding loans payable to related entities during the periods presented. The purpose of these loans was to provide additional capital to support operating requirements. These loans maintained fixed interest rates consistent with those related to intercompany loans with parent companies. The balances are reported in the "Notes payable to related entities" line of the Combined and Consolidated Balance Sheets.

**(21) Business Segment Information**

The Company has four operating segments, each of which is a reportable segment. These segments are organized principally by product category and geographic location. Management of each segment is responsible for the assets and operations of these businesses. The types of products and services from which each reportable segment derives its revenues are as follows:

- Innerwear sells basic branded products that are replenishment in nature under the product categories of women's intimate apparel, men's underwear, kids' underwear, sleepwear and socks.
- Outerwear sells basic branded products that are seasonal in nature under the product categories of casualwear and activewear.
- Hosiery sells legwear products in product categories such as panty hose and knee highs.
- International relates to the Asia, Canada and Latin America geographic locations which sell products that span across each of the Company's reportable segments.

The Company's management uses operating segment income, which is defined as operating income before general corporate expenses and amortization of trademarks and customer relationship intangibles, to evaluate segment performance and allocate resources. Management believes it is appropriate to disclose this measure to help investors analyze the business performance and trends of the various business segments.

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Interest and other debt expense, as well as income tax expense, are centrally managed, and accordingly, such items are not presented by segment since they are not included in the measure of segment profitability reviewed by management. The accounting policies of the segments are the same as those described in note 3, “Summary of Significant Accounting Policies.”

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| **Net sales(1)(2):** | | | |
| Innerwear | $ 2,704,500 | $ 2,740,653 | $ 2,648,320 |
| Outerwear | 1,243,108 | 1,300,812 | 1,230,621 |
| Hosiery | 401,052 | 353,540 | 305,704 |
| International | 367,590 | 354,547 | 387,994 |
| Net sales | 4,716,250 | 4,749,552 | 4,572,639 |
| Intersegment | (83,509) | (65,869) | (99,807) |
| Total net sales | $ 4,632,741 | $ 4,683,683 | $ 4,472,832 |

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| **Operating segment income(3)(4)(5):** | | | |
| Innerwear | $ 334,111 | $ 261,267 | $ 323,556 |
| Outerwear | 52,356 | 61,310 | 85,632 |
| Hosiery | 53,929 | 52,954 | 54,548 |
| International | 25,125 | 21,705 | 32,792 |
| Total operating segment income | 465,521 | 397,236 | 496,528 |
| Amortization of trademarks and other intangibles | (8,712) | (9,100) | (9,031) |
| General corporate expenses | (31,524) | (28,656) | (53,897) |
| Total income from operations | 425,285 | 359,480 | 433,600 |
| Net interest expense | (24,413) | (13,964) | (17,280) |
| Income before income taxes | $ 400,872 | $ 345,516 | $ 416,320 |

| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
|---|---|---|---|
| **Assets:** | | | |
| Innerwear | $ 2,802,379 | $ 2,797,295 | $ 2,893,375 |
| Outerwear | 977,481 | 840,683 | 990,149 |
| Hosiery | 193,083 | 160,953 | 190,714 |
| International | 259,518 | 284,868 | 330,321 |
| | 4,232,461 | 4,083,799 | 4,404,559 |
| Corporate(6) | 170,297 | 153,355 | 486,516 |
| Total assets | $ 4,402,758 | $ 4,237,154 | $ 4,891,075 |

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| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| **Depreciation expense for fixed assets:** | | | |
| Innerwear | $ 54,987 | $ 62,507 | $ 57,293 |
| Outerwear | 22,260 | 20,413 | 20,403 |
| Hosiery | 15,172 | 11,356 | 14,428 |
| International | 7,479 | 3,123 | 2,787 |
| | 99,898 | 97,399 | 94,911 |
| Corporate | 5,619 | 11,392 | 10,262 |
| Total depreciation expense for fixed assets | $ 105,517 | $ 108,791 | $ 105,173 |

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| **Additions to long-lived assets:** | | | |
| Innerwear | $ 38,064 | $ 22,281 | $ 34,007 |
| Outerwear | 13,560 | 25,855 | 45,716 |
| Hosiery | 5,156 | 2,233 | 5,017 |
| International | 3,261 | 3,039 | 5,132 |
| | 60,041 | 53,408 | 89,872 |
| Corporate | 3,592 | 13,727 | 20,207 |
| Total additions to long-lived assets | $ 63,633 | $ 67,135 | $ 110,079 |

(1) Includes sales between segments. Such sales are at transfer prices that are at cost plus markup or at prices equivalent to market value.

(2) Intersegment sales included in the segment's net sales are as follows:

| | Years Ended | | |
|---|---|---|---|
| | July 3, 2004 | July 2, 2005 | July 1, 2006 |
| Innerwear | $ 5,516 | $ 4,844 | $ 5,293 |
| Outerwear | 25,211 | 17,937 | 21,625 |
| Hosiery | 44,758 | 36,151 | 36,881 |
| International | 8,024 | 6,937 | 36,008 |
| Total | $ 83,509 | $ 65,869 | $ 99,807 |

(3) Includes income recognized for exit activities in the 2006 Combined and Consolidated Statement of Income that impacted total operating segment expense by $101 and impacted the operating income of the Company's business segments as follows: Innerwear—income of $148; Outerwear—income of $416; Hosiery—income of $57; International—income of $895; and Corporate—a charge of $1,415.

(4) Includes charges recognized for exit activities in the 2005 Combined and Consolidated Statement of Income that impacted total operating segment income by $51,527 and impacted the operating income of

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the Company's business segments as follows: Innerwear—a charge of $19,735; Outerwear—a charge of $17,437; Hosiery—a charge of $2,986; International—a charge of $4,536; and Corporate—a charge of $6,833.

(5) Includes charges recognized for exit activities in the 2004 Combined and Consolidated Statement of Income that impacted total operating segment income by $27,466 and impacted the operating income of the Company's business segments as follows: Innerwear—a charge of $7,904; Outerwear—a charge of $5,684; Hosiery—a charge of $2,420; International—a charge of $8,914; and Corporate—a charge of $2,544.

(6) Principally cash and equivalents, certain fixed assets, net deferred tax assets and certain other noncurrent assets.

Sales to Wal-Mart, Target and Kohl's were substantially in the Innerwear and Outerwear segments and represented 29%, 12% and 6% of total sales in 2006, respectively.

Worldwide sales by product category for Innerwear, Outerwear and Hosiery were $2,845,347, $1,292,308 and $335,177, respectively, in 2006.

**(22) Geographic Area Information**

| | Years Ended or at | | | | | |
|---|---|---|---|---|---|---|
| | July 3, 2004 | | July 2, 2005 | | July 1, 2006 | |
| | Sales | Long-Lived Assets | Sales | Long-Lived Assets | Sales | Long-Lived Assets |
| United States | $ 4,257,886 | $ 846,311 | $ 4,307,940 | $ 770,917 | $ 4,105,168 | $ 862,280 |
| Mexico | 97,848 | 45,745 | 79,352 | 42,897 | 77,516 | 35,376 |
| Central America | 4,304 | 101,015 | 4,511 | 98,168 | 3,185 | 49,166 |
| Japan | 85,129 | 7,126 | 91,337 | 6,202 | 85,898 | 4,979 |
| Canada | 109,228 | 7,904 | 113,782 | 7,496 | 118,798 | 6,828 |
| Other | 76,981 | 24,547 | 84,762 | 57,544 | 80,637 | 73,411 |
| | 4,631,376 | $ 1,032,648 | 4,681,684 | $ 983,224 | 4,471,202 | $ 1,032,040 |
| Related party | 1,365 | | 1,999 | | 1,630 | |
| | $ 4,632,741 | | $ 4,683,683 | | $ 4,472,832 | |

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**(23) Quarterly Financial Data (Unaudited)**

| | First | Second | Third | Fourth |
|---|---|---|---|---|
| 2004: | | | | |
| Net sales | $ 1,181,892 | $ 1,146,289 | $ 1,084,327 | $ 1,220,233 |
| Gross profit | 395,054 | 377,737 | 368,891 | 399,033 |
| Net income | 84,705 | 79,227 | 82,644 | 202,976 |
| 2005: | | | | |
| Net sales | $ 1,217,359 | $ 1,239,144 | $ 1,071,830 | $ 1,155,350 |
| Gross profit | 388,128 | 382,432 | 328,776 | 360,776 |
| Net income (loss) | 101,406 | 100,921 | 25,166 | (8,984) |
| 2006: | | | | |
| Net sales | $ 1,137,960 | $ 1,181,878 | $ 1,032,861 | $ 1,120,133 |
| Gross profit | 369,518 | 393,460 | 340,893 | 381,461 |
| Net income | 82,603 | 106,012 | 74,593 | 59,285 |

The amounts above include the impact of exit activities as described in note 5 to the Combined and Consolidated Financial Statements.

**(24) Subsequent Events**

On August 7, 2006, Sara Lee approved the distribution ratio, record date and distribution date for the spin off. Sara Lee completed the spin off on September 5, 2006 by distributing the Company's common stock in a pro rata dividend to Sara Lee shareholders. Sara Lee shareholders received one share of Hanesbrands common stock for every eight shares of Sara Lee common stock held as of the close of business on August 18, 2006. Sara Lee's distribution of the Company's common stock occurred on September 5, 2006. Shareholders received a cash payment for fractional shares they would otherwise have received, after making appropriate deductions for any required tax withholdings. All of the Company's shares owned by Sara Lee were distributed to Sara Lee shareholders.

In August 2006, Sara Lee received a private letter ruling from the Internal Revenue Service that the spin off will qualify as a tax-free distribution under U.S. tax rules.

In connection with the spin off, on September 5, 2006, the Company made a one-time payment of $2.4 billion to Sara Lee, which was funded by new debt of $2.6 billion.

**HANESBRANDS**

**VALUATION AND QUALIFYING ACCOUNTS**
**Years ended July 3, 2004, July 2, 2005, and July 2, 2006**
**(dollars in thousands)**

| Description | Balance at Beginning of Year | Additions Charged to costs and Expenses | Deductions(1) | Other(2) | Balance at End of Year |
|---|---|---|---|---|---|
| **Allowance for trade accounts receivable Year-ended:** | | | | | |
| July 3, 2004 | $ 56,112 | $ 84,239 | $ (79,988) | $ (455) | $ 59,908 |
| July 2, 2005 | 59,908 | 68,752 | (81,887) | 1,056 | 47,829 |
| July 1, 2006 | 47,829 | 56,883 | (63,470) | 386 | 41,628 |

(1) Represents accounts receivable written-off.

(2) Represents primarily currency translation adjustments.

## 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 Company'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 Company'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 3.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006). |
| 4.1 | Rights Agreement between Hanesbrands Inc. and Computershare Trust Company, N.A., Rights Agent. (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006). |
| 4.2 | Form of Rights Certificate (incorporated by reference from Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006). |
| 10.1 | Hanesbrands Inc. Omnibus Incentive Plan of 2006 (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.2 | Form of Non-Employee Director Restricted Stock Unit Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.3 | Form of Stock Option Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006 (incorporated by reference from Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.4 | Form of Restricted Stock Unit Grant Notice and Agreement under the Hanesbrands Inc. Omnibus Incentive Plan of 2006. (incorporated by reference from Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.5 | Hanesbrands Inc. Retirement Savings Plan (incorporated by reference from Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.6 | Hanesbrands Inc. Supplemental Employee Retirement Plan (incorporated by reference from Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.7 | Hanesbrands Inc. Performance-Based Annual Incentive Plan (incorporated by reference from Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.8 | Hanesbrands Inc. Executive Deferred Compensation Plan (incorporated by reference from Exhibit 10.8 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.9 | Hanesbrands Inc. Executive Life Insurance Plan (incorporated by reference from Exhibit 10.9 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.10 | Hanesbrands Inc. Executive Long-Term Disability Plan (incorporated by reference from Exhibit 10.10 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.11 | Hanesbrands Inc. Employee Stock Purchase Plan of 2006 (incorporated by reference from Exhibit 10.11 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |

| Exhibit Number | Description |
|---|---|
| 10.12 | Hanesbrands Inc. Non-Employee Director Deferred Compensation Plan (incorporated by reference from Exhibit 10.12 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.13 | Severance Agreement dated September 1, 2006 between Hanesbrands Inc. and Richard A. Noll (incorporated by reference from Exhibit 10.13 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.14 | Severance Agreement dated September 1, 2006 between Hanesbrands Inc. and Joan P. McReynolds (incorporated by reference from Exhibit 10.14 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.15 | Severance Agreement dated September 1, 2006 between Hanesbrands Inc. and Kevin D. Hall (incorporated by reference from Exhibit 10.15 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.16 | Severance Agreement dated September 1, 2006 between Hanesbrands Inc. and Michael Flatow (incorporated by reference from Exhibit 10.16 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.17 | Severance Agreement dated September 1, 2006 between Hanesbrands Inc. and Gerald W. Evans Jr. (incorporated by reference from Exhibit 10.17 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.18 | Severance Agreement between Hanesbrands Inc. and E. Lee Wyatt Jr. (incorporated by reference from Exhibit 10.18 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006). |
| 10.19 | Severance Agreement dated September 1, 2006 between Hanesbrands Inc. and Lee A. Chaden (incorporated by reference from Exhibit 10.19 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).* |
| 10.20 | Severance Agreement dated September 1, 2006 between Hanesbrands Inc. and Kevin W. Oliver (incorporated by reference from Exhibit 10.20 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006). * |
| 10.21 | Master Separation Agreement dated August 31, 2006 between Hanesbrands Inc. and Sara Lee Corporation. |
| 10.22 | Tax Sharing Agreement dated August 31, 2006 between Hanesbrands Inc. and Sara Lee Corporation. |
| 10.23 | Employee Matters Agreement dated August 31, 2006 between Hanesbrands Inc. and Sara Lee Corporation. |
| 10.24 | Master Transition Services Agreement dated August 31, 2006 between Hanesbrands Inc. and Sara Lee Corporation. |
| 10.25 | Real Estate Matters Agreement between Hanesbrands Inc. and Sara Lee Corporation. |
| 10.26 | Indemnification and Insurance Matters Agreement dated August 31, 2006 between Hanesbrands Inc. and Sara Lee Corporation. |
| 10.27 | Intellectual Property Matters Agreement dated August 31, 2006 between Hanesbrands Inc. and Sara Lee Corporation. |
| 10.28 | First Lien Credit Agreement dated September 5, 2006 between Hanesbrands Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as co-syndication agents and the joint lead arrangers and joint bookrunners, Citicorp USA, Inc. as administrative agent and Citibank, N.A. as collateral agent.† |
| 10.29 | Second Lien Credit Agreement dated September 5, 2006 between HBI Branded Apparel Limited, Inc., and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as co-syndication agents and the joint lead arrangers and joint bookrunners, Citicorp USA, Inc. as administrative agent and Citibank, N.A. as collateral agent.† |

| Exhibit Number | Description |
|---|---|
| 10.30 | Bridge Loan Agreement dated September 5, 2006 between Hanesbrands Inc., and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as co-syndication agents and the joint lead arrangers and joint bookrunners and Morgan Stanley Senior Funding, Inc. as administrative agent.† |
| 21.1 | Hanesbrands Inc. subsidiaries. |
| 23.1 | Consent of PricewaterhouseCoopers LLP. |
| 31.1 | Certification of Richard A. Noll, Chief Executive Officer. |
| 31.2 | Certification of E. Lee Wyatt Jr., Chief Financial Officer. |
| 32.1 | Section 1350 Certification of Richard A. Noll, Chief Executive Officer. |
| 32.2 | Section 1350 Certification of E. Lee Wyatt Jr., Chief Financial Officer. |
| 99.1 | Categorical Standards for Director Independence. |

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* Agreement relates to executive compensation.

† Portions of this exhibit were redacted pursuant to confidential treatment request filed with the Secretary of the Securities and Exchange Commission pursuant to Rule 406 under the Securities Act of 1933, as amended.

**MASTER SEPARATION AGREEMENT**

**between**

**SARA LEE CORPORATION**

**and**

**HANESBRANDS INC.**

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**MASTER SEPARATION AGREEMENT**

This Master Separation Agreement (this "Agreement") is dated as of August 31, 2006, between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc., a Maryland corporation ("HBI").

Capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed to such terms in Article VII below.

**RECITALS**

WHEREAS, Sara Lee, through its branded apparel business in the Americas and Asia, is engaged in the business of designing, manufacturing, sourcing and selling apparel essentials such as t-shirts, bras, panties, men's underwear, kids' underwear, socks, hosiery, casualwear and activewear, as described in the Registration Statement defined below (the "Branded Apparel Business");

WHEREAS, the Board of Directors of Sara Lee has determined that it would be appropriate and desirable to separate the Branded Apparel Business from Sara Lee;

WHEREAS, Sara Lee has caused HBI to be incorporated in order to facilitate such separation;

WHEREAS, Sara Lee currently owns all of the issued and outstanding shares of common stock of HBI (the "HBI Common Stock");

WHEREAS, the Boards of Directors of Sara Lee and HBI have each determined that it would be appropriate and desirable for Sara Lee and certain of its Subsidiaries to contribute and transfer to HBI, and for HBI to receive and assume, directly or indirectly, certain assets and liabilities associated with the Branded Apparel Business as further described herein (the "Separation");

WHEREAS, Sara Lee and HBI currently contemplate that, following the Separation, Sara Lee will distribute, on a pro rata basis, to the holders of the issued and outstanding shares of Sara Lee's common stock (the "Sara Lee Common Stock") all of the issued and outstanding shares of HBI Common Stock owned by Sara Lee as further described herein (the "Distribution");

WHEREAS, the HBI Common Stock to be distributed in the Distribution will be registered pursuant to a registration statement on Form 10 filed under the Exchange Act (such registration statement, together with all amendments and supplements thereto, the "Registration Statement"); and

WHEREAS, the parties intend in this Agreement to set forth the principal arrangements between them regarding the Separation and the Distribution.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, Sara Lee and HBI mutually covenant and agree as follows:

## ARTICLE I

## SEPARATION

Section 1.1 Separation Date. Unless otherwise provided in this Agreement or in any Ancillary Agreement, the effective time and date of each transfer of property, assumption of liability, license, undertaking, or agreement in connection with the Separation shall be 12:01 a.m., Central Time, on August 31, 2006, or such other date as may be determined by Sara Lee (the "Separation Date").

Section 1.2 Closing of Transactions. Unless otherwise provided herein, the closing of the transactions contemplated in Article II shall occur on the Separation Date.

## ARTICLE II

## DOCUMENTS AND ITEMS TO BE
## DELIVERED ON THE SEPARATION DATE

Section 2.1 Documents to be Delivered by Sara Lee. On the Separation Date, Sara Lee will deliver, or will cause its appropriate Subsidiaries to deliver, to HBI all of the following agreements, documents and instruments (collectively, together with all agreements, documents and instruments contemplated hereby or thereby or executed in connection herewith or therewith, the "Ancillary Agreements"):

(a) A duly executed Employee Matters Agreement substantially in the form attached hereto as Exhibit A (the "Employee Matters Agreement");

(b) A duly executed Tax Sharing Agreement substantially in the form attached hereto as Exhibit B (the "Tax Sharing Agreement");

(c) A duly executed Master Transition Services Agreement substantially in the form attached hereto as Exhibit C (the "Master Transition Services Agreement");

(d) A duly executed Real Estate Matters Agreement substantially in the form attached hereto as Exhibit D (the "Real Estate Matters Agreement");

(e) A duly executed Indemnification and Insurance Matters Agreement substantially in the form attached hereto as Exhibit E (the "Indemnification and Insurance Matters Agreement");

(f) A duly executed Intellectual Property Matters Agreement substantially in the form attached hereto as Exhibit F (the "Intellectual Property Matters Agreement");

(g) Resignations of each individual who is an officer or director of HBI and who is or will be an employee, officer or director of Sara Lee or its Subsidiaries from and after the closing of the transactions contemplated by this Agreement from any and all offices and directorships of HBI held by such individual, such resignations to be effective on the day prior to the Distribution Date;

(h) Stockholder consents (or similar actions) to (i) remove each individual who is an officer or director of any Subsidiary of Sara Lee which will be transferred to HBI in connection with the Separation and who is or will be an employee, officer or director of Sara Lee or its Subsidiaries from and after the closing of the transactions contemplated by this Agreement from any and all offices and directorships of the Subsidiaries to be transferred to HBI, such removals to effective as of the Separation Date, and (ii) remove each individual who is an officer or director of any Subsidiary of Sara Lee which will not be transferred to HBI in connection with the Separation and who is or will be an employee, officer or director of HBI or its Subsidiaries from and after the closing of the transactions contemplated by this Agreement from any and all offices and directorships of the Subsidiaries not being transferred to HBI, such removals to effective as of the Separation Date; and

(i) Such other agreements, documents or instruments as the parties may agree are necessary or desirable in order to achieve the purposes hereof.

Section 2.2 Documents to be Delivered by HBI. On the Separation Date, HBI will deliver, or will cause its appropriate Subsidiaries to deliver, to Sara Lee all of the following Ancillary Agreements:

(a) In each case where HBI is a party to any Ancillary Agreement, a duly executed counterpart of such Ancillary Agreement;

(b) Resignations of each individual who is an officer or director of Sara Lee and who is or will be an employee, officer or director of HBI or its Subsidiaries from and after the closing of the transactions contemplated by this Agreement from any and all such offices and directorships of Sara Lee held by such individual, such resignations to be effective upon the Distribution Date; and

(c) Such other agreements, documents or instruments as the parties may agree are necessary or desirable in order to achieve the purposes hereof.

## ARTICLE III

## THE DISTRIBUTION AND ACTIONS PENDING THE DISTRIBUTION

Section 3.1 Transactions Prior to the Distribution. Subject to the conditions specified in Section 3.2, Sara Lee and HBI shall use their reasonable best efforts to consummate the Distribution. Such efforts shall include, without limitation, those specified in this Section 3.1.

(a) Registration Statement. Sara Lee and HBI shall cooperate in preparing and filing the Registration Statement with the Securities and Exchange Commission (the "Commission"). Subsequent to filing the Registration Statement, Sara Lee and HBI shall cooperate in the preparation and filing of any amendments or supplements thereto as may be necessary in order to cause the same to become and remain effective as required by law, including, without limitation, filing such amendments or supplements to the Registration Statement as may be required by the Commission or federal, state or foreign securities laws. Sara Lee and HBI shall also cooperate in preparing, filing with the Commission and causing to become effective any registration statements or amendments or supplements thereof which are

required to reflect the establishment of, or amendments or supplements to, any employee benefit and other plans necessary or appropriate in connection with the Separation, the Distribution, or the other transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Other Securities Laws Matters. Sara Lee and HBI shall take all such actions as may be necessary or appropriate under the securities or blue sky laws of any state of the United States (and any comparable laws under any foreign jurisdiction) in connection with the Distribution.

(c) Preparation of Materials and Presentations. Sara Lee and HBI shall participate in the preparation of materials and presentations as Sara Lee and its financial advisors shall deem necessary or desirable from time to time.

(d) Information Statement. Sara Lee shall, as soon as practicable after the Registration Statement is declared effective under the Exchange Act (or, after consultation with counsel, prior to such effectiveness) and the Board of Directors of Sara Lee has approved the Distribution, cause the Information Statement to be mailed to the Record Holders.

(e) Other Materials. Sara Lee and HBI shall prepare and mail, on or prior to the Distribution Date, to the holders of Sara Lee Common Stock, such other information concerning HBI, its business, operations and management, the Separation, the Distribution and such other matters as Sara Lee in its sole and absolute discretion determines are necessary or desirable and as may be required by law. Sara Lee and HBI will prepare, and Sara Lee or HBI (as applicable) will, to the extent required under applicable law, file with the Commission any such documentation and any requisite no action letters which Sara Lee in its sole and absolute discretion determines are necessary or desirable to effectuate the Distribution and Sara Lee and HBI shall each use its reasonable best efforts to obtain all necessary approvals from the Commission with respect thereto as soon as practicable.

(f) NYSE Listing. HBI shall prepare, file and use its reasonable best efforts to seek to make effective, an application for listing of the HBI Common Stock on the New York Stock Exchange (“NYSE”), subject to official notice of distribution.

Section 3.2 Conditions Precedent to Consummation of the Distribution. The obligations of the parties to use their reasonable best efforts to consummate the Distribution (the date of the distribution as determined by Sara Lee in its discretion, is referred to as the “Distribution Date”) shall be conditioned on the satisfaction of the following conditions and any other conditions as are determined by Sara Lee, in its discretion:

(a) Registration Statement. The Registration Statement shall have been declared effective by the Commission, and there shall be no stop-order in effect with respect thereto, and no proceeding for that purpose shall have been instituted by the Commission.

(b) Blue Sky. The actions and filings with regard to applicable securities and blue sky laws of any state of the United States (and any comparable laws of any foreign jurisdictions) shall have been taken and, where applicable, have become effective or been accepted.

(c) NYSE Listing. The HBI Common Stock to be distributed pursuant to the Distribution shall have been accepted for listing on the NYSE, on official notice of distribution.

(d) No Legal Restraints. No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation or the Distribution or any of the other transactions contemplated by this Agreement and the Ancillary Agreements shall be in effect.

(e) Separation. The Separation shall have become effective in accordance with the terms of this Agreement and the Ancillary Agreements.

(f) Financing. (i) HBI and HBI Branded Apparel Limited, Inc. (among others) shall have entered into the Financing Agreements, (ii) HBI Branded Apparel Limited, Inc. shall have repaid the $450 million in principal owing to Sara Lee or its assignee under that certain promissory note dated as of August 29, 2006 plus any accrued but unpaid interest thereon, (iii) HBI shall have declared and paid a cash dividend to Sara Lee in the amount of $1.95 billion and (iv) Sara Lee shall be satisfied in its sole discretion that as of the Effective Time it will have no obligation or other Liability whatsoever under the Financing Agreements.

(g) Opinion. Sara Lee shall have received from an investment banking or valuation firm a solvency opinion (or similar opinion) with regard to HBI, such opinion to be in form and substance satisfactory to Sara Lee in its sole discretion.

(h) IRS Private Letter Ruling or Opinion of Counsel. A private letter ruling from the Internal Revenue Service or an opinion of counsel shall have been obtained, and shall continue in effect, to the effect that, among other things, the Distribution will qualify as a tax-free distribution for federal income tax purposes under Section 355 of the Code and the transfer to HBI of the HBI Assets and the assumption by HBI of the HBI Liabilities in connection with the contribution contemplated by Article IV will not result in recognition of any gain or loss to Sara Lee, HBI or Sara Lee’s or HBI’s stockholders for federal income tax purposes, and such ruling or opinion shall be in form and substance satisfactory to Sara Lee in its sole discretion.

(i) No Termination. This Agreement shall not have been terminated.

The foregoing conditions are for the sole benefit of Sara Lee and shall not give rise to or create any duty on the part of Sara Lee or Sara Lee’s Board of Directors to waive or not to waive any such conditions or in any way limit Sara Lee’s right to terminate this Agreement as set forth in Section 3.3(d) or alter the consequences of any such termination from those specified in Section 3.3(d). Any determination made by Sara Lee prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.2 shall be conclusive.

Section 3.3 Distribution.

(a) Distribution Generally. At any time after the Separation Date, if Sara Lee, in its sole and absolute discretion, advises HBI that Sara Lee intends to pursue the Distribution, HBI agrees to take all actions requested by Sara Lee to facilitate a Distribution.

(b) Sole Discretion. Sara Lee shall, in its sole and absolute discretion, determine whether or not to proceed with all or part of the Distribution, determine the Distribution Date and determine all terms of the Distribution, including, without limitation, the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing of and conditions to the consummation of the Distribution. In addition, Sara Lee may at any time and from time to time until the completion of the Distribution, modify or change the terms of the Distribution, including, without limitation, by accelerating or delaying the timing of the consummation of all or part of the Distribution. HBI shall cooperate with Sara Lee in all respects to accomplish any such Distribution and shall, at Sara Lee's direction, promptly take any and all actions reasonably necessary or desirable in Sara Lee's sole and absolute discretion to effect the Distribution.

(c) Actions in Connection with Distribution. Subject to Section 3.2 hereof, on or prior to the Distribution Date, Sara Lee will instruct the Agent to distribute on the Distribution Date the appropriate number of such shares of HBI Common Stock to each such Record Holder. The Distribution shall be effective at 11:59 p.m., Central Time, on the Distribution Date (the "Effective Time"). Subject to Section 3.2 and Section 3.5, each Record Holder will be entitled to receive in the Distribution a number of shares of HBI Common Stock equal to the number of shares of Sara Lee Common Stock held by such Record Holder on the Record Date multiplied by the distribution ratio to be determined by Sara Lee's Board of Directors when it declares the Distribution (the "Distribution Ratio"). It is intended that the Distribution Ratio will approximate a fraction the numerator of which is the number of shares of HBI Common Stock beneficially owned by Sara Lee on the Distribution Date and the denominator of which is the number of shares of Sara Lee Common Stock outstanding on the Record Date. Sara Lee and HBI, as the case may be, will provide to the Agent all share certificates and any information required in order to complete the Distribution on the basis specified above.

(d) Termination. Without limiting the generality of Section 3.3(b), (i) this Agreement and the Ancillary Agreements may be terminated or (ii) the Distribution may be amended, modified or abandoned, in each case at any time prior to the Effective Time by and in the sole and absolute discretion of Sara Lee without the approval of HBI. In the event of such termination, neither party shall have any Liability of any kind to the other party.

Section 3.4 Cooperation and Further Assurances Regarding the Distribution. In addition to the actions specifically provided for elsewhere in this Agreement, if Sara Lee decides to proceed with the Distribution, HBI shall, at Sara Lee's direction, consult and cooperate with Sara Lee in connection with the Distribution and use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things desirable, necessary, proper or expeditious in order to consummate and make effective the Distribution as promptly as reasonably practicable as directed by Sara Lee. Without limiting the generality of the foregoing, HBI shall, at Sara Lee's direction, cooperate with Sara Lee, and execute and deliver, or cause to have executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and use its reasonable best efforts to make all filings with, and to obtain all consents, approvals or authorizations of, any domestic or foreign governmental or regulatory authority requested by Sara Lee in order to consummate and make effective the Distribution.

Section 3.5 Fractional Shares; Unclaimed Shares or Cash.

(a) Fractional Shares. Sara Lee shall direct the Agent to (i) determine the number of whole shares and fractional shares of HBI Common Stock allocable to each Record Holder, (ii) aggregate all such fractional shares and sell the whole shares obtained thereby in open market transactions as soon as practicable on or after the Distribution Date at then prevailing trading prices and (iii) cause to be distributed to each such Record Holder or for the benefit of each such beneficial owner, in lieu of any fractional share, such Record Holder's or owner's ratable share of the proceeds of such sale, after making appropriate deductions of the amount required to be withheld for federal income tax purposes and after deducting an amount equal to all brokerage charges, commissions and transfer taxes attributed to such sale. Solely for purposes of computing fractional share interests pursuant to this Section 3.5(a), the beneficial owner of Sara Lee Common Stock held of record in the name of a nominee in any nominee account shall be treated as the holder of record with respect to such shares.

(b) Unclaimed Shares or Cash. Any HBI Common Stock or cash in lieu of fractional shares with respect to HBI Common Stock that remain unclaimed by any Record Holder 180 days after the Distribution Date shall be delivered to HBI. HBI shall hold all such HBI Common Stock and cash for the account of such Record Holder and any such Record Holder shall look only to HBI for such HBI Common Stock and cash, if any, in lieu of fractional share interests, subject in each case to applicable escheat or other abandoned property laws. HBI shall indemnify the Sara Lee Group for all claims relating to such HBI Common Stock and cash so delivered to HBI in accordance with the Indemnification and Insurance Matters Agreement.

Section 3.6 Financing Arrangements. Prior to the Effective Time, HBI and HBI Branded Apparel Limited, Inc. shall enter into the Financing Agreements. HBI agrees to take, and to cause its Subsidiaries to take, all necessary actions to borrow sufficient funds under the Financing Agreements prior to the Effective Time to allow them to make the payments and distributions to Sara Lee contemplated by Section 3.2(f) of this Agreement. Prior to the Effective Time, Sara Lee and HBI shall cooperate in the preparation of all materials as may be necessary or advisable for HBI to secure funding pursuant to the Financing Agreements.

## ARTICLE IV

## CONTRIBUTION AND ASSUMPTION

Section 4.1 Contribution of Assets and Assumption of Liabilities.

(a) Transfer of Assets. Effective as of the Separation Date, Sara Lee hereby assigns, transfers, conveys and delivers (or will cause any applicable Subsidiary to assign, transfer, convey and deliver) to HBI or an applicable Subsidiary of HBI, and HBI hereby accepts from Sara Lee, or the applicable Subsidiary of Sara Lee, and agrees to cause the applicable Subsidiary of HBI to accept, all of Sara Lee's and its applicable Subsidiaries' respective right, title and interest in and to all HBI Assets, other than the Delayed Transfer Assets; provided, however, that any HBI Assets that are specifically assigned or transferred pursuant to an Ancillary Agreement shall not be assigned or transferred pursuant to this Section 4.1(a), and such HBI Assets shall be assigned or transferred pursuant to such Ancillary Agreement.

(b) Assumption of Liabilities. Effective as of the Separation Date, Sara Lee hereby assigns, transfers, conveys and delivers (or will cause any applicable Subsidiary to assign, transfer, convey and deliver) to HBI or an applicable Subsidiary of HBI, and HBI hereby assumes and agrees faithfully to perform and fulfill, and if applicable, comply with, or will cause any applicable Subsidiary of HBI to assume, perform and fulfill, and if applicable, comply with, all of the HBI Liabilities, other than the Delayed Transfer Liabilities, in accordance with their respective terms. Thereafter, HBI shall be responsible (or will cause any applicable Subsidiary of HBI to be responsible) for all HBI Liabilities, regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to, on or after the date hereof, regardless of where or against whom such Liabilities are asserted or determined or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of law, misrepresentation by any member of (i) prior to the Distribution Date, the Sara Lee Group or any of its directors, officers, employees or agents or (ii) prior to, on or after the Distribution Date, the HBI Group or any of its directors, officers, employees or agents.

(c) Delayed Transfer of Assets and Liabilities. Each of the parties hereto agrees that the Delayed Transfer Assets will be assigned, transferred, conveyed and delivered, and the Delayed Transfer Liabilities will be assumed, in accordance with the terms of the agreements (including this Agreement and the Ancillary Agreements) that provide for such assignment, transfer, conveyance and delivery, or such assumption, after the Separation Date. Following such assignment, transfer, conveyance and delivery of any Delayed Transfer Asset, or such assumption of any Delayed Transfer Liability, the applicable Delayed Transfer Asset or Delayed Transfer Liability shall be treated for all tax and other purposes of this Agreement and the Ancillary Agreements as an HBI Asset or as an HBI Liability, as the case may be. Each of the parties hereto agrees that until any Delayed Transfer Asset is assigned, transferred, conveyed and delivered to HBI or a Subsidiary of HBI, Sara Lee and HBI shall cooperate in any lawful and commercially reasonable arrangement agreed to by the parties under which HBI or a Subsidiary of HBI shall obtain the economic claims, rights and benefits under such Delayed Transfer Asset. Each of the parties hereto agrees that until a Delayed Transfer Liability is assumed by HBI or a Subsidiary of HBI, HBI shall indemnify and hold harmless the Sara Lee Group from such Delayed Transfer Liability.

(d) Misallocated Assets. In the event that at any time or from time to time (whether prior to, on or after the Separation Date), any party hereto (or any member of the Sara Lee Group or the HBI Group, as applicable) shall receive or otherwise possess any Asset that is allocated to any other Person pursuant to this Agreement or any Ancillary Agreement, such party shall promptly transfer, or cause to be transferred, such Asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for any such other Person.

Section 4.2 HBI Assets.

(a) Included Assets. For purposes of this Agreement, "HBI Assets" shall mean (without duplication) the following Assets, except as otherwise provided for in any Ancillary Agreement or other written agreement between Sara Lee and HBI executed as of or after the date of this Agreement:

(i) all Assets reflected in the HBI Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the HBI Balance Sheet; provided, however, that such Assets shall exclude (A) the amounts receivable from Sara Lee or its Subsidiaries that are reflected in the HBI Balance Sheet but that, as disclosed in the Registration Statement, will be capitalized into Sara Lee's equity in HBI or repaid on or prior to the Distribution Date and (B) all cash and cash equivalents in excess of the Pro Forma Cash Amount (as defined in Section 4.2(a)(viii));

(ii) all Assets that have been written off, expensed or fully depreciated that, had they not been written off, expensed or fully depreciated, would have been reflected in the HBI Balance Sheet in accordance with the principles and accounting policies under which the HBI Balance Sheet was prepared;

(iii) all Assets acquired by Sara Lee or its Subsidiaries after the date of the HBI Balance Sheet that would be reflected in the balance sheet of HBI as of the Separation Date if such balance sheet was prepared using the same principles and accounting policies under which the HBI Balance Sheet was prepared; provided however, that such Assets shall exclude (A) amounts receivable from Sara Lee or its Subsidiaries incurred after the date of the HBI Balance Sheet but that, had they been incurred prior to the date of the HBI Balance Sheet, would have been included in amounts receivable from Sara Lee or its Subsidiaries that, as disclosed in the Registration Statement, will be capitalized into Sara Lee's equity in HBI or repaid on or prior to the Distribution Date and (B) all cash and cash equivalents in excess of the Pro Forma Cash Amount (as defined in Section 4.2(a)(viii));

(iv) all Assets that should have been reflected in the HBI Balance Sheet but are not reflected in the HBI Balance Sheet due to mistake or unintentional omission (or Assets of the type described in clause (iii) above which are not reflected in HBI's interim balance sheet due to mistake or unintentional omission); provided however that, except as otherwise provided in the Ancillary Agreements and subject to Section 4.6(b), no Asset shall be an HBI Asset requiring any transfer by Sara Lee unless HBI or Sara Lee has, on or before the eighteen month anniversary of the Separation Date, given the other notice that it believes that such Asset is a HBI Asset (and the Steering Committee agrees that such Asset is an HBI Asset or it is determined that such Asset is an HBI Asset through an arbitration conducted under Section 6.13 hereof);

(v) all HBI Contingent Gains;

(vi) all HBI Contracts;

(vii) all of the issued and outstanding capital stock, partnership interest, limited liability company interests or other equity interests of the Subsidiaries set forth in Schedule 4.2(a)(vii) (such stock and other interests, the "HBI Entity Interests", and such Subsidiaries, the "HBI Entities");

(viii) cash and cash equivalents held by HBI and its Subsidiaries as of the Distribution Date in the aggregate amount reflected in the "Pro Forma As Adjusted"

column of the Unaudited Pro Forma Combined and Consolidated Balance Sheet as of April 1, 2006 contained in the Registration Statement, which amount the parties acknowledge (1) shall not be reduced by the amount of any checks written on and before the Distribution Date that will clear and be paid by Sara Lee after the Distribution Date and (2) shall be increased by the amount required to purchase the assets described in item 1 (Philippines transaction) and item 3 (Hong Kong transaction) of Schedule 4.1(c) (the "Pro Forma Cash Amount");

(ix) all Intellectual Property used exclusively in the Branded Apparel Business (including the Intellectual Property held by the IP Subsidiaries, which will be transferred to HBI upon the transfer of ownership of the IP Subsidiaries to HBI).

(x) to the extent permitted by law and subject to the Indemnification and Insurance Matters Agreement, all rights of any member of the HBI Group under any of Sara Lee's Insurance Policies or other insurance policies issued by Persons unaffiliated with Sara Lee;

(xi) all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement or any Schedule hereto or thereto as Assets to be transferred to HBI or any member of the HBI Group;

(xii) the right to receive the distribution of HBI Common Stock payable on the Sara Lee Common Stock held by Sara Lee Equity, L.L.C., a Delaware limited liability company;

(xiii) those "GSI Company Prefixes" assigned by the Uniform Code Council, Inc. to Sara Lee that are listed on Schedule 4.2(a)(xiii); and

(xiv) except as otherwise expressly provided in this Agreement or any Ancillary Agreement, all other Assets that are used exclusively by the HBI Group on or prior to the Separation Date.

The parties acknowledge and agree that HBI and its Subsidiaries may acquire the HBI Assets, in part and without duplication, through the transfer and assignment of the HBI Entity Interests of one or more of the HBI Entities which own, lease or have the right to use such HBI Assets. Notwithstanding the foregoing, the HBI Assets shall not include the Excluded Assets referred to in Section 4.2(b) below.

(b) Excluded Assets. For the purposes of this Agreement, "Excluded Assets" shall mean any Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Sara Lee or any other member of the Sara Lee Group, including the Assets (if any) set forth on Schedule 4.2(b). The parties acknowledge and agree that neither HBI nor any of its Subsidiaries will acquire any right, title and interest in any Excluded Assets through the transfer and assignment of the HBI Entity Interests of one or more of the HBI Entities which own, lease or have the right to use such Excluded Assets.

Section 4.3 HBI Liabilities.

(a) Included Liabilities. For the purposes of this Agreement, "HBI Liabilities" shall mean (without duplication) the following Liabilities, except as otherwise provided for in any Ancillary Agreement or other written agreement between Sara Lee and HBI executed as of or after the date of this Agreement:

(i) all Liabilities reflected in the HBI Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the HBI Balance Sheet; provided, however, that such Liabilities shall exclude the amounts owed to Sara Lee and its Subsidiaries that are reflected in the HBI Balance Sheet but that, as disclosed in the Registration Statement, will be capitalized into Sara Lee's equity in HBI or repaid on or prior to the Distribution Date;

(ii) all Liabilities of Sara Lee or its Subsidiaries that arise after the date of the HBI Balance Sheet that would be reflected in the balance sheet of HBI as of the Separation Date if such balance sheet was prepared using the same principles and accounting policies under which the HBI Balance Sheet was prepared; provided, however, that such Liabilities shall exclude amounts payable to Sara Lee or its Subsidiaries incurred after the date of the HBI Balance Sheet but that, had they been incurred prior to the date of the HBI Balance Sheet, would have been included in the amounts payable to Sara Lee or its Subsidiaries that, as disclosed in the Registration Statement, will be capitalize into Sara Lee's equity in HBI or repaid on or prior to the Distribution Date;

(iii) all Liabilities that should have been reflected in the HBI Balance Sheet but are not reflected in the HBI Balance Sheet due to mistake or unintentional omission (or Liabilities of the type described in clause (ii) above which are not reflected in HBI's interim balance sheet due to mistake or unintentional omission); provided however that, except as otherwise provided in the Ancillary Agreements and subject to Section 4.6(b), no Liability shall be considered as a HBI Liability unless Sara Lee or HBI has, on or before the earlier of the eighteen month anniversary of the Separation Date, has given the other notice that it believes that such Liability is an HBI Liability (and the Steering Committee agrees that such Liability is an HBI Liability or it is determined that such Liability is an HBI Liability through an arbitration conducted under Section 6.13 hereof);

(iv) all HBI Contingent Liabilities;

(v) all Liabilities (other than Liabilities for Taxes), whether arising before, on or after the Separation Date, substantially or exclusively relating to, arising out of or resulting from:

(A) the operation of the Branded Apparel Business or the ownership or use of the HBI Assets at any time prior to, on or after the Separation Date, including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative with respect to the Branded Apparel Business (whether or not such act or failure to act is or was within such Person's authority) and any Liability relating to, arising out

of or resulting from any unclaimed property (but excluding any financing provided by Sara Lee to the Branded Apparel Business and any charges for corporate level services from Sara Lee, except (1) to the extent such financing or charges are included as HBI Liabilities elsewhere in this Section 4.3(a) and (2) the $450 million intercompany note payable by HBI Branded Apparel Limited, Inc.); or

(B) the operation of any business conducted by any member of the HBI Group at any time after the Separation Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority) and any Liability relating to, arising out of or resulting from any unclaimed property);

(vi) (A) all Liabilities, whether arising before, on or after the Separation Date, relating to, arising out of, resulting from or under the HBI Contracts and (B) those Liabilities set forth on Schedule 4.3(a)(vi);

(vii) all Liabilities relating to, arising out of or resulting from the Financing Agreements;

(viii) any Liabilities arising out of claims made by Sara Lee's or HBI's (or their Subsidiaries) respective directors, officers, employees, consultants, independent contractors or agents against any member of the Sara Lee Group or the HBI Group, to the extent such claims relate to the activities of any such Person on behalf of or relating to the Branded Apparel Business; and

(ix) all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement or any Schedule hereto or thereto as Liabilities to be assumed by HBI or any member of the HBI Group (including, without limitation, for costs and expenses relating to the Distribution or the Separation (except to the extent set forth in Section 5.5)), and all agreements, obligations and Liabilities of any member of the HBI Group under this Agreement or any of the Ancillary Agreements.

Notwithstanding the foregoing, the HBI Liabilities shall not include the Excluded Liabilities referred to in Section 4.3(b) below.

(b) Excluded Liabilities. For the purposes of this Agreement, "Excluded Liabilities" shall mean the following:

(i) any and all agreements, obligations and Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as agreements, obligations or Liabilities to be retained or assumed by Sara Lee or any other member of the Sara Lee Group;

(ii) all agreements, obligations and Liabilities of any member of the Sara Lee Group under this Agreement or any Ancillary Agreement;

(iii) all agreements, obligations and Liabilities set forth on Schedule 4.3(b); and

(iv) all Liabilities which are not (A) described in Section 4.3(a) above or (B) assumed by the HBI Group under this Agreement or the Ancillary Agreements.

Section 4.4 Shared Contracts.

(a) With respect to Shared Contractual Liabilities pursuant to, under or relating to a given Shared Contract, such Shared Contractual Liabilities shall be allocated between the parties as follows:

(i) First, if a Liability is incurred exclusively in respect of a benefit received by one party or its Group, the party or Group receiving such benefit shall be responsible for such Liability.

(ii) Second, if a Liability cannot be exclusively allocated to one party or its Group under clause (i) foregoing, such Liability shall be allocated among both parties and their respective Groups based on the relative proportions of total benefit received (over the term of the Shared Contract, measured as of the date of allocation) under the relevant Shared Contract. Notwithstanding the foregoing, each party and its Group shall be responsible for any or all Liabilities arising out of or resulting from such party's or Group's breach of the relevant Shared Contract.

(b) If Sara Lee or any member of the Sara Lee Group, on the one hand, or HBI or any member of the HBI Group, on the other hand, receives any benefit or payment under any Shared Contract which was intended for the other party or its Group, Sara Lee and any member of the Sara Lee Group, on the one hand, or HBI and any member of the HBI Group, on the other hand, will use their respective reasonable best efforts to deliver, transfer or otherwise afford such benefit or payment to the other party.

Section 4.5 Excluded Assets, Excluded Liabilities and Certain Other Matters

(a) Transfer. Effective as of immediately prior to the Separation Date, (i) Sara Lee will cause any applicable HBI Entity which owns, leases or has any right to use any Excluded Assets to assign, transfer, convey and deliver to Sara Lee or a Subsidiary of Sara Lee, and Sara Lee will accept from the applicable HBI Entity, and agrees to cause the applicable Subsidiary of Sara Lee to accept, all such applicable HBI Entity's respective right, title and interest in and to any and all of such Excluded Assets, and (ii) Sara Lee will cause any applicable HBI Entity which is responsible for any Excluded Liability to assign, transfer, convey and deliver to Sara Lee or a Subsidiary of Sara Lee, and Sara Lee will assume, or will cause any applicable Subsidiary of Sara Lee to assume, any and all of such Excluded Liabilities. In furtherance of the foregoing, the HBI Entities shall execute and deliver such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of their right, title and interest in and to the Excluded Assets to Sara Lee and its Subsidiaries, and Sara Lee and any applicable Subsidiary shall execute and deliver to HBI such assumptions of contracts and other instruments of assumption as and to the extent necessary

to evidence the valid and effective assumption of the Excluded Liabilities by Sara Lee or its Subsidiaries, in each case, as determined by Sara Lee in its reasonable discretion.

(b) Delivery of Period 2 Financial Statements; Cash True Up.

(i) Notwithstanding anything in this Agreement to the contrary, Sara Lee shall be entitled to withhold $30 million in cash from the HBI Assets delivered to HBI and its Subsidiaries as of the Separation Date (the "Reserve Amount"), such amount to be paid to HBI or retained by Sara Lee in accordance with this Section 4.5(b). Sara Lee shall obtain the Reserve Amount on September 1, 2006 by withdrawing $30 million from the netted accounts of HBI and its Subsidiaries maintained at JP Morgan Chase Bank, N.A. (together with affiliates thereof, "JP Morgan"). The parties acknowledge that such withdrawal will leave HBI and its Subsidiaries in an overdraft position, and that HBI shall be responsible for repaying such overdraft to JP Morgan on such basis as HBI and JP Morgan shall determine.

(ii) HBI and Sara Lee shall use their reasonable best efforts to enable HBI to provide to Sara Lee in a timely manner consolidated financial statements of HBI and its Subsidiaries for Period 2 of fiscal year 2007 (ending on September 2, 2006), prepared in compliance with all financial accounting and reporting rules, policies and directives of Sara Lee applicable to Sara Lee's Subsidiaries that are consolidated with Sara Lee for financial statement purposes and on a basis consistent with financial statements provided by HBI to Sara Lee for prior periods in accordance with such rules, policies and directives (the "Period 2 Financial Statements"), together with a calculation of cash and cash equivalents as of September 2, 2006. HBI and Sara Lee shall use their reasonable best efforts to enable HBI to provide to Sara Lee in a timely manner the KIT schedules relating to the Period 2 Financial Statements. For all purposes of this Agreement, the cash and cash equivalents of HBI and its Subsidiaries shall equal the amounts recorded in the cash and short term investments line items 1.0 and 2.0 of Sara Lee's internal EO 100 balance sheet financial reporting statement that are reflected in the balance sheet included in the Period 2 Financial Statements. HBI also shall provide to Sara Lee, upon request, financial information with respect to the Period 2 Financial Statements as reasonably required by Sara Lee to substantiate the information contained in the Period 2 Financial Statements and for the preparation of consolidated financial statements and related public disclosures on a basis consistent with prior periods.

(iii) HBI represents and warrants to Sara Lee that the Branded Apparel Business was and will be operated in the ordinary course of business during the period covered by the Period 2 Financial Statements, consistent with comparable periods in prior fiscal years (i.e., accounts payable were paid and accounts receivable were collected in accordance with customary terms and conditions, and all purchases of raw materials and inventory were made in the ordinary course) and that the Period 2 Financial Statements will reflect the completion of all settlements outlined in Schedule 4.12. To the extent that the Period 2 Financial Statements reflect that the Branded Apparel Business was not operated in the ordinary course of business, consistent with comparable periods in prior fiscal years, then Sara Lee shall be entitled to increase the amount of cash and cash equivalents shown on the Period 2 Financial Statements to reflect a normalized level (i.e.,

the amount of cash and cash equivalents which HBI and its Subsidiaries would have had as of the Distribution Date if the business had been operated in the ordinary course of business). Sara Lee shall also be entitled to make such adjustments as it deems reasonably necessary for the completion of the intercompany account settlement in accordance with Schedule 4.12. Sara Lee shall provide to HBI, within 5 business days following its receipt of the Period 2 Financial Statements (and such supporting or additional materials as Sara Lee may reasonably request), a reasonably detailed calculation of any adjustment to the amount of cash and cash equivalents that Sara Lee believes is required under this Section 4.5(b) (it being understood that the ultimate amount of any such adjustment shall be subject to HBI's agreement, not to be unreasonably withheld).

(iv) If the cash and cash equivalents of HBI and its Subsidiaries as of September 2, 2006 (including the Reserve Amount) exceeds the Pro Forma Cash Amount (the amount of such excess being referred to as the "Excess Cash Amount"), then Sara Lee shall be entitled to deduct from the Reserve Amount and retain for its own benefit the Excess Cash Amount. If the Excess Cash Amount is less than the Reserve Amount, then Sara Lee shall promptly pay to HBI any portion of the Reserve Amount remaining after the deduction contemplated by the preceding sentence. If the Excess Cash Amount exceeds the Reserve Amount, then HBI shall promptly pay to Sara Lee the amount of such excess.

(v) If the cash and cash equivalents of HBI and its Subsidiaries as of September 2, 2006 (including the Reserve Amount) is less than the Pro Forma Cash Amount (the amount of such shortfall being referred to as the "Shortfall Cash Amount"), then Sara Lee shall promptly pay to HBI the Reserve Amount plus the Shortfall Cash Amount.

(vi) All payments owing under this Section 4.5(b) shall be made promptly following completion of the final calculation of the amount of cash and cash equivalents as of September 2, 2006, which the parties expect will occur prior to and in no event later than September 30, 2006.

(c) Delivery of Information to HBI. HBI and Sara Lee shall use their reasonable best efforts to enable Sara Lee to provide to HBI (A) the push downs from the Sara Lee controller group for the fourth quarter of Sara Lee's 2006 fiscal year, and (B) the tax rate for such period, in each case in a timely manner.

Section 4.6 Methods of Transfer and Assumption.

(a) Terms of Ancillary Agreements Govern. The parties shall enter into the Ancillary Agreements, on or about the date of this Agreement. To the extent that the transfer of any HBI Asset or Excluded Asset or the assumption of any HBI Liability is expressly provided for by the terms of any Ancillary Agreement, the terms of such Ancillary Agreement shall effect, and determine the manner of, the transfer or assumption. For example, and without limitation, transfers of interests in real property used in the Branded Apparel Business shall be governed by the Real Estate Matters Agreement. It is the intent of the parties that pursuant to Sections 4.1,

4.2, 4.3 and 4.4, the transfer and assumption of all other HBI Assets and HBI Liabilities, other than Delayed Transfer Assets and Delayed Transfer Liabilities, shall be made effective as of the Separation Date.

(b) Mistaken Assignments and Assumptions. In addition to those transfers and assumptions accurately identified and designated by the parties to take place but which the parties are not able to effect on or prior to the Separation Date, there may exist (i) Assets that the parties discover were, contrary to the agreements between the parties, by mistake or unintentional omission, transferred to HBI or retained by Sara Lee or (ii) Liabilities that the parties discover were, contrary to the agreements between the parties, by mistake or unintentional omission, assumed by HBI or not assumed by HBI. The parties shall cooperate in good faith to effect the transfer or re-transfer of mis-allocated Assets, and/or the assumption or re-assumption of mis-allocated Liabilities, to or by the appropriate party and shall not use the determination that remedial actions need to be taken to alter the original intent of the parties hereto with respect to the Assets to be transferred to or Liabilities to be assumed by HBI. Each party shall reimburse the other or make other financial adjustments or other adjustments to remedy any mistakes or omissions relating to any of the Assets transferred hereby or any of the Liabilities assumed hereby.

(c) Transfer of Assets and Liabilities not Included in HBI Assets and HBI Liabilities. In the event the parties discover Assets and Liabilities that are to be transferred to or assumed by HBI under Section 4.2(a)(iv) or 4.3(a)(iii), respectively, the parties shall cooperate in good faith to effect the transfer of such Assets at book value, or the assumption of such Liabilities, to HBI or its Subsidiaries, and shall not use the determination of remedial actions contemplated in this Agreement to alter the original intent of the parties hereto with respect to the Assets to be transferred to or Liabilities to be assumed by HBI. Each party shall reimburse the other or make other financial adjustments or other adjustments to remedy any mistakes or omissions relating to any of the Assets transferred hereby or any of the Liabilities assumed hereby.

(d) Transfer of Certain Leased Equipment. Pursuant to the PHH Agreements, Sara Lee operates an executive auto program under which certain employees obtain the personal use of leased automobiles. To enable HBI to continue to participate in such executive automobile program for a period of time after the Distribution Date, Sara Lee shall, subject to Section 4.8, sublease all of the passenger vehicles leased by HBI or its Subsidiaries through the PHH Agreements and covered by Sara Lee's executive auto program as of the Separation Date (collectively, the "Leased Vehicles") to HBI or its applicable Subsidiary (the "Sublease"). To implement the Sublease, HBI shall enter into (i) a sublease agreement with Sara Lee consistent with the provisions of this Section 4.6(d), and (ii) a management agreement with PHH Fleet America Corporation on terms substantially the same as the Management Agreement dated June 30, 1991 between PHH-CFC Leasing, Inc. and PHH Fleet America Corporation. With respect to any Leased Vehicle used by an HBI employee who is an active employee as of the Separation Date, the Sublease will continue in effect until the earlier of (A) the expiration of the existing lease term for such vehicle, or (B) December 31, 2006; provided that PHH Fleet America Corporation, as manager of the executive automobile program, may issue instructions or impose rules to ensure the orderly return of the Leased Vehicles, which instructions or rules may require the return of some Leased Vehicles earlier than December 31, 2006. With respect to any Leased

Vehicle used by a former HBI employee pursuant to any severance agreement executed prior to the Separation Date, the Sublease will continue in effect until the date specified in the applicable severance agreement. After the Distribution Date, HBI and its Subsidiaries shall not execute any severance agreement with any HBI employee that permits such employee to continue to use a Leased Vehicle beyond December 31, 2006. Notwithstanding the foregoing, and for the avoidance of doubt, from and after the Separation Date, the Leased Vehicles shall constitute HBI Assets. The lease payment for each Leased Vehicle covered by the Sublease shall be equal to the lease payment Sara Lee is obligated to pay from time to time under the PHH Agreements for such Leased Vehicle. Unless otherwise expressly provided in this Section 4.6(d), the terms of the Sublease shall be substantially the same as the terms and conditions of the PHH Agreements, except to that Sara Lee shall have no obligation to perform any obligations of the lessor under the PHH Agreements. In the event any active or former HBI Employee exercises his or her right, if any, to purchase a Leased Vehicle from the third party lessor, Sara Lee shall, subject to the satisfaction of all conditions required for such purchase by such employee and HBI, effect such purchase pursuant to the terms of Sara Lee's executive auto program and the PHH Agreements. Prior to the Separation Date, HBI shall purchase all of the motor vehicle pool vehicles, trucks, forklifts and computer, telephone and other equipment leased by HBI and its Subsidiaries through the PHH Agreements and used in the Branded Apparel Business and that are part of the HBI Assets.

Section 4.7 Documents Relating to Transfers of HBI Assets and Assumption of HBI Liabilities. In furtherance of the assignment, transfer and conveyance of HBI Assets and the assumption of HBI Liabilities set forth in Sections 4.2 and 4.3 and Sections 4.6(a), (b) and (c) and certain Ancillary Agreements, simultaneously with the execution and delivery hereof or as promptly as practicable thereafter, (i) Sara Lee shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Sara Lee's and its Subsidiaries' right, title and interest in and to the HBI Assets to HBI or its Subsidiaries and (ii) HBI shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, to Sara Lee and its Subsidiaries such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the HBI Liabilities by HBI.

Section 4.8 Governmental Approvals and Third Party Consents.

(a) Obtaining Governmental Approvals and Third Party Consents. To the extent that the Separation or Distribution requires any third party consents or Governmental Approvals, the parties will use reasonable best efforts to obtain such consents or Governmental Approvals.

(b) Transfer in Violation of Laws or Requiring Consent or Governmental Approval. If and to the extent that the valid, complete and perfected transfer or assignment to the HBI Group of any HBI Assets or to the Sara Lee Group of any Excluded Asset would be a violation of applicable laws or require any Consent or Governmental Approval in connection with the Separation or the Distribution, then the transfer or assignment to the HBI Group of such HBI Assets or the Sara Lee Group of such Excluded Asset shall be automatically deemed deferred and any such purported transfer or assignment shall be null and void until such time as

all legal impediments are removed or such Consents or Governmental Approvals have been obtained (provided that, Sara Lee may, in its reasonable discretion, elect to require the immediate transfer or assignment of any HBI Asset or Excluded Asset notwithstanding any requirement that an immaterial Consent or immaterial Governmental Approval be obtained). Notwithstanding the foregoing, any such Asset shall still be considered an HBI Asset or Excluded Asset, as applicable, and the Parties will use their reasonable best efforts to promptly develop and implement arrangements to make such Asset available for use by (and the benefit of) the Party entitled to receive it pending removal of such legal impediments or obtaining such Consents or Governmental Approvals; provided, however, that if such legal impediments have not been removed or such Consents or Governmental Approvals have not been obtained, as applicable, within twelve months of the Separation Date, then the Parties will use their reasonable best efforts to achieve an alternative solution in accordance with the Parties' intentions under this Agreement and the Ancillary Agreements. If and when the legal impediments the presence of which caused the deferral of transfer of any Asset pursuant to this Section 4.8(b) are removed or any Consents and/or Governmental Approvals the absence of which caused the deferral of transfer of any Asset pursuant to this Section 4.8(b) are obtained, the transfer of the applicable Asset shall be effected in accordance with the terms of this Agreement and/or such applicable Ancillary Agreement.

(c) Transfers not Consummated Prior to Separation Date. If the transfer or assignment of any Assets intended to be transferred or assigned hereunder is not consummated prior to or on the Separation Date, whether as a result of the provisions of Section 4.8(b) or for any other reason, then the Person retaining such Asset shall thereafter hold such Asset for the use and benefit, insofar as reasonably possible, of the Person entitled thereto (at the reasonable expense of the Person entitled thereto) until the consummation of the transfer or assignment thereof (or as otherwise determined by Sara Lee and HBI, as applicable, in accordance with paragraph (b) above). In addition, the Person retaining such Asset shall take such other actions as may be reasonably requested by the Person to whom such Asset is to be transferred in order to place such Person, insofar as reasonably possible, in the same position as if such Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset, are to inure from and after the Separation Date to the Person to whom such Asset is to be transferred.

(d) Expenses. The Person retaining an Asset due to the deferral of the transfer and assignment of such Asset shall not be obligated, in connection with the foregoing, to expend any money in connection with the maintenance of the Asset or otherwise unless the necessary funds are advanced by the Person to whom such Asset is to be transferred, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person to whom such Asset is to be transferred; provided, however, that the Person retaining such Asset shall provide prompt notice to the Person to whom such Asset is to be transferred of the amount of all such expenses and fees.

Section 4.9 Nonrecurring Costs and Expenses. Notwithstanding anything herein to the contrary, any nonrecurring costs and expenses incurred by the parties hereto to effect the transactions contemplated hereby which are not allocated pursuant to the terms of this

Agreement or any Ancillary Agreement shall be the responsibility of the party which incurs such costs and expenses.

Section 4.10 Novation of Assumed HBI Liabilities.

(a) Reasonable Best Efforts. HBI, at the request of Sara Lee, shall use its reasonable best efforts to obtain, or to cause to be obtained, any agreement, instrument, consent, substitution, approval or amendment required to novate or assign all rights and obligations under Contracts and other obligations or Liabilities (including Other Financial Liabilities) of any nature whatsoever that constitute HBI Liabilities or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the HBI Group, so that, in any such case, HBI and its Subsidiaries will be solely responsible for such Liabilities.

(b) Inability to Obtain Novation. If HBI is unable to obtain, or to cause to be obtained, any such required agreement, instrument, consent, approval, release, substitution or amendment, the applicable member of the Sara Lee Group shall continue to be bound by such Contracts and other obligations and Liabilities and, unless not permitted by law or the terms thereof (except to the extent expressly set forth in this Agreement or any Ancillary Agreement), HBI shall, as agent or subcontractor for Sara Lee or such other Person, as the case may be, pay, perform and discharge fully, or cause to be paid, transferred or discharged all the obligations or other Liabilities of any member of the Sara Lee Group thereunder from and after the Separation Date. Notwithstanding the foregoing, any such Liability shall still be considered an HBI Liability; provided, however, that Sara Lee shall not (and shall not permit any member of the Sara Lee Group to) and HBI shall not (and shall not permit any member of the HBI Group to) amend, renew, change the term of, modify the obligations under, or transfer to a third Person, any such Contract or other obligation or other Liability without the written consent of HBI (in the case of any such action by the Sara Lee Group) or Sara Lee (in the case of any such action by the HBI Group). Sara Lee and HBI shall each use reasonable best efforts to provide prompt notice to the other of any request they receive from the counterparty to any Contract for any such amendment, renewal, change, modification or transfer. Sara Lee shall, without further consideration, pay and remit, or cause to be paid or remitted, to HBI or its appropriate Subsidiary promptly all money, rights and other consideration received by it or any member of its Group in respect of such performance (unless any such consideration is an Excluded Asset). If and when any such agreement, instrument, consent, approval, release, substitution or amendment shall be obtained or such Contract or other obligations and Liabilities shall otherwise become assignable or able to be novated, Sara Lee shall thereafter assign, or cause to be assigned, all its rights, obligations and other Liabilities thereunder or any rights or obligations of any member of its Group to HBI without payment of further consideration and HBI shall, without the payment of any further consideration, assume such rights, obligations and Liabilities.

(c) HBI Guarantees. HBI acknowledges that Sara Lee or members of the Sara Lee Group have entered into various arrangements in which Sara Lee or members of the Sara Lee Group issued or made available guarantees, sureties, bonds, letters of credit or similar instruments or are the primary obligors on other agreements, in any such case to support or facilitate the business transactions of members of HBI Group (the “Business Guarantees”). On or prior to the Separation Date, HBI shall use reasonable best efforts to obtain replacements for such Business Guarantees or will seek to either terminate the business transactions or programs

of the HBI Group supported or facilitated by such Business Guarantees or arrange for itself or one of its Subsidiaries to be substituted as the primary obligor thereto (collectively, the "Substitute Guarantees"). If such replacement or termination is not effected by the Separation Date, then (i) HBI shall indemnify and hold harmless the Sara Lee Group from any Liability arising from or relating thereto (including by promptly reimbursing Sara Lee for any payment made by any member of the Sara Lee Group on the HBI Group's behalf), (ii) without the prior written consent of Sara Lee, HBI shall not, and shall not permit any member of the HBI Group to, amend, renew or extend the term of, increase its obligations under, or transfer to a third Person, any loan, lease, contract or, other obligation for which any member of the Sara Lee Group is or may be liable, unless all obligations of the Sara Lee Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to Sara Lee and (iii) Sara Lee shall not and shall not permit any member of the Sara Lee Group to amend, renew, change the term of, terminate, modify the obligations under, or transfer to a third Person, any such loan, lease, Contract or other obligation without the written consent of HBI.

Section 4.11 No Representation or Warranty. Neither Sara Lee nor any member of its Group, in this Agreement or any other agreement, instrument or document contemplated by this Agreement, make any representation as to, warranty of or covenant with respect to: (a) the value of any asset or thing of value to be transferred to or the amount of any liability to be assumed by HBI; (b) the freedom from any Security Interest of any asset or thing of value to be transferred to HBI; (c) the absence of defenses or freedom from counterclaims with respect to any claim to be transferred to HBI; or (d) the legal sufficiency of any assignment, document or instrument delivered hereunder to convey title to any asset or thing of value upon its execution, deliver and filing. Without limiting the generality of the foregoing, neither Sara Lee nor any member of its Group is representing or warranting as to the HBI Assets or the HBI Liabilities transferred or assumed as contemplated hereby or thereby or as to any consents or approvals required in connection therewith. Except as may expressly be set forth herein or in any Ancillary Agreement, all assets to be transferred to HBI shall be transferred "AS IS, WHERE IS" and HBI shall bear the economic and legal risk that any conveyance shall prove to be insufficient to vest in HBI good and marketable title, free and clear of any Security Interest or any necessary Consents or Governmental Approvals are not obtained or that any requirements of laws or judgments are not complied with.

Section 4.12 Settlement of Intercompany Accounts. Intercompany accounts outstanding between the Sara Lee Group and the HBI Group shall be settled in accordance with Schedule 4.12. The Sara Lee Group and the HBI Group shall cooperate with each other and take all actions necessary to settle the intercompany accounts in accordance with Schedule 4.12.

## ARTICLE V

## COVENANTS AND OTHER MATTERS

Section 5.1 Other Agreements. After the Distribution Date, Sara Lee and HBI agree to execute or cause to be executed by the appropriate parties and deliver, as appropriate, such other agreements, instruments and other documents as may be necessary or desirable in order to effect the purposes of this Agreement and the Ancillary Agreements. Without limiting the generality of the foregoing, at the request of HBI, and without further consideration, Sara Lee

will execute and deliver, and will cause its applicable Subsidiaries to execute and deliver, to HBI and its Subsidiaries such other instruments of transfer, conveyance, assignment, substitution, confirmation or other documents and take such action as HBI may reasonably deem necessary or desirable in order to more effectively transfer, convey and assign to HBI and its Subsidiaries and confirm HBI's and its Subsidiaries' title to all of the assets, rights and other things of value contemplated to be transferred to HBI and its Subsidiaries pursuant to this Agreement, the Ancillary Agreements, and any documents referred to therein, to put HBI and its Subsidiaries in actual possession and operating control thereof and to permit HBI and its Subsidiaries to exercise all rights with respect thereto (including, without limitation, rights under contracts and other arrangements as to which the consent of any third party to the transfer thereof shall not have previously been obtained). Without limiting the generality of the foregoing, at the request of Sara Lee and without further consideration, HBI will execute and deliver, and will cause its applicable Subsidiaries to execute and deliver, to Sara Lee and its Subsidiaries all instruments, assumptions, novations, undertakings, substitutions or other documents and take such other action as Sara Lee may reasonably deem necessary or desirable in order to have HBI fully and unconditionally assume and discharge the liabilities contemplated to be assumed by HBI under this Agreement or any document in connection herewith and to relieve the Sara Lee Group of any liability or obligation with respect thereto and evidence the same to third parties. Neither Sara Lee nor HBI shall be obligated, in connection with the foregoing, to expend money other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, unless reimbursed by the other party. Furthermore, each party, at the request of the other party hereto, shall execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of the transactions contemplated hereby.

Section 5.2 Agreement For Exchange Of Information.

(a) Generally.

(i) Except as provided in the Master Transition Services Agreement, in which event such agreement shall control, each of Sara Lee and HBI, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other party's Group, at any time after the Distribution Date, as soon as reasonably practicable after written request therefor, (i) all Information regularly provided by HBI to Sara Lee prior to the Distribution Date, and (ii) any Information in the possession or under the control of such respective Group that the requesting party reasonably needs (A) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities and tax laws) by a Governmental Authority having jurisdiction over the requesting party, (B) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation or other similar requirements, in each case other than claims or allegations that one party to this Agreement has against the other, (C) subject to the foregoing clause (B) above, to comply with its obligations under this Agreement or any Ancillary Agreement, or (D) to the extent such Information and cooperation is necessary to comply with such reporting, filing and disclosure obligations, for the preparation of financial statements or completing an audit, and as reasonably necessary to conduct the ongoing businesses of Sara Lee or HBI, as the case may be. Each of Sara Lee and HBI

agree to make their respective personnel available during regular business hours to discuss the Information exchanged pursuant to this Section 5.2.

(ii) As long as Sara Lee is directly or contingently liable for any HBI Liabilities, HBI shall provide to Sara Lee, no later than fifteen (15) days after the end of each fiscal quarter of Sara Lee, a certificate of HBI's Chief Financial Officer that certifies the accuracy of an attached schedule which lists the HBI Liabilities for which Sara Lee is directly or contingently liable and shows (A) the categories of such Liabilities, (B) where applicable, the annual future payments over the minimum contract term and any renewal terms and (C) such other information as Sara Lee believes is reasonably necessary for Sara Lee to prepare its financial statements and satisfy its public reporting obligations. The format and information of such schedule shall be determined by Sara Lee in its reasonable discretion.

(b) Internal Accounting Controls; Financial Information. After the Distribution Date, (i) each party shall maintain in effect at its own cost and expense adequate systems and controls for its business to the extent reasonably necessary to enable the members of the other Group to satisfy their respective reporting, accounting, audit and other obligations, and to comply with such party's obligations under this Section 5.2, and (ii) each party shall provide, or cause to be provided, to the other party in such form as the requesting party shall request, at no charge to such requesting party, all financial and other data and information as such requesting party determines is reasonably necessary or advisable in order to prepare its financial statements and reports or filings with any Governmental Authority. Notwithstanding the foregoing, Sara Lee and HBI agree that the following provisions shall govern the retention and use of all Information maintained by Sara Lee Business Services immediately prior to the Distribution Date, which Information includes without limitation payroll, general ledger, foreign currency sub-ledger, fixed asset ledger, accounts payable, accounts payable master file, sales by state and travel and entertainment (Extensity) system regarding Sara Lee and Sara Lee's Subsidiaries and Affiliates (collectively, the "Lawson Information"). Effective as of the Distribution Date, possession and control over the Lawson Information will be transferred to HBI, which will maintain such Information on its servers. Each of Sara Lee and HBI acknowledges that it has, and it will maintain in full force and effect until the expiration of the transition services set forth on Schedule 2 to the Master Transition Services Agreement, a valid license to access, view and edit the Lawson Information. During the effective period of such Schedule 2, HBI agrees to provide Sara Lee with either web-based access or direct access through HBI's computer network to the Lawson Information. Within 45 days after the close of the fiscal quarter ending December 30, 2006 (or such later quarter, if the term of Schedule 2 is extended), HBI will create and deliver to Sara Lee a complete electronic copy of the database containing the Lawson Information, in the same file format in which the Lawson Information is maintained on the Distribution Date. For 60 days after receipt of such duplicate electronic file, Sara Lee will be entitled to review, utilize and test the electronic copy of the database for accuracy and completeness and compare the Information contained on the duplicate file to the original Lawson Information maintained on HBI's servers, and Sara Lee agrees to promptly notify HBI of any errors, discrepancies or bugs discovered by Sara Lee during its review. HBI and Sara Lee agree to use their respective reasonable best efforts (including, without limitation, creating a new duplicate electronic file) to remedy all such errors, discrepancies or bugs. HBI agrees, to the extent relevant purge functions permit, that it will purge from its systems and destroy all Lawson

Information that both (1) relates exclusively to the Sara Lee Business and (2) relates to Information for which HBI is not assuming any liability, including all live and backup copies (other than an archival copy), no later than (x) 60 days after Sara Lee receives the electronic copy, if Sara Lee has not given HBI written notice of any errors, discrepancies or bugs within such 60-day period, or (y) 20 days after HBI and Sara Lee mutually agree that all errors, discrepancies or bugs identified by Sara Lee have been remedied. HBI will provide to Sara Lee written confirmation that such purging and destruction has been completed. At any time prior to the date that HBI purges information described in the preceding sentences, Sara Lee may request, and HBI shall provide to Sara Lee within 30 days after Sara Lee's request, a "flat file" containing Lawson Information for any fiscal year from fiscal year 2001 (or the earliest date for which Lawson Information was maintained by Sara Lee Business Services) through fiscal year 2006 and for fiscal year 2007 up to and including the Distribution Date. A "flat file" is a CD flat file (annual sequential file) in ASCII format with record layout and blocking information. For a period of 60 days after receipt of a flat file, Sara Lee will be entitled, at its expense, to have an independent third party test and certify the accuracy and sufficiency of the flat file. If any deficiencies are discovered, HBI promptly shall prepare and provide to Sara Lee a replacement flat file that corrects such deficiencies.

(c) Ownership of Information. Any Information owned by a party that is provided to the other party pursuant to this Section 5.2 shall be deemed to remain the property of the party that owned and provided such Information. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any Information owned by one party hereunder to the other party hereunder.

(d) Record Retention. Except with respect to information for which a different retention policy is specified in the Tax Sharing Agreement or in any other Ancillary Agreement, to facilitate the possible exchange of Information pursuant to this Section 5.2 and other provisions of this Agreement after the Distribution Date, each party agrees to use its reasonable best efforts to retain all Information in its respective possession or control on the Distribution Date in accordance with Sara Lee's Finance Policy No. 151, "Records Retention and Disposal," and Schedule A thereto (or such longer periods of time as may be set forth in policies adopted by Sara Lee or HBI and provided to the other in writing after the Distribution Date). No party will destroy, or permit any of its Subsidiaries to destroy, any Information that exists on the Distribution Date (other than Information that is permitted to be destroyed under the current record retention policies of Sara Lee) and that falls under the categories listed in Section 5.2(a), without first using its reasonable best efforts to notify the other party of the proposed destruction and giving the other party the opportunity to take possession or make copies of such Information prior to such destruction. In furtherance and not in limitation of the obligations set forth in this Section 5.2, each party shall, and shall cause members of their respective Groups to, remove and destroy any hard drives or other electronic data storage devices from any computer or server that is reasonably likely to contain Information that is protected by this Section 5.2 and that is transferred or sold to a third party or otherwise disposed of in accordance with this Section 5.2(d).

(e) Limitation of Liability. Each party will use its reasonable best efforts to ensure that Information provided to the other party hereunder is accurate and complete; provided, however, except as otherwise provided in the Indemnification and Insurance Matters Agreement

or any Ancillary Agreement, no party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Section 5.2 is found to be inaccurate, in the absence of gross negligence or willful misconduct by the party providing such Information.

(f) Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Section 5.2 are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in this Agreement and any Ancillary Agreement.

(g) Compensation for Providing Information. Except as set forth in Section 5.2(b)(ii), the party requesting Information agrees to reimburse the other party for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting party.

(h) Production of Witnesses; Records; Cooperation. After the Distribution Date, except in the case of any Action by one party against another party, each party hereto shall use its reasonable best efforts to make available to each other party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. Notwithstanding Section 5.2(g), the requesting party shall reimburse the other party for its reasonable out-of-pocket cost and expenses in connection with requests made under this Section 5.2(h) (other than internal costs).

Section 5.3 Confidentiality.

(a) For a period (i) in the case of Confidential Information that is Confidential Business Information, of seven years from the Separation Date and (ii) in the case of Confidential Information that is Confidential Operational Information, ten years from the Separation Date, Sara Lee and HBI shall hold and shall cause each of the members of their respective Groups to hold, and shall each cause their respective officers, employees, agents, consultants and advisors to hold, in strict confidence and not to disclose or release without the prior written consent of the other party, any and all Confidential Information (as defined herein) of the other party; provided, that the parties may disclose, or may permit disclosure of, Confidential Information (x) to their respective auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information and are informed of their obligation to hold such information confidential to the same extent as is applicable to the parties hereto and in respect of whose failure to comply with such obligations, HBI or Sara Lee, as the case may be, will be responsible or (y) if the parties or any of the members of their respective Groups are compelled to disclose any such Confidential Information by judicial or administrative process or, in the opinion of independent legal counsel, by other requirements of law. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (y) above, Sara Lee or HBI, as

the case may be, shall promptly notify the other of the existence of such request or demand and shall provide the other a reasonable opportunity to seek an appropriate confidentiality agreement, protective order or other remedy, which both parties will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the party whose Confidential Information is required to be disclosed shall or shall cause the other party to furnish, or cause to be furnished, only that portion of the Confidential Information that is legally required to be disclosed. As used in this Section 5.3:

(i) "Confidential Information" shall mean Confidential Business Information and Confidential Operational Information of one party which, prior to or following the Distribution Date, has been disclosed by Sara Lee or its Group on the one hand, or HBI or its Group, on the other hand, in written, oral (including by recording), electronic, or visual form to, or otherwise has come into the possession of, the other, including pursuant to the access provisions of Section 5.2 hereof or any other provision of this Agreement (except to the extent that such Information can be shown to have been (x) in the public domain through no fault of such party (or such party's Group) or (y) later lawfully acquired from other sources by the party (or such party's Group) to which it was furnished; provided, however, in the case of (y) that such sources did not provide such Information in breach of any confidentiality obligations).

(ii) "Confidential Operational Information" shall mean all proprietary, design or operational information, data or material including, without limitation, (a) specifications, ideas and concepts for products and services, (b) manufacturing specifications and procedures, (c) design drawings and models, (d) materials and material specifications, (e) quality assurance policies, procedures and specifications, (f) customer information, (g) computer software and derivatives thereof relating to design development or manufacture of products, (h) training materials and information and (i) all other know-how, methodology, procedures, techniques and trade secrets related to design, development and manufacturing.

(iii) "Confidential Business Information" shall mean all proprietary information, data or material other than Confidential Operational Information, including, but not limited to (a) proprietary earnings reports and forecasts, (b) proprietary macro-economic reports and forecasts, (c) proprietary business plans, (d) proprietary general market evaluations and surveys and (e) proprietary financing and credit-related information.

Notwithstanding the first sentence of this Section 5.3(a), with respect to any Confidential Business Information that is disclosed after the Distribution Date (which shall be deemed to be Confidential Information for the purposes of this Section), the obligations of this subsection shall terminate seven years after the date of the first disclosure of such Confidential Business Information to Sara Lee or its Group, on the one hand, or HBI or its Group, on the other hand.

(b) Notwithstanding anything to the contrary set forth herein, (i) Sara Lee and its Group, on the one hand, and HBI and its Group, on the other hand, shall be deemed to have satisfied their obligations hereunder with respect to Confidential Information if they exercise the same degree of care (but no less than a reasonable degree of care) as they take to preserve

confidentiality for their own similar Information and (ii) confidentiality obligations provided for in any agreement between Sara Lee or any of the members of its Group, or HBI or any of the members of its Group, on the one hand, and any employee of Sara Lee or any member of its Group, or HBI or any member of its Group, on the other hand, shall remain in full force and effect. Confidential Information of Sara Lee and its Group, on the one hand, or HBI and its Group, on the other hand, in the possession of and used by the other as of the Distribution Date may continue to be used by such Person in possession of the Confidential Information in and only in the operation of the Sara Lee Business or the Branded Apparel Business, the case may be, and may be used only so long as the Confidential Information is maintained in confidence and not disclosed in violation of Section 5.3(a). Such continued right to use may not be transferred to any third party unless the third party purchases all or substantially all of the business and Assets in one transaction or in a series of related transactions for which or in which the relevant Confidential Information is used or employed. In the event that such right to use is transferred in accordance with the preceding sentence, the transferring party shall not disclose the source of the relevant Confidential Information.

Section 5.4 Privileged Matters.

(a) Sara Lee and HBI agree that their respective rights and obligations to maintain, preserve, assert or waive any or all privileges belonging to either corporation or their Subsidiaries with respect to the Branded Apparel Business or the Sara Lee Business, including but not limited to the attorney-client and work product privileges (collectively, "Privileges"), shall be governed by the provisions of this Section 5.4. With respect to Privileged Information (as defined below) of Sara Lee, Sara Lee shall have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and HBI shall take no action (nor permit any member of its Group to take action) without the prior written consent of Sara Lee that could result in any waiver of any Privilege that could be asserted by Sara Lee or any member of its Group under applicable law and this Agreement. With respect to Privileged Information of HBI arising after the Separation, HBI shall have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and Sara Lee shall take no action (nor permit any member of its Group to take action) without the prior written consent of HBI that could result in any waiver of any Privilege that could be asserted by HBI or any member of its Group under applicable law and this Agreement. The rights and obligations created by this Section 5.4 shall apply to all Information as to which Sara Lee or HBI or their respective Groups would be entitled to assert or have asserted a Privilege without regard to the effect, if any, of the Separation or the Distribution ("Privileged Information"). Privileged Information of Sara Lee and its Group includes but is not limited to (i) any and all Information regarding the Sara Lee Business and its Group (other than Information relating to the Branded Apparel Business ("Branded Apparel Information")), whether or not such Information (other than Branded Apparel Information) is in the possession of HBI or any member of its Group; (ii) all communications subject to a Privilege between counsel for Sara Lee (including any person who, at the time of the communication, was an employee of Sara Lee or its Group in the capacity of in-house counsel, regardless of whether such employee is or becomes an employee of HBI or any member of its Group) and any person who, at the time of the communication, was an employee of Sara Lee, regardless of whether such employee is or becomes an employee of HBI or any member of its Group and (iii) all Information generated, received or arising after the Separation Date that refers or relates to Privileged Information of Sara Lee or its Group generated, received or arising prior

to the Separation Date. Privileged Information of HBI and its Group includes but is not limited to (x) any and all Branded Apparel Information, whether or not it is in the possession of Sara Lee or any member of its Group; (y) all communications subject to a Privilege occurring after the Separation between counsel for the Branded Apparel Business (including in-house counsel and former in-house counsel who are employees of Sara Lee) and any person who, at the time of the communication, was an employee of HBI, any member of its Group or the Branded Apparel Business regardless of whether such employee was, is or becomes an employee of Sara Lee or any of its Subsidiaries and (z) all Information generated, received or arising after the Separation Date that refers or relates to Privileged Information of HBI or its Group generated, received or arising after the Separation Date.

(b) Upon receipt by Sara Lee or HBI, or any of their respective Groups, as the case may be, of any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other or if Sara Lee or HBI, or any of their respective Groups, as the case may be, obtains knowledge that any current or former employee of Sara Lee or HBI, as the case may be, receives any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other, Sara Lee or HBI, as the case may be, shall promptly notify the other of the existence of the request and shall provide the other a reasonable opportunity to review the Information and to assert any rights it may have under this Section 5.4 or otherwise to prevent the production or disclosure of Privileged Information. Sara Lee or HBI, as the case may be, will not, and will cause their respective Groups not to, produce or disclose to any third party any of the other's Privileged Information under this Section 5.4 unless (i) the other has provided its express written consent to such production or disclosure or (ii) a court of competent jurisdiction has entered an order not subject to interlocutory appeal or review finding that the Information is not entitled to protection from disclosure under any applicable privilege, doctrine or rule.

(c) Sara Lee's transfer of books and records pertaining to the Branded Apparel Business and other Information to HBI, Sara Lee's agreement to permit HBI to obtain Information existing prior to the Separation, HBI's transfer of books and records pertaining to Sara Lee, if any, and other Information and HBI's agreement to permit Sara Lee to obtain Information existing prior to the Separation are made in reliance on Sara Lee's and HBI's respective agreements, as set forth in Section 5.3 and this Section 5.4, to maintain the confidentiality of such Information and to take the steps provided herein for the preservation of all Privileges that may belong to or be asserted by Sara Lee or HBI, as the case may be. The access to Information, witnesses and individuals being granted pursuant to Sections 5.2 and the disclosure to HBI and Sara Lee of Privileged Information relating to the Branded Apparel Business or the Sara Lee Business pursuant to this Agreement in connection with the Separation shall not be asserted by Sara Lee or HBI to constitute, or otherwise deemed, a waiver of any Privilege that has been or may be asserted under this Section 5.4 or otherwise. Nothing in this Agreement shall operate to reduce, minimize or condition the rights granted to Sara Lee and HBI in, or the obligations imposed upon Sara Lee and HBI by, this Section 5.4.

Section 5.5 Payment Of Expenses. Except as otherwise provided in this Agreement, the Ancillary Agreements or any other written agreement between the parties relating to the Separation or the Distribution, (i) all costs and expenses of the parties hereto in connection with

the Distribution (including, without limitation, costs associated with drafting this Agreement, the Ancillary Agreements and the documents relating to the formation of HBI, costs associated with the preparation and filing of the Registration Statement and costs associated with the preparation, printing and mailing of the Information Statement) and (ii) all costs and expenses of the parties hereto in connection with the Separation shall be paid by Sara Lee. Notwithstanding the foregoing, (i) HBI and Sara Lee shall each be responsible for their own internal costs (i.e., salaries of personnel) incurred in connection with the Separation and the Distribution, and (ii) HBI shall be responsible for the fees and expenses of its separate legal counsel (Covington & Burling LLP) and of its independent accountants with respect to services such accountants otherwise would provide in order for HBI comply with its SEC filings, bank facilities and other reporting obligations after the Distribution.

Section 5.6 Release of Security Interest. Upon HBI's reasonable request, Sara Lee shall use its reasonable best efforts to obtain from third parties the release of any Security Interest granted by Sara Lee (or its Subsidiaries) on any HBI Asset.

Section 5.7 Litigation. All matters relating to claims for Actions, including, but not limited to, indemnification for such claims, shall be governed by the provisions of the Indemnification and Insurance Matters Agreement.

Section 5.8 Employee Discounts. For the period ending two (2) years from the Separation Date, HBI will continue to offer all employees and directors of the Sara Lee Group on the date of product purchase a discount on all HBI products purchased by such Sara Lee Group employees or directors, which discount shall be equivalent to the HBI employee and director discount programs in effect with respect to HBI products as of the Separation Date. If required under the terms of the Master Separation Agreement dated October 2, 2000 between Sara Lee and Coach, Inc., HBI will continue to offer employees and directors of Coach, Inc. the discount contemplated by Section 4.18 thereof. For the period ending two (2) years from the Separation Date, Sara Lee will continue to offer all employees and directors of the HBI Group on the date of product purchase, a discount on all Sara Lee products purchased by such HBI Group employees or directors, which discount shall be equivalent to the Sara Lee employee and director discount programs in effect with respect to Sara Lee products as of the Separation Date.

Section 5.9 Termination Of Agreements.

(a) Termination of Agreements Between Sara Lee and HBI. Except as set forth in subsection (b) below, HBI and each HBI Subsidiary, on the one hand, and Sara Lee and each Sara Lee Subsidiary, on the other hand, hereby terminate and agree to cause to be terminated all agreements, arrangements, commitments or understandings, whether or not in writing, entered into prior to the Effective Time between or among HBI or any HBI Subsidiaries, on the one hand, and Sara Lee or any Sara Lee Subsidiaries, on the other hand, effective as of immediately prior to the Effective Time; provided that the provisions of this subsection (a) shall not terminate any rights or obligations between Sara Lee and any Sara Lee Subsidiary or between any Sara Lee Subsidiaries.

(b) Exceptions. The provisions of subsection (a) above shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the

provisions thereof): (i) this Agreement and the Ancillary Agreements; (ii) any agreement, arrangement, commitment or understanding which is expressly contemplated by this Agreement or the Ancillary Agreement to survive the Distribution Date (or is being entered into in connection with this Agreement or the Ancillary Agreements); (iii) any agreements, arrangements, commitments or understandings to which any Person other than the parties hereto and their respective Affiliates is a party; (iv) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of Sara Lee or HBI, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests shall be disregarded for purposes of determining whether a Subsidiary is wholly owned); and (v) as otherwise agreed to in good faith by the parties in writing on or after the Effective Time. To the extent that the rights and obligations of Sara Lee or any Sara Lee Subsidiaries under any agreements, arrangements, commitments or understandings not terminated under this Section 5.9 constitute HBI Assets or HBI Liabilities, they shall be assigned or assumed pursuant to this Agreement.

Section 5.10 Cooperation In Obtaining New Agreements. Sara Lee understands that, prior to the Separation Date, HBI has derived benefits under certain agreements and relationships between Sara Lee and third parties, which agreements and relationships are not being assigned or transferred to HBI in connection with the Separation. After the Separation Date, upon the request of HBI, Sara Lee agrees to make introductions of appropriate HBI personnel to Sara Lee's contacts at such third parties, and agrees to provide reasonable assistance to HBI so that HBI, to the extent possible, may enter into agreements or relationships with such third parties under substantially equivalent terms and conditions, including financial terms and conditions, that apply to Sara Lee. Such assistance may include, but is not limited to, (i) requesting and encouraging such third parties to enter into such agreements or relationships with HBI and (ii) attending meetings and negotiating sessions with HBI and such third parties.

Section 5.11 Cooperation With Respect To Procurement Agreements.

(i) Sara Lee and HBI have used their reasonable best efforts to extend certain procurement agreements between Sara Lee and certain preferred third-party vendors to HBI so that the economic benefits under such agreements would continue to be available to both Sara Lee and HBI after the Separation Date. After the Separation Date, Sara Lee and HBI shall continue to use their reasonable best efforts to purchase goods and services from each of such vendors under such Shared Contracts in accordance with the terms of any agreement among Sara Lee, HBI and any third party vendor entered into in connection with the Distribution so as to maximize the discounts available and/or achieve the lowest prices available under such Shared Contracts for both Sara Lee and HBI.

(ii) To the extent that HBI or any of its Subsidiaries receives goods or services under any Sara Lee purchasing agreement (other than the Shared Contracts) after the Separation Date, then HBI shall reimburse Sara Lee for the cost of such goods and services on a prompt basis (or, at Sara Lee's request, make direct payments to the vendor).

Section 5.12 Non-Solicitation Of Employees Sara Lee and HBI each agree, and each shall cause its Subsidiaries and any employment agencies acting on their behalf, not to solicit, recruit or hire, after the Distribution Date, without the other party's express written consent, the other party's employees who are employed by such party immediately after the Distribution Date for a period of one year following the Distribution Date. Either party hereto may seek a waiver of this Section 5.12 by submitting a request to the Executive Vice President of Human Resources (or similar officer) of the other party. Notwithstanding the foregoing, this prohibition on solicitation, recruitment and hiring does not apply to actions taken by a party solely as a result of an employee's affirmative response to a general recruitment effort carried out through a public solicitation or general solicitation.

Section 5.13 Stockholder Actions. On or prior to the Distribution Date, Sara Lee and HBI in their respective capacities as direct and indirect stockholders, managing members or managing partners of their respective Subsidiaries, each shall take and ratify any actions that are reasonably necessary or desirable to effectuate the transactions contemplated by this Agreement, including all such actions necessary or desirable to approve HBI's stock-based employee benefit plans in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of the NYSE.

Section 5.14 CTHL Employees. As soon as reasonably practicable, and where applicable, Sara Lee will initiate and complete a redundancy consultation process with respect to those employees of Courtaulds Textile Holdings Limited listed on Schedule 5.14 (the "CTHL Employees"), who provide research and design services to HBI. HBI will be liable to Sara Lee for and will pay all continuing operating costs associated with the U.K. Embody operations and the employment of the CTHL Employees prior to the redundancy determination, and all severance costs for the CTHL Employees, including any redundancy pay and notice pay determined by Sara Lee to be due to such employees as a result of the termination of their employment. Sara Lee will remain liable for any pension benefits, including any pension enhancement payments, owing to these individuals under any pension plan maintained by Sara Lee for which these employees are eligible, including the Sara Lee UK Pension Plan.

## ARTICLE VI

## MISCELLANEOUS

Section 6.1 Entire Agreement; Incorporation Of Schedules And Exhibits. This Agreement (including all Schedules and Exhibits referred to herein) and the Ancillary Agreements constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof. All Schedules and Exhibits referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

Section 6.2 Amendment and Waiver. This Agreement may be amended and any provision of this Agreement may be waived, provided that any such amendment or waiver shall be binding upon a party only if such amendment or waiver is set forth in a writing executed by such party. No course of dealing between or among any Persons having any interest in this

Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any party hereto under or by reason of this Agreement.

Section 6.3 No Implied Waivers; Cumulative Remedies; Writing Required. No delay or failure in exercising any right, power or remedy hereunder shall affect or operate as a waiver thereof; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or remedy preclude any further exercise thereof or of any other right, power or remedy. The rights and remedies hereunder are cumulative and not exclusive of any rights or remedies that any party hereto would otherwise have. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement or any such waiver of any provision of this Agreement must satisfy the conditions set forth in Section 6.2 and shall be effective only to the extent in such writing specifically set forth.

Section 6.4 Parties In Interest. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the parties, their respective Groups and their respective successors and permitted assigns, any rights or remedies of any nature whatsoever under or by virtue of this Agreement.

Section 6.5 Assignment; Binding Agreement. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties without the prior written consent of the other parties, and any instrument purporting to make such an assignment without prior written consent shall be void; provided, however, either party may assign this Agreement to a successor entity in conjunction with a merger effected solely for the purpose of changing such party's state of incorporation (but subject to any applicable requirements of the Tax Sharing Agreement). Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and permitted assigns.

Section 6.6 Limitation On Damages. Each party irrevocably waives, and no party shall be entitled to seek or receive, consequential, special, indirect or incidental damages (including without limitation damages for loss of profits) or punitive damages, regardless of how such damages were caused and regardless of the theory of liability; provided that the foregoing shall not limit each party's indemnification obligations set forth in the Ancillary Agreements.

Section 6.7 Notices. All notices, demands and other communications given under this Agreement must be in writing and must be either personally delivered, telecopied (and confirmed by telecopy answer back), mailed by first class mail (postage prepaid and return receipt requested), or sent by reputable overnight courier service (charges prepaid) to the recipient at the address or telecopy number indicated below or such other address or telecopy number or to the attention of such other Person as the recipient party shall have specified by prior written notice to the sending party. Any notice, demand or other communication under this Agreement shall be deemed to have been given when so personally delivered or so telecopied and confirmed (if telecopied before 5:00 p.m. Eastern Time on a business day, and otherwise on the next business day), or if sent, one business day after deposit with an overnight courier, or, if mailed, five business days after deposit in the U.S. mail.

Sara Lee Corporation

Three First National Plaza
Chicago, Illinois 60602-4260
Attention: General Counsel
Facsimile Number: (312) 419-3187

Hanesbrands Inc.
1000 East Hanes Mill Road
Winston-Salem, North Carolina 27105
Attention: General Counsel
Facsimile Number: (336) 714-7441

Section 6.8 Severability. The parties agree that (a) the provisions of this Agreement shall be severable in the event that for any reason whatsoever any of the provisions hereof are invalid, void or otherwise unenforceable, (b) any such invalid, void or otherwise unenforceable provisions shall be replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable, and (c) the remaining provisions shall remain valid and enforceable to the fullest extent permitted by applicable law.

Section 6.9 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

Section 6.10 Submission To Jurisdiction. SUBJECT TO SECTION 6.13, EACH OF THE PARTIES IRREVOCABLY SUBMITS (FOR ITSELF AND IN RESPECT OF ITS PROPERTY) TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN CHICAGO, ILLINOIS, FORSYTH COUNTY, NORTH CAROLINA, OR GUILDFORD COUNTY, NORTH CAROLINA, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT; PROVIDED THAT THE PARTIES MAY BRING ACTIONS OR PROCEEDINGS AGAINST EACH OTHER IN OTHER JURISDICTIONS TO THE EXTENT NECESSARY TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH PARTY ALSO AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT OR IN OTHER JURISDICTIONS UNLESS SUCH ACTIONS OR PROCEEDINGS ARE NECESSARY TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY BOND, SURETY, OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO. ANY PARTY MAY MAKE SERVICE ON ANY OTHER PARTY BY SENDING OR DELIVERING A COPY OF THE PROCESS TO THE PARTY TO BE SERVED AT THE ADDRESS AND IN THE MANNER PROVIDED FOR THE GIVING OF NOTICES IN

SECTION 6.7 ABOVE. NOTHING IN THIS SECTION 6.10, HOWEVER, SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AT EQUITY. EACH PARTY AGREES THAT A FINAL NONAPPEALABLE JUDGMENT IN ANY ACTION OR PROCEEDING SO BROUGHT SHALL BE CONCLUSIVE AND MAY BE ENFORCED BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW OR AT EQUITY.

Section 6.11 Waiver Of Jury Trial. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

Section 6.12 Amicable Resolution.

(a) The parties desire that friendly collaboration will develop between them. Accordingly, they will try to resolve in an amicable manner all disputes and disagreements connected with their respective rights and obligations under this Agreement or any of the Ancillary Agreements. In furtherance thereof, in the event of any dispute or disagreement among the parties as to the interpretation of any provision of this Agreement or any of the Ancillary Agreements or the performance of obligations hereunder or thereunder, the matter, upon written request of any party, shall be referred for resolution to a steering committee established pursuant to this Section 6.12(a) (the “Steering Committee”).

(b) The Steering Committee shall have two members, one of whom shall be appointed by Sara Lee and one of whom shall be appointed by HBI. Sara Lee’s initial member of the Steering Committee shall be Roderick A. Palmore and HBI’s initial member of the Steering Committee shall be Richard A. Noll. Each of Sara Lee and HBI shall use its reasonable best efforts to avoid replacing its initial member of the Steering Committee with another representative for the first year after the Distribution Date; provided, however, that HBI may replace its initial member of the Steering Committee with any general counsel hired by HBI. Thereafter, Sara Lee and HBI shall consider in good faith any reasonable objection to any individual being considered as a replacement for a Steering Committee member. While any individual is serving as a member of the Steering Committee, such individual shall not have the right to designate any substitute or proxy for purposes of attending or voting at a Steering Committee meeting. Any replacement for a Steering Committee member shall be an officer of the appointing party with authority to negotiate and resolve disputes.

(c) The Steering Committee shall use reasonable effort to promptly resolve all disputes or disagreements referred to it. All discussions and negotiations conducted by, and all information and materials shared by, the members of the Steering Committee (and Sara Lee and HBI) shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. Upon a unanimous vote, Steering Committee decisions shall be final and binding on the parties. If the Steering Committee does not agree to a resolution of the dispute or disagreement within 30 calendar days after the referral of the matter to it, each

of the parties shall be free to exercise the remedies available to it under this Agreement, subject to Sections 6.13 and 6.6.

(d) The Steering Committee shall be self-regulating. Between the Distribution Date and the first anniversary of the Distribution Date, the Steering Committee shall hold meetings every six weeks on dates to be established at the organizational meeting of the Steering Committee, which will be held as promptly as practicable after the Distribution Date. Such meeting dates may be rescheduled by the Steering Committee if it becomes impracticable to hold such meeting. Between the first and second anniversary of the Distribution Date, the Steering Committee shall hold meetings on a quarterly (or more frequent) basis, on dates to be established by the Steering Committee. After the second anniversary of the Distribution Date, the Steering Committee shall hold meetings on such basis, if any, as it may determine.

Section 6.13 Arbitration.

(a) Except for suits seeking injunctive relief or specific performance, or in the event of any impleader action arising from any proceeding commended by a third party that it is related to this Agreement in the event of any dispute, controversy or claim arising under or in connection with this Agreement or any of the Ancillary Agreements (including any dispute, controversy or claim relating to the breach, termination or validity thereof), the parties agree to submit any such dispute, controversy or claim to binding arbitration in conformance with the CPR Institute for Dispute Resolution Rules for Non-Administered Arbitration (the "CPR Rules") then in effect, and further provided that the parties hereby agree that the location of any such arbitration shall be either Chicago, Illinois or Forsyth County, North Carolina; provided, however, that this Section 6.13 shall not apply to any dispute, controversy or claim arising under Article IV of the Tax Sharing Agreement (including any dispute, controversy or claim relating to the breach, termination or validity thereof). Such arbitration shall be conducted in as expedited a manner as is then permitted by such rules.

(b) Subject to Section 6.12, any party may demand that any dispute, controversy or claim be submitted to binding arbitration at any time. The demand for arbitration shall be in writing, shall be served on the other party(ies) in the manner prescribed herein for the giving of notices, and shall set forth a short statement of the factual basis for the dispute, controversy or claim, specifying the matter or matters to be arbitrated. The arbitration shall be conducted by a sole, independent and impartial arbitrator selected from the CPR Panel, except that if the amount in controversy exceeds $5 million, then either party may opt for an arbitration conducted by three independent and impartial arbitrators selected under Sections 5.1 and 5.2 of the CPR Rules then in effect. With regard to any dispute that is governed by the Tax Sharing Agreement, the amount in controversy shall be calculated to include the taxes in dispute plus any potential penalties and/or interest on that tax amount. In the case of any arbitration to be conducted by three arbitrators, if any party fails to appoint the arbitrator to be appointed by such party within 30 days after delivery of a demand for arbitration, then the CPR Institute for Dispute Resolution shall appoint such arbitrator. The parties agree to select as the sole arbitrator or, if applicable, as the three arbitrators, a person or persons with significant experience and expertise in the subject matter under dispute. For example, in a dispute relating to matters covered by the Tax Sharing Agreement, the sole arbitrator or, if applicable, each of the three arbitrators shall be a tax professional from a national law or accounting firm who is experienced in the issues under

dispute. The arbitrator(s) shall conduct such evidentiary or other hearings as the arbitrator(s) deem necessary or appropriate and thereafter shall make a determination as soon as practicable.

(c) Each party to such arbitration shall bear its own "Costs and Fees," which are defined as all reasonable pre-award expenses of the arbitration, including travel expenses, out-of-pocket expenses (including, but not limited to, copying and telephone), witness fees, and attorney's fees and expenses. The fees and expenses of the arbitrators and all other costs and expenses incurred in connection with the arbitration (the "Arbitration Expenses") shall be borne equally by the parties to such arbitration. Notwithstanding the foregoing, the arbitrator(s) shall be empowered to require any one or more of the parties to the arbitration to bear all or any portion of such Costs and Fees and/or the Arbitration Expenses in the event that the arbitrator(s) determine such party has acted unreasonably or in bad faith.

(d) Except as otherwise provided in Section 6.6, the arbitrator(s) shall have the authority to award any remedy or relief that a federal or state court sitting in the State of Illinois or the State of North Carolina could order or grant, including, without limitation, the issuance of an injunction or specific performance of any obligation created under this Agreement or any of the Ancillary Agreements, or the imposition of sanctions for abuse or frustration of the arbitration process.

(e) The decision and award of the arbitrators shall be in writing and copies thereof shall be delivered to each party to the arbitration. The decision and award of the arbitrators shall be binding on all parties to the arbitration. In rendering such decision and award, the arbitrators shall not add to, subtract from or otherwise modify the provisions of this Agreement or the Ancillary Agreements and shall make their determinations in accordance therewith. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. ¶¶ 1-16 to the exclusion of any state laws inconsistent therewith, and any party to the arbitration may have judgment upon the award rendered by the arbitrators entered in any court having jurisdiction thereof. Each party agrees that it will not file any suit, motion, petition or otherwise commence any legal action or proceeding for any matter which is required to be submitted to arbitration as contemplated herein except in connection with the enforcement of an award rendered by the arbitrators. Upon the entry of an order dismissing or staying any action or proceeding filed contrary to the preceding sentence, the party which filed such action or proceeding shall promptly pay to the other party the reasonable attorney's fees, costs and expenses incurred by such other party prior to the entry of such order.

(f) The statute of limitations of the State of Illinois or North Carolina, as appropriate, applicable to the commencement of a lawsuit shall apply to the commencement of an arbitration hereunder.

Section 6.14 Waiver of Bulk-Sales Laws. Each of Sara Lee and HBI hereby waives compliance by each member of their respective Group with the requirements and provisions of the "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Assets to any member of the Sara Lee Group or HBI Group, as applicable.

Section 6.15 Construction. The descriptive headings herein are inserted for convenience of reference only and are not intended to be a substantive part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. The use of the words "include" or "including" in this Agreement shall be by way of example rather than by limitation. The use of the words "or," "either" or "any" shall not be exclusive. The parties have participated jointly in the negotiation and drafting of this Agreement and the Ancillary Agreements, and the Parties acknowledge that (i) HBI has been represented by Covington & Burling LLP in connection with this Agreement and the Ancillary Agreements and (ii) Sara Lee has been represented by Kirkland & Ellis LLP in connection with this Agreement and the Ancillary Agreements (and Kirkland & Ellis LLP has not acted as counsel to HBI in connection therewith). In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The parties agree that prior drafts of this Agreement shall be deemed not to provide any evidence as to the meaning of any provision hereof or the intent of the parties hereto with respect hereto.

Section 6.16 Counterparts. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 6.17 Delivery By Facsimile Or Other Electronic Means. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any party, each other party shall re-execute original forms thereof and deliver them to all other parties. No party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a contract and each such party forever waives any such defense.

## ARTICLE VII

## DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings:

"Action" means any demand, action, suit, counter suit, arbitration, inquiry, proceeding or investigation by or before any Federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Affiliated Company” of any Person means any entity that controls, is controlled by, or is under common control with such Person. As used herein, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

“Agreement” shall have the meaning set forth in the preamble of this Agreement.

“Agent” means the distribution agent to be appointed by Sara Lee to distribute to the stockholders of Sara Lee pursuant to the Distribution all of the shares of HBI Common Stock.

“Ancillary Agreements” shall have the meaning set forth in Section 2.1 of this Agreement.

“Arbitration Expenses” has the meaning set forth in Section 6.13(c) of this Agreement.

“Assets” means assets, properties and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following: (i) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form; (ii) all computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, motor vehicles and other transportation equipment, special and general tools, prototypes and models and other tangible personal property; (iii) all inventories of materials, parts, raw materials, supplies, work-in-process and finished goods and products; (iv) all interests in real property of whatever nature, including easements, whether as owner or holder of a Security Interest, lessor, sublessor, lessee, sublessee or otherwise; (v) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person; and all other investments in securities of any Person; (vi) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other contracts, agreements or commitments; (vii) all deposits, letters of credit and performance and surety bonds; (viii) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties; (ix) all Intellectual Property and licenses from third Persons granting the right to use any Intellectual Property; (x) all computer applications, programs and other software, including operating software, network software, firmware, middleware, design software, design tools, systems documentation and instructions; (xi) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product literature, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents; (xii) all prepaid expenses, trade accounts and other accounts and notes receivables; (xiii) all rights under contracts or agreements, all claims or rights against any Person

arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent; (xiv) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution; (xv) all licenses (including radio and similar licenses), permits, approvals and authorizations which have been issued by any Governmental Authority; (xvi) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and (xvii) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

"Branded Apparel Business" shall have the meaning set forth in the preamble of this Agreement.

"Branded Apparel Information" shall have the meaning set forth in Section 5.4(a) of this Agreement.

"Business Guarantees" shall have the meaning set forth in Section 4.10(c) of this Agreement.

"Code" means the Internal Revenue Code of 1986 (or any successor statute), as amended from time to time, and the regulations promulgated thereunder.

"Commission" shall have the meaning set forth in Section 3.1(a) of this Agreement.

"Confidential Business Information" shall have the meaning set forth in Section 5.3(a)(iii) of this Agreement.

"Confidential Information" shall have the meaning set forth in Section 5.3(a)(i) of this Agreement.

"Confidential Operational Information" shall have the meaning set forth in Section 5.3(a)(ii) of this Agreement.

"Consents" means any consents, waivers or approvals from, or notification requirements to, any third parties.

"Contracts" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment, whether written or oral, that is binding on any Person or any part of its property under applicable law.

"Costs and Fees" has the meaning set forth in Section 6.13(c) of this Agreement.

"CPR Rules" has the meaning set forth in Section 6.13(a) of this Agreement.

"Delayed Transfer Assets" means any HBI Assets that are identified in Schedule 4.1(c) of this Agreement or in any Ancillary Agreement as to be transferred after the Separation Date.

"Delayed Transfer Liabilities" means any HBI Liabilities that are identified in Schedule 4.1(c) of this Agreement or in any Ancillary Agreement as to be transferred after the Separation Date.

"Distribution" shall have the meaning set forth in the preamble of this Agreement.

"Distribution Date" shall have the meaning set forth in Section 3.2 of this Agreement.

"Distribution Ratio" shall have the meaning set forth in Section 3.3(c) of this Agreement.

"Effective Time" has the meaning set forth in Section 3.3(c) of this Agreement.

"Employee Matters Agreement" has the meaning set forth in Section 2.1(a) of this Agreement. From and after the Separation Date, the Employee Matters Agreement shall refer to the agreement executed and delivered pursuant to such section, as amended and/or modified from time to time in accordance with its terms.

"Excess Cash Amount" has the meaning set forth in Section 4.5(b)(iv) of this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Excluded Assets" has the meaning set forth in Section 4.2(b) of this Agreement.

"Excluded Liabilities" has the meaning set forth in Section 4.3(b) of this Agreement.

"Financing Agreements" means the credit facilities on terms substantially similar to those contemplated by the commitment letter dated July 24, 2006 with Merrill Lynch Capital Corporation and Morgan Stanley Senior Funding, Inc.

"Governmental Approvals" means any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

"Governmental Authority" shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

"Group" means the Sara Lee Group or the HBI Group, as the context requires.

"HBI" shall have the meaning set forth in the preamble of this Agreement.

"HBI Action" shall have the meaning set forth in Section 5.9(a) of this Agreement.

"HBI Assets" has the meaning set forth in Section 4.2(a) of this Agreement.

"HBI Balance Sheet" means the unaudited balance sheet (including the notes thereto) of the Branded Apparel Business as of April 1, 2006 that is included in the Registration Statement.

"HBI Common Stock" shall have the meaning set forth in the preamble of this Agreement.

"HBI Contingent Gain" means any claim or other right of a member of the Sara Lee Group or the HBI Group that substantially or exclusively relates to the Branded Apparel Business, whenever arising, against any Person other than a member of the Sara Lee Group or the HBI Group, if and to the extent that (i) such claim or right arises out of the events, acts or omissions occurring as of or before the Separation Date (based on then existing law) and (ii) the existence or scope of the obligation of such other Person as of the Separation Date was not acknowledged, fixed or determined in any material respect, due to a dispute or other uncertainty as of the Separation Date or as a result of the failure of such claim or other right to have been discovered or asserted as of the Separation Date. A claim or right meeting the foregoing definition shall be considered an HBI Contingent Gain regardless of whether there was any Action pending, threatened or contemplated as of the Separation Date with respect thereto. In the case of any claim or right a portion of which arises out of events, acts or omissions occurring prior to the Separation Date and a portion of which arises out of events, acts or omissions occurring on or after the Separation Date, only that portion that arises out of events, acts or omissions occurring prior to the Separation Date shall be considered an HBI Contingent Gain. For purposes of the foregoing, a claim or right shall be deemed to have accrued as of the Separation Date if all the elements of the claim necessary for its assertion shall have occurred on or prior to the Separation Date, such that the claim or right, were it asserted in an Action on or prior to the Separation Date, would not be dismissed by a court on ripeness or similar grounds. Notwithstanding the foregoing, none of (i) any Insurance Proceeds (which term is defined in, and the treatment of which is governed by, the Indemnification and Insurance Matters Agreement), (ii) any Excluded Assets, (iii) any reversal of any litigation or other reserve, except to the extent that such reversal or reserve directly relates to HBI Liabilities, or (iv) any matters relating to Taxes (which are governed solely by the Tax Sharing Agreement) shall be deemed to be an HBI Contingent Gain.

"HBI Contingent Liability" means any Liability, other than Liabilities for Taxes (which are governed solely by the Tax Sharing Agreement), of a member of the Sara Lee Group or the HBI Group that substantially or exclusively relates to the Branded Apparel Business, whenever arising, to any Person other than a member of the Sara Lee Group or the HBI Group, if and to the extent that (i) such Liability arises out of the events, acts or omissions occurring as of or before the Separation Date and (ii) the existence or scope of the obligation of a member of the Sara Lee Group or the HBI Group as of the Separation Date with respect to such Liability was not acknowledged, fixed or determined in any material respect, due to a dispute or other uncertainty as of the Separation Date or as a result of the failure of such Liability to have been discovered or asserted as of the Separation Date (it being understood that the existence of a litigation or other reserve with respect to any Liability shall not be sufficient for such Liability to be considered acknowledged, fixed or determined). In the case of any Liability a portion of which arises out of events, acts or omissions occurring prior to the Separation Date and a portion of which arises out of events, acts or omissions occurring on or after the Separation Date, only that portion that arises out of events, acts or omissions occurring prior to the Separation Date shall be considered an HBI Contingent Liability. For purposes of the foregoing, a Liability shall be deemed to have arisen out of events, acts or omissions occurring prior to the Separation Date if all the elements necessary for the assertion of a claim with respect to such Liability shall have occurred on or prior to the Separation Date, such that the claim, were it asserted in an Action on or prior to the Separation Date, would not be dismissed by a court on ripeness or similar grounds. For purposes of clarification of the foregoing, the parties agree that no Liability relating to, arising

out of or resulting from any obligation of any Person to perform the executory portion of any contract or agreement existing as of the Separation Date, or to satisfy any obligation accrued under any Plan (as defined in the Employee Matters Agreement) as of the Separation Date, shall be deemed to be an HBI Contingent Liability.

"HBI Contracts" means the following Contracts to which Sara Lee or any member of the Sara Lee Group is a party or by which it or any of its Assets is bound, whether or not in writing, except for any such Contract that is explicitly retained by Sara Lee or any member of the Sara Lee Group pursuant to any provision of this Agreement or any Ancillary Agreement: (i) any contract or agreement entered into in the name of, or expressly on behalf of, the Branded Apparel Business; (ii) any contract or agreement that relates substantially or exclusively to the Branded Apparel Business; (iii) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to HBI; (iv) any guarantee, indemnity, representation, warranty or other Liability of any member of the HBI Group or the Sara Lee Group in respect of any other HBI Contract, any HBI Liability or the Branded Apparel Business (including guarantees of financing incurred by customers or other third parties in connection with purchases of products or services from the Branded Apparel Business); (v) any Other Financial Liability exclusively for or on behalf of the Branded Apparel Business (excluding any Excluded Liability), together with all rights relating thereto; and (vi) any other Contract identified on Schedule 7.

"HBI Entities" has the meaning set forth in Section 4.2(a)(vii) of this Agreement.

"HBI Entity Interests" has the meaning set forth in Section 4.2(a)(vii) of this Agreement.

"HBI Group" means the affiliated group (within the meaning of Section 1504(a) of the Code), or similar group of entities as defined under corresponding provisions of the laws of other jurisdictions, of which HBI will be the common parent corporation immediately after the Separation, and any corporation or other entity which may become a member of such group from time to time, but excluding any member of the Sara Lee Group.

"HBI Liabilities" has the meaning set forth in Section 4.3(a) of this Agreement.

"Indemnification and Insurance Matters Agreement" has the meaning set forth in Section 2.1(e) of this Agreement. From and after the Separation Date, the Indemnification and Insurance Matters Agreement shall refer to the agreement executed and delivered pursuant to such section, as amended and/or modified from time to time in accordance with its terms.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, but in any case excluding back-up tapes.

"Information Statement" means the information statement forming a part of the Registration Statement.

"Insurance Policies" means insurance policies pursuant to which a Person makes a true risk transfer to an insurer.

"Intellectual Property" means all domestic and foreign patents and patent applications, together with any continuations, continuations-in-part or divisional applications thereof, and all patents issuing thereon (including reissues, renewals and re-examinations of the foregoing); design patents, invention disclosures; mask works; copyrights, and copyright applications and registrations; Web addresses, trademarks, service marks, trade names, and trade dress, in each case together with any applications and registrations therefor and all appurtenant goodwill relating thereto; trade secrets, commercial and technical information, know-how, proprietary or confidential information, including engineering, production and other designs, notebooks, processes, drawings, specifications, formulae, and technology; computer and electronic data processing programs and software (object and source code), data bases and documentation thereof; inventions (whether patented or not); utility models; registered designs, certificates of invention and all other intellectual property under the laws of any country throughout the world.

"Intellectual Property Matters Agreement" has the meaning set forth in Section 2.1(f) of this Agreement. From and after the Separation Date, the Intellectual Property Matters Agreement shall refer to the agreement executed and delivered pursuant to such section, as amended and/or modified from time to time in accordance with its terms.

"IP Subsidiaries" shall mean HBI Branded Apparel Limited, Inc. and HBI Branded Apparel Enterprises LLC, each of which holds Intellectual Property used exclusively in the Branded Apparel Business (and the stock of each of which is being contributed to HBI under Section 4.2(a)(vii)).

"JP Morgan" shall have the meaning set forth in Section 4.5(b)(i) of this Agreement.

"Lawson Information" shall have the meaning set forth in Section 5.2(b) of this Agreement.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any Contract or tort based on negligence or strict liability) and whether or not the same would be required by generally accepted principles and accounting policies to be reflected in financial statements or disclosed in the notes thereto.

"Leased Vehicles" has the meaning set forth in Section 4.6(d) of this Agreement.

"Master Transition Services Agreement" has the meaning set forth in Section 2.1(c) of this Agreement. From and after the Separation Date, the Master Transition Services Agreement shall refer to the agreement executed and delivered pursuant to such section, as amended and/or modified from time to time in accordance with its terms.

"NYSE" shall have the meaning set forth in Section 3.1(c) of this Agreement.

"Other Financial Liabilities" means all liabilities, obligations, contingencies, instruments and other Liabilities of any member of the Sara Lee Group of a financial nature with third parties existing on the date hereof or entered into or established between the date hereof and the Separation Date, including any of the following: (i) foreign exchange contracts, (ii) letters of credit, (iii) guarantees of third party loans to customers, (iv) surety bonds (excluding surety for workers' compensation self-insurance), (v) interest support agreements on third party loans to customers, (vi) performance bonds or guarantees issued by third parties, (vii) swaps or other derivatives contracts, and (viii) recourse arrangements on the sale of receivables or notes.

"Period 2 Financial Statements" shall have the meaning set forth in Section 4.5(b)(ii) of this Agreement.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Authority.

"PHH Agreements" means the Operating Lease (Lease No. 122), dated June 25, 1998, between PHH-CFC Leasing, Inc., Sara Lee and certain other parties identified therein, and the Management Agreement, dated June 30, 1991, between PHH-CFC Leasing, Inc. and PHH Fleet America Corporation.

"Privileged Information" shall have the meaning set forth in Section 5.4(a) of this Agreement.

"Privileges" shall have the meaning set forth in Section 5.4(a) of this Agreement.

"Pro Forma Cash Amount" shall have the meaning set forth in Section 4.2(a)(viii) of this Agreement.

"Real Estate Matters Agreement" has the meaning set forth in Section 2.1(d) of this Agreement. From and after the Separation Date, the Real Estate Matters Agreement shall refer to the agreement executed and delivered pursuant to such section, as amended and/or modified from time to time in accordance with its terms.

"Record Date" means the close of business on the date to be determined by Sara Lee's Board of Directors in its sole and absolute discretion as the record date for determining stockholders of Sara Lee entitled to receive shares of HBI Common Stock in the Distribution.

"Record Holders" mean the holders of record of Sara Lee Common Stock as of the close of business on the Record Date.

"Registration Statement" shall have the meaning set forth in the preamble of this Agreement.

"Reserve Amount" shall have the meaning set forth in Section 4.5(b)(i) of this Agreement.

"Sara Lee" shall have the meaning set forth in the preamble of this Agreement.

"Sara Lee Action" shall have the meaning set forth in Section 5.9 of this Agreement.

"Sara Lee Business" means all businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted prior to the Effective Time by Sara Lee, the Sara Lee Subsidiaries, HBI and the HBI Subsidiaries, in each case that are not included in the Branded Apparel Business.

"Sara Lee Common Stock" shall have the meaning set forth in the preamble of this Agreement.

"Sara Lee Group" means the affiliated group (within the meaning of Section 1504(a) of the Code), or similar group of entities as defined under corresponding provisions of the laws of other jurisdictions, of which Sara Lee is the common parent corporation, and any corporation or other entity which may be, may have been or may become a member of such group from time to time, but excluding any member of the HBI Group.

"Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

"Separation" shall have the meaning set forth in the preamble of this Agreement.

"Separation Date" shall have the meaning set forth in Section 1.1 of this Agreement.

"Shared Contract" means Contracts with third parties which directly benefit both Sara Lee or a member of the Sara Lee Group or HBI or a member of the HBI Group.

"Shared Contractual Liabilities" means Liabilities with respect to Shared Contracts.

"Shortfall Cash Amount" has the meaning set forth in Section 4.5(b)(v) of this Agreement.

"Steering Committee" has the meaning set forth in Section 6.12(a) of this Agreement.

"Sublease" has the meaning set forth in Section 4.6(d) of this Agreement.

"Subsidiary" of any Person means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

“Substitute Guarantees” shall have the meaning set forth in Section 4.10(c) of this Agreement.

“Tax Sharing Agreement” has the meaning set forth in Section 2.1(b) of this Agreement. From and after the Separation Date, the Tax Sharing Agreement shall refer to the agreement executed and delivered pursuant to such section, as amended and/or modified from time to time in accordance with its terms.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, each of the parties has caused this Master Separation Agreement to be executed on its behalf by its officers hereunto duly authorized on the day and year first above written.

SARA LEE CORPORATION

By: /s/ Diana S. Ferguson
Diana S. Ferguson
Senior Vice President

HANESBRANDS INC.

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

EXHIBITS

| | |
|---|---|
| Exhibit A | Employee Matters Agreement |
| Exhibit B | Tax Sharing Agreement |
| Exhibit C | Master Transition Services Agreement |
| Exhibit D | Real Estate Matters Agreement |
| Exhibit E | Indemnification and Insurance Matters Agreement |
| Exhibit F | Intellectual Property Matters Agreement |

EXHIBIT A

EMPLOYEE MATTERS AGREEMENT

EXHIBIT B

TAX SHARING AGREEMENT

EXHIBIT C

MASTER TRANSITION SERVICES AGREEMENT

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EXHIBIT D

REAL ESTATE MATTERS AGREEMENT

EXHIBIT E

INDEMNIFICATION AND INSURANCE MATTERS AGREEMENT

EXHIBIT F

INTELLECTUAL PROPERTY MATTERS AGREEMENT

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SCHEDULE 4.1(c)

Delayed Transfer Assets and Liabilities

1. The purchase of assets and the assumption of liabilities in the Philippines, which will occur following the Distribution Date pursuant to that certain Deed of Sale to be executed by Sara Lee Philippines Inc. and Hanesbrands Philippines Inc. as soon as possible after approval from the government of the Philippines has been obtained. HBI and Sara Lee agree that, when the applicable governmental approvals have been obtained, Hanesbrands Philippines will pay to Sara Lee Philippines 127,000,000 Philippines Pesos (approximately $2.26 million) as consideration for such assets and liabilities.

2. Transfer to HBI of all outstanding ownership interest of the following subsidiaries:

- HBI Sourcing Asia Limited
- Sara Lee Apparel International (Shanghai) Co. Ltd. (to be renamed Hanesbrands International (Shanghai) Co. Ltd.)
- Sara Lee Apparel India Private Limited (to be renamed Hanesbrands India Private Limited)
- SL Sourcing India Private Ltd. (to be renamed HBI Sourcing India Private Ltd.)

Transfer of the shares of each company to HBI are in process, but will not be completed prior to the Distribution Date.

3. The purchase of assets and assumption of liabilities in Hong Kong relating to the Branded Apparel Business, which are currently owned by SL Hong Kong Ltd. and are being sold to Hanesbrands (HK), Limited for purchase consideration of $1.7 million.

4. The transfer to HBI Branded Apparel Enterprises, LLC of the 500 shares of Series A common stock of Playtex Marketing Corporation that currently are owned by Sara Lee.

SCHEDULE 4.2(a)(vii)

HBI Entities

**U.S. SUBSIDIARIES**

| Name of Subsidiary | Jurisdiction of Formation |
| --- | --- |
| BA International, L.L.C. | Delaware |
| Caribesock, Inc. | Delaware |
| Caribetex, Inc. | Delaware |
| CASA International, LLC | Delaware |
| Ceibena Del, Inc. | Delaware |
| Hanes Menswear, LLC | Delaware |
| Hanes Puerto Rico, Inc. | Delaware |
| Hanesbrands Direct, LLC | Colorado |
| Hanesbrands Distribution, Inc. | Delaware |
| HBI Branded Apparel Limited, Inc. | Delaware |
| HBI Branded Apparel Enterprises, LLC | Delaware |
| HBI Playtex BATH LLC | Delaware |
| HbI International, LLC | Delaware |
| HBI Sourcing, LLC | Delaware |
| Inner Self LLC | Delaware |
| Jasper-Costa Rica, L.L.C. | Delaware |
| National Textiles, L.L.C. | Delaware |
| NT Investment Company, Inc. | Delaware |
| Playtex Dorado, LLC | Delaware |
| Playtex Industries, Inc. | Delaware |
| Playtex Marketing Corporation (50% owned) | Delaware |
| Seamless Textiles, LLC | Delaware |
| UPCR, Inc. | Delaware |
| UPEL, Inc. | Delaware |

**NON-U.S. SUBSIDIARIES**

| Name of Subsidiary | Jurisdiction of Formation |
| --- | --- |
| Allende Internacional S. de R.L. de C.V. | Mexico |
| Bali Dominicana, Inc. | Panama/DR |
| Bali Dominicana Textiles, S.A. | Panama/DR |
| Bal-Mex S. de R.L. de C.V. | Mexico |
| Canadelle LP | Canada |
| Canadelle Holdings Corporation Limited | Canada |
| Cartex Manufacturera S. A. | Costa Rica |
| Caysock, Inc. | Cayman Islands |

| | |
|---|---|
| Caytex, Inc. | Cayman Islands |
| Caywear, Inc. | Cayman Islands |
| Ceiba Industrial, S. de R.L. | Honduras |
| Champion Products S. de R.L. de C.V. | Mexico |
| Choloma, Inc. | Cayman Islands |
| Confecciones Atlantida S. de R.L. | Honduras |
| Confecciones de Nueva Rosita S. de R.L. de C.V. | Mexico |
| Confecciones El Pedregal Inc. | Cayman Islands |
| Confecciones El Pedregal S.A. de C.V. | El Salvador |
| Confecciones del Valle, S. de R.L. de C.V. | Honduras |
| Confecciones Jiboa S.A. de C.V. | El Salvador |
| Confecciones La Caleta, Inc. | Cayman Islands |
| Confecciones La Herradura S.A. de C.V. | El Salvador |
| Confecciones La Libertad, S.A. de C.V. | El Salvador |
| DFK International Ltd. | Hong Kong |
| Dos Rios Enterprises, Inc. | Cayman Islands |
| Hanes Caribe, Inc. | Cayman Islands |
| Hanes Choloma, S. de R. L. | Honduras |
| Hanes Colombia, S.A. | Colombia |
| Hanes de Centro America S.A. | Guatemala |
| Hanes de El Salvador, S.A. de C.V. | El Salvador |
| Hanes de Honduras S. de R.L. de C.V. | Honduras |
| Hanes Dominican, Inc. | Cayman Islands |
| Hanesbrands Japan Inc. | Japan |
| Hanes Panama Ltd. | Panama |
| Hanes Brands Incorporated de Costa Rica, S.A. | Costa Rica |
| Hanesbrands Argentina S.A. | Argentina |
| Hanesbrands Brasil Textil Ltda. | Brazil |
| Hanesbrands Canada NSULC | Canada |
| Hanesbrands Dominicana, Inc. | Cayman Islands |
| Hanesbrands Europe GmbH | Germany |
| Hanesbrands Philippines Inc. | Philippines |
| Hanesbrands (HK) Limited | Hong Kong |
| Hanesbrands (Thailand) Ltd. | Thailand |
| HBI Alpha Holdings, Inc. | Cayman Islands |
| HBI Beta Holdings, Inc. | Cayman Islands |
| HBI Compania de Servicios, S.A. de C.V. | El Salvador |
| HBI Servicios Administrativos de Costa Rica, S.A. | Costa Rica |
| HBI Socks de Honduras, S. de R.L. de C.V. | Honduras |

| | |
|---|---|
| HBI Sourcing Asia Limited | Hong Kong |
| Indumentaria Andina S.A. | Argentina |
| Industria Textileras del Este, S. de R.L. | Costa Rica |
| Industrias Internacionales de San Pedro S. de R.L. de C.V. | Mexico |
| J.E. Morgan de Honduras, S.A. | Honduras |
| Jasper Honduras, S.A. | Honduras |
| Jogbra Honduras, S.A. | Honduras |
| Madero Internacional S. de R.L. de C.V. | Mexico |
| Manufacturera Ceibena S. de R.L. | Honduras |
| Manufacturera Comalapa S.A. de C.V. | El Salvador |
| Manufacturera de Cartago, S.R.L. | Costa Rica |
| Manufacturera San Pedro Sula, S. de R.L. | Honduras |
| Monclova Internacional S. de R.L. de C.V. | Mexico |
| PT HBI Sourcing Indonesia | Indonesia |
| PTX (D.R.), Inc. | Cayman Islands |
| Rinplay S. de R.L. de C.V. | Mexico |
| Santiago Internacional Textil Limitada (in liquidation) | Chile |
| Sara Lee Apparel India Private Limited (to be renamed Hanesbrands India Private Limited) | India |
| Sara Lee Apparel International (Shanghai) Co. Ltd. (to be renamed Hanesbrands International (Shanghai) Co. Ltd.) | China |
| Sara Lee Knit Products Mexico S.A. de C.V. (to be renamed Inmobilaria Rinplay S. de R.L. de C.V.) | Mexico |
| Sara Lee Moda Femenina, S.A. de C.V. (to be renamed Servicios Rinplay, S. de R.L de C.V.) | Mexico |
| Servicios de Soporte Intimate Apparel, S de RL | Costa Rica |
| SL Sourcing India Private Ltd. (to be renamed HBI Sourcing India Private Ltd.) | India |
| SN Fibers | Israel |
| Socks Dominicana S.A. | Dominican Republic |
| Texlee El Salvador, S.A. de C.V. | El Salvador |
| The Harwood Honduras Companies, S. de R.L. | Honduras |
| TOS Dominicana, Inc. | Cayman Islands |

SCHEDULE 4.2(a)(xiii)

GSI COMPANY PREFIXES

| MFG-ID | Business Unit | UCC Account Name |
|---|---|---|
| 046029 | SLBA-SLA | Sara Lee Activewear |
| 635424 | SLBA-SLA/SLU | Shared |
| 015733 | SLBA-Champion | Champion Products |
| 631308 | SLBA-Champion | Champion Products |
| 631309 | SLBA-Champion | Champion Products |
| 660408 | SLBA-Champion | Champion Products |
| 719385 | SLBA-Champion | Champion Products |
| 719386 | SLBA-Champion | Champion Products |
| 720873 | SLBA-Champion | Champion Products |
| 742466 | SLBA-Champion | Champion Products |
| 756472 | SLBA-Champion | Champion Products |
| 766369 | SLBA-Champion | Printables |
| 781034 | SLBA-Champion | Champion Products |
| 781036 | SLBA-Champion | Champion Products |
| 781039 | SLBA-Champion | Champion Products |
| 727271 | SLBA-Champion | Champion Jogbra |
| 017326 | SLBA-SLI | Playtex/Bali |
| 085447 | SLBA-SLI | Playtex/Bali |
| 738994 | SLBA-SLI | Playtex/Bali |
| 019585 | SLBA-SLI | Playtex/Bali |
| 042714 | SLBA-SLI | Playtex/Bali |
| 617914 | SLBA-SLI | Playtex/Bali |
| 942714 | SLBA-SLI | Playtex/Bali |
| 012036 | SLBA-SLH | Sara Lee Hosiery/Hanes Hosiery/Legg’s |
| 074200 | SLBA-SLH | Sara Lee Hosiery/Hanes Hosiery/Legg’s |
| 036541 | SLBA-SLH | Sara Lee Hosiery/Hanes Hosiery/Legg’s |
| 077478 | SLBA-SLH | Sara Lee Hosiery/Hanes Hosiery/Legg’s |
| 689425 | SLBA-SLH | Sara Lee Hosiery/Hanes Hosiery/Legg’s |
| 043935 | SLBA-SLU Duofold | JE Mogran Knitting Mills |
| 400001 | SLBA-SLU Duofold | JE Mogran Knitting Mills (Private Label) |
| 400002 | SLBA-SLU Duofold | JE Mogran Knitting Mills (Private Label) |
| 400003 | SLBA-SLU Duofold | JE Mogran Knitting Mills (Private Label) |
| 400004 | SLBA-SLU Duofold | JE Mogran Knitting Mills (Private Label) |
| 400078 | SLBA-SLU Duofold | JE Mogran Knitting Mills (Private Label) |
| 400086 | SLBA-SLU Duofold | JE Mogran Knitting Mills (Private Label) |
| 403829 | SLBA-SLU Harwood | The Harwood Companies (Private Label) |
| 504648 | SLBA-SLU Harwood | The Harwood Companies |
| 504658 | SLBA-SLU Harwood | The Harwood Companies |
| 504675 | SLBA-SLU Harwood | The Harwood Companies |
| 504681 | SLBA-SLU Harwood | The Harwood Companies |
| 024106 | SLBA-SLU Host | Host Apparel Inc. |

| MFG-ID | Business Unit | UCC Account Name |
|---|---|---|
| 091592 | SLBA-SLU Host Canada | Host Apparel Inc. |
| 090563 | SLBA-SLU Host For Her | Host Apparel Inc. |
| 628992 | SLBA-SLU Host For Her | Host Apparel Inc. |
| 019718 | SLBA-SLU JE Mogran | JE Mogran Knitting Mills (William Carter) |
| 490400 | SLBA-SLU JE Mogran | JE Mogran Knitting Mills (Private Label) |
| 075338 | SLBA-SLU UW | Sara Lee Activewear |
| 085447 | SLBA-SLU UW | Sara Lee Activewear/Sara Lee Knit |
| 096619 | SLBA-SLU UW | Sara Lee Activewear/Sara Lee Knit |
| 490360 | SLBA-SLU UW | Sara Lee Activewear/Sara Lee Knit |
| 635424 | SLBA-SLU UW | Sara Lee Activewear/Sara Lee Knit |
| 038257 | SLBA-SOCK | Sara Lee Sock Company/Adams-Mills/Silver Knit |
| 078715 | SLBA-SOCK | Sara Lee Sock Company |
| 721665 | SLBA-SOCK | Sara Lee/Silver Knit Division |
| 723652 | SLBA-Outer Banks | Outer Banks |
| 011919 | | Sara Lee Bodywear |
| 768274 | | Sara Lee Intimates De Mexico |

SCHEDULE 4.2(b)

EXCLUDED ASSETS

1. Any deferred consideration or earn-out, amounts paid pursuant to the net debt/working capital adjustment, loan repayment, deposit recovery or other payment to Sara Lee Corporation (or an affiliate thereof) in connection with the disposition of the Sara Lee European Branded Apparel, Courtaulds private label or Courtaulds International Fabrics businesses

2. Shares of Vatter GmbH

3. The $3,675,000 loan agreement between Courtaulds Textiles (Holdings) Limited and Dogi China

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SCHEDULE 4.3(a)(vi)

CERTAIN HBI CONTRACTUAL LIABILITIES

The following shall be HBI Liabilities:

1. Obligation to comply with any and all non-compete, non-solicitation, confidentiality and IP infringement covenants binding upon Sara Lee or other members of the Sara Lee Group under the purchase and sale agreements identified in this item 1 below, as any such Contract is amended, modified or restated from time to time prior to the Distribution Date, which obligations and covenants become binding upon Sara Lee or other members of the Sara Lee Group after the consummation of the closing of the transactions contemplated thereby, together with any Liability arising out of or resulting from the HBI Group failing to comply therewith (including, without limitation, any Liability for indemnification under any such agreement arising out of or resulting from such failure to comply); provided, however, that (1) the Sara Lee Group shall retain the obligation to indemnify the purchasers of the businesses or assets for breaches of representations or warranties in the purchase and sale agreements and for liabilities not assumed by such purchasers and (2) in no event shall the HBI Group incur any liability or obligation resulting from a covenant breach or other agreement violation by Sara Lee or the Sara Lee Group after the Distribution Date:

(a) First Amended and Restated Purchase Agreement, dated February 3, 2006, among Sara Lee and Branded Apparel France SAS, and any ancillary transaction agreements referenced therein;

(b) Acquisition Agreement, dated March 19, 2001, between Sara Lee Corporation, and Champion Europe S.p.A., and any ancillary transaction agreements referenced therein;

(c) Share Purchase Agreement, signed on August 3, 2001, between Sara Lee Branded Apparel Italia S.p.A and Eminence SAS, and any ancillary transaction agreements referenced therein; and

(d) Stock Purchase Agreement, dated December 15, 1999, between Vlijmense Belegging Maatschappij B.V., and Greenvale Holdings Limited, and any ancillary transaction agreements referenced therein.

(e) Purchase and Sale Agreement, dated December 10, 2003, among Sara Lee Branded Apparel Italia S.p.A., Sara Lee/DE España, S.A. and Gilfin S.p.A., as such agreement is amended, modified or restated from time to time.

(f) Share Purchase Agreement, dated October 10, 2000, by and between Courtaulds Textiles Holding S.A. and LCH, as amended, and any ancillary transaction agreements referenced therein.

(g) Business Sale Agreement: Sale of Zorbit, dated 6 February 2001, between Courtaulds Textiles (Holdings) Limited and Zorbit Babycare Limited, as amended, and any ancillary transaction agreements referenced therein.

(h) Business Sale Agreement: Sale of Lyle & Scott, dated 30 November 2000, between Courtaulds Textiles (Holdings) Limited, Meaujo (506) Limited, Harris Watson Investments Limited and Liddesdale Limited, as amended, and any ancillary transaction agreements referenced therein.

(i) Sale Agreement, dated 29 July 2001, between Sara Lee International Corporation and Sotexim S.A.

(j) Business Sale Agreement: Sale of Penn Nyla, Dartex Coatings and Enterprise Coatings, dated 6 July 2001, between Courtaulds Textiles (Holdings) Limited; Liberty Fabrics, Inc., Penn Nyla Limited, Dartex Coatings Limited, Laminates USA Inc. and Harris Watson Investments Limited, as amended, and any ancillary transaction agreements referenced therein.

(k) Share Purchase Agreement, dated May 3, 2001, by and between Courtaulds Textiles Holdings S.A.S. and S.D.G.P. 24, as amended, and any ancillary transaction agreements referenced therein.

(l) Agreements for the sale of Zimbabwe Hosiery Company to Berkshire International on November 14, 2000.

(m) Share Purchase Agreement dated August 15, 2005 by and between GMM Capital LLC and Sara Lee International Corporation, as amended from time to time.

2. Liabilities under the purchase and sale agreements identified in this item 2 below, and any related transaction Contract executed by any member of the Sara Lee Group in connection with such agreement, as any such Contract is amended, modified or restated from time to time:

(a) Stock Purchase Agreement, dated April 20, 2001, among Sara Lee Corporation, Champion Products, Inc. and GFSI, Inc. (d/b/a GEAR for Sports), and any ancillary transaction agreements referenced therein;

(b) Agreement for the Sale of the Australia Business dated February 26, 2001, among Sara Lee Apparel (Australasia) Pty Limited, Pacific Dunlop Limited, and Sara Lee Corporation, and any ancillary transaction agreements referenced therein;

(c) Agreement for the Sale and Purchase of Certain Companies, dated April 5, 2001, between Sara Lee International Corporation, and DOGI S.A., and any ancillary transaction agreements referenced therein; and

3. Liabilities relating to the business of Host Apparel Group prior to July 1, 2005.

SCHEDULE 4.3(b)

EXCLUDED LIABILITIES

For the avoidance of doubt, the following Liabilities shall be Excluded Liabilities:

1. Liabilities arising out of the operation of the following current or former Subsidiaries of Sara Lee:

Sara Lee Branded Apparel Italia S.r.l.
South African Gossard (Proprietary) Limited
Sara Lee Intimates Nederland BV
Sara Lee Intimates Scandinavia AB
Sara Lee Intimates Scandinavia A/S
Sara Lee (Ireland) Ltd.

3. Liabilities relating to the Sara Lee U.K. Pension Plan, including Liabilities under Funding and Guarantee Agreement between Sara Lee Corporation UK Holdings Limited, Sara Lee Corporation and Sara Lee U.K. Pension Trustee Limited dated March 31, 2006.

4. Liabilities relating to Sara Lee's European Branded Apparel business, except to the extent of any Liabilities, covenants or agreements relating to such businesses that are specifically listed in this Agreement or on any Schedule to this Agreement as being assumed by HBI.

SCHEDULE 4.12

INTERCOMPANY ACCOUNTS

**A. Trade or Misc. Receivables and Payables**

The following guidance applies to any payable or receivable that is reported on the following lines of Sara Lee's internal EO-100 financial reporting statements:

3.3 – Intercompany Receivables – Trade
21.03 – Intercompany Receivables – Misc
23.04 – Accounts Payable – Intercompany
31.03 – Intercompany Payable – Misc

Any member of the Sara Lee Group that has an intercompany payable balance to any member of the HBI Group that is reported on one of these lines will repay those payables by August 29, 2006.

Any member of the HBI Group that has an intercompany payable balance to any member of the Sara Lee Group that is reported on one of these lines will repay those payables by August 29, 2006.

**B. Intercompany Royalties**

Any member of the HBI Group that pays royalties to any member of the Sara Lee Group will estimate the amount of royalties that would be due through the end of period 2 of fiscal year 2007 and pay this amount to the applicable member of the Sara Lee Group in August 2006.

**C. Intercompany Indebtedness**

Any member of the HBI Group or the Sara Lee Group that has outstanding indebtedness owed to the other party that is reported on the following lines of Sara Lee's internal EO-100 financial reporting statements will pay the outstanding amount to the applicable party by August 29, 2006:

21.0 Intercompany Receivable – Debt
21.02 Intercompany Receivable – Interest
31.01 Intercompany Payable – Debt
31.2 Intercompany Payable – Interest

**D. Other Intercompany Amounts**

Any amount that is payable to or receivable from any member of the Sara Lee Group, on the one hand, and any member of the HBI Group, on the other hand, that is reported on the following lines of Sara Lee's internal EO-100 financial reporting statements will be capitalized/written off by August 29, 2006:

31.05 Intercompany Notes – CEO
31.06 Intercompany Notes – Prior Year

E. If any intercompany payables or receivables accrue between August 29, 2006 and September 2, 2006 pursuant to the accounts identified in categories A, B or D above, then the respective parties will capitalize/write off such amounts as of the close of business on September 2, 2006.

SCHEDULE 5.14

CTHL EMPLOYEES

Martin Bentham
Vincent Fletcher
Miranda Frost
Julie Gifford
Glenn Logan
Kerry McIllrony
Roger Preston
Mike Starbuck
Aileen Webster

SCHEDULE 7

HBI CONTRACTS

The following Contracts shall also be HBI Contracts:

Agreements Relating to Sale of Sara Lee Branded Apparel – Europe:

1. Wonderbra Trademark License Agreement, dated February 3, 2006, among Sara Lee Trademark Holding LLC and DBA Lux 1 S.a.r.l., as amended from time to time.

2. Wonderbra Usufruct Agreement dated February 3, 2006 between Sara Lee Trademark Holding LLC and DBA Lux 2 S.a.r.l., as amended from time to time.

3. Wonderbra Manufacturing Side Letter dated February 3, 2006 between Sara Lee Trademark Holding LLC, DBA Lux 1 S.a.r.l. and DBA Lux 2 S.a.r.l., as amended from time to time.

4. Playtex Trademark License Agreement, dated February 3, 2006, among Sara Lee Trademark Holding LLC and DBA Lux 1 S.a.r.l., as amended from time to time.

5. Playtex Usufruct Agreement dated February 3, 2006 between Sara Lee Trademark Holding LLC and DBA Lux 2 S.a.r.l., as amended from time to time.

6. Playtex Manufacturing Side Letter dated February 3, 2006 between Sara Lee Trademark Holding LLC, DBA Lux 1 S.a.r.l. and DBA Lux 2 S.a.r.l., as amended from time to time.

7. Distribution and Customer Transition Side Letter dated February 3, 2006 between Sara Lee Corporation and Branded Apparel France S.A.S., as amended from time to time.

8. Amended Trade Mark Licensed Agreement, dated November 19, 1991, among Playtex Apparel, Inc. (as subsequently merged with Sara Lee Corporation) and Playtex Family Products Corporation (renamed Playtex Products, Inc.) as further amended by exchange of letters between Sara Lee Corporation and Playtex Products, Inc. dated as of November 23, 2005 and December 12, 2005.

9. DIM Trademark License Agreement, dated February 3, 2006, among DIM S.A. and Sara Lee, as amended from time to time.

10. UNNO Trademark License Agreement, dated February 3, 2006, among DBA Lux 1 Sarl and Sara Lee, as amended from time to time.

11. Patent License dated February 3, 2006 by and between Sara Lee Corporation and DBA Lux 1, as amended from time to time.

12. Patent License dated February 3, 2006 by and between Pretty Polly Ltd. and DBA Lux 1, as amended from time to time.

13. Patent License dated February 3, 2006 by and between Courtaulds Textile Holdings Ltd. and DBA Lux 1 S.a.r.l., as amended from time to time.

14. Patent License Back dated February 3, 2006 by and between Playtex France S.A.S. and Sara Lee Corporation, as amended from time to time.

15. Patent License Back dated February 3, 2006 by and between DBA Lux 1 and Sara Lee Corporation, as amended from time to time.

16. Patent License Back dated February 3, 2006 by and between DIM S.A. and Sara Lee Corporation, as amended from time to time.

17. Purchase Agreement Among Sara Lee Corporation and Branded Apparel France S.A.S., dated November 13, 2005, as amended from time to time (with respect to Sections 9(c) and 9(e) only).

Agreements Relating to Acquisition of National Textiles:

1. Purchase Agreement, dated September 15, 2005, among Sara Lee, National Textiles, L.L.C., NT Investment Company, Inc., and certain other parties identified therein, as such Contract is amended, modified or restated from time to time, provided that Section 3(b) of such agreement and the associated Letter of Credit shall remain the responsibility of Sara Lee.

2. Guaranty of Sara Lee Corporation for the benefit of Keith G. Huskins, Jerry D. Rowland, Thomas E. McBride and J. Byron Vines.

Agreements Relating to Sale of Sara Lee Direct Selling:

1. Sara Lee Knit Products Distributorship Agreement, dated December 5, 2005, among Sara Lee Knit Products Mexico, S.A. de C.V., Sara Lee Branded Apparel, a division of Sara Lee, and House of Fuller S. de R.L. de C.V.

2. Sara Lee Moda Distributorship Agreement, dated December 5, 2005, among Sara Lee Moda Femenina, S.A. de C.V., Sara Lee Branded Apparel, a division of Sara Lee, and House of Fuller S. de R.L. de C.V.

3. Trademark License Agreement — Fragrances & Accessories, dated June 28, 2006, among Sara Lee Branded Apparel, a division of Sara Lee, and Dart Industries Inc.

4. License Agreement, dated June 28, 2006, among Sara Lee Branded Apparel, a division of Sara Lee, and Dart Industries Inc.

5. License Agreement, dated June 28, 2006, among Canadelle Limited Partnership and Dart Industries, Inc.

6. License Agreement, dated June 28, 2006, among Sara Lee Global Finance, L.L.C. and Dart Industries, Inc.

7. License Agreement, dated June 28, 2006, among Sara Lee and Dart Industries, Inc.

Agreements Relating to Acquisition of Assets of DFK Trading:

1. Asset Purchase Agreement dated November 22, 2004, among DFK International Trading Limited, DFK Trading Corporation Limited, Daniel F. Keisman, Myrna I. Keisman and Tonny Kam Chung, as amended from time to time.

2. Consulting Agreement dated as of June 3, 2005 by and between DFK International Limited and DFK Trading Corp.

Agreements Relating to TOS2 Supply Initiative:

1. Strategic Relationship and Supply Agreement dated January 26, 2005 by and between Sara Lee Corporation, acting through its Sara Lee Branded Apparel Division and Industrias Duraflex S.A. de C.V.

2. Guarantee of Sara Lee Corporation dated April 28, 2005, on behalf of Confecciones La Libertad, S.A. de C.V. for the benefit of The Fideicomiso Especial Para La Creacion de Empleos En Sectories Estrategicos De El Salvador

Playtex Marketing Corporation:

1. The Amended Trademark License Agreement dated as of November 15, 1991 between Playtex Marketing Corporation, Sara Lee Corporation (as successor to Playtex Apparel, Inc.) and Playtex Family Products Corporation, as amended on December 12, 2005.

Supply Agreement:

1. Deed and Summary Terms dated June 6, 2006 between Sara Lee Branded Apparel, a division of Sara Lee, and Robert Ng for and on behalf of PD Enterprise United.

EXECUTION COPY

**TAX SHARING AGREEMENT**

by and among

**SARA LEE CORPORATION**

**AND ITS AFFILIATES**

and

**HANESBRANDS INC.**

**AND ITS AFFILIATES**

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**TAX SHARING AGREEMENT**

THIS TAX SHARING AGREEMENT, dated as of this 31th day of August, 2006, by and among Sara Lee Corporation ("Sara Lee"), a Maryland corporation, by and on behalf of itself and each Affiliate of Sara Lee, and Hanesbrands Inc. ("HBI"), a Maryland corporation and currently a direct, wholly owned subsidiary of Sara Lee, by and on behalf of itself and each Affiliate of HBI. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article I hereof.

**RECITALS**

WHEREAS, as of the date of this Agreement, Sara Lee and its direct and indirect domestic corporate subsidiaries are members of the Sara Lee Consolidated Group;

WHEREAS, the boards of directors of Sara Lee and HBI have each determined that it is appropriate and desirable for Sara Lee to contribute and transfer to HBI, and for HBI to receive and assume, directly or indirectly, assets and liabilities currently held directly or indirectly by Sara Lee and associated with the HBI Business (the "Restructuring");

WHEREAS, as set forth in the Master Separation Agreement dated as of August 31, 2006 (the "Separation Agreement"), and subject to the terms and conditions thereof, Sara Lee intends to distribute all of its shares of HBI to Sara Lee shareholders pursuant to the Distribution;

WHEREAS, the Restructuring and Distribution are intended to qualify as a tax-free reorganization and distribution under Sections 368(a)(1)(D) and 355 of the Code; and

WHEREAS, in contemplation of the Distribution, Sara Lee and HBI desire to set forth their agreement on the rights and obligations of Sara Lee and HBI and their respective Affiliates with respect to the responsibility, handling and allocation of federal, state, local, and foreign Taxes, and various other Tax matters.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants, and provisions of this Agreement, Sara Lee, HBI, and their respective Affiliates mutually covenant and agree as follows:

## ARTICLE I

## DEFINITIONS

“959 Dividend Exclusion” has the meaning prescribed in Section 2.12.

“Affiliate” means any corporation, partnership, limited liability company, or other entity directly or indirectly Controlled by the entity in question. For purposes of this Agreement, an Affiliate of Sara Lee shall not include any entity that is, or is also, an Affiliate of HBI.

“After Tax Amount” means any additional amount necessary to reflect (through a gross-up mechanism) the hypothetical Tax consequences of the receipt or accrual of any payment required to be made under this Agreement (including payment of an additional amount or amounts hereunder and the effect of the deductions available for interest paid or accrued and for Taxes such as state and local Income Taxes), determined by using the highest marginal corporate Tax rate (or rates, in the case of an item that affects more than one Tax) for the relevant taxable period (or portion thereof).

“Agreement” means this Tax Sharing Agreement, including any schedules, exhibits, and appendices attached hereto.

“Ancillary Agreements” has the meaning prescribed in the Separation Agreement.

“Cash Acquisition Merger” means a merger of a newly-formed subsidiary of HBI with a corporation, limited liability company, limited partnership, general partnership or joint venture (in each case, not previously owned, directly or indirectly, by HBI) solely for cash pursuant to which HBI acquires such corporation, limited liability company, limited partnership, general partnership or joint venture and no Equity Securities of HBI or any HBI Affiliate are issued, sold, redeemed, or acquired, directly or indirectly.

“CFC” means a “controlled foreign corporation” as defined in Section 957(a) of the Code.

“Code” means the Internal Revenue Code of 1986 (or, if relevant, the Internal Revenue Code of 1954), as amended, or any successor thereto, as in effect for the taxable period in question.

“Combined Jurisdiction” means, for any taxable period, any jurisdiction in which HBI or an HBI Affiliate is included in a consolidated, combined, or unitary return with Sara Lee or a Sara Lee Affiliate for state Income Tax or Other Tax purposes.

“Combined Return” means any combined, unitary, or consolidated return or report used in the determination of a state Income Tax or Other Tax liability.

“Control” means the ownership of stock or other securities possessing at least 50 percent of the total combined voting power of all classes of securities entitled to vote.

“Deferred Tax Assets” means, as of a given date, the amount of deferred tax benefits (including deferred tax consequences attributable to deductible temporary differences and carryforwards) that would be recognized as assets on a business enterprise’s balance sheet computed in accordance with GAAP, but without regard to valuation allowances.

“Deferred Tax Liabilities” means, as of a given date, the amount of deferred tax liabilities (including deferred tax consequences attributable to deductible temporary differences) that would be recognized as liabilities on a business enterprise’s balance sheet computed in accordance with GAAP, but without regard to valuation allowances.

“Deferred Taxes” means, as of a given date, the amount of Deferred Tax Assets, less the amount of Deferred Tax Liabilities. Deferred Taxes may be a net negative or positive amount, and shall be computed without regard to any payments to be made pursuant to Section 2.10.

“Distribution” has the meaning prescribed to that term in the Separation Agreement.

“Distribution Date” means the date on which the HBI stock is distributed by Sara Lee to its shareholders in a transaction intended to qualify as a tax-free distribution under Sections 355 and 368(a)(1)(D) of the Code.

“Employee Restricted Stock” means either Sara Lee Restricted Stock or HBI Restricted Stock.

“Employee Stock Option” means either a Sara Lee Stock Option or an HBI Stock Option.

“Equity Securities” means any stock or other equity securities treated as stock for Tax purposes, or options, warrants, rights, convertible debt, or any other instrument or security that affords any Person the right, whether conditional or otherwise, to acquire stock or to be paid an amount determined by reference to the value of stock.

“Estimated Deferred Taxes” has the meaning prescribed in Section 2.10(a).

“Filing Party” has the meaning prescribed in Section 3.2(b).

“Final Deferred Taxes” has the meaning prescribed in Section 2.10(b).

“Final Determination” shall mean the final resolution of liability for any Tax for a taxable period, including any related interest, penalties or other additions to tax, (i) by Internal Revenue Service Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the IRS, or by a comparable form under the laws of other jurisdictions; except that a Form 870 or 870-AD or comparable form that reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund and/or the right of the Taxing Authority to assert a further deficiency with respect to a Tax Item shall not constitute a Final Determination with respect to such Tax Item; (ii) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and

unappealable; (iii) by a closing agreement or accepted offer in compromise under Section 7121 or Section 7122 of the Code, or comparable agreements under the laws of other jurisdictions; (iv) by any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; or (v) by any other final disposition, including by reason of the expiration of the applicable statute of limitations.

"GAAP" means United States generally accepted accounting principles as in effect on the Distribution Date, and to the extent permissible, consistent with the preparation of the June 30, 2005 audited consolidated financial statements of Sara Lee and its Affiliates.

"Gain Recognition Agreement" means any agreement to recognize gain described in Treasury Regulation Section 1.367(a)-8 to which Sara Lee or any Sara Lee Affiliate is a party.

"HBI" has the meaning prescribed in the preamble to this Agreement.

"HBI Business" has the meaning prescribed to the term "Branded Apparel Business" in the Separation Agreement.

"HBI Employee" means an employee of HBI or any HBI Affiliate immediately after the Distribution.

"HBI Group" means the group of corporations that, immediately after the Distribution Date, will be members of the affiliated group of corporations of which HBI is the common parent (within the meaning of Section 1504 of the Code). For purposes of this definition, it is assumed that HBI will elect to file consolidated federal income tax returns with HBI as the common parent for the taxable year beginning immediately after the Distribution.

"HBI Opening Balance Sheet" means the opening GAAP balance sheet for the consolidated financial statements for HBI and its Affiliates for the period which begins immediately after the Distribution.

"HBI Representation Letter" means an officer's certificate in which certain representations, warranties and covenants are made on behalf of HBI and its Affiliates in connection with the issuance of a Tax Opinion or Tax Ruling.

"HBI Restricted Stock" means HBI common stock received by an HBI Employee or Sara Lee Employee in connection with his or her employment, which stock has not yet been included in the income of such Employee as of the Distribution Date.

"HBI Stock Option" means an Option to acquire HBI common stock received by an HBI Employee or Sara Lee Employee in connection with his or her employment, which Option has not yet been exercised as of the Distribution Date.

"Income Taxes" means all federal, state, local, and foreign income Taxes or other Taxes based on income or net worth including, without limitation, the Michigan "single business tax" set forth at MCL sections 208.1 to 208.145, the Ohio "Commercial Activity Tax" set forth in Ohio Rev. Code Ann. §§ 5751.01 through 5751.99, the Ohio "personal property tax" set forth

in Ohio Rev. Code Ann. §§ 319, 323, 5701, 5705, 5709, 5711, and 5719, the New Jersey "alternative minimum assessment" on corporations set forth in N.J. Rev. Stat. § 54:10A-5, the New Jersey "litter-generating products tax" set forth in N.J. Rev. Stat. § 13:1E-216(a), the Texas "franchise tax" set forth in Title 2, Subtitle F, Chapter 171 of the Texas Tax Code Annotated, the California "franchise tax" set forth in Cal. Rev. & Tax Code § 23151, the "Business Privilege Tax" set forth in Tennessee Code section 67-4-709, the Philadelphia "business privilege tax" set forth in Philadelphia Code section 19-2604, the North Carolina "Franchise Tax" set forth in N.C. Gen. Stat. §§ 105-122, and any other franchise or similar Taxes.

"IRS" means the United States Internal Revenue Service or any successor thereto, including, but not limited to its agents, representatives, and attorneys.

"Liability Issue" has the meaning prescribed in Section 5.1(c).

"Non-filing Party" has the meaning prescribed in Section 3.2(b).

"Option" means an option to acquire common stock, or other equity-based incentives the economic value of which is designed to mirror that of an option, including non-qualified stock options, discounted non-qualified stock options, cliff options to the extent stock is issued or issuable (as opposed to cash compensation), and tandem stock options to the extent stock is issued or issuable (as opposed to cash compensation).

"Other Taxes" means all taxes other than Income Taxes, including (but not limited to) transfer, sales, use, payroll, property, and unemployment Taxes.

"Owed Party" has the meaning prescribed in Section 7.5.

"Owing Party" has the meaning prescribed in Section 7.5.

"Permitted Transaction" means any transaction that satisfies the requirements of Section 4.2(j).

"Person" means any natural person, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, proprietorship, trust, association, union, governmental authority or other entity, enterprise, authority or organization.

"Post-Distribution Tax Period" means, with respect to a given entity, any taxable period (or portion thereof) for which a Tax Return is filed, if such period begins after the Distribution Date. By way of example, if the Distribution Date were to occur on July 31, 2006, then for federal Income Tax purposes the taxable year beginning August 1, 2006 would constitute a Post-Distribution Tax Period with respect to the members of the HBI Group immediately after the Distribution Date.

"Pre-Distribution Tax Period" means, with respect to a given entity, any taxable period (or portion thereof) for which a Tax Return is filed, if such period ends on or before the Distribution Date. By way of example, if the Distribution Date were to occur on July 31, 2006, then for federal Income Tax purposes the period from July 1, 2006 through July 31, 2006 would constitute a Pre-Distribution Tax Period with respect to the members of the HBI Group

immediately after the Distribution Date, even though the taxable income of those corporations for such period is includable on the Sara Lee Consolidated Group's Tax Return for that Group's taxable year ending June 30, 2007.

"Reportable Transaction" means a reportable or listed transaction as defined in Section 6011 of the Code or Treasury Regulations thereunder.

"Representation Letter" means the HBI Representation Letter and the Sara Lee Representation Letter.

"Responsible Party" has the meaning prescribed in Section 5.2.

"Restriction Period" means the period beginning on the date hereof and ending on the second anniversary of the Distribution Date.

"Restructuring" has the meaning prescribed in the recitals to this Agreement.

"Ruling Documents" means the Ruling Request, the appendices, attachments and exhibits thereto, and any additional or supplemental information submitted to the IRS in connection with the Ruling Request.

"Ruling Request" means the private letter ruling request filed by Sara Lee with the IRS dated March 31, 2006 pertaining to certain Tax aspects of the Restructuring and the Distribution.

"Sara Lee" has the meaning prescribed in the preamble to this Agreement.

"Sara Lee Businesses" means the present and future businesses of Sara Lee and any Sara Lee Affiliate, other than the HBI Business.

"Sara Lee Consolidated Group" means the affiliated group of corporations (within the meaning of Section 1504 of the Code) of which Sara Lee is the common parent prior to the Distribution Date.

"Sara Lee Employee" means an employee of Sara Lee or any Sara Lee Affiliate immediately after the Distribution.

"Sara Lee Group" means the group of corporations that, immediately after the Distribution Date, are members of the affiliated group of corporations of which Sara Lee is the common parent (within the meaning of Section 1504 of the Code).

"Sara Lee Representation Letter" means an officer's certificate in which certain representations, warranties and covenants are made on behalf of Sara Lee and its Affiliates in connection with the issuance of a Tax Opinion or Tax Ruling.

"Sara Lee Restricted Stock" means Sara Lee common stock received by a Sara Lee or HBI Employee in connection with his or her employment, which stock has not yet been included in the income of such Employee as of the Distribution Date.

"Sara Lee Shareholder Tax Indemnity Payment" has the meaning prescribed in Section 4.2 hereof.

"Sara Lee Stock Option" means an Option to acquire Sara Lee common stock received by a Sara Lee or HBI Employee in connection with his or her employment, which Option has not yet been exercised as of the Distribution Date.

"Separation Agreement" has the meaning prescribed in the recitals to this Agreement.

"Straddle Period" means, with respect to a given entity, any state, local, or foreign taxable period beginning on or before the Distribution Date and ending after the Distribution Date; provided, however, that for the avoidance of doubt, the term "Straddle Period" shall not include any federal income taxable period of the Sara Lee Consolidated Group or Sara Lee Group. By way of example, if the Distribution Date were to occur on July 31, 2006, then for North Carolina franchise tax purposes, the period from July 1, 2006 through June 30, 2007 would constitute a Straddle Period with respect to the North Carolina franchise tax return.

"Subpart F Pre-Distribution Inclusion" has the meaning prescribed in Section 2.12.

"Supplemental Ruling" means any IRS private letter ruling issued in connection with the Restructuring and/or the Distribution other than the Ruling Request.

"Supplemental Ruling Documents" means the Supplemental Ruling Request, the appendices, attachments and exhibits thereto, and any additional or supplemental information submitted to the IRS in connection with the Supplemental Ruling Request.

"Supplemental Ruling Request" means the Supplemental Ruling request filed by Sara Lee with the IRS pertaining to certain Tax aspects of the Restructuring and/or the Distribution.

"Tax" and "Taxes" mean any form of taxation, whenever created or imposed, and whenever imposed by a Taxing Authority, and without limiting the generality of the foregoing, shall include any net income, alternative or add-on minimum tax, gross income, sales, use, ad valorem, gross receipts, value added, franchise, profits, license, transfer, recording, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profit, custom duty, annual report, or other tax, government fee, or other like assessment or charge, of any kind whatsoever, together with any related interest, penalties, or other additions to tax, or additional amount imposed by any such Taxing Authority; provided, however, that "Tax" and "Taxes" shall not include any amount owed to a federal, state, local, or foreign government under the laws governing unclaimed property or escheat.

"Tax Asset" means any Tax Item that has accrued for Tax purposes (including a net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable contribution deduction, credit related to alternative minimum tax and any other Tax credit), that could reduce a Tax in the taxable period in which it accrued, but which is available to reduce a Tax in a later taxable period.

“Taxing Authority” means any national, municipal, governmental, state, federal, foreign, or other body, or any quasi-governmental or private body, having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

“Tax Benefit” means, without double counting, the sum of (i) the amount of the reduction in the Tax liability of an entity (or of the consolidated or combined group of which it is a member), whether temporary or permanent, for any taxable period that arises, or may arise in the future, as a result of any adjustment to, or addition or deletion of, a Tax Item in the computation of the Tax liability of the entity (or the consolidated or combined group of which it is a member), and (ii) the amount by which the entity’s (or consolidated or combined group of which it is a member) Deferred Taxes are decreased as a result of such adjustment, addition, or deletion.

“Tax Controversy” has the meaning prescribed in Section 5.2(a).

“Tax Detriment” means, without double counting, the sum of (i) the amount of the increase in the Tax liability of an entity (or of the consolidated or combined group of which it is a member), whether temporary or permanent, for any taxable period that arises, or may arise in the future, as a result of any adjustment to, or addition or deletion of, a Tax Item in the computation of the Tax liability of the entity (or the consolidated or combined group of which it is a member), and (ii) the amount by which the entity’s (or consolidated or combined group of which it is a member) Deferred Taxes are increased as a result of such adjustment, addition, or deletion.

“Tax-Free Status” means the qualification of the Restructuring and the Distribution as a tax-free reorganization (i) described in Sections 355(a) and 368(a)(1)(D) of the Code, (ii) in which the stock distributed thereby is qualified property for purposes of Section 361(c) of the Code, (iii) in which each of Sara Lee, the Sara Lee Affiliates, HBI, and the HBI Affiliates recognize no income or gain other than intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code, and (iv) in which no gain or loss is recognized by (and no amount is included in the income of) holders of Sara Lee common stock upon the receipt of HBI common stock pursuant to the Restructuring and Distribution, other than cash in lieu of fractional shares.

“Tax Item” means any item of income, gain, loss, deduction, credit, recapture of credit, or any other item (including the basis or adjusted basis of property) which increases or decreases Income Taxes paid or payable in any taxable period.

“Tax Opinion” means an opinion issued to Sara Lee by a law firm or an accounting firm with respect to the qualification of the Restructuring and the Distribution for treatment under Sections 355 and 368(a)(1)(D) of the Code.

“Tax Package” means the information and documents in the possession of HBI and its Affiliates that are reasonably necessary for the preparation of a Tax Return by Sara Lee, the Sara Lee Group, the Sara Lee Consolidated Group, or a Sara Lee Affiliate with respect to a Pre-Distribution Tax Period or a Straddle Period, assembled in all material respects in

accordance with the standards that Sara Lee has heretofore applied to divisions and Affiliates of Sara Lee.

"Tax Return" means any return, filing, questionnaire or other document required to be filed, including requests for extensions of time, filings made with estimated Tax payments, claims for refund or amended returns, that may be filed for any taxable period with any Taxing Authority in connection with any Tax or Taxes (whether or not a payment is required to be made with respect to such filing).

"Tax Ruling" means the IRS private letter ruling issued to Sara Lee on August 7, 2006 in connection with the Ruling Request.

"Transitional Services Agreement" means the Master Transition Services Agreement between Sara Lee and HBI dated as of August 31, 2006, and any appendices attached thereto.

"Treasury Regulations" means the final and temporary (but not proposed) income tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

## ARTICLE II

## RESPONSIBILITY FOR TAXES

**2.1 Responsibility and Indemnification for Taxes.**

(a) From and after the Distribution Date, without duplication, each of Sara Lee and HBI shall be responsible for, and shall pay its respective share of, the liability for Taxes of Sara Lee, HBI and their respective Affiliates, as provided in this Agreement. Sara Lee and its Affiliates shall indemnify and hold harmless HBI and its Affiliates from any Taxes for which Sara Lee is responsible pursuant to this Agreement. HBI and its Affiliates shall indemnify and hold harmless Sara Lee and its Affiliates from any Taxes for which HBI is responsible pursuant to this Agreement.

(b) Payments to Taxing Authorities and between the parties, as the case may be, shall be made in accordance with the provisions of this Agreement.

**2.2 Income Taxes.**

(a) Sara Lee shall be responsible for all Income Taxes (i) for any Pre-Distribution Tax Period of HBI and its Affiliates; (ii) for any Straddle Period of HBI and its Affiliates, but only to the extent allocated to Sara Lee pursuant to Section 2.4; and (iii) imposed under Treasury Regulation Section 1.1502-6 or under any comparable or similar provision of state, local or foreign laws or regulations on HBI or an Affiliate as a result of such company

being a member of a consolidated, combined, or unitary group with Sara Lee or any Sara Lee Affiliate during any Tax period.

(b) HBI shall be responsible for all Income Taxes (i) of HBI and its Affiliates which are not the responsibility of Sara Lee pursuant to Section 2.2(a) (including, without limitation, Income Taxes for Post-Distribution Tax Periods of HBI and its Affiliates); and (ii) of Sara Lee and its Affiliates attributable to acts or omissions of HBI or its Affiliates taken after the Distribution (other than acts or omissions in the ordinary course of business or otherwise contemplated by the Separation Agreement and Ancillary Agreements).

**2.3 Other Taxes.**

(a) HBI shall be responsible for all Other Taxes attributable to HBI and its Affiliates or to the HBI Business, or resulting from the Restructuring and Distribution for all Pre-Distribution Tax Periods, Straddle Periods, and Post-Distribution Tax Periods.

(b) Sara Lee shall be responsible for all Other Taxes attributable to Sara Lee and its Affiliates (other than HBI and its Affiliates) and to its business activities other than the HBI Business for all Pre-Distribution Tax Periods, Straddle Periods, and Post-Distribution Tax Periods.

**2.4 Allocation of Certain Income Taxes and Income Tax Items.**

(a) If Sara Lee, HBI or any of their respective Affiliates is permitted but not required under applicable United States Federal, state, local or foreign Tax laws to treat the Distribution Date as the last day of a taxable period, then the parties shall treat such day as the last day of a taxable period under such applicable Tax law, and shall file any elections necessary or appropriate to such treatment; provided that this Section 2.4(a) shall not be construed to require Sara Lee to change its taxable year.

(b) Transactions occurring, or actions taken, on the Distribution Date but after the Distribution outside the ordinary course of business by, or with respect to, HBI or any of its Affiliates shall be deemed subject to the "next day rule" of Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) (and under any comparable or similar provision under state, local or foreign laws or regulations, provided that if there is no comparable or similar provision under state, local or foreign laws or regulations, then the transaction will be deemed subject to the "next day rule" of Treasury Regulation Section 1.1502-76(b)(1)(ii)(B)) and as such shall for purposes of this Agreement be treated (and consistently reported by the parties) as occurring in a Post-Distribution Tax Period of HBI or an HBI Affiliate, as appropriate.

(c) Any Taxes for a Straddle Period with respect to HBI and/or its Affiliates (or entities in which HBI and/or one of its Affiliates has an ownership interest) shall, for purposes of this Agreement, be apportioned between Sara Lee and HBI based on the portion of the period ending on and including the Distribution Date and the portion of the period beginning after the Distribution Date, and each such portion of such period shall be deemed to be a taxable period (whether or not it is in fact a taxable period). Any allocation of income or deductions required to determine any Income Taxes for a Straddle Period shall be made by means of a closing of the books and records of HBI and its Affiliates as of the close of business on the

Distribution Date; provided that (i) Sara Lee may elect to allocate Tax Items (other than any extraordinary Tax Items) ratably in the month in which the Distribution occurs (and if Sara Lee so elects, HBI shall so elect) as described in Treasury Regulation Section 1.1502-76(b)(2)(iii) and corresponding provisions of state, local, and foreign Tax laws; and (ii) subject to (i), exemptions, allowances or deductions that are calculated on an annual basis, and not on a closing of the books method, (including, but not limited to, depreciation and amortization deductions) shall be allocated between the period ending on and including the Distribution Date and the period beginning after the Distribution Date based on the number of days for the portion of the Straddle Period ending on and including the Distribution Date, on the one hand, and the number of days for the portion of the Straddle Period beginning after the Distribution Date, on the other hand.

(d) Tax attributes determined on a consolidated or combined basis for taxable periods ending before or including the Distribution Date shall be allocated to Sara Lee and its Affiliates, and HBI and its Affiliates, in accordance with the Code and the Treasury Regulations (and any applicable state, local, or foreign law or regulation). Sara Lee shall reasonably determine the amounts and proper allocation of such attributes, and the Tax basis of the assets and liabilities transferred to HBI in connection with the Restructuring and Distribution, as of the Distribution Date; provided that HBI shall be entitled to participate in such determination. Sara Lee and HBI agree to compute their Tax liabilities for taxable periods after the Distribution Date consistent with that determination and allocation, and treat the Tax Assets and Tax Items as reflected on any federal (or applicable state, local or foreign) Income Tax Return filed by the parties as presumptively correct.

**2.5 Tax Refunds.** Except as provided in Section 2.6:

(a) Sara Lee shall be entitled to all refunds (including refunds paid by means of a credit against other or future Tax liabilities) and credits with respect to any Tax for which Sara Lee is responsible under Section 2.1. HBI shall be entitled to all refunds (including refunds paid by means of a credit against other or future Tax liabilities) and credits with respect to any Tax for which HBI is responsible under Section 2.1.

(b) HBI and Sara Lee shall each forward to the other party, or reimburse such other party for, any refunds received by the first party and due to such other party pursuant to this Section. Where a refund is received in the form of a credit against other or future Tax liabilities, reimbursement with respect to such refund shall be due in each case on the due date for payment of the Tax against which such refund has been credited. All payments made pursuant to this Section 2.5 shall describe in reasonable detail the basis for the calculation of the amount being paid.

(c) If one party reasonably so requests, the other party (at the first party's expense) shall file for and pursue any refund to which the first party is entitled under this Section; provided that the other party need not pursue any refund on behalf of the first party unless the first party provides the other party a certification by an appropriate officer of the first party setting forth the first party's belief (together with supporting analysis) that the Tax treatment of the Tax Items on which the entitlement to such refund is based is more likely than not correct, and is not a Tax Item arising from a Reportable Transaction.

(d) If the other party pays any amount to the first party under this Section 2.5 and, as a result of a subsequent Final Determination, the first party is not entitled to some or all of such amount, the other party shall notify the first party of the amount to be repaid to the other party, and the first party shall then repay such amount to the other party, together with any interest, fines, additions to Tax, penalties or any additional amounts imposed by a Taxing Authority relating thereto.

**2.6 Carrybacks.**

(a) Notwithstanding anything in this Agreement, HBI shall file (or cause to be filed) on a timely basis any available election to waive the carryback of net operating losses, Tax credits or other Tax Items by HBI or any Affiliate from a Post-Distribution Tax Period to a Straddle Period or Pre-Distribution Tax Period. Such elections shall include, but not be limited to, the election described in Treasury Regulation Section 1.1502-21T(b)(3)(ii)(B), and any analogous election under state, local, or foreign Income Tax laws, to waive the carryback of net operating losses for federal Income Tax purposes.

(b) If, notwithstanding the provisions of Section 2.6(a), HBI is required to carryback losses or credits, HBI shall be entitled to any refund of any Tax obtained by Sara Lee or a Sara Lee Affiliate as a result of the carryback of losses or credits of HBI or its Affiliate from any Post-Distribution Tax Period to any Pre-Distribution Tax Period. Such refund is limited to the net amount received by Sara Lee or a Sara Lee Affiliate (by refund, offset against other Taxes, or otherwise), net of any Tax Detriment incurred by Sara Lee or such Affiliate resulting from such refund. Upon request by HBI, Sara Lee shall advise HBI of an estimate of any Tax Detriment Sara Lee projects will be associated with any carryback of losses or credits of HBI or its Affiliates as provided in this Section 2.6(b).

(c) If HBI has a Tax Item that must be carried back to any Pre-Distribution Tax Period, HBI shall notify in writing Sara Lee that such Tax Item must be carried back. Such notification shall include a description in reasonable detail of the ground for the refund and the amount thereof, and a certification by an appropriate officer of HBI setting forth HBI's belief (together with supporting analysis) that the Tax treatment of such Tax Item is more likely than not correct, and is not a Tax Item arising from a Reportable Transaction.

(d) If Sara Lee pays any amount to HBI under Section 2.6(b) and, as a result of a subsequent Final Determination, HBI is not entitled to some or all of such amount, Sara Lee shall notify HBI of the amount to be repaid to Sara Lee, and HBI shall then repay such amount to Sara Lee, together with any interest, fines, additions to Tax, penalties or any additional amounts imposed by a Taxing Authority relating thereto.

**2.7 Audit Adjustments.**

(a) If as a result of any Final Determination there is an adjustment to any Tax Return relating, in whole or in part, to Tax for which Sara Lee is responsible under Section 2.1, and if such adjustment results in both (i) a Tax Detriment to Sara Lee or one or more of its Affiliates for any taxable period and (ii) a Tax Benefit to HBI or one or more of its Affiliates for

any Post-Distribution Tax Period (or portion of a Straddle Period allocable to HBI), then HBI shall pay to Sara Lee an amount equal to the lesser of such Tax Benefit and such Tax Detriment.

(b) If as a result of any Final Determination there is an adjustment to any Tax Return relating, in whole or in part, to Tax for which HBI is responsible under Section 2.1, and if such adjustment results in both (i) a Tax Detriment to HBI or one or more of its Affiliates for any Post-Distribution Tax Period (or portion of a Straddle Period allocable to HBI) and (ii) a Tax Benefit to Sara Lee or one or more of its Affiliates for any taxable period, then Sara Lee shall pay to HBI an amount equal to the lesser of such Tax Benefit and such Tax Detriment.

(c) Payments provided for under this Section 2.7 shall be made the later of (i) the date of the Final Determination giving rise to the adjustment, and (ii) at the earlier of such time or times that (A) a party realizes the Tax Benefit, whether by way of a reduction in Taxes, refund, offset against other Taxes, or otherwise, or (B) such Tax Benefit causes an increase in a party's Deferred Tax Assets. If a payment to be made pursuant to this Section 2.7 has been deferred because the party entitled to a Tax Benefit has not yet realized such Tax Benefit or such Tax Benefit has not yet increased that party's Deferred Tax Assets, then such party shall provide the other party on an annual basis a certification by an appropriate officer of such first party that such Tax Benefit has not yet been realized and that such Tax Benefit has not yet increased that party's Deferred Tax Assets, or a computation of the amount of such Tax Benefit realized in the prior year or the amount such Tax Benefit increased that party's Deferred Tax Assets, together with information reasonably necessary to support the statements contained in the certification. Failure of such party to provide such certification within 30 days after receiving written notice requesting such notification from the other party shall be deemed conclusive evidence that the entire amount of such Tax Benefit has been realized as of such date.

**2.8 <u>Timing of Certain Payments.</u>**

(a) Any payment required to be made pursuant to Article II shall be made by the party obligated to make such payment (i) in the case of a refund of Tax, within fourteen (14) days after receipt (whether by way of payment, credit, or offset against any payments due or otherwise) of such refund or (ii) in the case of a payment of Tax, the later of (x) fourteen (14) days prior to the due date for payment of such Tax and (y) the delivery of written demand for the payment hereunder to the party obligated to make such payment hereunder.

(b) All payments and demands for payment shall be accompanied by a calculation setting forth in reasonable detail the basis for the amount paid or demanded.

**2.9 <u>Treatment of Restricted Stock, Stock Options, and Deferred Compensation.</u>**

(a) To the extent permitted by law, Sara Lee (or the appropriate Sara Lee Affiliate) shall claim all Tax deductions arising by reason of the grant or vesting of Employee Restricted Stock, and by reason of exercises of Employee Stock Options, at the time such Tax deduction can be claimed, provided that such Employee Restricted Stock or Employee Stock Option is then held by a Sara Lee Employee. To the extent permitted by law, HBI (or the appropriate HBI Affiliate) shall claim all Tax deductions arising by reason of the grant or vesting of Employee Restricted Stock, and by reason of exercises of Employee Stock Options, at the

time such Tax deduction can be claimed, provided that such Employee Restricted Stock or Employee Stock Option is then held by an HBI Employee. To the extent permitted by law, HBI (or the appropriate HBI Affiliate) shall claim all Tax deductions arising by reason of the payment (or inclusion in income) of compensation the receipt of which was deferred by an HBI Employee prior to the Distribution Date, the payment of which will occur after the Distribution Date, and the obligation to make such payment is assumed by HBI in connection with the Restructuring and Distribution.

(b) If, pursuant to a Final Determination, all or any part of a Tax deduction claimed by a party (or Affiliate thereof) pursuant to Section 2.9(a) is disallowed, then, to the extent permitted by law, the other party (or Affiliate thereof) shall claim such Tax deduction. If such other party (or Affiliate thereof) realizes a Tax Benefit from the claiming of such Tax deduction, such other party (or Affiliate) shall pay the amount of such Tax Benefit (net of any Tax Detriment suffered by the payor) to the party who originally claimed the Tax deduction.

(c) The party (or Affiliate thereof) initially claiming the Tax deduction described in Section 2.9(a) shall withhold applicable Taxes and satisfy applicable Tax reporting obligations with respect to the taxation of the Employee Restricted Stock, Employee Stock Options, or deferred compensation with respect to which the Tax deduction is claimed. The parties to this Agreement shall cooperate so as to permit the party initially claiming such deduction to discharge any applicable Tax withholding and Tax reporting obligations.

**2.10 True-Up Payment for Deferred Taxes.**

(a) On or before the Distribution Date, Sara Lee shall provide to HBI a computation of the estimated Deferred Taxes attributable to the United States and Canadian operations of HBI and its Affiliates that would be included on the HBI Opening Balance Sheet ("Estimated Deferred Taxes"). HBI shall have the right to participate in the computation of the Estimated Deferred Taxes.

(b) Within 180 days following the filing of the final Tax Return for the Sara Lee Consolidated Group that includes the Distribution Date, Sara Lee shall deliver to HBI a computation of the amount of Deferred Taxes attributable to the United States and Canadian operations of HBI and its Affiliates that would be included on the HBI Opening Balance Sheet, as finally determined by Sara Lee in consultation with its independent financial auditors ("Final Deferred Taxes"). HBI shall have the right to participate in the computation of the Final Deferred Taxes.

(c) If the substitution of the amount of Final Deferred Taxes for Estimated Deferred Taxes on the HBI Opening Balance sheet causes a decrease in the net book value of the HBI Opening Balance Sheet, then Sara Lee shall pay HBI the amount of such decrease as provided in Section 2.8(a). If the substitution of the amount of Final Deferred Taxes for Estimated Deferred Taxes on the HBI Opening Balance sheet causes an increase in the net book value of the HBI Opening Balance Sheet, then HBI shall pay Sara Lee the amount of such increase as provided in Section 2.8(a).

(d) No further payments with respect to Deferred Taxes shall be made beyond that provided for in this Section 2.10.

**2.11 Successor Employer Status.** Sara Lee and HBI shall, to the extent permitted by law, (i) treat HBI and its Affiliates (as applicable) as a "successor employer" and Sara Lee and its Affiliates (as applicable) as a "predecessor," within the meaning of sections 3121(a)(1) and 3306(b)(1) of the Code, with respect to employees of the HBI Business that were employed by HBI and its Affiliates starting on January 1, 2006 for purposes of Taxes imposed under the United States Federal Unemployment Tax Act or the United States Federal Insurance Contributions Act and (ii) cooperate with each other to avoid the filing of more than one IRS Form W-2 with respect to each such employee for the calendar year in which the Distribution occurs.

**2.12 Subpart F Income.**

(a) Notwithstanding anything to the contrary in this Agreement, if (i) HBI or any of its Affiliates receive a distribution of cash or other property from any CFC during any Straddle Period or Post-Distribution Tax Period of that CFC, (ii) some or all of that distribution is excluded from the gross income of the HBI Group by operation of Section 959(a) of the Code (any amount so excluded called the "959 Dividend Exclusion"), and (iii) some or all of the 959 Dividend Exclusion occurred because the earnings and profits of the CFC supporting the distribution, if any, were allocable (within the meaning of Section 959(c) of the Code) to earnings and profits that (a) occurred during a Pre-Distribution Tax Period of that CFC, and (b) were included in the gross income of the Sara Lee Consolidated Group by reason of its ownership of that CFC's stock on the last day of that Pre-Distribution Tax Period (any amounts so allocable called the "Subpart F Pre-Distribution Inclusion"), then HBI shall pay an amount to Sara Lee equal to the lesser of the Tax Detriment to Sara Lee of the Subpart F Pre-Distribution Inclusion and the Tax Benefit to HBI of the 959 Dividend Exclusion.

(b) Within 30 days after a Straddle Period Tax Return is filed for any HBI Affiliate that is a CFC, Sara Lee shall provide to HBI a schedule (which may be amended from time to time) containing a good faith estimate of the total amount of earnings and profits of that CFC that has been included in the gross income of a United States shareholder (as that term is defined in Section 951(b) of the Code) under Section 951(a) of the Code as of the last day of that Straddle Period, but has yet to be allocated (within the meaning of Section 959(c) of the Code) to any distributed amounts.

## ARTICLE III

## TAX RETURNS AND INFORMATION EXCHANGE

**3.1 Tax Return Preparation Responsibility; Payment of Taxes Shown Thereon.**

(a) Sara Lee shall prepare and file all (i) Income Tax Returns for the Sara Lee Consolidated Group and Sara Lee Group, and all Combined Returns in any Combined Jurisdiction, (ii) all other United States federal, state, and local Income Tax Returns for Sara Lee and its Affiliates (including HBI and its Affiliates) for Pre-Distribution Tax Periods, (iii)

Canadian federal, provincial, and local Income Tax Returns for Sara Lee and its Affiliates (including HBI and its Affiliates) for Pre-Distribution Tax Periods, (iv) Puerto Rican local Income Tax Returns for Sara Lee and its Affiliates (including HBI and its Affiliates) for Pre-Distribution Tax Periods, (v) Income Tax Returns for Sara Lee and its Affiliates for Post-Distribution Tax Periods, and (vi) Tax Returns pertaining to Other Taxes for which Sara Lee is responsible pursuant to Section 2.1.

(b) HBI shall prepare and file all (i) Income Tax Returns for the HBI Group, (ii) Income Tax Returns for HBI and its Affiliates for Pre-Distribution Tax Periods for all jurisdictions other than those for which Sara Lee is responsible for preparation and filing under Section 3.1(a), (iii) Income Tax Returns for HBI and its Affiliates for Post-Distribution Tax Periods, and (iv) Tax Returns pertaining to Other Taxes for which HBI is responsible pursuant to Section 2.1. HBI shall not file (or allow any HBI Affiliate to file) any amended Income Tax Return or refund claim for any Pre-Distribution Tax Period or for any Straddle Period.

(c) HBI shall prepare and file all Income Tax Returns for HBI and its Affiliates for Straddle Periods of such companies; provided, however, that Sara Lee shall prepare and file any Income Tax Returns for HBI and its Affiliates for Straddle Periods of such companies if Sara Lee provides notice to HBI within 45 days after the end of such Straddle Period that Sara Lee is exercising its right to prepare such Tax Return.

(d) Sara Lee and its Affiliates shall be responsible for the remitting of payment of any Taxes shown on a Tax Return for which it is responsible for the preparation and filing thereof pursuant to Section 3.1(a), or has assumed the responsibility for the preparation and filing of pursuant to Section 3.1(c). HBI and its Affiliates shall be responsible for the payment of any Taxes shown on a Tax Return for which it is responsible for the preparation and filing thereof pursuant to Section 3.1(b) or 3.1(c).

(e) If Sara Lee remits a Tax payment pursuant to Section 3.1(d), but HBI is responsible pursuant to Article II for all or a portion of the Tax shown on the applicable Tax Return, then HBI shall pay to Sara Lee that portion of the Tax shown on such Tax Return for which HBI is responsible pursuant to Article II. If HBI remits a Tax payment pursuant to Section 3.1(d), but Sara Lee is responsible pursuant to Article II for all or a portion of the Tax shown on the applicable Tax Return, then Sara Lee shall pay to HBI that portion of the Tax shown on such Tax Return for which Sara Lee is responsible pursuant to Article II. Nothing in this Section 3.1(e) shall affect the allocation of responsibility for Taxes as set forth in Article II.

**3.2 Review of Tax Returns.** Sara Lee, with respect to those Income Tax Returns prepared by Sara Lee described in Sections 3.1(a)(ii), 3.1(a)(iii), and 3.1(a)(iv), HBI, with respect to those Income Tax Returns prepared by HBI described in Section 3.1(b)(ii), and the party responsible for preparing and filing Straddle Period Income Tax Returns pursuant to Section 3.1(c) (in each case, the "Filing Party", and such other party the "Non-filing Party") shall prepare and file such Tax Returns in a manner consistent with past Tax reporting practices with respect to the HBI Business. The Filing Party shall provide the Non-Filing Party with a draft of each Income Tax Return with respect to a Straddle Period at least 15 days prior to the due date for filing thereof, if such draft shows Tax for which the Non-Filing Party is responsible pursuant to this Agreement. The Non-Filing Party shall have the right to review and approve (which

approval shall not be unreasonably withheld) each such Income Tax Return within 7 days following its receipt thereof. The Filing Party and Non-Filing Party shall attempt in good faith mutually to resolve any disagreements regarding such Income Tax Returns prior to the due date for filing thereof; provided, that the failure to resolve all disagreements prior to such date shall not relieve the Filing Party of its obligation to file (or cause to be filed) any such Income Tax Return. If the draft of any such Tax Return does not show Tax for which the Non-filing Party is responsible pursuant to this Agreement, the Non-filing Party shall have the right to comment on any such Tax Return within the 7 day period following receipt thereof; provided that the Filing Party shall not be obligated to prepare the Tax Return in accordance with such comments.

**3.3 Certain Items Related to Tax Return Preparation.**

(a) Unless otherwise required by a Taxing Authority, the parties hereby agree to prepare and file all Tax Returns, and to take all other actions, in a manner consistent with this Agreement and the Separation Agreement and, to the extent not inconsistent with this Agreement, the Separation Agreement or applicable law, any Tax Ruling, Ruling Documents, Tax Opinion, or Representation Letter. All Tax Returns shall be filed on a timely basis (taking into account applicable extensions) by the party responsible for filing such Tax Returns under this Agreement; provided, that if a Tax Return is to be signed by an officer of a company different from the party responsible for filing such Tax Return, each party hereto shall have (or cause its Affiliate to have) the appropriate officer sign such Tax Return promptly after presentation thereof for signature.

(b) Except as otherwise specifically provided for in this Agreement, Sara Lee shall have the exclusive right, in its reasonable discretion, with respect to any Tax Return for which it is (or has elected to become) responsible for the filing thereof pursuant to this Agreement, to determine (i) the manner in which such Tax Return shall be prepared and filed, including the accounting methods, positions, conventions and principles of taxation to be used and the manner in which any Tax Item shall be reported; (ii) whether any extensions may be requested; (iii) the election(s) that will be made by Sara Lee, any Sara Lee Affiliate, HBI, or any HBI Affiliate on such Tax Return; (iv) whether any amended Tax Return(s) shall be filed; (v) whether any claim(s) for refund shall be made; (vi) whether any refund shall be paid by way of refund or credited against any liability for the related Tax; and (vii) whether to retain outside firms to prepare or review such Tax Returns; provided, that Sara Lee shall prepare all Tax Returns for which it has (or has assumed) filing responsibility, to the extent such Tax Returns reflect activities of the HBI Business, in a manner consistent with past Tax reporting practices with respect to the HBI Business, except as required by law or regulation.

(c) Within 90 days after filing the U.S. federal Income Tax Return for the Sara Lee Consolidated Group for the tax year that includes the Distribution Date, at the written request of HBI, Sara Lee shall notify HBI of the Tax attributes associated with HBI and each of its Affiliates, and the Tax bases of the assets and liabilities, transferred to HBI in connection with the Restructuring and Distribution. Any changes in such Tax attributes or Tax bases arising thereafter shall be communicated by Sara Lee to HBI within 90 days after such change is made or there is a Final Determination of such change.

(d) Sara Lee and HBI agree to take (or refrain from taking) any action reasonably requested by the other that would reasonably be expected to result in a Tax Benefit or avoid a Tax Detriment to the other, provided that such action does not result in any additional cost not fully compensated for by the requesting party. The parties hereby acknowledge that the preceding sentence is not intended to limit, and therefore shall not apply to, the rights of the parties with respect to matters otherwise covered by this Agreement.

(e) Nothing in this Agreement shall be construed as a guarantee or representation of the existence or amount of any loss, credit, carryforward, basis or other Tax Item or Tax Asset, whether past, present or future, of Sara Lee, HBI, or their respective Affiliates.

**3.4 Tax Information Exchanges and Tax Services.**

(a) In connection with each Tax Return required under this Agreement to be filed by Sara Lee after the date hereof, HBI shall provide Sara Lee, no later than 90 days after the Distribution Date (provided, however, in the case of any taxable period ending on June 30, 2006, no later than September 15, 2006), a Tax Package for the purpose of preparing such Tax Return. HBI shall timely furnish to Sara Lee such additional information and documents as Sara Lee may reasonably request. The parties acknowledge that such information may include materials regarding accounting, accounting records, income and expense, costs and cost production, background, research and development, comparables, marketing, suppliers and customers, and other information regarding the HBI Business related to the Tax treatment of such business. Upon request by Sara Lee, an appropriate officer of HBI shall provide written certification that, to such officer’s best knowledge and belief, all information provided pursuant to this Section 3.4 is accurate and complete in all material respects. HBI shall also make available employees and officers of HBI and its Affiliates as Sara Lee may reasonably request in connection with such Tax Return preparation by Sara Lee. HBI shall be responsible for the cost (without reimbursement from Sara Lee) of furnishing to Sara Lee the Tax Package, additional information, documents and employees and officers provided for in this Section 3.4(a). HBI shall provide the relevant information contained in the Tax Package in the format required by the IRS (or analogous state, local, or foreign agency) for electronic filing.

(b) If HBI fails to provide any information required by Section 3.4(a) within the time period specified, Sara Lee (i) shall be permitted, upon 48 hours’ notice, to use its own employees or agents to view or obtain the materials contemplated in Section 3.4(a) from HBI’s facilities, and (ii) may file the applicable Tax Return based on the information available to Sara Lee at the time such Tax Return is due. HBI and its Affiliates shall (i) reimburse Sara Lee for any internal or incremental costs incurred by Sara Lee in having its employees or agents view or obtain such material, and (ii) be responsible for and shall indemnify and hold harmless Sara Lee and its Affiliates from Taxes or other costs imposed on Sara Lee or any of its Affiliates, to the extent resulting from HBI’s failure to provide such information in a timely manner.

## ARTICLE IV

## TAX TREATMENT OF THE DISTRIBUTION

**4.1 Representations.**

(a) Ruling Documents. HBI hereby represents and warrants that (i) it has examined the Ruling Documents (including, without limitation, the representations to the extent that they relate to the plans, proposals, intentions, and policies of HBI, the HBI Affiliates, or the HBI Business), and (ii) to the extent in reference to HBI, the HBI Affiliates, or the HBI Business, the facts presented and the representations made therein are true, correct, and complete.

(b) Tax-Free Status. HBI hereby represents and warrants that it has no plan or intention of taking any action, or failing or omitting to take any action, or knows of any circumstance, that could reasonably be expected to (i) cause the Restructuring and/or the Distribution not to have Tax-Free Status or (ii) cause any representation or factual statement made in this Agreement, the Separation Agreement and the other Ancillary Agreements, the Tax Ruling, the Tax Opinion, or the HBI Representation Letter to be untrue in a manner that would have an adverse effect on the Tax-Free Status of the Restructuring and/or the Distribution.

(c) Plan or Series of Related Transactions. HBI hereby represents and warrants that, to the knowledge of HBI and the management of HBI, neither the Restructuring nor the Distribution are part of a plan (or series of related transactions) pursuant to which a Person will acquire stock representing a fifty-percent or greater interest (within the meaning of Sections 355(d) and (e) of the Code) in HBI or any successor to HBI.

**4.2 Covenants.**

(a) Actions Consistent with Representations and Covenants. HBI shall not (and shall not permit any of its Affiliates or grant or permit any of its Affiliates to grant implicit or explicit permission to any other person to) take any action, and HBI shall not (and shall not permit any of its Affiliates or grant or permit any of its Affiliates to grant implicit or explicit permission to any other person to) fail to take any action, where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant, or representation in this Agreement, the Separation Agreement and the other Ancillary Agreements, the Tax Ruling, the Ruling Documents (including, without limitation, the representations to the extent that they relate to the plans, proposals, intentions, and policies of HBI, the HBI Affiliates, or the HBI Business), the Tax Opinion, or the HBI Representation Letter.

(b) Preservation of Tax-Free Status; HBI Business. HBI shall not take any action (including, but not limited to, any cessation, transfer or disposition of all or any portion of the HBI Business; payment of extraordinary dividends to shareholders; and acquisitions or issuances of stock) or permit any HBI Affiliate to take any such action, and HBI shall not fail to take any such action or permit any HBI Affiliate to fail to take any such action where such action or failure to act would have an adverse effect on the Tax-Free Status of the Restructuring and/or the Distribution.

(c) Sales, Issuances and Redemptions of Equity Securities. Until the first day after the Restriction Period, neither HBI nor any HBI Affiliate shall, or shall agree to, sell or otherwise issue to any Person, or redeem or otherwise acquire from any Person, any Equity

Securities of HBI or any HBI Affiliate; provided, however, that (i) HBI may repurchase such Equity Securities to the extent that such repurchases meet the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to its modification by Revenue Procedure 2003-48), (ii) HBI may issue such Equity Securities to the extent such issuances satisfy Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d), and (iii) HBI may issue Equity Securities provided that such issuance does not, individually or when aggregated with other issuances and any transactions occurring in the four-year period beginning on the date which is two years before the Distribution Date, and with any other transaction which is part of a plan or series of related transactions (within the meaning of Section 355(e) of the Code) that includes the Distribution (other than issuances of Equity Securities described in clause (ii) above), result in one or more Persons acquiring, directly or indirectly, (as determined under Section 355(e) of the Code, taking into account applicable constructive ownership rules) stock representing a 35% or greater interest, by vote or value, in HBI (or any successor thereto).

(d) Tender Offers; Other Business Transactions. Until the first day after the Restriction Period, neither HBI nor any HBI Affiliate shall (i) solicit any Person to make a tender offer for, or otherwise acquire or sell, the Equity Securities of HBI, (ii) participate in or support any unsolicited tender offer for, or other acquisition, issuance or disposition of, the Equity Securities of HBI, or (iii) approve or otherwise permit any proposed business combination or merger or any transaction which, in the case of clauses (i), (ii) or (iii), individually or when aggregated with any other transactions occurring within the four-year period beginning on the date which is two years before the Distribution Date, and with any other transaction which is part of a plan or series of related transactions (within the meaning of Section 355(e) of the Code) that includes the Distribution (other than issuances of Equity Securities described in Section 4.2(c)(ii) above), results in one or more Persons acquiring, directly or indirectly, (as determined under Section 355(e) of the Code, taking into account applicable constructive ownership rules) stock representing a 35% or greater interest, by vote or value, in HBI (or any successor thereto). In addition, neither HBI nor any HBI Affiliate shall at any time, whether before or subsequent to the expiration of the Restriction Period, engage in any action described in clauses (i), (ii) or (iii) of the preceding sentence if it is pursuant to an arrangement negotiated (in whole or in part) prior to the first anniversary of the Distribution, even if at the time of the Distribution or thereafter such action is subject to various conditions.

(e) Dispositions of Assets. Until the first day after the Restriction Period, neither HBI nor any HBI Affiliate shall, or shall agree to, sell, transfer, or otherwise dispose of or agree to dispose of assets (including, for such purpose, any shares of capital stock of a subsidiary and any transaction treated for tax purposes as a sale, transfer or disposition) that, in the aggregate, constitute more than 50% of the gross assets of HBI, nor shall HBI or any HBI Affiliate sell, transfer, or otherwise dispose of or agree to dispose of assets (including, for such purpose, any shares of capital stock of a subsidiary and any transaction treated for tax purposes as a sale, transfer or disposition) that, in the aggregate, constitute more than 50% of the consolidated gross assets of the HBI Group. The foregoing sentence shall not apply to sales, transfers, or dispositions of assets in the ordinary course of business. The percentages of gross assets or consolidated gross assets of HBI or the HBI Group, as the case may be, sold, transferred, or otherwise disposed of, shall be based on the fair market value of the gross assets

of HBI and the members of the HBI Group as of the Distribution Date. Notwithstanding the foregoing, until the first day after the Restriction Period HBI shall not (and shall not agree to) cease, transfer, or dispose of all or any portion of the Socks Business (as that term is defined in the Ruling Request) other than sales, transfers, or dispositions of assets in the ordinary course of business. For purposes of this Section 4.2(e), a merger of HBI or one of its subsidiaries with and into any Person (other than HBI or one of its subsidiaries) shall constitute a disposition of all of the assets of HBI or such subsidiary.

(f) Liquidations, Mergers, Reorganizations. Until the first day after the Restriction Period, neither HBI nor its subsidiaries shall, or shall agree to, voluntarily dissolve or liquidate or engage in any merger (except for a Cash Acquisition Merger), consolidation or other reorganization; provided, however, mergers of direct or indirect wholly-owned subsidiaries of HBI solely with and into HBI or with other direct or indirect wholly-owned subsidiaries of HBI, and liquidations of HBI's subsidiaries, are not subject to this Section 4.2(f) to the extent not inconsistent with the Tax-Free Status of the Restructuring and the Distribution; provided further that nothing in this Section 4.2(f) shall prohibit any merger involving HBI or an HBI Affiliate not otherwise prohibited by Section 4.2(d).

(g) Gain Recognition Agreements. HBI shall not take any action (including, but not limited to, the sale or disposition of any stock, securities, or other assets), or permit any HBI Affiliate to take any such action, and HBI shall not fail to take any such action or permit any HBI Affiliate to fail to take any such action that would cause Sara Lee or any Sara Lee Affiliate to recognize gain under any Gain Recognition Agreement.

(h) Changes to Voting Rights. Until the first day after the Restriction Period, neither HBI nor any HBI Affiliate shall amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the relative voting rights of its separate classes of stock (including, without limitation, through the conversion of one class of stock into another class of stock), but only to the extent such change, if treated as an issuance of Equity Securities, would be prohibited by Section 4.2(c).

(i) Permitted Transactions. Notwithstanding the restrictions otherwise imposed by Sections 4.2(c) through 4.2(h), during the Restriction Period, HBI may (i) approve, participate in, support or otherwise permit a proposed business combination or transaction that would otherwise breach the covenant set forth in Section 4.2(d), (ii) sell or otherwise dispose of the assets of the HBI Group in a transaction that would otherwise breach the covenant set forth in Section 4.2(e), (iii) merge HBI or any HBI Affiliate with another entity without regard to which party is the surviving entity in a transaction that would otherwise breach the covenant set forth in Section 4.2(f), (iv) issue Equity Securities of HBI or any HBI Affiliate in a transaction that would otherwise breach the covenant set forth in Section 4.2(c), or (v) take any action affecting the relative voting rights of the separate classes of stock of HBI or any HBI Affiliate that would otherwise breach the covenant set forth in Section 4.2(h), if and only if such transaction or action would not violate Section 4.2(a) or Section 4.2(b) and Section 4.2(j) is satisfied.

(j) Supplemental Ruling; Tax Opinion. Prior to entering into any agreement contemplating a transaction or action described in clauses (i), (ii), (iii), (iv) or (v) of Section

4.2(i) and prior to consummating any such transaction or action: (A) HBI shall request that Sara Lee obtain a Supplemental Ruling in accordance with Section 4.3 of this Agreement to the effect that such transaction will not affect the Tax-Free Status of the Restructuring and the Distribution and Sara Lee shall have received such a Supplemental Ruling in form and substance satisfactory to Sara Lee in its sole and absolute discretion or (B) HBI shall provide Sara Lee with an unqualified Tax Opinion from a nationally recognized independent tax advisor in form and substance satisfactory to Sara Lee in its sole and absolute discretion (and in determining whether an opinion is satisfactory, Sara Lee may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion) providing that such transaction or action will not affect the Tax-Free Status of the Restructuring and the Distribution.

**4.3 Supplemental Rulings and Restrictions on HBI.**

(a) Supplemental Rulings at Sara Lee Request. Sara Lee shall have the right to obtain a Supplemental Ruling in its sole and absolute discretion. If Sara Lee determines to obtain a Supplemental Ruling, HBI shall (and shall cause each HBI Affiliate to) cooperate with Sara Lee and take any and all actions reasonably requested by Sara Lee in connection with obtaining the Supplemental Ruling (including, without limitation, by making any representation or covenant or providing any materials or information requested by any Tax Authority; provided that HBI shall not be required to make (or cause any HBI Affiliate to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control). Sara Lee shall reimburse HBI for all reasonable costs and expenses incurred by HBI or its Affiliates in obtaining a Supplemental Ruling requested by Sara Lee within ten (10) Business Days after receiving an invoice from HBI therefor. In connection with obtaining a Supplemental Ruling pursuant to this Section 4.3(a), (A) Sara Lee shall keep HBI informed in a timely manner of all material actions taken or proposed to be taken by Sara Lee in connection therewith; (B) Sara Lee shall (1) reasonably in advance of the submission of any Supplemental Ruling Request, provide HBI with a draft copy thereof, (2) reasonably consider HBI's comments on such draft copy, and (3) provide HBI with a final copy of any Supplemental Ruling Request; and (C) Sara Lee shall provide HBI with notice reasonably in advance of, and HBI shall have the right to attend, any formally scheduled meetings with any Tax Authority (subject to the approval of the Tax Authority) that relate to such Supplemental Ruling.

(b) Supplemental Rulings at HBI's Request. Sara Lee agrees that at the reasonable request of HBI pursuant to Section 4.2(j), Sara Lee shall (and shall cause each Sara Lee Affiliate to) cooperate with HBI and use its reasonable best efforts to seek to obtain, as expeditiously as possible, a Supplemental Ruling from the IRS for the purpose of confirming compliance on the part of HBI or an HBI Affiliate with its obligations under Section 4.2 of this Agreement. Further, in no event shall Sara Lee be required to file any Supplemental Ruling Request under this Section 4.3(a) unless HBI represents that (A) it has reviewed the Supplemental Ruling Documents and (B) all information and representations, if any, relating to HBI or any HBI Affiliate, contained in the Supplemental Ruling Documents are true, correct and complete in all material respects. HBI shall reimburse Sara Lee for all reasonable costs and expenses incurred by Sara Lee or its Affiliates in obtaining a Supplemental Ruling requested by HBI within ten (10) Business Days after receiving an invoice from Sara Lee therefor. HBI hereby agrees that Sara Lee shall have sole and exclusive control over the process of obtaining a

Supplemental Ruling, and that only Sara Lee shall apply for a Supplemental Ruling. In connection with obtaining a Supplemental Ruling pursuant to this Section 4.3(b), (A) Sara Lee shall keep HBI informed in a timely manner of all material actions taken or proposed to be taken by Sara Lee in connection therewith; (B) Sara Lee shall (1) reasonably in advance of the submission of any Supplemental Ruling Request, provide HBI with a draft copy thereof, (2) reasonably consider HBI's comments on such draft copy, and (3) provide HBI with a final copy of any Supplemental Ruling Request; and (C) Sara Lee shall provide HBI with notice reasonably in advance of, and HBI shall have the right to attend, any formally scheduled meetings with any Tax Authority (subject to the approval of the Tax Authority) that relate to such Supplemental Ruling.

(c) Prohibition on HBI. HBI hereby agrees that neither it nor any HBI Affiliate shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) concerning the Restructuring or the Distribution (or the impact of any transaction on the Restructuring or the Distribution).

**4.4 Liability for Undertaking Certain Actions.** Notwithstanding anything in this Agreement to the contrary, HBI shall be responsible for, and shall indemnify and hold harmless Sara Lee and each of its Affiliates from and against any liability for Taxes that are attributable to or result from (i) any act or failure to act by HBI or any HBI Affiliate, which action or failure to act breaches any of the representations or covenants contained in Article IV hereof (without regard to the exceptions or provisos set forth in such provisions), expressly including, for this purpose, any Permitted Transactions and any act or failure to act that breaches Section 4.2(a) or 4.2(b), regardless of whether such act or failure to act is permitted by Section 4.2(c) through 4.2(h), and (ii) Tax counsel withdrawing all or any portion of the Tax Opinion or any Tax Authority withdrawing all or any portion of a private letter ruling issued to Sara Lee in connection with the Restructuring and/or the Distribution because of a breach by HBI or any HBI Affiliate of a representation made in this Agreement (or made in connection with the Tax Opinion or any Supplemental Ruling contemplated by Section 4.3(e)).

**4.5 Cooperation.**

(a) Without limiting the prohibition set forth in Section 4.3(c), until the first day after the Restriction Period, HBI shall furnish Sara Lee with a copy of any ruling request that HBI or any HBI Affiliate may file with the IRS or any other Tax Authority and any opinion received that in any respect relates to, or otherwise reasonably could be expected to have any effect on, the Tax-Free Status of any of the Restructuring and the Distribution.

(b) Sara Lee shall reasonably cooperate with HBI in connection with any request by HBI for an unqualified Tax Opinion pursuant to Section 4.2(j) and shall use its reasonable best efforts to assist HBI in obtaining an unqualified Tax Opinion pursuant to Section 4.2(j).

(c) Until the first day after the Restriction Period, HBI shall provide adequate advance notice to Sara Lee in accordance with the terms of Section 4.5(d) of any action described in Sections 4.2(a) through 4.2(h) within a period of time sufficient to enable Sara Lee to seek injunctive relief pursuant to Section 4.6 in a court of competent jurisdiction.

(d) Each notice required by Section 4.5(c) shall set forth the terms and conditions of any such proposed transaction, including, without limitation, (i) the nature of any related action proposed to be taken by the board of directors of HBI, (ii) the approximate number of Equity Securities (and their voting and economic rights) of HBI or any HBI Affiliate (if any) proposed to be sold or otherwise issued, (iii) the approximate value of HBI's assets (or assets of any HBI Affiliate) proposed to be transferred, and (iv) the proposed timetable for such transaction, all with sufficient particularity to enable Sara Lee to seek such injunctive relief. Promptly, but in any event within 30 days, after Sara Lee receives such written notice from HBI, Sara Lee shall notify HBI in writing of Sara Lee's decision to seek injunctive relief pursuant to Section 4.6.

(e) From and after the date Sara Lee first requests a Supplemental Ruling pursuant to Section 4.3 until the first day after the two-year anniversary of such date that Sara Lee receives such Supplemental Ruling (pursuant to Section 4.3(a) or 4.3(b)), neither HBI nor any HBI Affiliate shall take (or refrain from taking) any action to the extent that such action or inaction would have caused a representation given by HBI in connection with any such request for a Supplemental Ruling to have been untrue as of the relevant representation date, had HBI or any HBI Affiliate intended to take (or refrain from taking) such action on the relevant representation date.

**4.6 Enforcement.** The parties hereto acknowledge that irreparable harm would occur in the event that any of the provisions of this Article IV were not performed in accordance with their specific terms or were otherwise breached. The parties hereto agree that, in order to preserve the Tax-Free Status of the Restructuring and the Distribution, injunctive relief is appropriate to prevent any violation of the foregoing covenants; provided, however, that injunctive relief shall not be the exclusive legal or equitable remedy for any such violation.

## ARTICLE V

## COOPERATION AND EXCHANGE OF INFORMATION

**5.1 Cooperation.**

(a) Notwithstanding anything to the contrary in the Separation Agreement and the Ancillary Agreements, Sara Lee and HBI shall cooperate (and shall cause each of their respective Affiliates to cooperate) fully at such time and to the extent reasonably requested by the other party in connection with the preparation and filing of any Tax Return or the conduct of any audit, dispute, proceeding, suit, or Tax action concerning any issues or any other matter contemplated hereunder. Such cooperation shall include, without limitation:

i) Compliance with the provisions of Section 3.4;

ii) The retention and provision on demand of books, records, documentation, information, or other materials relating to any Tax Return, or any supplemental information necessary or reasonably helpful to support any position taken therein, until the later of (x) the expiration of the applicable statute of limitation (giving effect to any extension, waiver, or mitigation thereof) and (y) in the event any claim has been made under this Agreement for

which such information is relevant, the occurrence of a Final Determination with respect to such claim;

iii) Unless otherwise agreed to by the parties, the retention and provision on demand, of any books, records, documentation, information, or other materials necessary or reasonably helpful in sustaining any position (including, without limitation, any transfer pricing position) taken with any Taxing Authority including, without limitation, materials regarding accounting, income and expense, costs and cost production, background, research and development, comparables, marketing, suppliers and customers, and other information regarding the HBI Business related to the Tax treatment of such business;

iv) The retention and provision of additional information with respect to an explanation of the manner in which any Tax Return or Tax Package was prepared and filed, and any additional information reasonably helpful in explaining the materials provided under clauses (ii) and (iii) of this Section 5.1 until the other party provides written notice that such material may be destroyed;

v) The execution of any document that may be necessary or reasonably helpful in connection with the filing of any Tax Return by Sara Lee or its Affiliates or HBI or its Affiliates, or in connection with any audit, proceeding, refund claim, suit, or action for any such Tax Return;

vi) The use of the parties' reasonable best efforts to obtain any documentation from a governmental authority or a third party that may be necessary or helpful in connection with the foregoing; and

vii) The retention in good working order, and maintenance, of all computer systems, computer language, computer code, or any other computer or electronic data, or records necessary (including, without limitation, the Lawson system) for the retrieval and classification of information that could be requested pursuant to this Section 5.1 or Section 3.4 until the other party provides written notice that such retention and maintenance is not longer required.

Each party shall make its employees and facilities available on a mutually convenient basis, without cost to the other party, to facilitate such cooperation. In addition, upon 48 hours' notice, each party shall have the option to use its own employees or agents to view or obtain the materials contemplated in this Section 5.1 from the other party's facilities.

(b) Any materials contemplated under Section 5.1(a) and Section 3.4 shall be provided whether or not such material is or may be confidential or proprietary. If, however, the providing party determines in good faith that any materials are confidential or proprietary, the providing party may require the requesting party to enter into a confidentiality agreement with respect to such materials, not inconsistent with the purposes for which the party made the request for information. Each party shall be deemed to have satisfied its obligation to hold confidential information concerning or supplied by the other party if it exercises the same care as it takes to preserve confidentially for its own similar information.

(c) Any computer or electronic records or data required to be maintained pursuant to this Section 5.1 must be kept in the accordance with federal, state, local, and foreign laws including, without limitation, the IRS electronic filing laws.

(d) Sara Lee shall advise HBI with respect to any Final Determination of Tax adjustments relating to the Sara Lee Consolidated Group if such Final Determination of Tax adjustments may affect any Tax attribute of any member of the HBI Group after the Distribution Date.

(e) Notwithstanding anything to the contrary in this Agreement, if a party materially fails to comply with any of its obligations set forth in this Section 5.1, upon reasonable request and notice by the other party, the non-performing party shall (i) reimburse the other party for any internal or incremental costs incurred by such other party in having its employees or agents view or obtain such material, and (ii) to the extent such failure results in the imposition of additional Taxes be liable in full for such additional Taxes.

**5.2 Contest Provisions.**

(a) The party responsible for the Taxes under Section 2.1 (the "Responsible Party"), shall, with respect to a Tax Return, have the exclusive right to control, contest, and represent the interests of Sara Lee, HBI and their respective Affiliates in any Tax controversy, including (without limitation) any audit, protest, or claim for refund to the Appeals Division of the IRS, competent authority proceeding and litigation in Tax Court or any other court of competent jurisdiction (a "Tax Controversy") related to such Tax Return. Subject to Section 5.2(d)(ii) hereof, such exclusive right shall include the right, in the Responsible Party's reasonable discretion, to resolve, settle or agree to any deficiency, claim or adjustment proposed, asserted or assessed in connection with or as a result of any such Tax Controversy. Such control rights shall extend to any matter pertaining to the management and control of a Tax Controversy, including execution of waivers, choice of forum, scheduling of conferences and the resolution of any Tax Item. Any costs incurred in the handling or contesting of a Tax Controversy shall be borne by the Responsible Party.

(b) Notwithstanding anything to the contrary in Section 5.2(a), Sara Lee shall be the Responsible Party with respect to (i) all Tax Returns for the Sara Lee Consolidated Group and Sara Lee Group, and (ii) all Straddle Period Tax Returns and Tax Returns for a Combined Jurisdiction which include a tax period for which Sara Lee is responsible for the Taxes under Section 2.1.

(c) Sara Lee shall use reasonable efforts to keep HBI advised as to the status of Tax audits and litigation involving any issue that relates to a Tax of HBI or any HBI Affiliate or that could give rise to a liability of HBI or any HBI Affiliate under this Agreement, and HBI shall use reasonable efforts to keep Sara Lee advised as to the status of Tax audits and litigation involving any issue that related to a Tax of Sara Lee or any Sara Lee Affiliate or could give rise to a liability of Sara Lee or any Sara Lee Affiliate under this Agreement (in each case, a "Liability Issue"). Sara Lee and HBI shall promptly furnish each other copies of any inquiries or requests for information from any Taxing Authority or any other administrative, judicial, or other governmental authority concerning any Liability Issue pertaining to the other party. Without

limiting the foregoing, Sara Lee and HBI, as the case may be, shall each promptly furnish to the other within 30 days of receipt a copy of the relevant section of the revenue agent's report or similar report, notice of proposed adjustment, or notice of deficiency received by Sara Lee or its Affiliate or by HBI or its Affiliate, as the case may be, relating to any Liability Issue or any adjustment referred to in this Section 5.2(c).

(d) Notwithstanding Section 5.2(a),

i) With respect to any Tax Controversy, to the extent a party may be responsible for Taxes under Section 2.1 with respect to a given Tax Return or to the extent resolution of the Tax Controversy could give rise to a material Tax Detriment or loss of a material Tax Benefit to such party, but such party is not the Responsible Party, then the Responsible Party shall provide such other party (at such other party's expense) reasonable participation rights with respect to so much of the Tax Controversy as relates to Taxes for which such other party may be responsible; and

ii) A Responsible Party shall not settle or otherwise voluntarily resolve or disclose any Tax Controversy which could give rise to a material Tax Detriment or loss of a material Tax Benefit to the other party without such other party's consent, not to be unreasonably withheld.

**5.3 Information for Shareholders.** Sara Lee shall provide each shareholder that receives stock of HBI pursuant to the Distribution with the information necessary for such shareholder to comply with the requirements of Section 355 of the Code and the Treasury regulations thereunder with respect to statements that such shareholders must file with their federal income tax returns demonstrating the applicability of Section 355 to the Distribution.

## ARTICLE VI

## DISPUTE RESOLUTION

**6.1 Amicable Resolution.** The parties desire that friendly collaboration will develop between them. Accordingly, they will try to resolve in an amicable manner all disputes and disagreements connected with their respective rights and obligations under this Agreement in accordance with Section 6.12 of the Separation Agreement.

**6.2 Arbitration.** In the event of any dispute, controversy, or claim arising under or in connection with this Agreement (including any dispute, controversy, or claim relating to the breach, termination, or validity thereof), the parties shall submit any such dispute, controversy, or claim to binding arbitration in accordance with Section 6.13 of the Separation Agreement, provided, however, that this Section 6.2 shall not apply to any (a) suits seeking injunctive relief or specific performance, or (b) dispute, controversy, or claim arising under Article IV of this Agreement (including any dispute, controversy, or claim relating to the breach, termination, or validity thereof).

## ARTICLE VII

## MISCELLANEOUS

**7.1 Effectiveness.** This Agreement shall become effective on the Distribution Date.

**7.2 Indemnification for Inaccurate, Incomplete or Untimely Information.**

(a) HBI and each HBI Affiliate shall indemnify and hold harmless Sara Lee and each Sara Lee Affiliate from and against any liability, cost or expenses, including, without limitation, any fine, penalty, interest, charge or accountant's fee, arising out of fraudulent or negligent information, workpapers, documents and other items prepared by HBI or any HBI Affiliate used in the preparation of any Tax Return or claim for refund filed by Sara Lee or any Sara Lee Affiliate for any period during which HBI or any HBI Affiliate was or has been a member of the Sara Lee Consolidated Group, or arising out of the untimely provision of information required to provided under this Agreement.

(b) Sara Lee and each Sara Lee Affiliate shall indemnify and hold harmless HBI and each HBI Affiliate from and against any liability, cost or expense, including, without limitation, any fine, penalty, interest, charge or accountant's fee, arising out of fraudulent or negligent preparation of any Tax Return or claim for refund filed by Sara Lee or a Sara Lee Affiliate for any period during which HBI or any member of the HBI Group was or has been a member of the Sara Lee Consolidated Group, or arising out of the untimely provision of information required to provided under this Agreement.

**7.3 Breach.** Sara Lee shall indemnify and hold harmless HBI and each HBI Affiliate, and HBI shall indemnify and hold harmless Sara Lee and each Sara Lee Affiliate, from and against any payment required to be made under this Agreement as a result of the breach by Sara Lee (or Sara Lee Affiliate) or HBI (or HBI Affiliate), as the case may be, of any obligation under this Agreement.

**7.4 Disclaimers.**

(a) Sara Lee disclaims all knowledge of or responsibility for the content or accuracy of any separate returns or filings made by or on behalf of HBI or any HBI Affiliate for any taxable period during which such company was not a member of the Sara Lee Consolidated Group.

(b) HBI disclaims all knowledge of or responsibility for the content or accuracy of any Tax Returns or filings made by or on behalf of the Sara Lee Consolidated Group or any member thereof for any period except to the extent such Tax Returns or filings reflect items of the HBI Business.

**7.5 Payments.** In the event that one party (the "Owing Party") is required to make a payment to another party (the "Owed Party") pursuant to this Agreement, then to the extent not otherwise provided for in this Agreement, such payment shall be made according to this Section 7.5.

(a) All payments shall be made to the Owed Party or to the appropriate Taxing Authority as specified by the Owed Party within the time prescribed for the payment in this Agreement, or if no period is prescribed, within 20 days after delivery of written notice of payment owing together with a computation of the amounts due.

(b) Unless otherwise required by any Final Determination, the parties agree that any payment made by one party to another party (other than payments of interest and payment of After Tax Amounts pursuant to Section 7.5(d)) pursuant to this Agreement shall be treated for all Tax and financial accounting purposes as payments with respect to stock (dividend distributions or capital contributions, as the case may be) made immediately prior to the Distribution.

(c) All actions required to be taken by any party under this Agreement shall be performed within the time prescribed for performance in this Agreement, or if no period is prescribed, such actions shall be performed promptly.

(d) If, pursuant to a Final Determination, it is determined that the receipt or accrual of any payment made under this Agreement (other than payments of interest) is subject to any Tax, the party making such payment shall be liable for (i) the After Tax Amount with respect to such payment, and (ii) interest at the rate described in 7.5(e) on the amount of such tax from the date such Tax is due through the date of payment of such After Tax Amount. A party making a demand for payment pursuant to this Agreement and for a payment of an After Tax Amount with respect to such payment shall separately specify and compute such After Tax Amount. However, a party may choose not to specify an After Tax Amount in a demand for payment pursuant to this Agreement without thereby being deemed to have waived its right subsequently to demand an After Tax Amount with respect to such payment.

(e) Any payment that is required to be made pursuant to this Agreement (i) by HBI (or an HBI Affiliate) to Sara Lee (or a Sara Lee Affiliate) or (ii) by Sara Lee (or a Sara Lee Affiliate) to HBI (or an HBI Affiliate), that is not made on or prior to the date that such payment is required to be made pursuant to this Agreement shall thereafter bear interest at the rate established for underpayments pursuant to Section 6621(a) (2) of the Code.

(f) Any payment that is required to be made pursuant to this Agreement (i) by HBI (or an HBI Affiliate) to Sara Lee (or a Sara Lee Affiliate) or (ii) by Sara Lee (or a Sara Lee Affiliate) to HBI (or an HBI Affiliate), shall be made by wire transfer of immediately available funds, provided that if the amount of any payment is less than $10,000, such payment may be made in a form other than a wire transfer.

**7.6 Changes in Law.** Any reference to a provision of the Code, Treasury Regulations, or a law of another jurisdiction shall include a reference to any applicable successor provision or law. If, due to any change in applicable law or regulations or their interpretation by any court of law or other governing body having jurisdiction subsequent to the date specified in the preamble to this Agreement, performance of any provision of this Agreement or any transaction contemplated hereby shall become impracticable or impossible, the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

**7.7** **Notices.** All notices, demands and other communications given under this Agreement must be in writing and must be either personally delivered, telecopied (and confirmed by telecopy answer back), mailed by first class mail (postage prepaid and return receipt requested), or sent by reputable overnight courier service (charges prepaid) to the recipient at the address or telecopy number indicated below or such other address or telecopy number or to the attention of such other Person as the recipient party shall have specified by prior written notice to the sending party. Any notice, demand or other communication under this Agreement shall be deemed to have been given when so personally delivered or so telecopied and confirmed (if telecopied before 5:00 p.m. Eastern Standard Time on a business day, and otherwise on the next business day), or if sent, one business day after deposit with an overnight courier, or, if mailed, five business days after deposit in the U.S. mail.

If to Sara Lee, at:

Sara Lee Corporation
Three First National Plaza
70 West Madison
Chicago, Illinois 60602-4260
Facsimile Number: 312-558-4956
Attention: Senior Vice-President – Taxes

If to HBI, at:

Hanesbrands Inc.
1000 East Hanes Mill Road
Winston-Salem, North Carolina 27105
Facsimile Number: 336-519-7441
Attention: Senior Vice-President – Taxes

**7.8** **Entire Agreement; Incorporation of Schedules and Exhibits.** This Agreement, the Separation Agreement, the other Ancillary Agreements and the Exhibits and Schedules attached hereto and thereto, constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof. All schedules and exhibits referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

**7.9** **Authority.** Each of the parties hereto represents, on behalf of itself and its affiliates, to the other that (a) it has the corporate power and authority to execute, deliver, and perform this Agreement, (b) the execution, delivery, and performance of this Agreement by it have been duly authorized by all necessary corporation or other action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid, and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights generally and general equity principles.

**7.10 Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

**7.11 Successors and Assigns.**

(a) Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the parties without the prior written consent of the other parties, and any instrument purporting to make such an assignment without prior written consent shall be void; provided, however, either party may assign this Agreement to a successor entity in conjunction with a merger effected solely for the purpose of changing such party's state of incorporation (but subject to any other applicable requirements of this Agreement, the Separation Agreement, and the Ancillary Agreements). Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and permitted assigns.

(b) Notwithstanding Section 7.11(a), if it is contemplated that an HBI Affiliate may cease to be such an Affiliate as a result of a transfer of its stock or other ownership interests to a third party in exchange for consideration in an amount approximately equal to the fair market value of the stock or other ownership interests transferred (other than consideration consisting of the redemption of equity interests in the entity which is transferring the stock or ownership interests of such Affiliate), and such consideration is not distributed to HBI shareholders, then HBI may request in writing no later than thirty (30) days prior to such cessation that Sara Lee execute a release of such HBI Affiliate from its obligations under this Agreement effective as of such transfer, and Sara Lee shall promptly execute such release; provided that (i) HBI shall have confirmed in writing the obligations of HBI and its remaining Affiliates with respect to their own obligations and those of the departing HBI Affiliate and shall succeed to the rights of such HBI Affiliate under this Agreement; and (ii) such departing HBI Affiliate shall have executed a release of any rights it may have against Sara Lee or any Sara Lee Affiliate by reason of this Agreement. A correlative process shall apply if it is contemplated that a Sara Lee Affiliate may cease to be such an Affiliate under similar circumstances.

**7.12 Joint and Several Liability.** HBI and each HBI Affiliate shall have joint and several liability for any obligation of HBI or an HBI Affiliate arising pursuant to this Agreement. Sara Lee and each Sara Lee Affiliate shall have joint and several liability for any obligation of Sara Lee or a Sara Lee Affiliate arising pursuant to this Agreement.

**7.13 Parties in Interest.** Nothing in this Agreement, express or implied, is intended to confer on any Person other than the parties, their respective Affiliates, and their respective successors and permitted assigns, any rights or remedies of any nature whatsoever under or by virtue of this Agreement.

**7.14 Legal Enforceability; Waiver of Default.**

(a) Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions. Any prohibition or unenforceability of any provision of this Agreement in any jurisdiction shall not invalidate or render unenforceable the provision in any other jurisdiction.

(b) Waiver by either party of any default by the other party of any provision of this Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of the other party.

**7.15 Action by Affiliates.** To the extent HBI is obligated to take any action under this Agreement, and such action is more properly taken by an HBI Affiliate, then HBI shall cause such Affiliate to take such action. To the extent HBI is obligated to refrain from taking any action under this Agreement, HBI shall cause each of its Affiliates to refrain from taking such action. Sara Lee shall be subject to similar rules regarding actions to be taken, or to be refrained from being taken, by it and its Affiliates.

**7.16 Expenses.** Unless otherwise expressly provided in this Agreement, each party shall bear any and all expenses that arise from their respective obligations under this Agreement.

**7.17 Confidentiality.**

(a) Each party shall hold and cause its consultants and advisors to hold in strict confidence, unless compelled to disclose by judicial or administrative process or, in the opinion of its counsel, by other requirements of law, all information written or oral concerning the other parties hereto furnished it by such other party or its representatives pursuant to this Agreement (except to the extent that such information can be shown to have been (a) previously known by the party to which it was furnished, (b) in the public domain through no fault of such party, or (c) later lawfully acquired from other sources by the party to which it was furnished), and each party shall not release or disclose such information to any other person, except its auditors, attorneys, financial advisors, bankers and other consultants and advisors who shall be advised of the provisions of this Section 7.17. Each party shall be deemed to have satisfied its obligation to hold confidential information concerning or supplied by the other party if its exercises the same care as it takes to preserve confidentiality for its own similar information.

(b) Notwithstanding Section 7.17(a), the provisions regarding confidentiality set forth in Section 5.1 shall govern information required to be provided pursuant to Sections 3.4 and 5.1.

**7.18 Amendments and Waiver.** This Agreement may be amended and any provision of this Agreement may be waived, provided that any such amendment or waiver shall be binding upon a party only if such amendment or waiver is set forth in a writing executed by such party. No course of dealing between or among any Persons having any interest in this Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any party hereto under or by reason of this Agreement.

**7.19 No Implied Waivers; Cumulative Remedies; Writing Required.** No delay or failure in exercising any right, power or remedy hereunder shall affect or operate as a waiver

thereof; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or remedy preclude any further exercise thereof or of any other right, power or remedy. The rights and remedies hereunder are cumulative and not exclusive of any rights or remedies that any party hereto would otherwise have. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement or any such waiver of any provision of this Agreement must satisfy the conditions set forth in Section 7.18 and shall be effective only to the extent in such writing specifically set forth.

**7.20 Limitation on Damages.** Each party irrevocably waives, and no party shall be entitled to seek or receive, consequential, special, indirect or incidental damages (including without limitation damages for loss of profits) or punitive damages, regardless of how such damages were caused and regardless of the theory of liability; provided that the foregoing shall not limit each party's indemnification obligations set forth in the Separation Agreement and the Ancillary Agreements

**7.21 Severability.** The parties agree that (a) the provisions of this Agreement shall be severable in the event that for any reason whatsoever any of the provisions hereof are invalid, void or otherwise unenforceable, (b) any such invalid, void or otherwise unenforceable provisions shall be replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable, and (c) the remaining provisions shall remain valid and enforceable to the fullest extent permitted by applicable law.

**7.22 SUBMISSION TO JURISDICTION.** SUBJECT TO SECTION 6.2, EACH OF THE PARTIES IRREVOCABLY SUBMITS (FOR ITSELF AND IN RESPECT OF ITS PROPERTY) TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN CHICAGO, ILLINOIS, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT; PROVIDED THAT THE PARTIES MAY BRING ACTIONS OR PROCEEDINGS AGAINST EACH OTHER IN OTHER JURISDICTIONS TO THE EXTENT NECESSARY TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH PARTY ALSO AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT OR IN OTHER JURISDICTIONS UNLESS SUCH ACTIONS OR PROCEEDINGS ARE NECESSARY TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY BOND, SURETY, OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO. ANY PARTY MAY MAKE SERVICE ON ANY OTHER PARTY BY SENDING OR DELIVERING A COPY OF THE PROCESS TO THE PARTY TO BE SERVED AT THE ADDRESS AND IN THE MANNER PROVIDED FOR THE GIVING OF NOTICES IN SECTION 7.7 ABOVE. NOTHING IN THIS SECTION 7.22, HOWEVER, SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW

OR AT EQUITY. EACH PARTY AGREES THAT A FINAL NONAPPEALABLE JUDGMENT IN ANY ACTION OR PROCEEDING SO BROUGHT SHALL BE CONCLUSIVE AND MAY BE ENFORCED BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW OR AT EQUITY.

**7.23 WAIVER OF JURY TRIAL.** AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

**7.24 Construction.** The descriptive headings herein are inserted for convenience of reference only and are not intended to be a substantive part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. The use of the words “include” or “including” in this Agreement shall be by way of example rather than by limitation. The use of the words “or,” “either” or “any” shall not be exclusive. The parties have participated jointly in the negotiation and drafting of this Agreement, the Separation Agreement, and the Ancillary Agreements. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The parties agree that prior drafts of this Agreement shall be deemed not to provide any evidence as to the meaning of any provision hereof or the intent of the parties hereto with respect hereto.

**7.25 Counterparts.** This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

**7.26 Delivery by Facsimile and Other Electronic Means.** This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any party, each other party shall re-execute original forms thereof and deliver them to all other parties. No party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a contract and each such party forever waives any such defense.

**7.27 Consent by Affiliates.** Each of Sara Lee and HBI shall cause each of its respective Affiliates (including any entity that becomes an Affiliate after the date hereof) to consent to, and be bound by, the terms, conditions, covenants, and provisions of this Agreement.

IN WITNESS WHEREOF, each of the Parties has caused this Tax Sharing Agreement to be executed on its behalf by its officers hereunto duly authorized on the day and year first above written.

SARA LEE CORPORATION

By: /s/ Marilyn K. Gerdes
Marilyn K. Gerdes
Vice President, Taxes

HANESBRANDS INC.

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

**EXHIBIT A**

The following examples illustrate the proper method of applying the provisions contained in Section 2.7 of the Agreement.

Example 1

In TYE 6/30/04, Sara Lee purchases Asset X for $100. In that same year, Sara Lee expenses the cost of Asset X and recognizes a $100 deduction which is fully utilized by Sara Lee to offset Sara Lee income. The corporate income tax rate in effect is 35%.

On 8/14/06, during TYE 6/30/07, Sara Lee contributes Asset X to HBI with a tax basis of $0. HBI is spun off from Sara Lee on 08/14/06.

In TYE 6/30/08, HBI sells Asset X for $100, realizes $100 of income, and pays $35 in federal income taxes.

In TYE 6/30/09, as a result of an audit of Sara Lee's TYE 6/30/04 Tax Return, Sara Lee's $100 deduction with respect to Asset X is denied in full. As a result, Sara Lee has $100 of taxable income in TYE 6/30/04, and is required to pay $35 in federal income tax, plus interest of $10.

Because of this adjustment, HBI's tax basis in Asset X is $100 instead of $0. HBI may amend its TYE 6/30/08 Tax Return to reflect a $100 tax basis with respect to Asset X. Since HBI will have no taxable gain with respect to its sale of Asset X, HBI is entitled to a tax refund of $35.

Under Section 2.7 of the Agreement, HBI is required to pay $35 to Sara Lee (i.e., the lesser of the Tax Detriment to Sara Lee ($35 + $10) and the Tax Benefit to HBI ($35) resulting from the audit adjustment) at the time specified in Section 2.7.

Example 2

The facts are the same as in Example 1, except that the corporate income tax is reduced to 15% in TYE 6/30/08. In this scenario, HBI is required to pay $15 to Sara Lee as a result of the audit adjustment (i.e., the lesser of the Tax Detriment to Sara Lee ($45), and the Tax Benefit to HBI ($15) resulting from the audit adjustment). Had the corporate income tax instead been increased to 50% in TYE 6/30/08, HBI would be required to pay $45 to Sara Lee (i.e., the lesser of the Tax Detriment to Sara Lee ($45), and the Tax Benefit to HBI ($50) resulting from the audit adjustment).

Example 3

The facts are the same as in Example 1, except that in TYE 6/30/08, HBI incurs net operating losses which exceed the amount of HBI's taxable income for that year. As a result, HBI's amended TYE 6/30/08 Tax Return reflecting the reversal of $100 of income does not entitle HBI to a tax refund, but does increase HBI's tax carryforwards. In TYE 6/30/09 HBI's

financial statements reflect an increase in its Deferred Tax Assets of $35. Under Section 2.7 of the Agreement, HBI is required to pay $35 to Sara Lee at the time specified in Section 2.7

Employee Matters Agreement

between

**SARA LEE CORPORATION**

and

**HANESBRANDS INC.**

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**EMPLOYEE MATTERS AGREEMENT**

This Employee Matters Agreement (this "Agreement") is dated as of August 31, 2006 between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc., a Maryland corporation ("HBI"). Capitalized terms used herein (other than the formal names of Sara Lee Plans (as defined below) and related trusts of Sara Lee) and not otherwise defined herein, shall have the meanings ascribed to them in Article X below.

WHEREAS, the board of directors of Sara Lee has determined that it is appropriate and desirable to separate Sara Lee's branded apparel business from its other businesses; and

WHEREAS, in order to effectuate the foregoing, Sara Lee and HBI have entered into a Master Separation Agreement dated as of August 31, 2006 (as amended, modified and/or restated from time to time, the "Separation Agreement"), which provides, among other things, subject to the terms and conditions set forth therein, for the Separation and the Distribution, and the execution and delivery of certain other agreements in order to facilitate and provide for the foregoing; and

WHEREAS, the Parties desire to set forth certain agreements regarding employee benefit plans, programs and arrangements, and certain employment matters as described herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and subject to and on the terms and conditions herein set forth, the Parties hereby agree as follows:

**ARTICLE I**

**GENERAL PRINCIPLES**

Section 1.1 **Assumption of HBI Liabilities**. Except as specified otherwise in this Agreement or as mutually agreed upon by HBI and Sara Lee from time to time and subject to the provisions of the Dedicated Employee Agreement, effective as of the Distribution Date, HBI and the HBI Plans hereby assume and agree to pay, perform, fulfill and discharge, in accordance with their respective terms, with respect to HBI Employees all Liabilities relating to, arising out of, or resulting from future, present or former employment with the Branded Apparel Business (including Liabilities relating to, arising out of, or resulting from Sara Lee Plans and HBI Plans); (b) all Liabilities relating to, arising out of, or resulting from any other actual or alleged employment relationship with the HBI Group; and (c) all other Liabilities relating to, arising out of, or resulting from obligations, liabilities and responsibilities expressly assumed or retained by the HBI Group, or a HBI Plan pursuant to this Agreement.

Section 1.2 **Establishment of HBI Plans**.

(a) **Health and Welfare Plans and Fringe Benefit Plans**. As further provided in Article IV below, effective as of or before the Distribution Date, HBI shall adopt the HBI Health and Welfare Plans and the HBI Fringe Benefit Plans.

(b) **401(k) Plan**. As further provided in Section 2.1 below, effective as of or before the Distribution Date, HBI shall adopt the HBI 401(k) Plan. Any service requirements contained in the HBI 401(k) Plan with respect to eligibility to participate generally or eligibility to share in any employer contributions thereunder shall be waived for HBI Employees who, immediately prior to the Distribution Date, were eligible to participate in the Sara Lee 401(k) Plan.

(c) **Pension Plan**. As further provided in Section 2.2, effective as of or before the Distribution Date, HBI shall adopt the HBI Pension Plan solely to receive the transfer of Assets and Liabilities described in Section 2.2.

(d) **Equity and Incentive Compensation**. Effective as of or before the Distribution Date, HBI shall adopt (i) the Hanesbrands Inc. Annual Incentive Plan, (ii) the HBI Stock Plan, and (iii) the Hanesbrands Inc. Performance Based Annual Incentive Plan. HBI shall also establish the Hanesbrands Inc. Employee Stock Purchase Plan on or before the Distribution Date, although employees may not be permitted to enroll in such plan for a period of time following the Distribution Date.

(e) **Nonqualified Plans**. As further provided in Article III, effective as of or before the Distribution Date, HBI shall adopt (i) the HBI Deferred Compensation Plan, (ii) the HBI Deferred Compensation Plan for Non-Employee Directors and (iii) the HBI SERP.

(f) **Assistance by Sara Lee**. If HBI requests , Sara Lee shall use its commercially reasonable best efforts for and on behalf of HBI to assist HBI in establishing the HBI Plans set forth herein and in procuring such contracts (including, but not limited to, trust agreements, insurance policies, service agreements, HMO agreements, vendor arrangements, funding arrangements, and investment arrangements), either via Sara Lee's existing relationships under the Sara Lee Plans or with suitable new parties, as is necessary or desirable for purposes of establishing and administering the HBI Plans.

Section 1.3 **HBI Under No Obligation to Maintain Plans**. Except as specified otherwise in this Agreement, nothing in this Agreement shall preclude HBI, at any time after the Distribution Date, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any HBI Plan, any benefit under any HBI Plan or any trust, insurance policy or funding vehicle related to any HBI Plans, or any employment or other service arrangement with HBI Employees, independent contractors or vendors (to the extent permitted by law).

Section 1.4 **HBI's Participation in Sara Lee Plans**.

(a) **Participation in Sara Lee Plans**. Except as specified otherwise in this Agreement, HBI shall, until the Distribution Date, continue to be a Participating

Company in the Sara Lee Plans to the extent that HBI has not established a corresponding Plan.

(b) **Sara Lee's General Obligations as Plan Sponsor**. To the extent that HBI is a Participating Company in any Sara Lee Plan, Sara Lee shall continue to administer, or cause to be administered, in accordance with its terms and applicable law, such Sara Lee Plan, and shall have the sole and absolute discretion and authority to interpret the Sara Lee Plan, as set forth therein. Effective as of the Distribution Date or such earlier date as HBI establishes a corresponding Plan (as specified in Section 1.2 or otherwise in this Agreement), HBI shall automatically cease to be a Participating Company in the corresponding Sara Lee Plan.

(c) **HBI's General Obligations as Participating Company**. HBI shall perform, with respect to its participation in the Sara Lee Plans, the duties of a Participating Company as set forth in each such Plan or any procedures adopted pursuant thereto, including (without limitation): (i) assistance in the administration of claims, to the extent requested by the claims administrator of the applicable Sara Lee Plan; (ii) full cooperation with Sara Lee Plan auditors, benefit personnel and benefit vendors; (iii) preservation of the confidentiality of all financial arrangements Sara Lee has or may have with any vendors, claims administrators, trustees, service providers or any other entity or individual with whom Sara Lee has entered into an agreement relating to the Sara Lee Plans; and (iv) preservation of the confidentiality of participant information (including, without limitation, health information in relation to FMLA leaves) to the extent not specified otherwise in this Agreement.

Section 1.5 **Terms of Participation by HBI Employees in HBI Plans**.

(a) **Non-Duplication of Benefits**. The HBI Plans shall not provide benefits that duplicate benefits provided by the corresponding Sara Lee Plans. Sara Lee and HBI shall agree on methods and procedures, including amending the respective Plan documents, to prevent HBI Employees from receiving duplicate benefits from the Sara Lee Plans and the HBI Plans; provided, that nothing shall prevent Sara Lee from unilaterally amending the Sara Lee Plans to avoid any such duplication.

(b) **Service Credit**. Except as specified otherwise in this Agreement, with respect to HBI Employees, each HBI Plan shall provide that all service and compensation that, as of the Distribution Date or earlier effective date of the HBI Plan, were recognized under the corresponding Sara Lee Plan shall, as of the Distribution Date or earlier effective date of the HBI Plan, receive full recognition and credit and be taken into account under such HBI Plan to the same extent as if such items occurred under such HBI Plan, except to the extent that duplication of benefits would result. The service crediting provisions shall be subject to any applicable "service bridging," "break in service," "employment date," or "eligibility date" rules under the HBI Plans and the Sara Lee Plans.

Section 1.6 **Foreign Plans**. HBI and Sara Lee each intend that matters, issues, or Liabilities relating to, arising out of, or resulting from Foreign Plans and non-U.S.-related employment matters be handled in a manner that is consistent with comparable U.S. matters, issues, or Liabilities as reflected in this Agreement (to the extent permitted by applicable law or as otherwise specified in the applicable Section or Schedule thereto.

## ARTICLE II

## RETIREMENT PLANS

Section 2.1 **401(k) Plan**.

(a) **401(k) Plan Trust**. Effective as of or before the Distribution Date, HBI shall establish, or cause to be established, a separate trust, which is intended to be tax-qualified under Code Section 401(a), to be exempt from taxation under Code Section 501(a), and to form a part of the HBI 401(k) Plan. To the extent permitted by law, the HBI 401(k) Plan shall accept rollover contributions that satisfy Section 402 of the Code including, without limitations, rollover contributions from the Sara Lee 401(k) Plan.

(b) **401(k) Plan: Assumption of Liabilities and Transfer of Assets**. Effective as of or before the Distribution Date: (i) the HBI 401(k) Plan shall assume and be solely responsible for all Liabilities relating to, arising out of, or resulting from HBI Employees under the Sara Lee 401(k) Plan including, without limitation, outstanding loans of HBI Employees; (ii) Sara Lee shall cause the accounts of the HBI Employees under the Sara Lee 401(k) Plan that are held by its related trust, including promissory notes evidencing outstanding loans of HBI Employees, to be transferred to the HBI 401(k) Plan and its related trust in the form of mutual fund shares and other in-kind Assets held by the Sara Lee 401(k) Plan (or, if otherwise agreed by Sara Lee and HBI, in cash); and HBI shall cause such transferred accounts to be accepted by such Plan and its related trust. HBI shall take all actions necessary and appropriate to provide that all amounts transferred to the accounts of HBI Employees under this Subsection 2.1(b) shall continue to vest on and after the Distribution Date. HBI and Sara Lee acknowledge and agree that such transfer of Assets and Liabilities will comply with Sections 401(a)(12), 414(l) and 411(d)(6) of the Code and the regulations thereunder. Following the Distribution Date, Sara Lee shall retain sole responsibility for all benefit obligations under the Sara Lee 401(k) Plan, and HBI shall have no obligation with respect thereto. Sara Lee shall provide HBI with at least sixty (60) days written notice of the transfer of assets described above, unless HBI agrees to a shorter notice period.

(c) **2006 ESOP Allocation**. On or before the Distribution, Sara Lee shall amend the Sara Lee 401(k) Plan to provide that HBI employees who are actively employed on the Distribution Date and who would have been eligible to receive an ESOP allocation under the terms of the Sara Lee 401(k) Plan had they remained covered thereunder through December 31, 2006 shall be eligible to receive an allocation under the

Sara Lee 401(k) Plan equal to two percent (2%) of their eligible compensation from January 1, 2006 through the Distribution Date. Any such allocation made on behalf of an HBI employee shall be made at the same time and in the same manner as allocations are made to eligible Sara Lee employees; provided, that in lieu of shares of Sara Lee common stock, such allocation will be made in the form of shares of HBI common stock unless Internal Revenue Service approval of the allocation of HBI common stock in lieu of Sara Lee common stock cannot be obtained. The assets allocated to HBI employees pursuant to this provision shall be transferred to the HBI 401(k) Plan as soon as administratively practicable following the completion of the allocation for 2006 under the Sara Lee 401(k) Plan.

(d) **401(k) Plan: Stock Considerations**. As a result of the Distribution and the account transfers provided in Section 2.1(c) above, participant accounts in each of the Sara Lee 401(k) Plan and the HBI 401(k) Plan may both contain, at least initially, Sara Lee and HBI employer securities. HBI and Sara Lee each shall have complete discretion to determine the terms and conditions pursuant to which their respective 401(k) Plans may (or may not) continue to hold the stock of the other entity. Sara Lee and HBI shall assume sole responsibility for ensuring that their respective company stock funds and underlying employer securities held in each such fund, are maintained in compliance with all SEC requirements including, without limitation, filing forms S-8 and 11-K and the prospectus requirements for such funds.

(e) **No Distribution to HBI Employees**. The Sara Lee 401(k) Plan and the HBI 401(k) Plan shall provide that no distribution of account balances shall be made to any HBI Employee solely on account of the Distribution.

(f) **Administration of HBI 401(k) Plan**. Prior to the Distribution Date, HBI shall contract with a third party administrator or make other arrangements to administer the HBI 401(k) Plan, which contract or other arrangement shall include the administration of participant loans transferred from the Sara Lee 401(k) Plan to the HBI 401(k) Plan.

Section 2.2 **Pension Plan**.

(a) **Pension Plan Trust**. Effective as of or before the Distribution Date, HBI shall establish, or cause to be established, a separate trust, which is intended to be tax-qualified under Code Section 401(a), to be exempt from taxation under Code Section 501(a), and to form a part of the HBI Pension Plan.

(b) **Pension Plan: Assumption of Liabilities and Transfer of Assets**. Effective as of or before the Distribution Date, the HBI Pension Plan shall assume and be solely responsible for all Liabilities relating to, arising out of, or resulting from HBI Employees and under the Sara Lee Pension Plan. As soon as practicable following the Distribution Date, Sara Lee shall cause Assets of the Sara Lee Pension Plan that are held by its related trust related to the HBI Employees to be transferred to the HBI Pension

Plan and its related trust in cash, or if mutually agreed by Sara Lee and HBI, other property; and HBI shall cause such transferred amounts to be accepted by such Plan and its related trust. HBI and Sara Lee acknowledge and agree that such transfer of Assets and Liabilities will comply with Sections 401(a)(12), 414(l) and 411(d)(6) of the Code and the regulations thereunder and that the value of the assets to be transferred as determined under Section 414(l) of the Code shall be adjusted from January 1, 2006 to the transfer date to reflect the investment experience under the Sara Lee Pension Plan, the HBI Pension Plan's allocable share of expenses and any benefit distributions made to HBI Employees. The HBI Pension Plan will continue to participate in the Sara Lee Corporation Master Investment Trust for Defined Benefit Plans (the "Master Trust") subject to Sara Lee's direction of the assets of the Master Trust without distinction as to any particular participating plan for a transition period not exceeding 270 days following the Distribution Date; provided, that HBI holds Sara Lee harmless with respect to such continued participation.

Section 2.3 **Puerto Rico Plans**. Effective as of or before the Distribution Date, Sara Lee shall transfer sponsorship of the Puerto Rico Plans (and their related trusts) to HBI, so that after the Distribution Date, the Puerto Rico Plans are maintained solely by HBI. Sara Lee and HBI agree that the Sara Lee Personal Products Hourly Retirement Plan of Puerto Rico will continue to participate in the Master Trust subject to Sara Lee's direction of the assets of the Master Trust without distinction as to any particular participating plan for a transition period not exceeding 270 days following the Distribution Date; provided, that HBI holds Sara Lee harmless with respect to such continued participation.

Section 2.4 **Canadian Pension Plans**. Effective as of or before the Distribution Date, Sara Lee shall transfer sponsorship of the Canadian Main Pension Plan (and its related trust) to HBI and Sara Lee shall become a Participating Company in such plan with respect to Sara Lee Employees who are actively employed and covered thereunder on such date ( "Transferred SLC Canadian Employees") and Sara Lee shall retain liability for such employees' benefits provided under the Canadian Main Pension Plan until such time as all governmental approvals necessary to transfer that portion of the Canadian Main Retirement Plan attributable to Transferred SLC Canadian Employee to a plan maintain solely by Sara Lee are obtained at which time Sara Lee and HBI shall enter into an agreement providing for such transfer. Notwithstanding the forgoing, Sara Lee shall retain liability under the Canadian Main Pension Plan with respect to, and shall indemnify HBI for, any increase in the liability under the Canadian Main Pension Plan that occurs as the consequence of the March 6, 1987 closure of the Point-Claire, Ontario plant, the October 30, 1987 closure of the Brockville, Ontario plant or the October 31, 1987 sale of Electrolux. As plan sponsor of the Canadian Main Pension Plan, HBI shall administer, or cause to be administered, the Canadian Main Pension Plan in accordance with its terms and applicable law and shall have the sole and absolute discretion and authority to interpret the Canadian Main Pension Plan, as set forth therein. Sara Lee shall perform, with respect to its participation in the Canadian Main Pension Plan, the duties of a Participating Company as set forth in the Canadian Main Pension Plan or any procedures adopted pursuant thereto, including (without limitation): (i) assistance in the administration of claims, to the extent requested by the claims administrator of

the Canadian Main Pension Plan; (ii) full cooperation with the Canadian Main Pension Plan auditors, benefit personnel and benefit vendors; (iii) preservation of the confidentiality of all financial arrangements HBI has or may have with any vendors, claims administrators, trustees, service providers or any other entity or individual with whom HBI has entered into an agreement relating to the Canadian Main Pension Plan; and (iv) preservation of the confidentiality of participant information. After the Distribution Date the assets of Canadian Main Pension Plan will continue to participate in the Sara Lee of Canada NS ULC Master Trust or any continuation thereof (the "Canadian Master Trust") subject to Sara Lee's direction of the assets of the Canadian Master Trust without distinction as to any particular participating plan for a transition period not exceeding 270 days following the Distribution Date; provided, that HBI holds Sara Lee harmless with respect to such continued participation.

Section 2.5 **Other HBI Retirement Plans**. As of the Distribution Date, Sara Lee shall transfer sponsorship of The Harwood Companies, Inc. 401(k) Plan to HBI. Following the Distribution Date, HBI shall retain sole responsibility for all benefit obligations under The Harwood Companies, Inc. 401(k) Plan and Sara Lee shall have no obligation with respect thereto.

## ARTICLE III

## NON-QUALIFIED PLANS

Section 3.1 **Deferred Compensation Plan**. As of December 31, 2005, HBI Employees ceased all future contributions to the Sara Lee Deferred Compensation Plan. Sara Lee shall determine the amount of Liabilities under the Sara Lee Deferred Compensation Plan attributable to HBI Employees as of the Distribution Date. On or before the Distribution Date, Sara Lee shall transfer such Liabilities to the HBI Deferred Compensation Plan, and coincident with the receipt of such transfer, HBI, and specifically the HBI Deferred Compensation Plan shall assume all responsibilities and obligations relating to, arising out of, or resulting from such Liabilities. Such transferred Liabilities shall include any Sara Lee Restricted Stock Units, the payment of which has been deferred under the Sara Lee Deferred Compensation Plan.

Section 3.2 **SERP**. Effective on or before the Distribution Date, HBI shall establish the HBI SERP and Sara Lee shall determine the amount of Liabilities under the Sara Lee SERP attributable to HBI Employees and the amount of Liabilities under the Canadian SERP attributable to HBI Employees who are participants in the Canadian Main Pension Plan. As soon as administratively practicable thereafter, Sara Lee shall transfer such Liabilities to the HBI SERP and, coincident with the receipt of such transfer, HBI, and specifically the HBI SERP, shall assume all responsibilities and obligations relating to, arising out of, or resulting from such Liabilities. Sara Lee shall determine such Liability in a manner that is consistent with the manner in which is has determined such Liability for financial reporting purposes.

Section 3.3 **Other Non-Qualified Plans.** Effective on or before the Distribution Date, Sara Lee shall transfer sponsorship of the Hanesbrands Inc Intimate Apparel Key Management

Cadre Retirement Plan and the Hanesbrands Inc Personal Products Supplemental Retirement Plan to HBI, so that after the Distribution Date, the Hanesbrands Inc Intimate Apparel Key Management Cadre Retirement Plan and the Hanesbrands Inc Personal Products Supplemental Retirement Plan are maintained solely by HBI.

Section 3.4 **Administrative Services**. Prior to the Distribution Date, HBI shall contract with a third party administrator, bank or stock transfer agent or otherwise make arrangements to administer the HBI Deferred Compensation Plan and the HBI SERP on or after the Distribution Date. Sara Lee shall provide administrative assistance to HBI in connection with the HBI Deferred Compensation Plan and the HBI SERP for a period of time in accordance with Schedule 5 of the Master Transition Services Agreement.

## ARTICLE IV

## HEALTH AND WELFARE PLANS

Section 4.1 **Health Plans as of the Distribution Date.**

(a) **HBI Health Plans**. Not later than the Distribution Date, HBI shall establish the HBI Health Plans and, correspondingly, HBI shall cease to be a Participating Company in the Sara Lee Health Plans. After the Distribution Date, HBI shall be solely responsible for the administration of the HBI Health Plans: provided that certain administrative functions shall be performed or supported by Sara Lee pursuant to Schedule 5 to the Master Transition Services Agreement.. HBI shall be solely responsible for the payment of all employer-related costs in establishing and maintaining the HBI Health Plans, and for the collection and remittance of participant contributions and premiums, subject to Section 7.2. Following the Distribution Date, Sara Lee shall retain sole responsibility for all benefit obligations under the Sara Lee Health Plans (except as provided in Sections 4.2), and HBI shall have no obligation (except as provided in Sections 4.2) with respect thereto.

(b) **HBI as Participating Company**. Except as otherwise agreed by Sara Lee and HBI, until the date that HBI establishes the HBI Health Plans, HBI shall be a Participating Company in the Sara Lee Health Plans and the Sara Lee Section 125 Plan. Sara Lee shall administer claims incurred under the Sara Lee Health Plans and the Sara Lee Section 125 Plan by HBI Employees for as long as HBI is a Participating Company in such plans. Any determination made or settlements entered into by Sara Lee with respect to such claims shall be final and binding. HBI shall retain financial and administrative ("run-out") Liability and all related obligations and responsibilities for all claims incurred by HBI Employees while HBI is a Participating Company in the Sara Lee Health Plans and the Sara Lee Section 125 Plan, including any claims that were administered by Sara Lee as of, on, or after such date. Any such run-out Liability and all related claims, charges, and expenses shall be settled in a manner consistent with past practices and policies, including an interim accounting and a final accounting between

Sara Lee and HBI. As of the Distribution Date, the reserve included in Sara Lee's financial statements for "Incurred But Not Reported" medical and dental expenses attributable to HBI Employees shall be transferred to HBI.

(c) **COBRA**. HBI shall continue to be responsible through the date that it establishes the HBI Health Plans for compliance with the health care continuation coverage requirements of COBRA and the Sara Lee Health Plans with respect to HBI Employees, and qualified beneficiaries (as such term is defined under COBRA). As of the date that HBI establishes the HBI Health Plans, any COBRA Liabilities attributable to any HBI Employee, (or a qualified beneficiary of such individuals) shall become an HBI Liability. Effective as of the date HBI ceases to be a Participating Company in the Sara Lee Health Plans, HBI shall be solely responsible for compliance with the health care continuation coverage requirements of COBRA and the HBI Health Plans for HBI Employees and their qualified beneficiaries (as such term is defined under COBRA).

(d) **Assumption of Retiree Medical Liabilities**. Effective as of the Distribution Date, the HBI Health Plans shall assume and be solely responsible for all retiree medical Liabilities relating to, arising out of, or resulting from HBI Employees under the Sara Lee Health Plans subject to the terms of the HBI Health Plans (including, without limitation, HBI's right to amend and/or terminate the HBI Health Plans).

(e) **Woolwine VEBA**. Not later than the Distribution Date, Sara Lee shall transfer sponsorship of the Woolwine VEBA ( a trust which is exempt from taxation under Code Section 501(c)(9)) to HBI, so that after the Distribution Date, the Woolwine VEBA is maintained solely by HBI.

(f) **CMS**. After the Distribution Date, HBI shall assume all Liabilities relating to, arising out of, or resulting from claims, if any, under the CMS data match reports that relate to HBI Employees or the HBI Terminated Employees.

Section 4.2 **Section 125 Plan**. Effective on the date that HBI establishes the HBI Health Plans, HBI shall establish, or cause to be established, the HBI Section 125 Plan and on and after that date HBI shall be solely responsible for the HBI Section 125 Plan. HBI shall remain a Participating Company in the Sara Lee Section 125 Plan until the date HBI establishes the HBI Section 125 Plan. The existing elections for HBI Employees participating in the Sara Lee Section 125 Plan and for newly-eligible employees of HBI who elect to participate in the Sara Lee Section 125 Plan shall remain in effect in the HBI Section 125 Plan through the end of the applicable Section 125 plan year (including any grace period) in which HBI ceases to be a Participating Company in the Sara Lee Section 125 Plan. In the event that HBI establishes the HBI Section 125 Plan after the beginning of the Section 125 plan year under the Sara Lee FSA Plan, Sara Lee shall cause the accounts of HBI Employees who are participating in the Sara Lee FSA Plan to be transferred to the HBI Section 125 Plan.

Section 4.3 **Severance Plans**. Effective as of or before the Distribution Date, Sara Lee shall transfer sponsorship of the Sara Lee Branded Apparel Hourly Employee Separation

Pay Benefits Plan, the Sara Lee Corporation Severance Pay Plan for Employees of SLBA, the Hanesbrands Inc. Transformation Severance Pay Event Plan, the Sara Lee Branded Apparel Hourly Employee 2006 Reorganization Separation Pay Benefits Plan for the Asheboro, North Carolina Plant's Refurbishing Department, the Sara Lee Branded Apparel Hourly Employee 2006 Reorganization Separation Pay Benefits Plan for Galax Textiles and the Sara Lee Branded Apparel Hourly Employee 2006 Reorganization Separation Pay Benefits Plan for Eden Yarn to HBI and upon such transfer HBI shall have sole responsibility for the Liabilities under such plans and Sara Lee shall have no liability with respect thereto.

Section 4.4 **Disability Plans**. Not later than the Distribution Date, HBI shall establish the HBI Disability Plans. Until the earlier of the Distribution Date and the date HBI establishes the HBI Disability Plans, HBI shall continue as a Participating Company in the Sara Lee Disability Plans. As of the earlier of the Distribution Date and the date HBI establishes the HBI Disability Plans, any Liabilities under the Sara Lee Disability Plans attributable to any HBI Employee (or such individual's eligible dependent) shall become an HBI Liability.

Section 4.5 **Group Insurance Plan**. Not later than the Distribution Date, HBI may establish the HBI Group Insurance Plan. Until the earlier of the Distribution Date or the date HBI establishes the HBI Group Insurance Plan, HBI shall continue to be a Participating Company in the Sara Lee Group Insurance Plan. Effective as of the earlier of the Distribution Date and the date HBI establishes the HBI Group Insurance Plan, HBI shall be solely responsible for maintaining the HBI Group Insurance Plan.

Section 4.6 **Executive Plans**. As of the Distribution Date, HBI Employees who were participants in the Sara Lee Executive Plans shall cease participation in such plans. HBI may establish the HBI Executive Plans, in its sole discretion.

## ARTICLE V

## EQUITY AND OTHER COMPENSATION

Section 5.1 **Sara Lee Performance Shares**. Performance Shares that an HBI Employee has been awarded under a Sara Lee Stock Plan for a performance period beginning prior to the Distribution Date shall continue to vest over the applicable performance period subject to the attainment of Sara Lee performance measures and any other terms and conditions of the award and the Sara Lee Stock Plan. Sara Lee shall charge HBI for the fair market value of awards earned by HBI Employees under any such Sara Lee Stock Plan.

Section 5.2 **Sara Lee Restricted Stock Units**. At the Distribution Date, each outstanding Sara Lee Restricted Stock Unit held by an HBI Employee shall be fully vested and then paid by Sara Lee to such HBI Employee as soon as practicable thereafter; provided, that if a deferral election is in place with respect to such Sara Lee Restricted Stock Unit, such Sara Lee Restricted Stock Unit shall be deferred as provided in Section 3.1 above. As a result of the Distribution, HBI Employees holding Sara Lee Restricted Stock Units shall receive Sara Lee common stock equivalent in value to the shares of HBI common stock that would have been

received in the Distribution and such Sara Lee common stock shall be paid as soon as practicable after the Distribution Date along with the Sara Lee common stock reflecting the Sara Lee Restricted Stock Unit.

Section 5.3 **Sara Lee Options**. At the Distribution Date, each outstanding Sara Lee Option held by an HBI Employee, whether vested or unvested, shall become fully vested and the number of shares subject to each vested option and the per-share exercise price shall be adjusted to reflect the impact of the Distribution. Each Sara Lee Option issued under the Sara Lee Share 2000 or Share 2003 Programs will expire six months after the Distribution Date if it is not exercised prior to that date, except to the extent that the terms of such option provide for an extension of the exercise period beyond that six-month period. With respect to each other Sara Lee Option granted under the Sara Lee Corporation 1998 Long-Term Incentive Stock Plan, the option shall expire six months after the Distribution Date if it is not exercised prior to that date; provided, that in the case of an HBI Employee who is receiving severance benefits under a Sara Lee Severance Plan, the Sara Lee Options shall expire at the end of the HBI Employee's severance period and in the case of an HBI Employee who is eligible for early retirement under the Sara Lee Pension Plan (at the time of the Distribution or, if later, at the end of the HBI Employee's severance period), such HBI Employee shall be treated as a retiree in determining when such options expire. In its administration of the Sara Lee Stock Plan, Sara Lee shall continue to provide to HBI Employees who remain participants in the Sara Lee Stock Plan the same recordkeeping, transaction, and other services that it provides to similarly situated participants in the Sara Lee Stock Plan who are not HBI Employees and shall remain responsible for all communications to such HBI Employees.

Section 5.4 **Sara Lee Stock Purchase Plan**. HBI Employees will continue to participate in the Sara Lee Corporation 2005 International Employee Stock Purchase Plan (the "Sara Lee 423 Plan") until the Distribution Date. Any contributions which cannot be used to purchase shares of Sara Lee Common Stock under the Sara Lee 423 Plan shall be returned to HBI Employees in accordance with the terms of the Sara Lee 423 Plan.

Section 5.5 **Administrative Services**. Prior to the Distribution Date, HBI shall contract with a third party administrator, bank or stock transfer agent to administer any awards granted under the HBI Stock Plan on or after the Distribution Date. Until the Distribution Date, Sara Lee shall provide administrative assistance to HBI in connection with the administration of awards granted under the HBI Stock Plan in accordance with Schedule 5 of the Master Transition Services Agreement.

## ARTICLE VI

## FRINGE AND OTHER BENEFITS

Section 6.1 **Fringe Benefit Plans**. Except as otherwise agreed by Sara Lee and HBI, until the Distribution Date (or such other date that HBI is able to administer its own benefits accounting), HBI shall be a Participating Company in the Sara Lee Fringe Benefit Plans. Sara

Lee shall administer benefits accounting for the HBI Fringe Benefit Plans for 2006, but only to the extent that HBI has not established and assumed administrative responsibility for a corresponding Fringe Benefit Plan. Any determination made with respect to the Sara Lee Fringe Benefit Plans shall be final and binding. HBI shall retain financial and administrative Liability and all related obligations and responsibilities for all claims incurred by HBI Employees while HBI was a Participating Company in the Sara Lee Fringe Benefit Plans, including any claims that were administered by Sara Lee as of, on, or after the date HBI ceased to be a Participating Company. Any such Liability and all related claims, charges, and expenses shall be settled in a manner consistent with past practices and policies, including an interim accounting and a final accounting between Sara Lee and HBI.

Section 6.2 **Paid Time Off**. Effective as of the Distribution Date, HBI shall establish its own paid time off policy and any earned but unused paid time off (including vacation pay) that an HBI Employee is entitled to as of the Distribution Date under Sara Lee's paid time off policy will be rolled forward into the HBI paid time off policy and provided in accordance with the HBI paid time off policy following the Distribution Date. On and after the Distribution Date, Sara Lee shall have no liability for paid time off on behalf of any HBI Employee.

## ARTICLE VII

## ADMINISTRATIVE PROVISIONS

Section 7.1 **Intercompany Transitional Services**. Effective as of the Separation Date, Sara Lee and HBI shall enter into the Master Transition Services Agreement covering the provisions of interim services, including financial, accounting, legal, benefits-related and other services by Sara Lee to HBI or, in certain circumstances, vice versa. The provision of such interim services by each of Sara Lee and HBI is intended to be covered exclusively by the terms and conditions of the Master Transition Services Agreement. Accordingly, HBI and Sara Lee shall each be responsible for their own internal fees, costs and expenses (e.g., salaries of personnel) incurred in connection with the provision of services under this Agreement.

Section 7.2 **Payment of Liabilities, Plan Expenses and Related Matters**.

(a) **Expenses and Costs Chargeable to a Trust**. HBI shall pay its share of any contributions made to any trust maintained in connection with a Sara Lee Plan while HBI is a Participating Company in that Sara Lee Plan and Sara Lee shall pay its share of any contributions made to any trust maintained in connection with a HBI Plan while Sara Lee is a Participating Company in that HBI Plan. To the extent HBI continues to participate in a Sara Lee Plan after the Distribution Date, the contributions described in this section shall be directed to a separate, corresponding trust established by HBI and to the extent Sara Lee continues to participate in a HBI Plan after the Distribution Date, the contributions described in this section shall be directed to a separate, corresponding trust established by Sara Lee.

(b) **Expenses and Costs of Plan Not Chargeable to a Trust**. HBI shall be responsible for (through either direct payment or reimbursement to Sara Lee) Sara Lee's costs and expenses associated with HBI's participation in each Sara Lee Plan while HBI is a Participating Company in that Sara Lee Plan including, but not limited to, the cost of all claims incurred under the Sara Lee Health and Welfare Plans, the cost of all claims incurred under the Sara Lee Section 125 Plan (to the extent such claims are not -reimbursed by payroll deduction), the cost of all payments or other distributions (including the fair market value of all Sara Lee securities issued by Sara Lee) made under a Sara Lee Stock Plan, the cost of all restricted stock awards made under a Sara Lee Stock Plan, the cost of all payments or other distributions made under any other Sara Lee Stock Plan (excluding, for this purpose options exercised under any Sara Lee Stock Plan) and the cost of any other benefit provided or payment made under any Sara Lee Plan to the extent not otherwise specifically provided in this Agreement. Any such payment or reimbursement shall be made within thirty (30) business days after Sara Lee provides HBI with notice of such expenses or costs. Similarly, Sara Lee shall be responsible (through either direct payment or reimbursement to HBI) for HBI's costs and expenses associated with Sara Lee's participation in each HBI Plan while Sara Lee is a Participating Company in that HBI Plan and any such payment or reimbursement shall be made within thirty (30) business days after HBI provides Sara Lee with notice of such expenses or costs.

(c) **Contributions to Trusts**. With respect to Sara Lee Plans to which HBI Employees make contributions, Sara Lee shall use reasonable procedures to determine HBI Assets and Liabilities associated with each such Plan, taking into account such contributions, settlements, refunds and similar payments. With respect to HBI Plans to which Sara Lee Employees make contributions, HBI shall use reasonable procedures to determine Sara Lee's Assets and Liabilities associated with each such Plan, taking into account such contributions, settlements, refunds and similar payments.

(d) **Administrative Expenses Not Chargeable to a Trust**. To the extent not covered by the Master Transition Services Agreement (as contemplated by Section 7.1) or another Ancillary Agreement, and to the extent not otherwise agreed to in writing by Sara Lee and HBI, and to the extent not chargeable to a trust established in connection with a Sara Lee or a HBI Plan (as provided in paragraph (a)), (i) HBI shall be responsible, through either direct payment or reimbursement to Sara Lee, for its allocable share of actual third party and/or vendor costs and expenses incurred by Sara Lee and additional costs and expenses in the administration of the Sara Lee Plans while HBI participates in such Sara Lee Plans, and the HBI Plans, to the extent Sara Lee procures, prepares, implements and/or administers such HBI Plans and (ii) Sara Lee shall be responsible, through either direct payment or reimbursement to HBI, for its allocable share of actual third party and/or vendor costs and expenses incurred by HBI and additional costs and expenses in the administration of the HBI Plans while Sara Lee participates in such HBI Plans and the Sara Lee Plans, to the extent HBI provides any administrative support to such Sara Lee Plans. An allocable share of any such costs and expenses will be

determined in a manner consistent with the manner in which the allocable share of such costs and expenses was determined prior to the Separation Date.

Section 7.3 **Plan and Participant Information**. Sara Lee and HBI shall share, or cause to be shared, all participant information that is necessary or appropriate for the efficient and accurate administration of each of the Sara Lee Plans and the HBI Plans during the respective periods applicable to such Plans, including but not limited to, information on HBI Employees. Sara Lee and HBI and their respective authorized agents shall, subject to applicable laws of confidentiality and data protection (including, without limitation, HIPAA), be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Agreement in the custody of the other party or its agents, to the extent necessary or appropriate for such administration. At HBI's reasonable request, Sara Lee shall provide HBI with such financial, operational and other information (including, in the case of a Plan's Assets and Liabilities, detailed information on the methods used to determine the value of such Assets and Liabilities) on each Plan listed on Schedule 7.3 at a level of detail reasonably acceptable to HBI; provided, that if such information cannot be reasonably obtained by Sara Lee without additional cost, HBI shall reimburse Sara Lee for all additional third-party costs and such other reasonable costs of obtaining the information.

Section 7.4 **Reporting and Disclosure Communications to Participants**. For any period in which HBI is a Participating Company in the Sara Lee Plans, and for any period in which Sara Lee is a Participating Company in the HBI Plans, HBI and Sara Lee shall take, or cause to be taken, all actions necessary or appropriate to facilitate the distribution of all Plan-related communications and materials related to the other Party's Plans to employees, participants and beneficiaries, including (without limitation) summary plan descriptions and related summaries of material modification(s), summary annual reports, investment information, prospectuses, certificates of creditable coverage, notices and enrollment material for the Sara Lee Plans and HBI Plans. Sara Lee and HBI each shall assist the other Party in complying with all reporting and disclosure requirements of ERISA, including the preparation of Form Series 5500 annual reports for the Sara Lee and HBI Plans, where applicable.

Section 7.5 **Employee Identification Numbers**. Until the Distribution Date, Sara Lee and HBI shall not change any employee identification numbers assigned by Sara Lee. Sara Lee and HBI mutually agree to establish a policy pursuant to which employee identification numbers assigned to either employees of Sara Lee or HBI shall not be duplicated between Sara Lee and HBI.

Section 7.6 **Beneficiary Designation**. Subject to Section 7.10, all beneficiary designations made by HBI Employees for the Sara Lee Plans shall be transferred to and be in full force and effect under the corresponding HBI Plans, in accordance with the terms of each such applicable HBI Plan and to the extent permissible under such Plan, until such beneficiary designations are replaced or revoked by the HBI Employees who made the beneficiary designation.

Section 7.7 **Requests for IRS and DOL Opinions**. Sara Lee and HBI shall make such applications to regulatory agencies, including the IRS, PBGC and DOL, as may be necessary or appropriate. HBI and Sara Lee shall cooperate fully with one another on any issue relating to the transactions contemplated by this Agreement for which Sara Lee and/or HBI elects to seek a determination letter or private letter ruling from the IRS or an advisory opinion from the DOL.

Section 7.8 **Fiduciary Matters**. Sara Lee and HBI each acknowledge that actions contemplated to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable law, and that no party shall be deemed to be in violation of this Agreement if such party fails to comply with any provisions hereof based upon such party's good faith determination that to do so would violate such a fiduciary duty or standard.

Section 7.9 **Consent of Third Parties**. If any provision of this Agreement is dependent on the consent of any third party (such as a vendor) and such consent is withheld, Sara Lee and HBI shall use their commercially reasonable best efforts to implement the applicable provisions of this Agreement. If any provision of this Agreement cannot be implemented due to the failure of such third party to consent, Sara Lee and HBI shall negotiate in good faith to implement the provision in a mutually satisfactory manner.

Section 7.10 **Financial Reporting Cooperation**. HBI shall provide to Sara Lee such financial or other information as Sara Lee shall reasonably request to allow Sara Lee to satisfy its financial reporting obligations with respect to any period for which HBI impacts Sara Lee financial reporting; provided, that if such information cannot be reasonably obtained by HBI without additional cost, Sara Lee shall reimburse HBI for all additional third-party costs and such other reasonable costs of obtaining the information. Sara Lee shall provide to HBI such financial or other information as HBI shall reasonably request to allow HBI to satisfy its financial reporting obligations with respect to any period for which Sara Lee impacts HBI financial reporting; provided, that if such information cannot be reasonably obtained by Sara Lee without additional cost, HBI shall reimburse Sara Lee for all additional third-party costs and such other reasonable costs of obtaining the information.

## ARTICLE VIII

## EMPLOYMENT-RELATED MATTERS

Section 8.1 **Transfer of Employment to HBI**. Effective January 1, 2006, pursuant to the Dedicated Employee Agreement, all employees of the Branded Apparel Business as of December 31, 2005 were transferred to employment with HBI. Effective on the Distribution Date, each other HBI Employee who was not transferred to HBI as of January 1, 2006 pursuant to the Dedicated Employee Agreement shall be transferred to employment with HBI.

Section 8.2 **Terms of HBI Employment**. Except as agreed to by the Parties, all basic terms and conditions of employment for HBI Employees including, without limitation, their pay

and benefits in the aggregate shall, to the extent legally and practicably possible, remain substantially the same through the Distribution Date (other than reasonable raises and bonuses provided in the ordinary course of business and consistent with past practice) as the terms and conditions that were in place when the HBI Employee was employed by the Sara Lee Group, as applicable. Nothing in the Separation Agreement, this Agreement, or any Ancillary Agreement should be construed to change the at-will status of the employment of any of the employees of the Sara Lee Group or the HBI Group or shall preclude HBI from making individual wage or salary adjustments in the ordinary course of business to align pay to job responsibilities.

Section 8.3 **Collective Bargaining Agreements.** Sara Lee is a party to the collective bargaining agreements listed on Schedule 8.3 (the "Labor Agreements"). The Labor Agreements set certain terms and conditions of employment for HBI Employees. HBI shall use reasonable best efforts to ensure that, as of the Distribution Date, it assumes Sara Lee's rights and obligations under the Labor Agreements. Sara Lee shall provide such assistance as HBI may reasonably request to accommodate such assumption. To the extent that any provision of this Agreement is inconsistent with the Labor Agreements, the provisions of the Labor Agreements shall prevail.

Section 8.4 **Post-Distribution Payroll Discrepancies.** If either HBI or Sara Lee determines that any employee has been incorrectly classified as an HBI Employee or a Sara Lee Employee, the Parties shall transfer such employee to the correct employer's payroll and other systems. The Party to which such employee is transferred shall reimburse the other Party for any Liabilities that accrued in relation to such employee after the Distribution. The Parties shall use reasonable best efforts to insure that payment of the employee' compensation shall not be delayed except in the ordinary course of business.

Section 8.5 **Employment of Employees with U.S. Work Visas**. HBI will request amendments to the nonimmigrant visa status of HBI Employees with U.S. work visas authorizing them to work for Sara Lee, so as to allow them to work for HBI.

Section 8.6 **Confidentiality and Proprietary Information**. No provision of the Separation Agreement or any Ancillary Agreement shall be deemed to release any individual for any violation of the Sara Lee non-competition guideline or any agreement or policy pertaining to confidential or proprietary information of any member of the Sara Lee Group, or otherwise relieve any individual of his or her obligations under such non-competition guideline, agreement, or policy.

Section 8.7 **Personnel Records**. Subject to applicable laws on confidentiality and data protection HBI and Sara Lee shall deliver to each other prior to the Distribution Date, personnel records of the other entity's employees on any electronic or other data system.

Section 8.8 **Medical Records**. Subject to applicable laws on confidentiality and data protection (including, without limitation, HIPAA), Sara Lee shall deliver to HBI prior to the Distribution Date, medical records of HBI Employees to the extent such records (a) relate to HBI Employees' active employment by, leave of absence from, or termination of employment with

HBI, and (b) are necessary to administer and maintain employee benefit plans, including but not limited to Health Plans and for determining eligibility for paid and unpaid Leaves of Absence for medical reasons.

Section 8.9 **Unemployment Insurance Program.**

(a) **Claims Administration Through Distribution Date**. Unless otherwise directed by HBI, Sara Lee shall assist HBI in receiving service from Sara Lee's third party unemployment insurance administrator through the Distribution Date. HBI shall cooperate with the unemployment insurance administrator by providing any and all necessary or appropriate information reasonably available to HBI.

(b) **Claim Administration Post-Distribution Date**. As of the Distribution Date, HBI shall be responsible for complying with the unemployment insurance requirements of the states in which the HBI Group conducts business and for obtaining and maintaining third party insurance programs for its risk of loss.

Section 8.10 **Non-Termination of Employment; No Third-Party Beneficiaries**. Except as specified in Article V of this Agreement. no provision of this Agreement, the Separation Agreement, or any Ancillary Agreement shall be construed to create any right or accelerate entitlement to any compensation or benefit whatsoever on the part of any HBI Employee, or other former, present or future employee of Sara Lee or HBI under any Sara Lee Plan or HBI Plan or otherwise. Without limiting the generality of the foregoing: (a) neither the Distribution or Separation, nor the termination of the Participating Company status of HBI or any member of the HBI Group shall cause any employee to be deemed to have incurred a termination of employment; and (b) no transfer of employment between Sara Lee and HBI before the Distribution Date shall be deemed a termination of employment for any purpose hereunder.

## ARTICLE IX

## GENERAL PROVISIONS

Section 9.1 **Entire Agreement; Incorporation Of Schedules And Exhibits**. This Agreement (including all Schedules and Exhibits referred to herein), the Separation Agreement and the other Ancillary Agreements constitute the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof and thereof. All Schedules and Exhibits referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

Section 9.2 **Amendments And Waivers.** This Agreement may be amended and any provision of this Agreement may be waived, provided that any such amendment or waiver shall be binding upon a Party only if such amendment or waiver is set forth in a writing executed by such Party. No course of dealing between or among any Persons having any interest in this

Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any Party under or by reason of this Agreement.

Section 9.3 **No Implied Waivers; Cumulative Remedies; Writing Required**. No delay or failure in exercising any right, power or remedy hereunder shall affect or operate as a waiver thereof; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or remedy preclude any further exercise thereof or of any other right, power or remedy. The rights and remedies hereunder are cumulative and not exclusive of any rights or remedies that any Party hereto would otherwise have. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement or any such waiver of any provision of this Agreement must satisfy the conditions set forth in Section 9.2 and shall be effective only to the extent in such writing specifically set forth.

Section 9.4 **Parties In Interest.** Nothing in this Agreement, express or implied, is intended to confer on any Person other than the Parties, their respective Groups, and their respective successors and permitted assigns, any rights or remedies of any nature whatsoever under or by virtue of this Agreement.

Section 9.5 **Assignment; Binding Agreement.** Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the Parties without the prior written consent of the other Parties, and any instrument purporting to make such an assignment without prior written consent shall be void; provided, however, either Party may assign this Agreement to a successor entity in conjunction with a merger effectuated solely for the purpose of changing such Party's state of incorporation (but subject to any applicable requirements of the Tax Sharing Agreement). Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

Section 9.6 **Notices**. All notices, demands and other communications given under this Agreement must be in writing and must be either personally delivered, telecopied (and confirmed by telecopy answer back), mailed by first class mail (postage prepaid and return receipt requested), or sent by reputable overnight courier service (charges prepaid) to the recipient at the address or telecopy number indicated below or such other address or telecopy number or to the attention of such other Person as the recipient party shall have specified by prior written notice to the sending party. Any notice, demand or other communication under this Agreement shall be deemed to have been given when so personally delivered or so telecopied and confirmed (if telecopied before 5:00 p.m. Eastern Standard Time on a business day, and otherwise on the next business day), or if sent, one business day after deposit with an overnight courier, or, if mailed, five business days after deposit in the U. S. mail.

(a) if to Sara Lee:

Sara Lee Corporation
Three First National Plaza

Chicago, Illinois 60602-4260
Attention: General Counsel
Facsimile Number: (312) 419-3187

(b) if to HBI:

Hanesbrands Inc.
1000 East Hanes Mill Road
Winston-Salem, North Carolina, 27105
Attention: General Counsel
Facsimile Number: (336) 714-7441

Section 9.7 **Severability**. The Parties agree that (a) the provisions of this Agreement shall be severable in the event that for any reason whatsoever any of the provisions hereof are invalid, void or otherwise unenforceable, (b) any such invalid, void or otherwise unenforceable provisions shall be replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable, and (c) the remaining provisions shall remain valid and enforceable to the fullest extent permitted by applicable law.

Section 9.8 **Governing Law**. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

Section 9.9 **Submission To Jurisdiction**. SUBJECT TO SECTION 9.12, EACH OF THE PARTIES IRREVOCABLY SUBMITS (FOR ITSELF AND IN RESPECT OF ITS PROPERTY) TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN CHICAGO, ILLINOIS, OR FORSYTH COUNTY, NORTH CAROLINA OR GUILFORD COUNTY, NORTH CAROLINA, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT; PROVIDED THAT THE PARTIES MAY BRING ACTIONS OR PROCEEDINGS AGAINST EACH OTHER IN OTHER JURISDICTIONS TO THE EXTENT NECESSARY TO ENFORCE THEIR RIGHTS UNDER THIS AGREEMENT UNDER STATE LAW OR TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH PARTY ALSO AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT IN ANY OTHER COURT OR IN OTHER JURISDICTIONS UNLESS SUCH ACTIONS OR PROCEEDINGS ARE NECESSARY TO ENFORCE ITS RIGHTS UNDER THIS AGREEMENT UNDER STATE LAW OR IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD THAT IS RELATED TO THIS AGREEMENT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF

INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY BOND, SURETY, OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO. ANY PARTY MAY MAKE SERVICE ON ANY OTHER PARTY BY SENDING OR DELIVERING A COPY OF THE PROCESS TO THE PARTY TO BE SERVED AT THE ADDRESS AND IN THE MANNER PROVIDED FOR THE GIVING OF NOTICES IN SECTION 9.6 ABOVE. NOTHING IN THIS SECTION 9.9, HOWEVER, SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AT EQUITY. EACH PARTY AGREES THAT A FINAL NONAPPEALABLE JUDGMENT IN ANY ACTION OR PROCEEDING SO BROUGHT SHALL BE CONCLUSIVE AND MAY BE ENFORCED BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW OR AT EQUITY.

Section 9.10 **Waiver Of Jury Trial**. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

Section 9.11 **Amicable Resolution**. The Parties desire that friendly collaboration will develop between them. Accordingly, they will try to resolve in an amicable manner all disputes and disagreements connected with their respective rights and obligations under this Agreement in accordance with Section 6.12 of the Separation Agreement.

Section 9.12 **Arbitration**. Except for suits seeking injunctive relief or specific performance, or in the event of any interpleader action arising from any proceeding commenced by a third party that relates to this Agreement, in the event of any dispute, controversy or claim arising under or in connection with this Agreement (including any dispute, controversy or claim relating to the breach, termination or validity thereof), the Parties shall submit any such dispute, controversy or claim to binding arbitration in accordance with Section 6.13 of the Separation Agreement.

Section 9.13 **Construction**. The descriptive headings herein are inserted for convenience of reference only and are not intended to be a substantive part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. The use of the words “include” or “including” in this Agreement shall be by way of example rather than by limitation. The use of the words “or,” “either” or “any” shall not be exclusive. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation

arises, this Agreement shall be construed as if drafted jointly by the Parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The Parties agree that prior drafts of this Agreement shall be deemed not to provide any evidence as to the meaning of any provision hereof or the intent of the Parties hereto with respect hereto.

Section 9.14 **Counterparts**. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one party), each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

Section 9.15 **Limitation On Damages**. Each Party irrevocably waives, and no Party shall be entitled to seek or receive from the other Party, consequential, special, indirect or incidental damages (including without limitation damages for loss of profits) or punitive damages, regardless of how such damages were caused and regardless of the theory of liability; provided, however, that to the extent a Party is required to pay any consequential, special, indirect or incidental damages (including without limitation damages for loss of profits) or punitive damages to a third party in connection with any claim, or any action or proceeding, by a Person (including any Governmental Authority) who is not a member of the Sara Lee Group or the HBI Group, such damages shall constitute direct damages and not be subject to the limitations set forth in this Section 9.15.

Section 9.16 **Delivery By Facsimile Or Other Electronic Means**. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party, each other Party shall re-execute original forms thereof and deliver them to all other Parties. No Party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a contract and each such Party forever waives any such defense.

## ARTICLE X

## DEFINITIONS

Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Separation Agreement. In addition, for purposes of this Agreement, the following terms shall have the following meanings:

Section 10.1 **401(k) Plan**. "401(k) Plan," when immediately preceded by "Sara Lee," means the Sara Lee Corporation 401(k)Plan, a defined contribution plan. When immediately preceded by "HBI," "401(k) Plan" means the Hanesbrands Inc. Retirement Savings Plan to be established by HBI pursuant to Section 1.2 and Article II.

Section 10.2 **Affiliated Company**. “Affiliated Company” of any Person means, any entity that controls, is controlled by, or is under common control with such Person. As used herein , “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract , or otherwise.

Section 10.3 **Agreement**. “Agreement” means this Employee Matters Agreement, including all the Schedules hereto, and all amendments made hereto from time to time.

Section 10.4 **Ancillary Agreements**. “Ancillary Agreements” means all of the agreements, documents and instruments listed in Section 2.1 of the Separation Agreement.

Section 10.5 **Assets**. “Assets” has the meaning set forth in the Separation Agreement.

Section 10.6 **Branded Apparel Business**. “Branded Apparel Business” means the business conducted prior to the Separation Date by the Branded Apparel Americas/Asia Division of Sara Lee of manufacturing and marketing branded apparel in the intimates, underwear, leg wear and sportswear categories as described in a registration statement on Form 10 filed under the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

Section 10.7 **Canadian Designated Pension Plan.** “Canadian Designated Pension Plan” means the Sara Lee of Canada NS ULC Designated Employees’ Pension Plan.

Section 10.8 **Canadian Main Pension Plan.** “Canadian Main Pension Plan” means the Sara Lee of Canada NS ULC Employees’ Main Pension Plan.

Section 10.9 **Canadian Pension Plans**. “Canadian Pension Plans” means the Sara Lee of Canada NS ULC Designated Employees’ Pension Plan, the Sara Lee of Canada US ULC Pension Plan for Employees of Kiwi Canada, the Sara Lee of Canada US ULC Pension Plan for Employees of Tana Canada, the Fuller Brush Company, a Division of Sara Lee Corporation of Canada Ltd. Revised Retirement Plan Number 1 and the Fuller Brush Company, a Division of Sara Lee Corporation of Canada Ltd. Revised Retirement Plan Number 2.

Section 10.10 **Canadian SERP.** “Canadian SERP” means the Sara Lee Corporation Supplemental Plan for Canadian Employees.

Section 10.11 **CMS**. “CMS” means Centers for Medicare & Medicaid Services.

Section 10.12 **COBRA**. “COBRA” means the continuation coverage requirements for “group health plans” under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time, and as codified in Code Section 4980B and ERISA Sections 601 through 608.

Section 10.13 **Code**. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

Section 10.14 **Dedicated Employee Agreement.** "Dedicated Employee Agreement" means that certain agreement dated December 31, 2005 between Sara Lee and HBI pursuant to which (i) Sara Lee transferred to the employ of HBI, effective as of January 1, 2006, those employees who were employed by Sara Lee or the subsidiaries or divisions of Sara Lee identified therein and who were performing services exclusively for the Branded Apparel Business, as such business was conducted on December 31, 2005, and (ii) HBI agreed to continue to make such employees available to Sara Lee to exclusively render services for the Branded Apparel Business until the Distribution Date, and Sara Lee agreed to reimburse HBI for salary and other compensation paid to such employees.

Section 10.15 **Deferred Compensation Plan**. "Deferred Compensation Plan," when immediately preceded by "Sara Lee," means the Sara Lee Executive Deferred Compensation Plan. When immediately preceded by "HBI," "Deferred Compensation Plan" means the HBI Executive Deferred Compensation Plan.

Section 10.16 **Disability Plans**. "Disability Plans," when immediately preceded by "Sara Lee" means the Sara Lee short term disability program and the Sara Lee Long-Term Disability Plan and when immediately preceded by "HBI" means the short-term disability program and long-term disability plan to be established by HBI pursuant to Section 4.5.

Section 10.17 **Distribution**. "Distribution" means the distribution by Sara Lee on a pro rata basis to the holders of the issued and outstanding shares of Sara Lee's common stock of all of the issued and outstanding shares of HBI common stock owned by Sara Lee as further described in the Separation Agreement to the effect that HBI no longer constitutes a member of the Sara Lee controlled group, as determined in accordance with Code Sections 414(b), 414(c) and 414(m).

Section 10.18 **Distribution Date**. "Distribution Date" means the date that the Distribution is consummated as provided in Section 3.2 of the Separation Agreement.

Section 10.19 **DOL**. "DOL" means the United States Department of Labor.

Section 10.20 **ERISA**. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

Section 10.21 **Executive Plans. "**Executive Plans" when immediately preceded by "Sara Lee" means the welfare plans maintained by Sara Lee on behalf of its key executives and when immediately preceded by "HBI" means the welfare plans (if any) established by HBI on behalf of its executives.

Section 10.22 **FMLA**. "FMLA" means the Family and Medical Leave Act of 1993, as amended from time to time.

Section 10.23 **Foreign Plan**. “Foreign Plan,” means a Plan maintained by the Sara Lee Group or the HBI Group for the benefit of their employees outside the U.S.

Section 10.24 **Fringe Benefit Plans**. “Fringe Benefit Plans,” when immediately preceded by “Sara Lee,” means the Sara Lee Employee Assistance Program, the Sara Lee Educational Assistance Plan, the Sara Lee Adoption Assistance Program and other fringe benefit plans, programs and arrangements, sponsored and maintained by Sara Lee. When immediately preceded by “HBI,” “Fringe Benefit Plans” means the fringe benefit plans, programs and arrangements to be established by HBI pursuant to Section 1.2 and Article VI.

Section 10.25 **FSA Plan**. When preceded by “Sara Lee,” “FSA Plan” means the Sara Lee Flexible Spending Account Plan.

Section 10.26 **Group Insurance Plan**. “Group Insurance Plan,” when immediately preceded by “Sara Lee,” means the Sara Lee Group Insurance Program. When immediately preceded by “HBI,” “Group Insurance Plan” means the group insurance program to be established by HBI pursuant to Section 1.2. that will provide basic life insurance, dependent life insurance, optional life insurance, accidental death and dismemberment insurance, business travel accident insurance and executive group universal life insurance.

Section 10.27 **HBI**. “HBI” means Hanesbrands Inc., a Maryland corporation. In all such instances in which HBI is referred to in this Agreement, it shall also be deemed to include a reference to each member of the HBI Group, unless it specifically provides otherwise; HBI shall be solely responsible to Sara Lee for ensuring that each member of the HBI Group complies with the applicable terms of this Agreement.

Section 10.28 **HBI Employee**. “HBI Employee” means any individual who is: (a) either actively employed by, or on leave of absence from, the HBI Group on the Distribution Date; (b) an HBI Terminated Employee; (c) designated as an HBI Employee (as of the specified date) by Sara Lee and HBI by mutual agreement; or (d) an alternate payee under a QDRO, alternate recipient under a QMCSO, beneficiary, covered dependent, or qualified beneficiary (as such term is defined under COBRA), in each case, of an employee or former employee, described in Subsections 10.28(a) through (c) next above with respect to that employee’s or former employee’s benefit under the applicable Plan(s) (unless specified otherwise in this Agreement, such an alternate payee, alternate recipient, beneficiary, covered dependent, or qualified beneficiary shall not otherwise be considered an HBI Employee with respect to any benefits he or she accrues or accrued under any applicable Plan(s), unless he or she is an HBI Employee by virtue of Subsections 10.28(a) through (c) next above). Notwithstanding the forgoing, “HBI Employee” shall include any employee covered by the Dedicated Employee Agreement.

Section 10.29 **HBI Group**. “HBI Group” means HBI and each Subsidiary and Affiliated Company of HBI immediately after the Distribution Date, or that is contemplated to be a Subsidiary or Affiliated Company of HBI and each Person that becomes a Subsidiary or Affiliated Company of HBI after the Distribution Date.

Section 10.30 **HBI Plans.** "HBI Plans" means the plans, policies, programs, payroll practices, and arrangements established or assumed by the HBI Group hereunder for the benefit of HBI Employees.

Section 10.31 **HBI Terminated Employee**. "HBI Terminated Employee" means any individual who is: (a) a former employee of the Sara Lee Group who was terminated from the Branded Apparel Business on or before the Distribution Date; or (b) an alternate payee under a QDRO, alternate recipient under a QMCSO, beneficiary, covered dependent, or qualified beneficiary (as such term is defined under COBRA), in each case, of a former employee, described in Subsection 10.28(a) next above with respect to that former employee's benefit under the applicable Plan(s). Notwithstanding the foregoing, "HBI Terminated Employee" shall not, unless otherwise expressly provided to the contrary in this Agreement, include an individual who is a Sara Lee Employee or an HBI Employee at the Distribution Date or an individual who is otherwise an HBI Terminated Employee, but who is subsequently employed by the Sara Lee Group or the HBI Group on or prior to the Distribution Date.

Section 10.32 **Health and Welfare Plans**. "Health and Welfare Plans," when immediately preceded by "Sara Lee," means the Sara Lee Health Plans, the Sara Lee Section 125 Plan, the Sara Lee Group Insurance Plan, the Sara Lee Workers' Compensation Plan and the health and welfare plans established and maintained by Sara Lee for the benefit of eligible employees of the Sara Lee Group, and such other welfare plans or programs as may apply to such employees as of the Distribution Date. When immediately preceded by "HBI," "Health and Welfare Plans" means the HBI Health Plans, the HBI Section 125 Plan, and the health and welfare plans to be established by HBI pursuant to Section 1.2 and Article IV.

Section 10.33 **Health Plans**. "Health Plans," when immediately preceded by "Sara Lee," means the Sara Lee Corporation Employee Health Benefit Plan, any other medical, HMO, vision, and dental plans and any similar or successor Plans. When immediately preceded by "HBI," "Health Plans" means the Hanesbrands Inc. Employee Health Benefit Plan.

Section 10.34 **HIPAA**. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended from time to time.

Section 10.35 **HMO**. "HMO" means a health maintenance organization that provides benefits under the Sara Lee Health Plans or the HBI Health Plans.

Section 10.36 **IRS**. "IRS" means the United States Internal Revenue Service.

Section 10.37 **Liabilities**. "Liabilities" has the meaning set forth in the Separation Agreement

Section 10.38 **Master Transition Services Agreement**. "Master Transition Services Agreement" means the Ancillary Agreement which is Exhibit C to the Separation Agreement.

Section 10.39 **Option**. “Option,” when immediately preceded by “Sara Lee,” means an option to purchase Sara Lee common stock pursuant to a Stock Plan. When immediately preceded by “HBI,” “Option” means an option to purchase HBI common stock pursuant to a Stock Plan.

Section 10.40 **Participating Company**. “Participating Company” with respect to a Sara Lee Plan means: Sara Lee; any Person (other than an individual) that Sara Lee has approved for participation in, has accepted participation in, and which is participating in, a Plan sponsored by Sara Lee; and any Person (other than an individual) which, by the terms of such Plan, participates in such Plan or any employees of which, by the terms of such Plan, participate in or are covered by such Plan. “Participating Company” with respect to an HBI Plan means HBI; and any Person (other than an individual) that HBI has approved for participation in, has accepted participation in, and which is participating in, a Plan sponsored by HBI; and any Person (other than an individual) which, by the terms of such Plan, participates in such Plan or any employees of which, by the terms of such Plan, participate in or are covered by such Plan.

Section 10.41 **Parties**. “Parties” means the parties to this Agreement.

Section 10.42 **Pension Plan**. “Pension Plan” when immediately preceded by “Sara Lee,” means the Sara Lee Consolidated Pension and Retirement Plan. “Pension Plan” when immediately preceded by “HBI,” means the Hanesbrands Inc. Pension and Retirement Plan.

Section 10.43 **Performance Shares**. “Performance Shares” means shares of restricted stock or restricted stock units awarded under a Sara Lee Stock Plan under which the employee’s vesting in such restricted stock or restricted stock units is subject to certain performance measures rather than the passage of time.

Section 10.44 **Person**. “Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, and a governmental entity or any department, agency or political subdivision thereof.

Section 10.45 **Plan**. “Plan” means any plan, policy, program, payroll practice, arrangement, contract, trust, insurance policy, or any agreement or funding vehicle providing compensation or benefits to employees, former employees, directors or consultants of Sara Lee or HBI.

Section 10.46 **Puerto Rico Plans**. “Puerto Rico Plans” means the Sara Lee Personal Products Retirement Savings Plan of Puerto Rico, the Sara Lee Personal Products Hourly Retirement Plan of Puerto Rico, the Playtex Apparel Retirement Savings Plan for Hourly Puerto Rican Employees and the Playtex Apparel Pension Plan.

Section 10.47 **QDRO**. “QDRO” means a domestic relations order which qualifies under Code Section 414(p) and ERISA Section 206(d) and which creates or recognizes an alternate

payee’s right to, or assigns to an alternate payee, all or a portion of the benefits payable to a participant under the Sara Lee 401(k) Plan or the Sara Lee Pension Plan.

Section 10.48 **QMCSO**. “QMCSO” means a medical child support order which qualifies under ERISA Section 609(a) and which creates or recognizes the existence of an alternate recipient’s right to, or assigns to an alternate recipient the right to, receive benefits for which a participant or beneficiary is eligible under any of the Health Plans.

Section 10.49 **Restricted Stock Unit**. “Restricted Stock Unit,” when immediately preceded by “Sara Lee,” means a right to receive shares of Sara Lee common stock that are subject to transfer restrictions or to employment and/or performance vesting conditions, pursuant to a Sara Lee Stock Plan and when immediately preceded by “HBI,” means a right to receive shares of HBI common stock pursuant to the HBI Deferred Compensation Plan or a Restricted Stock Unit grant under the HBI Stock Plan.

Section 10.50 **Sara Lee**. “Sara Lee” means Sara Lee Corporation, a Maryland corporation. In all such instances in which Sara Lee is referenced in this Agreement, it shall also be deemed to include a reference to each member of the Sara Lee Group, unless it specifically provides otherwise; Sara Lee shall be solely responsible to HBI for ensuring that each member of the Sara Lee Group complies with the applicable terms of this Agreement.

Section 10.51 **Sara Lee Employee**. “Sara Lee Employee” means an individual who, on the Distribution Date, is: (a) either actively employed by, or on leave of absence from, the Sara Lee Group; (b) a Sara Lee Terminated Employee; or (c) an employee or group of employees designated as Sara Lee Employees by Sara Lee and HBI, by mutual agreement.

Section 10.52 **Sara Lee Group**. “Sara Lee Group” means Sara Lee and each Subsidiary and Affiliated Company of Sara Lee (or any predecessor organization thereof).

Section 10.53 **Sara Lee Plans**. “Sara Lee Plans” means the Plans maintained by Sara Lee and shall include the Sara Lee Pension Plan, Sara Lee 401(k) Plan, Sara Lee Health and Welfare Plans, Sara Lee Group Insurance Plan, Sara Lee Fringe Benefit Plans, the Canadian Pension Plans, and, until they are assumed by HBI, the Canadian Main Pension Plan and the Puerto Rico Plans.

Section 10.54 **Sara Lee Terminated Employee**. “Sara Lee Terminated Employee” means any individual who is a former employee of the Sara Lee Group and who, on the Distribution Date, is not an HBI Employee.

Section 10.55 **Section 125 Plan**. “Section 125 Plan,” when immediately preceded by “Sara Lee,” means the Sara Lee Corporation Flexible Compensation Plan and the Sara Lee FSA Plan. When immediately preceded by “HBI,” “Section 125 Plan” means the Hanesbrands Inc. Flexible Benefit Plan to be established by HBI pursuant to Sections 1.2 and 4.2.

Section 10.56 **Separation**. “Separation” shall have the meaning set forth in the preamble to the Separation Agreement.

Section 10.57 **Separation Agreement**. “Separation Agreement” means the Master Separation Agreement as described in the preamble of this Agreement.

Section 10.58 **Separation Date**. “Separation Date” shall have the meaning set forth in Section 1.1 of the Separation Agreement.

Section 10.59 **SERP**. “SERP,” when immediately preceded by “Sara Lee,” means the Sara Lee Supplemental Benefit Plan. When immediately preceded by “HBI,” “SERP” means the Hanesbrands Inc. Supplemental Employee Retirement Plan.

Section 10.60 **Severance Plans**. “Severance Plans,” when immediately preceded by “Sara Lee,” means the Sara Lee Severance Pay Plan and the Sara Lee Severance Pay Plan for A&B Players.

Section 10.61 **Stock Plan**. “Stock Plan,” when immediately preceded by “Sara Lee,” means the Sara Lee Corporation 1998 Long-Term Incentive Stock Plan and the Sara Lee Corporation 2002 Long-Term Incentive Stock Plan and any other plan, program, or arrangement pursuant to which employees and other service providers hold Options, Sara Lee Restricted Stock Units, or other Sara Lee equity incentives. When immediately preceded by “HBI,” “Stock Plan” means the Hanesbrands Inc. 2006 Omnibus Incentive Plan to be established by HBI pursuant to Section 1.2.

Section 10.62 **Subsidiary**. “Subsidiary” of any person means a corporation or other organization, whether incorporated or unincorporated, of which at least a majority of the securities or interest having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization, is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control that Person. Unless the context otherwise requires, reference to Sara Lee and its Subsidiaries shall not include the subsidiaries of Sara Lee that will be transferred to HBI after giving effect to the Separation

Section 10.63 **Unemployment Insurance Program**. “Unemployment Insurance Program,” when immediately preceded by “Sara Lee,” means the group unemployment insurance policies purchased by Sara Lee from time to time. When immediately preceded by “HBI,” “Unemployment Insurance Program” means any group unemployment insurance program to be established by HBI pursuant to Section 8.7.

**[The remainder of this page is intentionally blank.]**

IN WITNESS WHEREOF, each of the Parties has caused this Employee Matters Agreement to be executed on its behalf by its officers hereunto duly authorized on the day and year first above written.

SARA LEE CORPORATION

By: /s/ Diana S. Ferguson
Diana S. Ferguson
Senior Vice President

HANESBRANDS INC.

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

**SCHEDULE 7.3**
**EMPLOYEE BENEFIT PLANS**

Sara Lee Branded Apparel Hourly Employee Separation Pay Benefits Plan

Sara Lee Corporation Severance Pay Plan for Employees of Sara Lee Branded Apparel

Sara Lee Corporation Voluntary Transition Severance Pay Plan for Sara Lee Branded Apparel Employees

Sara Lee Corporation Supplemental Benefit Plan (SERP)

Hanesbrands Inc Supplemental Employee Retirement Plan (SERP)

Hanesbrands Inc. Key Executive Long Term Disability Plan

Hanesbrands Inc. Key Executive Life Insurance Plan

Sara Lee Corporation Employee Health Benefit Plan

Sara Lee Corporation Group Insurance Program

Sara Lee Corporation Business Travel Accident Insurance Plan

Sara Lee Corporation Flexible Spending Account Plan

Sara Lee Corporation Employee Stock Purchase Plan

Sara Lee Corporation Long-Term Disability Plan

**SCHEDULE 8.3**
**COLLECTIVE BARGAINING AND LABOR AGREEMENTS**

UNITED STATES

Agreement between Sara Lee Underwear/Sock and the Southern Regional Joint Board of UNITE HERE, AFL-CIO, CLC.
(dated May 20, 2004, expires May 19, 2007)

Agreement between Associated Corset and Brassiere Manufacturers, Inc. and Local 62-32 and Local 10 of UNITE.
(dated July 1, 2003, expires June 30, 2006)

ARGENTINA

La Federacion Argentina de la Industria de la Indumentaria y Afines F.A.I.I.A. y el Sindicato de Empleados Textiles de la Industria y Afines de la Republica Argentina — S.E.T.I.A.
(dated March 11, 1998)

Federacion Argentina De La Industria De La Indumentaria y Afines (F.A.I.I.A.) y La Union Cortadores de la Indumentaria, (U.C.I.).
(dated August 31, 2005)

Federacion Argentina de la Industria de la Indumentaria y Afines F.A.I.I.A. y Federacion Obrera de la Industria del Vestido y Afines, F.O.N.I.V.A.
(dated March 12, 1993 with amendments dated April 24, 1996)

BRAZIL

Agreement between Sinditextil and Sindicato does Mestres E Contramestres, Pessoal de Escritorio E Cargos de Chefia NA Industria de Fiacao E Tecelagem No Estado de Sao Paulo.
(dated January 11, 2005, expires October 31, 2006 and currently being renegotiated).

Agreement between Sinditextil and Sindicato Dos Trabalhadores NA Industria de Fiacao E Tecelagem de Sao Paolo.
(dated January 11, 2005, expires October 31, 2006 and currently being renegotiated).

CANADA

Agreement between Canadelle and L’Association des Employes de Canadelle Inc., Usine de Montreal.
(dated March 1, 2003, expired March 3, 2006 and currently being renegotiated).

Agreement between Canadelle and L'Union des Employes de Canadelle, Centre de Distribution des Grandes-Prairies.
(dated July 4, 2004, expires July 1, 2007 and currently being renegotiated).

MEXICO

Agreement between Industrias Internacionales de San Pedro, S.A. de C.V. and Sindicato de Trabajadores de la Industria Manufacturera y Maquiladora de Coahuila, C.T.M.
(dated July 17, 2000, review scheduled for February 1, 2007).

**MASTER TRANSITION SERVICES AGREEMENT**

**between**

**SARA LEE CORPORATION**

**and**

**HANESBRANDS INC.**

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## MASTER TRANSITION SERVICES AGREEMENT

This Master Transition Services Agreement (this "Agreement"), dated as of August 31, 2006, is by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc., a Maryland corporation ("HBI"). Capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed to such terms in Article X below.

## RECITALS

WHEREAS, the board of directors of Sara Lee has determined that it is appropriate and desirable to separate Sara Lee's branded apparel business from its other businesses;

WHEREAS, in order to effectuate the foregoing, Sara Lee and HBI have entered into a Master Separation Agreement dated as of August 31, 2006 (as amended, modified and/or restated from time to time, the "Separation Agreement"), which provides, among other things, subject to the terms and conditions set forth therein, for the Separation and the Distribution, and for the execution and delivery of certain other agreements in order to facilitate and provide for the foregoing; and

WHEREAS, in order to ensure an orderly transition under the Separation Agreement it will be necessary for each of the Parties to provide to the other the Services described herein for a transitional period described herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and subject to and on the terms and conditions herein set forth, the Parties hereby agree as follows.

## ARTICLE I

## ORDER OF PRECEDENCE; CONFLICTS

Section 1.1 Order of Precedence. In case of ambiguity or conflict between the terms and conditions of the body of this Agreement and the terms and conditions of a Schedule to this Agreement, the terms and conditions of the body of this Agreement shall control.

Section 1.2 Conflict with Separation Agreement. In the event of any conflict between the terms and conditions of the body of this Agreement and the terms and conditions of the Separation Agreement, the terms and conditions of the body of this Agreement shall control.

## ARTICLE II

## SERVICES

Section 2.1 Initial Services. Commencing on the Distribution Date, the Party designated as the Provider on the Schedules hereto shall provide, or with respect to any service to be provided by a member or members of such Party's Group, to cause such member or members of such Party's Group to provide, to the Party designated as the Purchaser on the Schedules hereto, or with respect to any service to be provided to a member or members of such

Party's Group, to such member or members of such Party's Group, the applicable services set forth on Schedule 1 through Schedule 11 hereto (the "Initial Services").

Section 2.2 Omitted Services; Additional Services.

(a) If, after the Distribution Date and during the Term of this Agreement, a Party identifies a service that the other Party (or a member of the other Party's Group) previously provided to such Party (or a member of such other Party's Group) prior to the Distribution Date, but such service was inadvertently omitted from the services set forth on the Schedules hereto (an "Omitted Service"), then upon the prior written consent of the Party that would be the Provider of such Omitted Service, which consent shall not be unreasonably withheld, such Omitted Service shall be added and considered as part of the Services. The Parties shall cooperate and act in good faith to create or amend an existing Schedule for each Omitted Service in a form substantially similar to the other Schedules hereto and reasonably acceptable to the Parties.

(b) From time to time after the Distribution Date and during the Term of this Agreement, the Parties may identify additional services that are not Omitted Services that one Party may agree to provide to the other Party in accordance with the terms of this Agreement (the "Additional Services" and, together with the Initial Services and any agreed upon Omitted Services, the "Services"). The Parties shall cooperate and act in good faith to amend or create a Schedule for each Additional Service in a form substantially similar to the other Schedules hereto and reasonably acceptable to the Parties. Notwithstanding the foregoing, neither Party shall have any obligation to agree to provide any Additional Services.

Section 2.3 Performance of Services. Each Provider shall, and shall cause the applicable members of its Group to, perform its duties and responsibilities hereunder in good faith based on its past practices and in accordance with the service levels and performance obligations specified in the applicable Schedule, but in no event less than a manner that is substantially the same in nature, accuracy, quality, completeness, timeliness, responsiveness and efficiency to the services provided by the applicable Provider to the applicable Purchaser prior to the Distribution Date.

(a) Nothing in this Agreement shall require a Provider to perform or cause to be performed any Service in a manner that would constitute a violation of applicable laws, including, without limitation, the Foreign Corrupt Practices Act.

(b) Neither Provider nor any member of its Group will be required to perform or to cause to be performed any of the Services for the benefit of any Third Party or any other Person other than the applicable Purchaser.

(c) Except as expressly contemplated by the Schedules, no Provider shall be obligated to (i) hire or train additional employees, (ii) purchase, lease or license any additional equipment, or (iii) pay any costs related to the transfer or conversion of Information to a Purchaser or any alternate supplier of Services. Subject to the foregoing and any other terms and conditions of this Agreement, each Provider shall maintain sufficient resources to perform its obligations hereunder. Except as set forth otherwise in an applicable Schedule, each Provider

shall be solely responsible for obtaining and maintaining all equipment, software, licenses, personnel, facilities and other resources necessary for such Provider's provision of the Services for which it is responsible.

Section 2.4 Changes to Services. Except as provided in Section 2.8 below or otherwise agreed in writing by the Parties, each Provider may make changes from time to time in the manner of performing the Services if: (a) such Provider is making similar changes in performing analogous services for itself or members of its own Group; (b) such Provider furnishes to the applicable Purchaser substantially the same notice (in content and timing) and right of consultation as such Provider shall furnish to its own organization or members of its own Group respecting such changes; and (c) such changes shall not result in any material degradation of the Services and the Services after the applicable changes shall meet all requirements herein and shall be of the same or higher nature, accuracy, quality, completeness, timeliness, responsiveness and efficiency as the same Services prior to such changes. No such change shall affect the Charges for the applicable Service.

Section 2.5 Transitional Nature of Services. The Parties acknowledge the transitional nature of the Services and, in addition to the obligations in Section 4.4, agree to cooperate in good faith and to use reasonable best efforts to effectuate a smooth and orderly transition of the Services from the Provider to the Purchaser or such Third Party provider as may be designated by the Purchaser.

Section 2.6 Cooperation. In the event that (a) there is nonperformance of any Service as a result of an event described in Section 9.3, (b) the provision of a Service would violate applicable law, or (c) the provision of a Service requires consent of a Third Party which has not been obtained, the Parties agree to work together in good faith to arrange for an alternative means by which the applicable Purchaser may obtain, at the Purchaser's sole cost, the Service so affected.

Section 2.7 Use of Third Parties to Provide the Services. Each Provider may perform its obligations through its Group or, if such Provider is obtaining analogous services for itself from agents, subcontractors or independent contractors, the Provider may perform its obligations hereunder through the use of agents, subcontractors or independent contractors, if such Provider furnishes to the applicable Purchaser substantially the same notice (in content and timing) as such Provider shall furnish to its own organization or members of its own Group respecting such use of Third Parties. If the Provider is not obtaining analogous services for itself from Third Parties, the Provider may perform its obligations hereunder through the use of agents, subcontractors or independent contractors only upon obtaining the prior written consent of the Purchaser, which consent shall not be unreasonably withheld; provided that such agents, subcontractors or independent contractors (i) can provide the Services with the same quality as such Services were provided prior to the Separation Date or as is otherwise required under this Agreement, and (ii) shall maintain the required internal controls (including compliance with any confidentiality restrictions in ARTICLE V) and comply with all applicable laws with respect to the Services. Notwithstanding the foregoing, a Provider shall not be relieved of its obligations under this Agreement by use of such members of its Group, agents, subcontractors or contractors and such Provider shall be liable for all acts and omissions of its Group and such Third Parties.

Delegation of performance of any Service by a Provider as permitted in this Section 2.7 shall not affect the Charges for the applicable Service.

Section 2.8 Mutual Cooperation. The Parties and their respective Group members shall cooperate with each other in connection with the performance of the Services hereunder, including producing on a timely basis all Information that is reasonably requested with respect to the performance of Services and the transition of Services at the end of the Term of this Agreement; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of the Parties and their respective Group members and provided further, that the Party requesting cooperation shall pay all reasonable out-of-pocket costs and expenses, excluding salary and wages of personnel providing such cooperation, incurred by the Party or its Group members furnishing such requested cooperation, unless otherwise expressly provided in this Agreement or the Separation Agreement.

Section 2.9 Internal Controls, Record Retention and Operating Policies. In addition to the record retention requirements of the Separation Agreement, each Party acting as a Provider under a Schedule to this Agreement shall, in connection with the Services under such Schedule, maintain and comply with the internal controls, record retention policies and other operating policies and procedures that were in place prior to the Distribution for the services that are the same as such Services or that are otherwise required by applicable law. Without limiting the foregoing, each such Party acting as a Provider shall maintain with respect to the Services the internal controls and other compliance policies in place prior to the Distribution as necessary to comply with the Sarbanes-Oxley Act of 2002 or as otherwise implemented by the Parties to comply with internal standards and procedures or applicable law. In the event a Party receiving Services as a Purchaser under a Schedule requires a change to the internal controls or compliance policies or requires the implementation of additional internal controls or compliance policies related to the Services in order to comply with changes to applicable law or internal standards and procedures, the Party acting as Provider shall change or add to the internal controls or compliance policies related to the Services as requested by the Purchaser. In connection with a Provider changing or adding to internal controls or compliance policies as required by the foregoing, the Purchaser shall pay for any additional costs or additional Charges for the Services associated with the implementation or maintenance of the applicable change or addition; provided, however, that if (i) such change or addition is required for the compliance of both Parties with a law or policy applicable to both Parties, or (ii) both Parties will benefit from such change or addition, the Parties shall negotiate in good faith an equitable sharing of the costs or Charges associated with such change or addition.

Section 2.10 Audit Assistance. Each of the Parties and their respective Subsidiaries are or may be subject to regulation and audit by governmental bodies, standards organizations, other regulatory authorities, customers or other parties to contracts with such Parties under applicable law and contract provision (an "Auditing Entity"). If an Auditing Entity exercises its right to examine or audit such Party's or a member of its Group's books, records, documents or accounting practices and procedures pursuant to such applicable law, rules, regulations, standards or contract provisions and such audit or examination relates to the Services, the other Party shall provide, at the sole cost and expense of the requesting Party, all assistance, records and access requested by the Party that is subject to the audit in responding to such audits or requests for information, to the extent that such assistance or information is within the reasonable

control of the cooperating Party and is related to the Services. A Party acting as a Purchaser hereunder may request its third party auditor to perform a SAS 70 Type II audit or other audit or review of such Provider's internal controls and operating environment related to the Services upon reasonable advance notice, and the Provider shall perform such an audit or review or assist Purchaser or Purchaser's third party auditor in connection with such an audit or review, in each case at the Purchaser's expense. At the conclusion of such audit or review, the Provider shall implement such reasonable changes to the Services or operating environment to correct deficiencies identified in the audit report to ensure compliance with applicable law or that are otherwise necessary for Provider to comply with Purchaser's internal policies in connection with the Services. The Parties shall share the costs to implement all such changes equally.

## ARTICLE III

## CHARGES AND BILLING; TAXES

Section 3.1 Charges for Services. The charges for the Services shall be (a) as set forth in the applicable Schedules, or (b) determined in accordance with the charging methodology as set forth in the applicable Schedules (the "Charges").

Section 3.2 Procedure. Charges for the Services shall be charged to, and payable by, the Purchaser. Amounts payable pursuant to the terms of this Agreement shall be paid to the Provider, as directed by the Provider in the manner and at the time provided in the applicable Schedule. All amounts due and payable hereunder shall be invoiced and paid in U.S. dollars in accordance with the provisions of the applicable Schedule.

Section 3.3 Late Payments. Charges not paid when due in accordance with the provisions of the applicable Schedule shall bear interest at a rate per annum equal to the Prime Rate plus two percent (2%) from such date due until the date paid.

Section 3.4 Taxes. Each Purchaser shall pay any and all Taxes incurred in connection with the applicable Provider's or its Group's provision of the Services, including all sales, use, value-added, and similar Taxes, but excluding Taxes based on such Provider's or its Group's net income or Employment Taxes.

Section 3.5 Record-Keeping. Each Party shall, in its capacity as Provider, maintain complete and accurate records of any invoices and supporting documentation for all amounts billable to, and payments made by, the Purchaser under this Agreement. Each Provider shall provide to the Purchaser or its designee documentation and other information relating to each invoice as may be reasonably requested by the Purchaser to verify that the Provider's charges are accurate, complete, and valid in accordance with this Agreement.

Section 3.6 No Set-Off. A Purchaser's obligation to make any required payments under this Agreement (including any schedule or exhibit hereto), the Separation Agreement (including any schedule or exhibit thereto) or any Ancillary Agreement (including any schedule or exhibit thereto) shall not be subject to any unilateral right of offset, set-off, deduction or counterclaim, however arising.

## ARTICLE IV

## TERM AND TERMINATION

Section 4.1 Term. Unless otherwise terminated pursuant to Section 5.2, this Agreement will terminate with respect to any Service at the close of business on the last day of the Service Period for such Service. Notwithstanding the foregoing, the Purchaser may elect to extend the Service Period for any Service in accordance with the terms for extension provided in the applicable Schedule. Unless extended in accordance with the foregoing, this Agreement will terminate at the close of business on the last day of the last Service Period in effect (the "Term").

Section 4.2 Early Termination. Each Purchaser shall have the right at any time during the Term of this Agreement to terminate its obligation to purchase any Service, upon the giving of an advance written notice to the Provider of such Service of (i) not less than the number of days set forth in the applicable Schedule or, (ii) if the applicable Schedule does not set forth a number of days, not less than thirty (30) days. If a Purchaser terminates a Service prior to the expiration date for such Service, the fees for such Service will be prorated to account for the period during which such Service was provided and the fees for any remaining Services will be decreased to account for the Service that is terminated. In addition, each Purchaser shall have the right at any time during the Term of this Agreement to terminate its obligation to purchase any Service if the Provider of such Service materially breaches a material provision with regard to that particular Service and, if curable, does not cure such breach within thirty (30) days after being given notice of such breach.

Section 4.3 Information Transmission. On or prior to the last day of each relevant Service Period, the Provider shall use reasonable best efforts and shall cause the members of its Group to use reasonable best efforts to support any transfer of Information concerning the relevant Services to the applicable Purchaser. If requested by the Purchaser, the Provider shall deliver and shall cause the members of its Group to deliver to the applicable Purchaser, within such time periods as the Parties may reasonably agree, all Information received, generated or computed for the benefit of such Purchaser during the Service Period, in electronic and/or hard copy form; provided, however, that (i) the Provider shall not have any obligation to provide or cause to provide Information in any non-standard format, and (ii) the Provider and the members of its Group shall be reimbursed for their reasonable out-of-pocket costs for providing Information in any format other than its standard format, unless otherwise expressly provided in the applicable Schedule.

Section 4.4 Termination Assistance. Upon termination or expiration of this Agreement, each Provider shall have an absolute and unconditional obligation to provide to the Purchaser, or Purchaser's designees at Purchaser's request (including one or more Third Parties), services as necessary to effect an orderly and smooth transition of the Services to Purchaser's internal services environment or a successor service provider and such other cooperation as reasonably requested by the Purchaser in connection with such termination or expiration. Any particular termination and expiration assistance services may be detailed in an applicable Schedule and shall include, at a minimum, any knowledge transfer, training of the Purchaser's or its designee's personnel, transfer of data and other materials related to the Services and any other information and assistance reasonably necessary or desirable or reasonably requested by the

Purchaser to ensure an orderly and smooth transition of the Services to Purchaser's internal services environment or a successor service provider. Except as otherwise provided in Section 4.3, when any Information furnished by the other Party after the Distribution Date pursuant to this Agreement is no longer needed for the purposes contemplated by this Agreement, each Party shall, at such Party's option, promptly after receiving a written request from the other Party either return to the other Party all such Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

## ARTICLE V

## CONFIDENTIALITY

RESERVED.

## ARTICLE VI

## REPRESENTATIONS AND WARRANTIES; COVENANTS

Section 6.1 Authorization. Each Party represents and warrants: (a) that this Agreement has been validly executed and delivered by such Party and that the provisions set forth in this Agreement constitute legal, valid, and binding obligations of such Party enforceable against such Party in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain such remedies may be pending; and (b) that such Party has all requisite power and authority to enter into this Agreement.

Section 6.2 Non-Infringement. Each Party, as a Provider, shall perform the Services under this Agreement in a manner that does not and shall not infringe, or constitute an infringement or misappropriation of, any intellectual property rights of any third party.

Section 6.3 Compliance with Laws. Each Party shall perform the Services under this Agreement in a manner that complies in all material respects with all applicable laws.

Section 6.4 Disclaimer of Representations and Warranties. EXCEPT AS PROVIDED IN ARTICLE II, THIS ARTICLE VI OR OTHERWISE IN A SCHEDULE, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES AND PRODUCTS ARE PROVIDED ON AN "AS-IS" "WHERE-IS" BASIS AND THAT NEITHER PROVIDER NOR ANY MEMBER OF ITS GROUP MAKES ANY WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES OR OTHERWISE HEREUNDER, AND EACH PROVIDER AND MEMBER OF ITS GROUP HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTIES WITH RESPECT TO THE SERVICES OR OTHERWISE HEREUNDER, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

## ARTICLE VII

## LIMITATIONS OF LIABILITY AND INDEMNITY

Section 7.1 Exclusion of Consequential Damages. EXCEPT WITH RESPECT TO BREACHES OF ARTICLE V AND THE RESPONSIBILITIES UNDER SECTION 7.2, IN NO EVENT SHALL EITHER PARTY, THE MEMBERS OF ITS GROUP OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS BE LIABLE TO THE OTHER PARTY FOR INDIRECT, SPECIAL, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF AND THE MEMBERS OF ITS GROUP ANY CLAIM FOR SUCH DAMAGES, INCLUDING ANY CLAIM FOR LOST PROFITS, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

Section 7.2 Indemnification for Third Party Claims. Each Party (the "Indemnifying Party") shall indemnify, defend and hold harmless the other Party, the members of its Group and each of their respective directors, officers and employees, and each of the successors and assigns of any of the foregoing (collectively, the "Indemnified Parties"), from and against any and all claims of Third Parties relating to, arising out of or resulting from the Indemnifying Party's gross negligence or willful misconduct in the performance of its obligations hereunder, or breach of this Agreement, other than Third Party claims arising out of the gross negligence or willful misconduct, or breach of this Agreement by any Indemnified Party.

## ARTICLE VIII

## DISPUTE RESOLUTION; GOVERNING LAW AND JURISDICTION

Section 8.1 Amicable Resolution. The Parties desire that friendly collaboration will develop between them. Accordingly, they will try to resolve in an amicable manner all disputes and disagreements connected with their respective rights and obligations under this Agreement in accordance with Section 6.12 of the Separation Agreement.

Section 8.2 Arbitration. Subject to Section 8.1, and except for suits seeking injunctive relief or specific performance, in the event of any dispute, controversy or claim arising under or in connection with this Agreement (including any dispute, controversy or claim relating to the breach, termination or validity thereof), the Parties agree to submit any such dispute, controversy or claim to binding arbitration in accordance with Section 6.13 of the Separation Agreement.

Section 8.3 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

Section 8.4 Submission to Jurisdiction. SUBJECT TO SECTION 8.2, EACH OF THE PARTIES IRREVOCABLY SUBMITS (FOR ITSELF AND IN RESPECT OF ITS PROPERTY) TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN CHICAGO, ILLINOIS, FORSYTH COUNTY, NORTH CAROLINA, OR GUILFORD COUNTY, NORTH CAROLINA, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT; PROVIDED THAT THE PARTIES MAY BRING ACTIONS OR PROCEEDINGS AGAINST EACH OTHER IN OTHER JURISDICTIONS TO THE EXTENT NECESSARY TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH PARTY ALSO AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT OR IN OTHER JURISDICTIONS UNLESS SUCH ACTIONS OR PROCEEDINGS ARE NECESSARY TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY BOND, SURETY, OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO. ANY PARTY MAY MAKE SERVICE ON ANY OTHER PARTY BY SENDING OR DELIVERING A COPY OF THE PROCESS TO THE PARTY TO BE SERVED AT THE ADDRESS AND IN THE MANNER PROVIDED FOR THE GIVING OF NOTICES IN SECTION 9.12. NOTHING IN THIS SECTION 8.4, HOWEVER, SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AT EQUITY. EACH PARTY AGREES THAT A FINAL NONAPPEALABLE JUDGMENT IN ANY ACTION OR PROCEEDING SO BROUGHT SHALL BE CONCLUSIVE AND MAY BE ENFORCED BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW OR AT EQUITY.

Section 8.5 Waiver of Jury Trial. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

## ARTICLE IX

## MISCELLANEOUS

Section 9.1 Survival. Section 2.3(c), Section 2.10, Section 4.3, Section 4.4, ARTICLE V, ARTICLE VII, ARTICLE VIII, ARTICLE IX and ARTICLE X shall survive any expiration or termination of this Agreement.

Section 9.2 Title to Intellectual Property. Each Purchaser acknowledges that it will acquire no right, title or interest (including any license rights or rights of use) in any intellectual property which is owned or licensed by any Provider, by reason of the provision of the Services

provided hereunder. No Purchaser will remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by any Provider, and each Purchaser shall reproduce any such notices on any and all copies thereof. No Purchaser will attempt to decompile, translate, reverse engineer or make excessive copies of any intellectual property owned or licensed by any Provider, and each Purchaser shall promptly notify such Provider of any such attempt, regardless of whether by Purchaser or any Third Party, of which Purchaser becomes aware.

Section 9.3 Force Majeure. Neither Party shall be held liable or responsible to the other Party or be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement when such failure or delay is caused by or results from events beyond the reasonable control of the non-performing Party, including fires, floods, earthquakes, embargoes, shortages, epidemics, pandemics, quarantines, war, acts of war (whether war be declared or not), terrorist acts, insurrections, riots, civil commotion, strikes, lockouts or other labor disturbances (whether involving the workforce of the non-performing Party or of any other Person), acts of God or acts, omissions or delays in acting by any governmental authority. The non-performing Party shall notify the other Party of such force majeure event as promptly as possible after such occurrence by giving written notice to the other Party stating the nature of the event, its anticipated duration, and any action being taken to avoid or minimize its effect. The non-performing party shall also keep the other Party informed of further developments regarding such force majeure event on a prompt basis. The non-performing Party shall use commercially reasonable efforts to remove the cause of non-performance, and both Parties shall resume performance hereunder as promptly as possible when such cause is removed. The suspension of performance shall be of no greater scope and no longer duration than is necessary and the non-performing Party shall use commercially reasonable efforts to remedy its inability to perform. In the event that such force majeure event lasts for more than ninety (90) days, such other Party shall have the right to terminate the Agreement or the applicable Schedule(s) upon sixty (60) days written notice to the non-performing Party. Notwithstanding the foregoing, if a Party in its capacity as the Provider is unable to provide the Services due to a force majeure event for a period of greater than five (5) consecutive days, then the other Party may seek substitute services from a Third Party service provider at its own cost.

Section 9.4 Independent Contractors. The Parties each acknowledge that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, employer/employee, partnership or any other relationship.

Section 9.5 Subrogation. If any liability arises from the performance of any Service under this Agreement by a third party contractor, the Purchaser with respect to such Service shall be subrogated to such rights, if any, as the Provider may have against such third party contractor.

Section 9.6 Entire Agreement; Incorporation of Schedules and Exhibits. This Agreement (including all Schedules and Exhibits referred to herein) and the Ancillary Agreements constitute the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral,

among the Parties with respect to the subject matter hereof and thereof. All Schedules and Exhibits referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

Section 9.7 Amendments and Waivers. This Agreement may be amended and any provision of this Agreement may be waived, provided that any such amendment or waiver shall be binding upon a Party only if such amendment or waiver is set forth in a writing executed by such Party. No course of dealing between or among any Persons having any interest in this Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any party hereto under or by reason of this Agreement.

Section 9.8 No Implied Waivers; Cumulative Remedies; Writing Required. No delay or failure in exercising any right, power or remedy hereunder shall affect or operate as a waiver thereof; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or remedy preclude any further exercise thereof or of any other right, power or remedy. The rights and remedies hereunder are cumulative and not exclusive of any rights or remedies that any party hereto would otherwise have. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement or any such waiver of any provision of this Agreement must satisfy the conditions set forth in Section 9.7 and shall be effective only to the extent in such writing specifically set forth.

Section 9.9 Parties In Interest. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the Parties, and their respective successors and permitted assigns, any rights or remedies of any nature whatsoever under or by virtue of this Agreement.

Section 9.10 Assignment; Binding Agreement. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the Parties without the prior written consent of the other Parties, and any instrument purporting to make such an assignment without prior written consent shall be void; provided, however, either Party may assign this Agreement to a successor entity in conjunction with a merger effected solely for the purpose of changing such Party's state of incorporation (but subject to any applicable requirements of the Tax Sharing Agreement). Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

Section 9.11 Responsible Parties. Each Party shall be responsible for its Group members' compliance with the terms and conditions of this Agreement.

Section 9.12 Notices. All notices, demands and other communications given under this Agreement must be in writing and must be either personally delivered, telecopied (and confirmed by telecopy answer back), mailed by first class mail (postage prepaid and return receipt requested), or sent by reputable overnight courier service (charges prepaid) to the recipient at the address or telecopy number indicated below or such other address or telecopy number or to the attention of such other Person as the recipient party shall have specified by prior written notice to the sending party. Any notice, demand or other communication under this Agreement shall be deemed to have been given when so personally delivered or so telecopied and confirmed (if

telecopied before 5:00 p.m. Eastern Standard Time on a business day, and otherwise on the next business day), or if sent, one business day after deposit with an overnight courier, or, if mailed, five business days after deposit in the U.S. mail.

| To Sara Lee: | To HBI: |
|---|---|
| Sara Lee Corporation<br>Three First National Plaza<br>Chicago, Illinois 60602-4260<br>Attention: General Counsel<br>Facsimile Number: (312) 419-3187 | Hanesbrands Inc.<br>1000 East Hanes Mill Road<br>Winston-Salem, North Carolina 27105<br>Attention: General Counsel<br>Facsimile Number: (336) 714-7441 |

Section 9.13 Severability. The Parties agree that (i) the provisions of this Agreement shall be severable in the event that for any reason whatsoever any of the provisions hereof are invalid, void or otherwise unenforceable, (ii) any such invalid, void or otherwise unenforceable provisions shall be replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable, and (iii) the remaining provisions shall remain valid and enforceable to the fullest extent permitted by applicable law.

Section 9.14 Construction. The descriptive headings herein are inserted for convenience of reference only and are not intended to be a substantive part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. The use of the words “include” or “including” in this Agreement shall be by way of example rather than by limitation. The use of the words “or,” “either” or “any” shall not be exclusive. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The Parties agree that prior drafts of this Agreement shall be deemed not to provide any evidence as to the meaning of any provision hereof or the intent of the parties hereto with respect hereto.

Section 9.15 Counterparts. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 9.16 Delivery by Facsimile and Other Electronic Means. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party, each other Party shall re-execute

original forms thereof and deliver them to all other parties. No Party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a contract and each such party forever waives any such defense.

## ARTICLE X

## DEFINITIONS

Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Separation Agreement. In addition, for purposes of this Agreement, the following terms shall have the following meanings:

"Additional Services" has the meaning set forth in Section 2.2(b).

"Agreement" has the meaning set forth in the Preamble.

"Auditing Entity" has the meaning set forth in Section 2.10.

"Charges" has the meaning set forth in Section 3.1.

"Distribution Date" has the meaning set forth in Section 3.2 of the Separation Agreement.

"Employment Tax" means withholding, payroll, social security, workers compensation, unemployment, disability and any similar tax imposed by any Tax Authority, and any interest, penalties, additions to tax or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined or unitary group of taxpayers.

"Governmental Authority" shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

"HBI" has the meaning set forth in the Preamble.

"Indemnified Party" has the meaning set forth in Section 7.2.

"Indemnifying Party" has the meaning set forth in Section 7.2.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

“Initial Services” has the meaning set forth in Section 2.1.

“Omitted Services” has the meaning set forth in Section 2.2(a).

“Parties” means the parties to this Agreement.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Authority.

“Prime Rate” means the rate that Bank of America (or its successor or another major money center commercial bank agreed to by the Parties) announces as its prime lending rate, as in effect from time to time.

“Provider” means, with respect to any Service, the entity or entities identified on the applicable Schedule as the “Provider.”

“Purchaser” means, with respect to any Service, the entity or entities identified on the applicable Schedule as the “Purchaser.”

“Sara Lee” has the meaning set forth in the Preamble.

“Separation Agreement” has the meaning set forth in the Recitals.

“Service Period” means, with respect to any Service, the period commencing on the Distribution Date and ending on the earlier of (i) the date the Purchaser terminates the provision of such Service pursuant to Section 4.2, or (ii) the termination date or expiration date specified with respect to such Service on the Schedule applicable to such Service, unless extended pursuant to Section 4.1.

“Services” has the meaning set forth in Section 2.2(b).

“Subsidiary” of any Person means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

“Tax” means: (i) any income, net income, gross income, gross receipts, profits, capital stock, franchise, property, ad valorem, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, customs duties, value added, alternative minimum, estimated or other similar tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax) imposed by any Tax Authority, and any interest, penalties, additions to tax or

additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined or unitary group of taxpayers; and (ii) any Employment Tax.

"Tax Authority" means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

"Third Party" means any Person other than Sara Lee, any Subsidiary of Sara Lee, HBI and any Subsidiary of HBI.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, each of the Parties has caused this Master Transition Services Agreement to be executed on its behalf by its officers hereunto duly authorized on the day and year first above written.

SARA LEE CORPORATION

By: /s/ Diana S. Ferguson
Diana S. Ferguson
Senior Vice President

HANESBRANDS INC.

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

**Schedule 1**
**Human Resources and Payroll Shared Services**

1. **General.** This is Schedule 1 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation (“Sara Lee”), and Hanesbrands Inc., a Maryland corporation (“HBI”) (the “Agreement”). This Schedule 1 describes certain human resources and payroll services to be provided by HBI (for purposes of this Schedule, the “Provider”) to Sara Lee (for purposes of this Schedule, the “Purchaser”). This Schedule 1 incorporates by reference that certain “Human Resources Payroll Service Level Protocol” dated June 10, 2006 (the “HRSLP”) which is made a part hereof, and includes Attachment 1-1 attached hereto.

2. **Definitions.** Capitalized terms used in this Schedule 1 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

   **2.1.** “Business Unit” shall mean each of Sara Lee Foods, Sara Lee Corporate, Coffee and Tea, Household and Body Care, Courtaulds and Sara Lee Bakery Group, which are Purchaser’s business units that will receive HR Services.

   **2.2.** “Commencement Date” shall mean the Distribution Date.

   **2.3.** “Extension Schedule Term” shall mean a period of up to ninety (90) days after the Initial Schedule Term.

   **2.4.** “HR Services” shall mean the payroll processing services, services related to submitting files to ADP for payroll tax processing, human resources information system structure maintenance services, and data entry services for retail bakery stores that were performed for Purchaser by the predecessor to Provider prior to the Separation (as such term is defined in the Separation Agreement) and that will be provided by Provider to Purchaser as described in this Schedule.

   **2.5.** “Initial Schedule Term” shall mean the period from the Commencement Date through and including January 31, 2007.

   **2.6.** “Schedule Term” shall mean, collectively, the Initial Schedule Term and any Extension Schedule Term.

   **2.7.** “Service Owner” shall mean, with respect to a Party, the individual designated in Section 11 to be such Party’s initial point of contact and escalation (pursuant to Section 6.2) for the HR Services.

3. **Service Commitments.**

   **3.1.** Provider Obligations. Starting on the Commencement Date, Provider will perform the HR Services for Purchaser, including, without limitation, the following services:

(i) Perform the tasks identified as being the responsibility of Provider in the “Task Separation” chart in Appendix C of the HRSLP;

(ii) Work with Purchaser and the Business Units to meet all statutory and regulatory reporting requirements of Purchaser and the Business Units;

(iii) Provide suitable access to original documentation for statutory and tax authorities;

(iv) Process, generate or provide the following outputs based on inputs from Purchaser:

- Payroll related benefits administration information,
- Payroll tax processing and submission to ADP,
- Employee paychecks and direct deposit,
- HR and Payroll reporting; and
- Data entry for retail bakery stores;

(v) Meet Purchaser’s financial reporting requirements;

(vi) Provide to Purchaser the standard set of management reports as identified in the HRSLP;

(vii) Adhere to existing Purchaser and Business Unit policies and procedures;

(viii) Maintain sufficient levels of internal controls and segregation of duties for processes resident at Provider;

(ix) Ensure that data and supporting documentation is accessible to Business Units upon reasonable request;

(x) Support internal and external audit needs of Purchaser and Business Units;

(xi) Provide Purchaser access to Lawson systems so that Purchaser can conduct employee data maintenance and retrieve reports;

(xii) Participate in audits, as reasonably requested by Purchaser or Business Units;

(xiii) Respond promptly to Business Unit information requests; and

(xiv) Work with Purchaser and the Business Units to reduce overall processing costs.

**3.2. Purchaser Obligations.** In connection with the HR Services to be provided by Provider to Purchaser hereunder, Purchaser shall do the following, as necessary for Provider to perform the HR Services:

(i) Perform the tasks identified as being the responsibility of Purchaser in the "Task Separation" chart in Appendix C of the HRSLP;

(ii) Work with Provider to meet all statutory and regulatory reporting requirements for Purchaser and the Business Units;

(iii) Assist Provider in ensuring tax and fiscal compliance related to the HR Services;

(iv) Respond to information requests from Provider in a timely manner;

(v) Provide to Provider the following inputs:

- Time and attendance data, and
- HR employee data management information;

(vi) Work with Provider to reduce overall processing costs; and

(vii) Provide Provider with accurate source data for transaction processing purposes.

**4. Service Delivery.** Provider will perform the HR Services in the same manner, with the same frequency of service delivery and the same personnel or personnel with substantially similar skills and experience, and during the same working hours as were performed by the predecessor to Provider prior to the Separation Date for the services that are the same as the HR Services, as more fully set forth in the HRSLP. Provider shall run the Business Units' payrolls weekly, bi-weekly, and monthly. Provider shall not be required to pay any service level credits or reimburse any costs to Purchaser if service levels are not met and Purchaser shall not be required to pay any additional charges not set forth on Attachment 1-1 if additional Provider work is required due to a Purchaser error.

**5. Schedule Term.** Provider shall provide the HR Services during the Schedule Term, unless this Schedule is first terminated as set forth in the Agreement. In the event Purchaser requires (i) additional services related to the implementation of its SAP system or other migration activities, or (ii) other continuing HR Services, Purchaser may extend the Schedule Term for the Extension Schedule Term by providing to Provider written notice of extension at least thirty (30) days prior to the expiration of the Initial Schedule Term. Purchaser understands that planned workforce reductions, with respect to which affected employees have already been advised of their departure dates, may render it difficult for Provider to render to Purchaser in any Extension Schedule Term services of the quality rendered in the Initial Schedule Term due to the loss of experienced employees and the need to replace them in the Extension Schedule Term with less

experienced temporary workers; however, Provider agrees to take commercially reasonable actions to maintain the quality of services during any Extension Schedule Term. In addition to any monthly charges associated with the HR Services during the Extension Schedule Term, Purchaser will pay the cost difference between the entire cost of such temporary workers and the cost of workers that is included in the applicable monthly charges.

**6. Service Levels; Escalation.**

**6.1. Service Level Obligations.** Provider will provide the HR Services (i) in accordance with the service levels identified in the HRSLP, or (ii) if no service levels are included in the HRSLP with respect to a particular HR Service, in accordance with the higher of (a) the level of service comparable to what has historically been provided by the predecessor of Provider prior to the Separation Date, and (b) the level of service that Provider provides to its own business units for services similar to the HR Services.

**6.2. Resolution Levels and Escalation.** The Parties shall attempt to resolve any disputes or issues arising hereunder first by having the appropriate contact individuals identified in Section VIII of the HRSLP for a particular Business Unit and area of the HR Services attempt to resolve the dispute or issue. If such individuals are unable to resolve the dispute or issue, such individuals shall refer the dispute to the Service Owners for resolution. If the dispute or issue remains outstanding and cannot be resolved by the Service Owners, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

**7. Costs, Invoicing and Payment.**

**7.1. Service Fees.** For the HR Services provided to Purchaser by Provider, Purchaser shall pay to Provider the fees set forth in Attachment 1-1. Unless otherwise specified in this Schedule or the Agreement, all time and materials expended by Provider in the performance of the HR Services shall be included in the fees set forth in Attachment 1-1, and Provider shall not be entitled to receive any further compensation for those kinds, numbers, and volumes of HR Services as provided on the Commencement Date.

**7.2. Invoicing and Payment.** Provider shall invoice Purchaser for the HR Services monthly in arrears during the Schedule Term. Purchaser shall pay all invoices within forty-five (45) days of the date of submission of such invoices by Provider to Purchaser. The fees set forth in Attachment 1-1 will not be in effect until the Commencement Date and will be prorated as appropriate for any partial month during which Provider provides HR Services on and after the Commencement Date.

**8. Divestiture.** If Purchaser divests a Business Unit or a portion of a Business Unit, Provider shall continue to provide the HR Services with respect to such Business Unit or portion of a Business Unit to the acquiring party during the Schedule Term and on the

same terms and conditions set forth herein so long as Purchaser pays any incremental costs incurred by Provider in accomplishing the foregoing that are above the fees for the HR Services specified in Attachment 1-1.

**9. Access to Facilities and Systems.**

**9.1. Service Locations.** Provider may provide HR Services at Provider's offices and facilities or, as reasonably necessary, at Purchaser's facilities. During the Schedule Term, if Provider requires access to Purchaser facilities in connection with Provider's provision of the HR Services, Purchaser will provide to Provider access to Purchaser's facilities upon Provider's request as necessary to enable Provider to perform the HR Services. Provider will comply with the use, security, and access policies at each Purchaser facility for Purchaser's employees and visitors generally as may be in effect from time to time.

**9.2. Access to Systems.** So long as Purchaser pays any incremental fees and charges of third parties required to accomplish the following that are above the cost components included in the fees for the HR Services specified in Attachment 1-1, such as, for example only, software licensors, Provider shall provide Purchaser personnel with remote (web-based) access and on-site direct access through the Provider network to access Provider's Lawson systems and other human resources systems to conduct employee data maintenance, retrieve reports from Lawson, and perform other activities related to Purchaser's receipt and use of the HR Services. Provider shall use its commercially reasonable best efforts to provide Purchaser adequate security clearances as necessary to obtain and utilize such remote access and on-site access.

**10. Software, Hardware and Other Assets.**

**10.1. Provision of Software, Hardware and Other Assets.** Except as otherwise provided herein, Provider shall be responsible for (i) obtaining all software, hardware and other assets (including licenses) necessary to perform the HR Services as such Services have historically been provided, and (ii) the costs of all such software, hardware, and other assets (including licenses) so long as such annualized costs do not exceed those annualized costs incurred by the predecessor of Provider before the Commencement Date. Any increase in such annualized costs after the Commencement Date for software, hardware or other assets (including licenses) that are necessary in order for Provider to provide the HR Services without a degradation in the quality of the HR Services or that are otherwise incurred based on Purchaser's request, shall be paid for by Purchaser. Provider agrees to consult with Purchaser before incurring such increased costs, to the extent possible.

**10.2. Operation and Maintenance of Software, Hardware and Other Assets.** As part of the HR Services, and included in the cost of the HR Services set forth in Attachment 1-1, Provider shall operate and maintain the existing systems and the software, hardware, and other assets (including licenses) necessary to perform the

HR Services. Provider's obligation to operate and maintain the systems, hardware, software and other assets (including licenses) shall include, without limitation (i) providing system administration services, (ii) ensuring systems availability, (iii) performing break/fix, troubleshooting and problem resolution, and (iv) obtaining and installing software upgrades required to maintain vendor support.

**10.3. Related Services.** Notwithstanding anything to the contrary in Section 2.2(a) of the Agreement, at Purchaser's request, Provider shall provide to Purchaser (i) system enhancement and modification services related to the HR Services but not included in the services provided by the predecessor of Provider to Purchaser prior to the Separation and not otherwise described in this Schedule 1, so long as Provider elects to provide such enhancement and modification services to itself, and (ii) additional services related to the implementation of Provider's SAP system or other migration activities, regardless of whether Provider elects to provide such services to itself. In the event Provider performs any such systems enhancements and modifications or additional services, Provider may charge Purchaser for such systems enhancements and modifications at a rate of $61 per man hour worked, plus expenses and materials (which will be charged on a pass-through basis without mark-up).

**11. Service Owners.** The Parties' respective Service Owners under this Schedule are identified below.

| **Provider**: | **Purchaser**: |
| --- | --- |
| Anita Bain<br>VP/General Manager<br>(336) 519-8140 | Stephen Kincanon<br>VP Shared Services NA<br>(314) 513-7454 |

**12. Responsibility for Filings.** Purchaser acknowledges and agrees that it is solely responsible for: (i) any local, state, federal or other governmental or regulatory filings, including, without limitation, the accuracy and completeness thereof and any and all liabilities, costs, penalties, fines and charges associated therewith; and (ii) any and all taxes due and owing to any government or taxing authority. Purchaser hereby irrevocably waives any claim against Provider, whenever and however arising, based on or related to any filing made by Purchaser and the payment or non-payment by Purchaser of any taxes.

**Attachment 1-1**
**Cost of Human Resources Information System and Payroll Services**

Except as otherwise expressly provided below, the monthly cost of HRIS and Payroll Services in each month of the Initial Schedule Term shall be the cost specified in the table below for the applicable month.

If Purchaser requests further reductions in the number of employees of Provider involved in services deliveries to Purchaser other than those set forth below, Provider shall effect such reductions within forty-five (45) days of Purchaser's request and Provider shall pass on to Purchaser in the form of a reduction in the monthly cost of Finance Services such cost savings as Provider achieves by such workforce reductions.

The parties agree that Provider shall implement those workforce reductions already planned in the numbers and at the times indicated below, and, based on same, Provider's monthly charges to Purchaser shall be as set forth below. (If Purchaser requests that Provider delay any planned workforce reductions, the cost to Purchaser in the month affected shall be the cost for the preceding month, adjusted in the case of a partial workforce reduction on a pro rata basis for any actual workforce reduction in such month affected.)

**Planned Monthly Costs for Human Resources Information System and Payroll Services**

| Month | Planned Workforce Reductions Impacting Cost (Month/Cumulative) | Provider's Charge to Purchaser |
|---|---|---|
| **August 2006** | **3/3** | **$294,700** |
| **September 2006** | **0/3** | **$256,600** |
| **October 2006** | **2/5** | **$256,600** |
| **November 2006** | **3/8** | **$230,500** |
| **December 2006** | **1/9** | **$193,000** |
| **January 2007** | **4/13** | **$ 93,900** |

## Schedule 2
## Finance Shared Services

1. **General.** This is Schedule 2 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc., a Maryland corporation ("HBI") (the "Agreement"). This Schedule 2 describes certain finance processing services and other finance services to be provided by HBI (for purposes of this Schedule, the "Provider") to Sara Lee (for purposes of this Schedule, the "Purchaser"). This Schedule 2 incorporates by reference that certain "Finance Service Level Protocol" dated June 10, 2006 (the "FSLP") which is made a part hereof, and includes Attachment 2-1 attached hereto.

2. **Definitions.** Capitalized terms used in this Schedule 2 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

   **2.1.** "Business Unit" shall mean each of Sara Lee Foods and Sara Lee Corporate, which are Purchaser's business units that will receive Finance Services.

   **2.2.** "Commencement Date" shall mean the Distribution Date.

   **2.3.** "Extension Schedule Term" shall mean a period of up to ninety (90) days after the Initial Schedule Term.

   **2.4.** "Finance Services" shall mean the finance processing services and other finance services to be provided by Provider to Purchaser as described in this Schedule, including services related to accounts payable (AP), general ledger accounting (GL), journal entries (JE), and fixed asset management (FA) that were performed for Purchaser by the predecessor to Provider prior to the Separation (as such term is defined in the Separation Agreement) and that will be provided by Provider to Purchaser as described in this Schedule.

   **2.5.** "Initial Schedule Term" shall mean the period from the Commencement Date through and including January 31, 2007.

   **2.6.** "Schedule Term" shall mean, collectively, the Initial Schedule Term and any Extension Schedule Term.

   **2.7.** "Service Owner" shall mean, with respect to a Party, the individual designated in Section 11 to be such Party's initial point of contact and escalation (pursuant to Section 6.2) for the Finance Services.

3. **Service Commitments.**

   **3.1.** **Provider Obligations.** Starting on the Commencement Date, Provider will perform the Finance Services, including, without limitation, the following services:

(i) Perform the tasks identified as being the responsibility of Provider in the “Task Separation” chart in Appendix D of the FSLP;

(ii) Process, generate or provide the following outputs based on inputs from Purchaser:

- AP – Process invoices and payments, prepare 1099 tax forms, process “received not invoiced,”
- GL – Period end reporting and transactions,
- JE – Inter-company transactions, recurring entries, state and federal taxes, bank account reconciliation, and
- FA – Capitalize, categorize, depreciate, retire and transfer fixed assets,

(iii) Work with Purchaser and the Business Units to meet all statutory and regulatory reporting requirements of Purchaser and the Business Units;

(iv) Provide suitable access to original documentation for statutory and tax authorities;

(v) Meet Purchaser’s financial reporting requirements;

(vi) Provide to Purchaser the standard set of management reports as identified in the FSLP;

(vii) Adhere to existing Purchaser and Business Unit policies and procedures;

(viii) Maintain sufficient levels of internal controls and segregation of duties for processes resident at Provider;

(ix) Ensure that data and supporting documentation is accessible to Business Units upon reasonable request;

(x) Support internal and external audit needs of Purchaser and Business Units;

(xi) Participate in audits, as reasonably requested by Purchaser or Business Units;

(xii) Respond promptly to Business Unit information requests; and

(xiii) Work with Purchaser and the Business Units to reduce overall processing costs.

**3.2. Purchaser Obligations.** In connection with the Finance Services to be provided by Provider to Purchaser hereunder, Purchaser shall do the following, as necessary for Provider to perform the Finance Services:

(i) Perform the tasks identified as being the responsibility of Purchaser in the "Task Separation" chart in Appendix D of the FSLP;

(ii) Provide to Provider the following inputs:

- AP – Create purchase orders, initiate recurring payments, correct errors,
- GL – Chart of accounts requests (changes and new),
- JE – All Journal Entries, and
- FA – Authorized Asset Disposition form, project initiation and completion notices;

(iii) Work with Provider to meet all statutory and regulatory reporting requirements for Purchaser and the Business Units;

(iv) Assist Provider in ensuring tax and fiscal compliance related to the Finance Services;

(v) Respond to information requests from Provider in a timely manner;

(vi) Work with Provider to reduce overall processing costs; and

(vii) Provide Provider with accurate source data for transaction processing purposes.

4. **Service Delivery.** Provider will perform the Finance Services in the same manner, with the same frequency of service delivery and the same personnel or personnel with substantially similar skills and experience, and during the same working hours as were performed by the predecessor to Provider prior to the Separation Date for the services that are the same as the Finance Services, as more fully set forth in the FSLP. Provider shall not be required to pay any service level credits or reimburse any costs to Purchaser if service levels are not met and Purchaser shall not be required to pay any additional charges not set forth on Attachment 2-1 if additional Provider work is required due to a Purchaser error.

5. **Schedule Term.** Provider shall provide the Finance Services during the Schedule Term, unless this Schedule is first terminated as set forth in the Agreement. In the event Purchaser requires (i) additional services related to the implementation of its SAP system or other migration activities, or (ii) other continuing Finance Services, Purchaser may extend the Schedule Term for the Extension Schedule Term by providing to Provider written notice of extension at least thirty (30) days prior to the expiration of the Initial

Schedule Term. Purchaser understands that planned workforce reductions, with respect to which affected employees have already been advised of their departure dates, may render it difficult for Provider to render to Purchaser in any Extension Schedule Term services of the quality rendered in the Initial Schedule Term due to the loss of experienced employees and the need to replace them in the Extension Schedule Term with less experienced temporary workers; however, Provider agrees to take commercially reasonable actions to maintain the quality of services during any Extension Schedule Term. In addition to any monthly charges associated with the Finance Services during the Extension Schedule Term, Purchaser will pay the cost difference between the entire cost of such temporary workers and the cost of workers that is included in the applicable monthly charges.

**6. Service Levels; Escalation.**

**6.1. Service Level Obligations.** Provider will provide the Finance Services (i) in accordance with the service levels identified in the FSLP, or (ii) if no service levels are included in the FSLP with respect to a particular Finance Service, in accordance with the higher of (a) the level of service comparable to what has historically been provided by the predecessor of Provider prior to the Separation Date, and (b) the level of service that Provider provides to its own business units for services similar to the Finance Services.

**6.2. Resolution Levels and Escalation.** The Parties shall attempt to resolve any disputes or issues arising hereunder first by having the appropriate contact individuals identified in Section VIII of the FSLP for a particular Business Unit and area of the Finance Services attempt to resolve the dispute or issue. If such individuals are unable to resolve the dispute or issue, such individuals shall refer the dispute to the Service Owners for resolution. If the dispute or issue remains outstanding and cannot be resolved by the Service Owners, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

**7. Costs, Invoicing and Payment.**

**7.1. Service Fees.** For the Finance Services provided to Purchaser by Provider, Purchaser shall pay to Provider the fees set forth in Attachment 2-1. Unless otherwise specified in this Schedule or the Agreement, all time and materials expended by Provider in the performance of the Finance Services shall be included in the fees set forth in Attachment 2-1, and Provider shall not be entitled to receive any further compensation for those kinds, numbers, and volumes of Finance Services as provided on the Commencement Date.

**7.2. Invoicing and Payment.** Provider shall invoice Purchaser for the Finance Services monthly in arrears during the Schedule Term. Purchaser shall pay all invoices within forty-five (45) days of the date of submission of such invoices by Provider to Purchaser. The fees set forth in Attachment 2-1 will not be in effect until the Commencement Date and will be prorated as appropriate for any partial

month during which Provider provides Finance Services on and after the Commencement Date.

8. **Divestiture.** If Purchaser divests a Business Unit or a portion of a Business Unit, Provider shall continue to provide the Finance Services with respect to such Business Unit or portion of a Business Unit to the acquiring party during the Schedule Term and on the same terms and conditions set forth herein so long as Purchaser pays any incremental costs incurred by Provider in accomplishing the foregoing that are above the fees for the Finance Services specified in Attachment 2-1.

9. **Access to Facilities and Systems.**

   **9.1. Service Locations.** Provider may provide Finance Services at Provider's offices and facilities or, as reasonably necessary, at Purchaser's facilities. During the Schedule Term, if Provider requires access to Purchaser facilities in connection with Provider's provision of the Finance Services, Purchaser will provide to Provider access to Purchaser's facilities upon Provider's request as necessary to enable Provider to perform the Finance Services. Provider will comply with the use, security, and access policies at each Purchaser facility for Purchaser's employees and visitors generally as may be in effect from time to time.

   **9.2. Access to Systems.** So long as Purchaser pays any incremental fees and charges of third parties required to accomplish the following that are above the cost components included in the fees for the Finance Services specified in Attachment 2-1, such as, for example only, software licensors, Provider shall provide Purchaser personnel with remote (web-based) access and on-site direct access through the Provider network to access Provider's Lawson systems and other finance systems to process journal entries, retrieve reports from Lawson, and perform other activities related to Purchaser's receipt and use of the Finance Services. Provider shall use its commercially reasonable best efforts to provide Purchaser adequate security clearances as necessary to obtain and utilize such remote access and on-site access.

10. **Software, Hardware and Other Assets.**

    **10.1. Provision of Software, Hardware and Other Assets.** Except as otherwise provided herein, Provider shall be responsible for (i) obtaining all software, hardware and other assets (including licenses) necessary to perform the Finance Services as such Finance Services have historically been provided, and (ii) the costs of all such software, hardware, and other assets (including licenses) so long as such annualized costs do not exceed those annualized costs incurred by the predecessor of Provider before the Commencement Date. Any increase in such annualized costs after the Commencement Date for software, hardware or other assets (including licenses) that are necessary in order for Provider to provide the Finance Services without a degradation in the quality of the Finance Services or that are otherwise incurred based on Purchaser's request shall be paid for by

Purchaser. Provider agrees to consult with Purchaser before incurring such increased costs, to the extent possible.

**10.2. Operation and Maintenance of Software, Hardware and Other Assets.** As part of the Finance Services, and included in the cost of the Finance Services set forth in Attachment 2-1, Provider shall operate and maintain the existing systems and the software, hardware, and other assets (including licenses) necessary to perform the Finance Services. Provider's obligation to operate and maintain the systems, hardware, software and other assets (including licenses) shall include, without limitation (i) providing system administration services, (ii) ensuring systems availability, (iii) performing break/fix, troubleshooting and problem resolution, and (iv) obtaining and installing software upgrades required to maintain vendor support.

**10.3. Related Services.** Notwithstanding anything to the contrary in Section 2.2(a) of the Agreement, at Purchaser's request, Provider shall provide to Purchaser (i) system enhancement and modification services related to the Finance Services but not included in the services provided by the predecessor of Provider to Purchaser prior to the Separation and not otherwise described in this Schedule 2 so long as Provider elects to provide such enhancement and modification services to itself, and (ii) additional services related to the implementation of Provider's SAP system or other migration activities, regardless of whether Provider elects to provide such services to itself. In the event Provider performs any such systems enhancements and modifications, Provider may charge Purchaser for such systems enhancements and modifications at a rate of $61 per man hour worked, plus expenses and materials (which will be charged on a pass-through basis without mark-up).

**11. Service Owners.** The Parties' respective Service Owners under this Schedule are identified below.

**Provider**:

Anita Bain
VP/General Manager
(336) 519-8140

**Purchaser**:

Stephen Kincanon
VP Shared Services NA
(314) 513-7454

**12. Responsibility for Filings.** Purchaser acknowledges and agrees that it is solely responsible for: (i) any local, state, federal or other governmental or regulatory filings, including, without limitation, the accuracy and completeness thereof and any and all liabilities, costs, penalties, fines and charges associated therewith; and (ii) any and all taxes due and owing to any government or taxing authority. Purchaser hereby irrevocably waives any claim against Provider, whenever and however arising, based on or related to any filing made by Purchaser and the payment or non-payment by Purchaser of any taxes.

**Attachment 2-1**
**Cost of Finance Services**

Except as otherwise expressly provided in this Schedule 2 or the Agreement, the monthly cost of Finance Services in each month of the Initial Schedule Term shall be the cost specified in the table below for the applicable month.

If Purchaser requests reductions in the number of employees of Provider involved in services deliveries to Purchaser other than those set forth below, Provider shall effect such workforce reductions within forty-five (45) days of Purchaser's request and Provider shall pass on to Purchaser in the form of a reduction in the monthly cost of finance services such cost savings as Provider achieves by such workforce reductions.

The parties agree that Provider shall implement workforce reductions already planned in the numbers and at the times indicated below, and, based on same, Provider's monthly charges to Purchaser shall be as set forth below. (If Purchaser requests that Provider delay any planned workforce reductions, the cost to Purchaser in the month affected shall be the cost for the preceding month, adjusted in the case of a partial workforce reduction on a pro rata basis for any actual workforce reduction in such month affected.)

**Planned Monthly Costs for Finance Services**

| Month | Planned Workforce Reductions Impacting Cost (Month/Cumulative) | Provider's Charge to Purchaser |
|---|---|---|
| **August 2006** | | **$413,500** |
| **September 2006** | **23/23** | **$413,500** |
| **October 2006** | **3/26** | **$313,800** |
| **November 2006** | **1/27** | **$300,800** |
| **December 2006** | **11/37** | **$293,100** |
| **January 2007** | **1/38** | **$ 7,800** |

**Schedule 3**
**IT Mainframe Services**

1. **General.** This is Schedule 3 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc. ("HBI"), a Maryland corporation (the "Agreement"). This Schedule 3 describes certain information technology services to be provided by HBI (for purposes of this Schedule 3, the "Provider") to Sara Lee (for purposes of this Schedule 3, the "Purchaser"). This Schedule 3 includes Attachment 3-1, Attachment 3-2, Attachment 3-3, and Attachment 3-4, attached hereto.

2. **Definitions.** Capitalized terms used in this Schedule 3 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

   **2.1.** **"Commencement Date"** shall mean the Distribution Date.

   **2.2.** **"IBM"** shall mean International Business Machines Corporation.

   **2.3.** **"Mainframe Services"** shall mean those services related to the R66 and X27 that were performed for Purchaser by the predecessor to Provider prior to the Commencement Date, including without limitation, the services set forth on Attachment 3-1.

   **2.4.** **"R66"** shall mean that certain mainframe currently owned by Provider, for which both Provider and IBM have operational responsibility and on which the Sara Lee US Foods US Fresh DCS application runs in a Provider logical partition, and any upgrades thereof.

   **2.5.** **"Service Owner"** shall mean, with respect to a Party, the individual designated in Attachment 3.1 to be such Party's initial point of contact and escalation for the Mainframe Services or for a specific portion of the Mainframe Services.

   **2.6.** **"X27"** shall mean that certain mainframe used by Purchaser but owned by IBM, for which both Provider and IBM have operational responsibility and on which the Sara Lee Bakery Group DMS application runs, and any upgrades thereof.

3. **Service Commitments.**

   **3.1.** **Provider Obligations.** Starting on the Commencement Date, Provider shall provide to Purchaser the Mainframe Services.

   **3.2.** **Purchaser Obligations.** In connection with the Mainframe Services to be provided by Provider to Purchaser hereunder, Purchaser shall do the following, as necessary for Provider to perform the Mainframe Services: (i) perform the tasks identified as being the responsibility of Purchaser in this Schedule 3; (ii) manage its relationship with IBM and other service providers and licensors as necessary

for Provider to perform its obligations hereunder; and (iii) remove the DCS application from the R66.

4. **Service Delivery.** In addition to the requirements set forth elsewhere in this Schedule 3, Provider will perform the Mainframe Services in the same manner, with the same frequency of service delivery and the same personnel, and during the same working hours as the predecessor to Provider performed services that are the same as the Mainframe Services prior to the Commencement Date. With respect to any Mainframe Service for which the predecessor to Provider did not perform an equivalent service prior to the Commencement Date, the Provider shall perform such Mainframe Service with the frequency of service delivery reasonably requested by Purchaser, so long as Provider elects to provide such Service and frequency for itself.

5. **Schedule Term.** Unless otherwise terminated under this Schedule 3 or the Agreement, Provider shall provide the Mainframe Services to Purchaser from the Commencement Date for a period of one year from the Commencement Date. Subject to Provider's rights to terminate as provided in this Section, Purchaser may extend the term of this Schedule 3 in connection with the Mainframe Services for additional one (1) year periods by providing to Provider written notice of extension at least ninety (90) days prior to the expiration of the then current term. Purchaser shall have the right at any time to terminate its obligation to purchase Mainframe Services, in whole or in part, upon giving of thirty (30) days advance written notice to Provider. Provider shall have the right to terminate Mainframe Services associated with the R66 effective on or after December 31, 2007 by giving Purchaser at least ninety (90) days written notice, and to terminate Mainframe Services associated with the X27 effective on or before December 31, 2009 by giving Purchaser at least six (6) months written notice.

6. **Service Level Obligations and Escalation.** Provider will provide the Mainframe Services (i) in accordance with the service levels identified in Attachment 3-1 and Attachment 3-4 for the applicable service. If no service levels are included in Attachment 3-1 and Attachment 3-4 with respect to a particular service, Provider will provide such service in accordance with the higher of (a) the level of service comparable to what has historically been provided by the predecessor of Provider prior to the Commencement Date, or (b) the level of service that Provider provides to its own business units for services similar to the Mainframe Services.

7. **Costs.** For the Mainframe Services, Purchaser shall pay to Provider the fees set forth in Attachment 3-2. Unless otherwise specified in this Schedule 3 or the Agreement, all time and materials expended by Provider in the performance of the Mainframe Services shall be included in the applicable fees set forth in Attachment 3- 2, and Provider shall not be entitled to receive any further compensation therefor. Provider may provide systems enhancements and modifications related to the Mainframe Services, above and beyond applications and reports in existence as of the Commencement Date, at an additional cost to be negotiated at the time of the request for such enhancements and modifications. In the event the Parties agree upon such enhancements and modifications, the Parties shall develop a separate statement of work or addendum to this Schedule 3 with respect to such

enhancements and modifications, and Provider shall separately indicate charges for such enhancements and modifications on Provider's regular invoices.

8. **Invoicing and Payment.** Provider shall invoice Purchaser for the Mainframe Services in arrears monthly during the term of this Schedule 3. Purchaser shall pay all invoices for the Mainframe Services within forty five (45) days of the date of submission of such invoices by Provider to Purchaser.

9. **Service Locations.** Provider shall provide the Mainframe Services from Provider's Data Center. Purchaser shall receive the Mainframe Services at Purchaser's Chicago SLC IT Center, Purchaser's Mason SLC Data Center and any other location designated by Purchaser which is acceptable to Provider. During the term of this Schedule 3, if Provider requires access to Purchaser facilities in connection with Provider's provision of the Mainframe Services, Purchaser will provide to Provider access to Purchaser's facilities upon Provider's request as necessary to enable Provider to perform the Mainframe Services. Provider will comply with all policies, including without limitation, use, security, and access policies, at each Purchaser facility for Purchaser's employees and visitors generally as may be in effect from time to time.

10. **Software, Hardware and Other Assets.** Provider shall be responsible for obtaining all software, hardware, other assets (including licenses) and any other rights necessary to perform the Mainframe Services, including without limitation the software, hardware and assets identified on Attachment 3-3 by the Commencement Date. Provider shall be solely responsible for the costs of all such software, hardware, other assets (including licenses) and other rights necessary to perform the Mainframe Services as such Services have historically been provided so long as such costs do not exceed those incurred by the predecessor of Provider before the Commencement Date. Any increase in such costs after the Commencement Date shall be paid for by Purchaser. As part of the Mainframe Services, and included in the cost of the Mainframe Services set forth in Attachment 3-2, Provider shall operate and maintain the systems and the software, hardware, and other assets (including licenses) necessary to perform the Mainframe Services as such Services are provided as of the Commencement Date.

11. **Service Owners. The Parties' respective Service Owners for Mainframe Services under this Schedule 3 are identified below.**

**Provider:**

| Provider: | Purchaser: |
|---|---|
| John Zaski<br>VP Technology<br>(336) 519-8276 | Mike DeJong<br>VP- Infrastructure<br>(513) 204-4001 |

**Attachment 3-1**
**Service Targets For Mainframe Services**

**A. Resolution Levels and Escalation for Mainframe Services.**

All issues should start for resolution at the Providers help desk (336-519-5000). For systems issues that cannot be resolved by the Provider help desk, Purchaser may escalate the issues by calling the following individuals as necessary in the following order: (i) Senior Manager AS400/ Mainframe: Gregory Montgomery (336 519 8839); (ii) Director Systems Engineering: Bill Bazil (336-519-8467); (iii) Vice President Technology: John Zaski (336 519 8276); and (iv) Chief Information Officer: Jim Nanton (336 519 4656). The Parties shall attempt to resolve any outstanding issues not resolved in connection with the foregoing or any other issue or disputes arising with respect to the Mainframe Services first by having the Service Owners attempt to resolve the dispute or issue. If the dispute or issue remains outstanding and cannot be resolved by the Service Owners, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

**Service Targets over the Escalation Process**

| | Level 1 | Level 2 | 1st Escalation |
|---|---|---|---|
| **All severity 3 issues (not problem related)** | 1 hour | No maximum target | N/A |
| **All severity 2 issues (process failure or process completes with non-critical error, work-around available)** | 1 hour | 4 hours | Next Business Day |
| **All severity 1 issues (work interrupted, no work-around)** | 1 hour | 2 hours same day | 1 hour same day |

**B. Description of Mainframe Services.**

Provider shall do the following as part of the Mainframe Services:

1. Allow the running of the current US Fresh application on the R66 mainframe.
2. Permit the X27 environment to reside in the HBI Data Center.
3. License and maintain the software installed on the R66 for which Provider, as between Provider and IBM, is responsible.
4. Conduct mainframe operations, including without limitation, printing reports, and manual tape handling for the R.66 and X.27.
5. Maintain tape libraries for the R66 and X27 mainframes at Provider's Data Center.
6. Manage Provider's relationship with IBM and other service providers and licensors so as to ensure proper performance and continuity of the mainframe services to be provided by Provider under this Schedule 3.
7. Provide office space for IBM personnel as required in Provider's services agreement with IBM and in Purchaser's services agreement with IBM.
8. In the event of a relocation of mainframe services from the existing HBI Data Center located at 450 Hanes Mill Road, Winston-Salem, NC to another facility, Provider must provide Purchaser six (6) months advance notice and coordinate the move with an agreed upon relocation date with Purchaser. Purchaser shall be responsible for all move and relocation fees of the X27 up to and including Purchaser's business loss and application development and testing fees. Additionally, for the R66 move, if any, Purchaser shall be responsible for the same as relates to Applications on the R66 utilized by Purchaser.
9. Systems operation services for Mainframe Services of the kinds, types, and volumes currently provided:

   (a) Data Center Facility Management

   Maintenance of hosted equipment in a commercial data center environment featuring raised floor space, computer room monitoring, Halon protection, dual electrical power feeds with uninterruptible power supplies, and a backup diesel power generator

   (b) Operating System Upgrade Restrictions

   Operating system and program product upgrades for the R.66 must have Purchaser's prior approval thirty (30) days in advance of implementation.

   (c) Provider and Purchaser, as recipients of Mainframe Services from the other, shall utilize the change control procedures of the other for all desired changes related to Mainframe Services to such recipient.

(d) Availability Management

Establishment of scheduled availability for hardware and online systems in July of each year.

(e) Report/Print Management

(i) Printing and distributing reports to Purchaser (through Provider Computer Operations department) or making online reports for application systems available to Purchaser.

(ii) Completing quality checks on all printed materials prior to distribution to Purchaser.

(iii) Providing timely assistance to Purchaser as required for report tracking.

(iv) Publishing and providing to Purchaser a monthly measurement print report.

(v) Providing and maintaining an electronic system for online viewing of reports by Purchaser;

10. Disaster Recovery/Continuity Services for Mainframe Services:

(a) Disaster recovery planning services that cover a total or partial loss of Provider's Data Center. In the event of a disaster that prevents services from being provided for an extended period of time, Provider shall immediately notify Purchaser Chief Information Officers and their designated Disaster Recovery Coordinators. Provider shall declare a disaster and move to a backup site upon determination that the total or partial data center outage will significantly exceed the maximum defined recovery time objective (RTO) for lost systems. Provider shall involve Purchaser Chief Information Officers and their designated Disaster Recovery Coordinators in making the foregoing determination.

(b) Providing Mainframe Services in a disaster in "keep alive" versus "business as usual" mode unless otherwise designated (which may require activation of the Purchaser's business continuity plan).

(c) Providing assistance to the Purchaser in the development of information technology disaster recovery plans. Provider shall provide assistance in Purchaser business continuity plan development depending on resource availability.

(d) Coordinating with the current disaster recovery services vendor (SunGard Availability Services) and providing Purchaser access to such vendor as necessary or as reasonably requested by Purchaser.

(e) Coordinating with the current offsite storage vendor and providing Purchaser access to such vendor as necessary or as reasonably requested by Purchaser.

**Attachment 3-2**
**Costs**

**Mainframe Services**

Mainframe cost allocation methodology

- IBM will split the charges for the workload based on consumption from each machine. The R66 workload will be charged to Provider and the X27 workload being charged to Purchaser, in accordance with the applicable service agreements with IBM. ARCs and RRCs (resource charges/credits) will accrue to the individual machines based on the baselines established for the machines and the actual resource consumption on each machine. (Prior to the Commencement Date, the consumption calculation was shared between both machines.)
- Purchaser shall pay for the facility and operation cost on the X27 mainframe. These costs include floor space/power, tape mounts, offsite storage and operations management.
- Provider will be responsible for software maintenance cost on the R66 mainframe.
- Provider shall charge Purchaser for maintenance costs associated with the running the US Fresh workload on the R66 mainframe (i.e., software support, floor space tape mounts, offsite tape storage, operations management).

| Item | R.66 | X.27 |
|---|---|---|
| Mainframe Costs | $168,574 | $100,000 |
| +5% Adjustment | $ 8,426 | $ 5,000 |
| | | |
| Total Annual Fee | $177,000 | $105,000 |

Commencing July 1, 2007 and annually thereafter, all Mainframe Services costs described herein shall increase by three and one-half percent (3.5%) over such costs in the immediately preceding twelve (12) month period.

**Attachment 3-3**
**Hardware, Software and Other Assets**

The following systems are required for Provider to deliver the Mainframe Services:

Mainframe Services

- R66 mainframe
- X27 mainframe

**Attachment 3.4**
**Service Levels for R.66**

**1.0 Introduction**

a. This Schedule describes the minimum levels of service (“Service Levels”) with respect to:

1. Provider’s duties, obligations and responsibilities related to the Service Levels for defined Services; and

2. certain of Purchaser’s responsibilities.

b. This Schedule includes Exhibit 3.6-1 which describes those specific Service Level measurements that IBM will provide to Purchaser (for which Provider is not responsible).

**2.0 Applicability of Service Levels**

a. Provider’s obligation to perform the Services to the Service Levels is as follows for those Service Levels for which there is for the preceding twelve (12) months verifiable performance data collected in the manner by which Provider is obligated herein to do so, Service Levels shall apply beginning on the Commencement Date.

b. The measuring tools, as used by Purchaser immediately prior to the Commencement Date to track metric performance in the mainframe environment, will continue to be used during the term. Provider shall have responsibility for measuring tools. Additional mainframe measurement tools added during the term are Provider’s responsibility.

**3.0 Reporting**

Provider will be relieved of responsibility in accordance with the provisions of this Agreement for meeting any Service Levels and for any associated Service Level Credits to the extent caused by (i) the failure of Purchaser or its Affiliates, its third-party vendors and suppliers to perform their responsibilities pursuant to the Agreement, (ii) Purchaser’s reprioritization of available resources to facilitate the provision of new services, or (iii) circumstances that constitute an event of force majeure, as described in Section 9.3 of the Agreement, including during the continuance of disaster recovery during such an event.

**4.0 Addition or Deletion of Service Levels and Changes to Weighting Factors**

Purchaser will send written notice to Provider at least ninety (90) days prior to the date that: (i) additions or deletions to Service Levels and/or (ii) modifications to the weighting factors applicable to the Service Levels are to be effective, provided that (i) Purchaser may send only one (1) such notice (which notice may contain multiple changes) each calendar quarter and (ii) such changes shall take effect on the first day of a month.

**Exhibit 3.6-1**
**Service Level Measurements**

| SERVICE METRIC | MEASUREMENT / CRITERIA | SERVICE LEVEL |
|---|---|---|
| **Bakery LPAR #1**<br>Availability of System and related key infrastructure subsystems:<br>• Production LPARs<br>• Production DB2 Regions<br>• Production CICS Regions<br>• Production Datacom/DB | 7x24 Availability (excluding maintenance windows) per LPAR or subsystem | 99.7%<br>or<br>Maximum unavailability of 3 instances per month per LPAR or Subsystem<br><br>[(Actual Uptime + Excusable Downtime) /Scheduled Hours] x 100 |
| **Batch Processing**<br>Processing Of Key Production Batch Jobs | Completed by required time per production job | 99.50%<br>or<br>90% for any individual batch job per month<br><br>(On Time Completion Count/Batch Run Count) * 100 |
| **Response Time**<br>Production CICS Response Time | Total response time per production region | £ 1 Sec<br><br>(Average of all transactions in a region) |
| **Change Requests** | | Both Requests |
| Simple Change Requests (e.g., scheduling request, RACF administration, CICS admin, etc.) | 16 Business Hours | 90% on time, 95% within 1.5x of on time |
| Complex Change Requests | Duration to be negotiated at time of request | (On Time Completion Count/Request Count) |

## Schedule 4
## Tax Services

1. **General.** This is Schedule 4 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc., a Maryland corporation ("HBI") (the "Agreement"). This Schedule 4 describes certain tax services to be provided by Sara Lee (for purposes of this Schedule, the "Provider") to HBI (for purposes of this Schedule, the "Purchaser"). This Schedule 4 includes Attachment 4-1 and Attachment 4-2 attached hereto.

2. **Definitions.** Capitalized terms used in this Schedule 4 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

   **2.1.** "Commencement Date" shall mean the Distribution Date.

   **2.2.** "Extension Schedule Term" shall mean a period of up to fifteen (15) months after the Initial Schedule Term.

   **2.3.** "Initial Schedule Term" shall mean the period from the Commencement Date through and including June 30, 2007.

   **2.4.** "Schedule Term" shall mean, collectively, the Initial Schedule Term and any Extension Schedule Term.

   **2.5.** "Service Owner" shall mean, with respect to a Party, the individual designated in Section 9 to be such Party's initial point of contact and escalation for the Tax Services under this Schedule 4.

   **2.6.** "Tax Services" shall mean the tax-related Services to be provided by Provider to Purchaser as described in this Schedule.

3. **Service Commitments.**

   **3.1.** **Purchaser Obligations.** In connection with the Tax Services to be provided by Provider to Purchaser hereunder, Purchaser shall do the following:

   (i) Provide timely human resources to work with Provider's tax department in order to facilitate Provider's ability to deliver the Tax Services and Purchaser's ability to take responsibility for the Tax Services over time;

   (ii) Take gradual responsibility for the Tax Services identified in Section 3.2 as Purchaser tax personnel become trained and proficient in tax systems support; and

   (iii) Provide facilities, hardware, software and other resources (and access thereto) and consulting service from software vendors upon Provider's request, all as necessary for Provider to perform the Tax Services,

including, without limitation, all resources set forth in Section 7 and Section 8.

**3.2. Provider Obligations.** Starting on the Commencement Date, Provider will perform the following Tax Services under this Schedule 4 as, and to the extent, requested by Purchaser:

(i) Provide business support to assist Purchaser in negotiating license and engagement agreements between Purchaser and Deloitte & Touche ("D&T") and Purchaser and other vendors mutually agreed upon by the Parties;

(ii) Assist Purchaser in implementing ETS, CATS or Excel-based calendar (including interface with accounts payable system) to track filing items/payments;

(iii) Assist Purchaser in implementing ETS system, including initial setup for Purchaser;

(iv) Assist Purchaser in implementing the GDX tax data collection package for domestic and international business units, including creation and/or revision of schedules for Purchaser if the Parties can obtain necessary consent(s) from D&T;

(v) Assist Purchaser in implementing STEX for estimated tax and extension payments;

(vi) Assist Purchaser in implementing new e-Filing requirement for Purchaser, with the assistance of outside consultants mutually acceptable to the Parties (possibly D&T); including aggregating return data from ETS and Fixed Asset/other non-ETS systems using "data importer" or "tax series" type software;

(vii) Assist Purchaser in implementing M-3 (new requirement for federal tax returns), including reconfiguring ETS components and building of integration points with existing accounting systems (or, in anticipation of integration of a new ERP system such as SAP at HBI, detailed specifications of integration points and recommendations for such integration);

(viii) Work with Purchaser's IT department to install hardware/software used by the tax function involving multiple applications and environments, including (a) application, Citrix (if needed), Web and/or file servers, and (b) test, production and disaster recovery servers for ETS, GDX and certain other applications;

(ix) Provide systems support to Purchaser tax professionals during tax planning and compliance;

(x) Assist Purchaser in creating database frameworks and procedures to retain tax data as required by taxing authorities;

(xi) Assist Purchaser in establishing internal tax knowledge base in Purchaser intranet;

(xii) Assist Purchaser in establishing account as requested with BNA, CCH, RIA and/or Superforms;

(xiii) Provide assistance to Purchaser's Tax Director in developing income tax-related processes and procedures; and

(xiv) Provide systems training to a designated Purchaser tax systems employee to be hired after the Commencement Date.

**4. Service Delivery.**

**4.1. Service Delivery.** Provider will provide the Tax Services as necessary during normal working hours during the Schedule Term, with a gradual reduction in Tax Services over the course of the Schedule Term as the Purchaser tax department gains the ability to manage Purchaser's tax systems on its own. Provider will designate at least two (2) individuals to provide Tax Services, which may include the Provider Service Owner, and such individuals may be used by Provider in any combination to provide the Services. Provider shall not be required to reimburse any costs to Purchaser if service levels are not met and Purchaser shall not be required to pay any additional charges not set forth on Attachment 4-1 if additional Provider work is required due to a Purchaser error.

**4.2. Task List and Total Hours.** The Parties shall cooperate to generate a task list and project plan related to the Tax Services and an estimate of the hours. In no event shall Provider be required to provide greater than 1000 man hours of Tax Services in the aggregate during the Initial Schedule Term.

**5. Costs, Invoicing and Payment.**

**5.1. Service Fees.** Provider will provide the Tax Services for the fees and expenses set forth in Attachment 4-1. Unless otherwise specified in this Schedule or the Agreement, all time and materials expended by Provider in the performance of the HR Services shall be included in the fees set forth in Attachment 4-1, and Provider shall not be entitled to receive any further compensation therefor.

**5.2. Invoicing and Payment.** Provider shall invoice Purchaser for the Tax Services in arrears on a quarterly basis after the conclusion of each calendar quarter during the Schedule Term. Purchaser shall pay all invoices within forty-five (45) days of the date of submission of such invoices by Provider to Purchaser. The fees set forth in Attachment 4-1 will be prorated as appropriate for any partial fiscal quarter during which Provider provides Tax Services.

**6. Service Levels; Escalation.**

**6.1. Service Level Obligations.** Provider will provide the Tax Services with a level of service comparable to what has historically been provided by technology systems support to the Winston-Salem satellite office prior to the Separation. For those Tax Services identified in Section 3.2 that have not been provided to the Winston-Salem satellite office in the past, the level of service will be comparable to what has been provided to the Provider tax department for services similar to the Tax Services. Provider will use commercially reasonable efforts to respond to all calls and issues within two (2) business days.

**6.2. Resolution Levels and Escalation.** The Parties shall present any issue that the Service Owners are unable to resolve to the Purchaser vice president for tax (or other senior executive with responsibility for tax) and the Provider Vice President of Tax. If the issues cannot be resolved in a timely manner by the Purchaser vice president for tax (or other senior executive with responsibility for tax) and the Provider Vice President of Tax, the Parties shall escalate the issue to the Chief Financial Officers of each Party. If the issue remains outstanding and cannot be resolved by the Chief Financial Officers, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

**7. Access to Facilities and Systems.**

**7.1. Service Locations.** Provider may provide Tax Services at Provider's offices or other facilities, or as reasonably necessary, at Purchaser's offices in Winston-Salem, North Carolina. During the Schedule Term, Purchaser will provide to Provider, in connection with Provider's provision of the Tax Services, access to Purchaser's facilities as necessary in order to enable Provider to perform the Tax Services. Provider will comply with the use, security, and access policies at each Purchaser facility for Purchaser's employees and visitors generally as may be in effect and as are communicated in writing to Provider.

**7.2. Access to Systems.** Purchaser shall provide Provider with remote and on-site direct access through the Purchaser network to access Purchaser tax systems from Provider locations and Purchaser locations, respectively, as necessary for Provider to perform the Tax Services. Purchaser shall provide Provider adequate security clearances as necessary to obtain and utilize such remote and on-site access.

**8. Software, Hardware and Other Assets.** Purchaser shall be responsible for obtaining for all software, hardware and other assets (including licenses) necessary to establish and maintain its tax department and necessary for Provider to perform the Tax Services, including without limitation the software, hardware and assets identified on Attachment 4-2. Purchaser shall obtain the software, hardware and other assets identified on Attachment 4-2 within forty-five (45) days of the Commencement Date. Purchaser shall be solely responsible for the costs of all such software, hardware, and other assets (including licenses) and for the costs of maintaining and upgrading all such software, hardware, and other assets (including licenses).

9. **Service Owners.** The Parties' respective Service Owners under this Schedule are identified below.

| **Provider:** | **Purchaser**: |
|---|---|
| James Hahn<br>Director, Tax System Planning<br>312-558-8494 | Mike Caminiti |

10. **Schedule Term.** Provider shall provide the Tax Services identified in Section 3.2 during the Initial Schedule Term. In the event Purchaser requires systems support in order to e-file its federal tax return, upon the mutual written agreement of the Parties, Purchaser may extend the Initial Schedule Term for the Extension Schedule Term; provided, however, that such extension shall include the following terms: (i) Purchaser shall give Provider prior written notice of its intent to extent the Schedule Term at least ninety (90) days prior to the expiration the Initial Schedule Term, which notice shall specify the duration of the Extension Schedule Term (which shall not exceed fifteen (15) months); (ii) Provider shall only be required to provide Tax Services with respect to Purchaser's tax systems as necessary for Purchaser to be able to e-file its first federal tax return; and (iii) Purchaser shall pay Provider for the Tax Services during the Extension Schedule Term on a time and materials basis at the blended rate specified on Attachment 4-1 plus five percent (5%) for inflation, provided that pass-through expenses will be billed at actual cost.

11. **Responsibility for Tax Filings.** The responsibility for: (i) any local, state, federal, and other tax filings, including, without limitation, the accuracy and completeness thereof and any and all liabilities, costs, penalties, fines and charges associated therewith; and (ii) any and all taxes due and owing to any government or taxing authority shall be governed by the Tax Sharing Agreement entered into between Purchaser and Provider on August 31, 2006. Purchaser hereby irrevocably waives any claim against Provider arising out of this Agreement based on or related to any tax filing made by Purchaser and the payment or non-payment by Purchaser of any taxes.

**Attachment 4-1**
**Cost of Tax Services**

Costs will be billed at a rate of $120/hour, regardless of the level of the Provider personnel providing the Services.

Travel and other expenses will be billed on a pass-through basis.

**<u>Attachment 4-2</u>**
**Hardware, Software and Other Assets**

**HARDWARE**

GDX (Global Data Exchange) servers

ETS servers

Citrix servers

Web servers

File servers

**SOFTWARE**

GDX, ETS, ETS Calendar, BNA, CCH, RIA, etc.

Provider’s employees shall be allowed to access the software with full administrative and user privileges as agreed upon by the Parties.

**Schedule 5**
**Calendar Year 2006 Benefits and Compensation**

1. **General.** This is Schedule 5 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc., a Maryland corporation ("HBI") (the "Agreement"). This Schedule 5 describes benefits and compensation accounting and administrative support services to be provided by Sara Lee (for purposes of this Schedule, the "Provider") to HBI (for purposes of this Schedule, the "Purchaser"), with respect to the employee benefit and compensation plans maintained by HBI, both inside and outside of the United States ("Purchaser's Plans"). This Schedule 5 includes Attachments 5-1 and 5-2.

2. **Definitions.** Capitalized terms used in this Schedule 5 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

   **2.1** "Commencement Date" shall mean the Distribution Date as defined in the Separation Agreement.

   **2.2** "Extension Schedule Term" shall mean a period of up to one hundred eighty (180) days after the Initial Schedule Term.

   **2.3** "Benefits and Compensation Services" shall mean the benefits accounting, benefits administration and benefits strategy and training implementation services (including but not limited to the plan specific services listed in Section 3(iv)) to be provided by Provider to Purchaser and Purchaser's Plans as described in this Schedule.

   **2.4** "Initial Schedule Term" shall mean the period from the Commencement Date through and including December 31, 2006.

   **2.5** "Schedule Term" shall mean, collectively, the Initial Schedule Term and any Extension Schedule Term.

   **2.6** "Service Owner" shall mean, with respect to a Party, an individual designated in Section 12 to be such Party's initial point of contact and escalation (pursuant to Section 7.3) for the Benefits and Compensation Services.

3. **Service Commitments and Provider Obligations.** Starting on the Commencement Date, Provider will perform for Purchaser the following Benefits and Compensation Services:

   (i) Benefits Accounting Services: For the Purchaser's Plans providing the benefits listed below in this Section 3(i) Provider shall: (a) reconcile budgeted expenses versus actual expenses for self-insured plans as these pertain to Purchaser, such reconciliation to result in a charge or a credit to Purchaser; (b) provide vendor data and reports and Provider's analysis related to plans;
   (c) produce reports in

compliance with certain reporting obligations (e.g., barrel reports, claims detail (current and historic), claims charges on a monthly basis, and detailed information on monthly cross-charges of claims and plan administration costs); (d) develop Fiscal Year 2007 AOPs; (e) process all administration fees for self-insured plans and premium invoices for insured plans for Purchaser; and (f) make available all support documentation, including expense reconciliation and reports, upon request and to the extent permitted by law;

- Medical (including Rx)
- Retiree Medical
- COBRA
- Dental
- Vision
- Basic Life Insurance
- Optional Life Insurance
- Dependent Life Insurance
- Retiree Life Insurance
- Executive Life Insurance
- Business Travel Accident Insurance
- International SOS
- Long Term Disability
- Short Term Disability
- Executive Long Term Disability
- State Disability Insurance
- Temporary Disability Income
- Accidental Death and Dismemberment
- Optional Accidental Death and Dismemberment
- Flexible Spending Account (Medical and Dependent Care)
- Long Term Care

(ii) Benefits Administration Services: Provider shall provide the following benefits administration services to Purchaser:

- Banking Requirements – maintain funding arrangements in existence as of the Commencement Date (through an ACH initiated debit process) for Definity Health, Delta Dental of IL and Acclaim.
- Compliance — plan administrative compliance, including but not limited to preparing all annual reports and filings needed to comply with applicable federal and state laws (including ERISA, the Internal Revenue Code, HIPAA (including administration and EDI), Sarbanes Oxley, and 5500 reporting) and assistance in meeting reporting and other requirements resulting from a change, if any, in Purchaser's fiscal year or the fiscal year of any of Purchaser's Plans during or within 90 days after the end of the Schedule Term. (Excludes Purchaser's compliance with ERISA fiduciary duty and prohibited transaction rules and drafting of plan documents and amendments).
- Communications – responsible for communicating administrative, plan design and/or policy changes made to Purchaser's Plans implemented to comply with a change in law or to mirror a change in a corresponding Provider plan.
- Vendor Management – including, without limitation (and including both U.S. and non-U.S. employees, plans and programs), addressing employee, former employee, retiree, and dependent issues, contract negotiations, monitoring performance guarantees, account management and network management, for Definity Health, ING, Delta Dental of IL, VSP, Aetna, Hartford Life Insurance, Cigna, Acclaim, Deloitte (healthcare and international tax and assignment consultant), Hewitt (401(k) record keeper), Mercer (health and group insurance administration, pension administration, and pension modeling), State Street Bank (pension), and The Northern Trust (pension).
- Employee/Participant Support – continued access to vendor call centers by Purchaser's employees and participants in Purchaser Plans, as well as access to Provider personnel by Purchaser's staff and third party administrators to answer questions related to Purchaser Plans.
- Claims and Appeals – assistance responding to claims submitted by plan participants, beneficiaries or QDRO alternate payees, appeals from denials or partial denials of claims and requests for information in connection with claims, appeals or otherwise.
- Claims Information – transfer of all information relating to any outstanding claims and appeals to Purchaser or its third party administrator

when Purchaser commences performing claims and appeals functions with respect to each Purchaser Plan.

(iii) Benefits Strategy and Training Implementation: Provider shall provide Purchaser consultative support to leverage current Provider benefit programs and vendors for stand alone implementation for Purchaser's Plans. Provider shall assist Purchaser in the development and implementation of new programs and vendors where warranted and the administrative processes to manage Purchaser's benefit programs (including, without limitation, developing and setting employee rates for benefit year 2007). Provider shall work with Purchaser to develop and execute a project plan (to be completed within 30 days after the Distribution Date) that ensures timely preparation and successful execution of the transference of all benefits accounting and benefits administration services from Provider to Purchaser by January 1, 2007. Provider shall provide training as necessary to Purchaser with respect to benefits accounting and benefits administration services to promote an efficient transfer of such responsibilities to Purchaser. Provider shall provide Vice President Level Review to ensure that Purchaser is capable of conducting benefits accounting and administration services by January 1, 2007.

(iv) Compensation Services. Provider shall provide transition functional, training, vendor and technical support to Purchaser to promote an efficient transfer of responsibilities to Purschaser with respect to the following Purchaser Plans:

- Omnibus Incentive Plan of 2006 – Provide transition functional and technical support for transition to E*TRADE (including training, support in start up, and information and knowledge sharing).
- Annual Incentive Plan
- Performance-Based Annual Incentive Plan
- Non-Employee Directors Deferred Compensation Plan
- Executive Deferred Compensation Plan
- International Tax and Assignment Services
- Stock Recognition Program
- Share 2000/2003

(v) Plan Specific Services: Without limiting the services required to be provided under the remainder of this Schedule, Provider shall provide Purchaser with the following plan or benefit specific services:

- Consolidated Pension and Retirement Plan – Review employee communications prepared by Mercer.

- Relocation Program – Provide access to and services of Relocation Manager.
- Medical (including Rx), Dental, Vision Benefits – Provide monthly reporting on claims, costs, and administrative charges, and review communications to retirees prepared by Mercer.
- Share 2000/2003 — Provide (1) all necessary communications regarding the operation of the programs, including, but not limited to, the post-spin termination provisions and the adjustment to the number and price of options and (2) a list of HBI participants to whom any communications should be sent by HBI.

(vi) Other Obligations: Provider shall make available to Purchaser such personnel as will be required to provide the Benefits and Compensation Services. In the event that personnel with the designated level of experience are not employed by Provider at any time during the term of this Agreement, Provider will substitute personnel or third party personnel having an adequate level of experience. Provider shall make a good faith effort to provide advance notice of any proposed changes to the benefits accounting system to relevant Provider personnel and to Purchaser to ensure that Purchaser and Provider have an opportunity to negotiate such proposed changes prior to implementation of such changes. In no case will Purchaser be required to accept changes to the benefits accounting system prior to the end of the Schedule Term unless required by law or GAAP.

4. **Purchaser Obligations.** In connection with the Benefits and Compensation Services to be provided by Provider to Purchaser hereunder, Purchaser shall do the following, as necessary for Provider to perform the Benefits and Compensation Services:

(i) Commit adequate resources (including staff) to benefits training and implementation.

(ii) Work with Provider to develop and execute a project plan (to be completed within 30 days after the Distribution Date) that ensures timely preparation and successful execution of the transference of all benefits accounting and benefits administration services from Provider to Purchaser by January 1, 2007.

(iii) Provide Vice President level review to ensure that Purchaser is capable of conducting benefits accounting and benefits administration services by January 1, 2007.

(iv) Negotiate with Provider regarding any proposed changes to the benefits accounting system. In no case will Purchaser be required to accept changes to the benefits accounting system prior to the end of the Schedule Term unless required by law or GAAP.

(v) Effective as of the Commencement Date, assume all ERISA fiduciary liability with respect to such Purchaser Plans.

(vi) Effective as of the Commencement Date, establish Purchaser's own ERISA governance structure including provisions for allocation and delegation of authority.

**5. Service Delivery.** Provider and Purchaser will work together to conduct business in the ordinary course from the Commencement Date through the Schedule Term. Provider shall provide the benefits accounting services set forth in Section 3(i) of this Schedule 5 on a monthly and quarterly basis as required by the applicable process or transaction. Provider shall provide the benefits administration services set forth in Section 3(ii) of this Schedule 5 and the benefits strategy and training implementation services set forth in Section 3(iii) on an as-needed and ongoing basis.

**6. Schedule Term.** Provider shall provide the Benefits and Compensation Services during the Schedule Term, unless this Schedule is first terminated as set forth in the Agreement. Purchaser and Provider may mutually agree to extend the Initial Schedule Term for an Extension Schedule Term.

**7. Service Levels; Escalation.**

**7.1 Service Level Obligations.** Provider will provide the Benefits and Compensation Services at a level of service comparable to what has historically been provided by the Provider prior to the Separation. Provider shall make a good faith effort to acknowledge receipt of inquiries within two (2) business days of receipt thereof and to timely address such inquiries. If, despite Provider's best efforts, Provider is unable to provide any Benefits and Compensation Service because of a failure to obtain necessary vendor consents, licenses, sublicenses, or approvals, then the Parties shall cooperate to determine the best alternative approach to providing services to Purchaser and Purchaser's Plans. If an agreed upon alternative approach requires payment above that which is included in the service fees set forth in Attachment 5-1, Purchaser shall be responsible for such fees to the extent agreed upon by the Parties and as memorialized in a written amendment to this Schedule 5. In any event, Provider shall use all reasonable efforts to continue providing the Benefits and Compensation Services, including, in the case of systems, supporting the function to which the system permits or allowing Purchaser access to the system so that Purchaser can, itself, support that function.

**7.2 Re-performance of Benefits and Compensation Services.** In the event of any breach of the Agreement and this Schedule 5 by Provider with respect to any error or defect in the provision of any Benefits and Compensation Service, Provider shall use commercially reasonable efforts to correct in all material respects such error or defect or re-perform in all material respects such Benefits and Compensation Service at the request of Purchaser and at the sole expense of Provider. In the event Provider is unable to correct such error or re-perform such

Benefits and Compensation Service, Purchaser shall have the rights and remedies set forth in the Agreement.

**7.3 Resolution Levels and Escalation.** The Parties shall attempt to resolve any disputes or issues arising hereunder first by escalating the dispute or issue for resolution to the Service Owners. In the event that the Service Owners are unable to resolve a dispute or issue, such dispute or issue shall be escalated to the Vice President, Compensation and Benefits level in each Party's organization. If the dispute or issue remains outstanding and cannot be resolved at the Vice President, Compensation and Benefits level, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

**8. Costs, Invoicing and Payment.**

**8.1 Service Fees.** For the Benefits and Compensation Services provided to Purchaser by Provider, Purchaser shall pay to Provider the fees set forth in Attachment 5-1. Purchaser shall be responsible for any and all consulting costs arising out of requests by Purchaser for services which are beyond the scope of Provider's service commitments and obligations specifically enumerated herein.

**8.2 Invoicing and Payment.** Provider shall invoice Purchaser for the Benefits and Compensation Services in arrears on a months basis within thirty (30) days of the conclusion of each month during the Schedule Term except for any Benefits and Compensation Services for a Purchaser Plan that is insured, in which case invoicing shall be within fifteen (15) days of the conclusion of each month. Purchaser shall pay all invoices within 45 days of the date of submission of such invoices by Provider to Purchaser

**9. Access to Facilities and Systems.** Provider may provide Benefits and Compensation Services at Provider's offices and facilities or, as necessary as determined by Purchaser in its sole discretion, at Purchaser's facilities. During the Schedule Term, if Provider requires access to Purchaser facilities in connection with Provider's provision of the Benefits and Compensation Services, Purchaser will provide to Provider access to Purchaser's facilities upon Provider's request as necessary to enable Provider to perform the Benefits and Compensation Services. Provider will comply with the use, security, and access policies at each Purchaser facility for Purchaser's employees and visitors generally as may be in effect from time to time.

**10. Sarbanes-Oxley and Other Compliance.** In connection with the Benefits and Compensation Services, the Parties will maintain and comply with the internal controls, record retention policies and other operating policies and procedures that were in place prior to the Separation for the services that are the same as the Benefits and Compensation Services, and the Parties shall grant data and system access rights accordingly.

**11. Software, Hardware and Other Assets.**

**11.1 Provision of Software, Hardware and Other Assets.** Provider shall work with Purchaser to obtain any consents, licenses, or other necessary permissions that may be required in order for Purchaser to use and operate the software, hardware and assets identified on Attachment 5-2. In addition, Purchaser shall be permitted to utilize or operate any software, development tools, know-how, methodologies, processes, technologies, or algorithms owned by Provider to the extent necessary in connection with Provider's performance of the Benefits and Compensation Services hereunder.

**11.2 Operation and Maintenance of Software, Hardware and Other Assets.** As part of the Benefits and Compensation Services, and included in the cost of the Benefits and Compensation Services set forth in Attachment 5-1, Provider shall operate and maintain the existing systems and the software, hardware, and other assets (including licenses) necessary to perform the Benefits and Compensation Services. Provider's obligation to operate and maintain the systems, hardware, software and other assets (including licenses) shall include, without limitation (i) providing system administration services, (ii) ensuring systems availability, (iii) performing break/fix, troubleshooting and problem resolution, and (iv) obtaining and installing software upgrades required to maintain vendor support.

**12. Service Owners.** The Parties' respective Service Owners under this Schedule are identified below.

| **Provider:** | **Purchaser:** |
|---|---|
| Mark Jacobs<br>Vice President, Global Benefits<br>(312) 558-8569 | Mary Islas<br>Director of SLBA Benefits & International Comp<br>(336) 519 4055 |
| Ryan Egan<br>Director of Benefits<br>(312) 558 -8392 | Larry Washing<br>Director of Compensation<br>(336) 519-3474 |
| Faye Jaraczewski<br>VP Corporate Compensation<br>(313) 558-8556 | Teressa Blanchard<br>Manager, Benefits<br>(336) 519-4347 |

**13. Transition Services.** For a period of ninety (90) days following the termination of the Schedule Term and the obligations under this Schedule 5, Provider shall, upon reasonable request and at Purchaser's expense, use commercially reasonable efforts to ensure the orderly transition of the Benefits and Compensation Services from Provider and its third party vendors to Purchaser and its third party vendors and to minimize any disruption to the business that might result from the termination of the Schedule Term.

**Attachment 5-1**

**Cost of Services**

| | Annual Cost | Quarterly Cost |
|---|---|---|
| Vice President | $ 12,344.00 | $ 4,115.00 |
| Senior Manager | $ 17,719.00 | $ 5,906.00 |
| Benefit Analyst | $ 4,975.00 | $ 1,658.00 |
| Administrators | $ 5,906.00 | $ 1,969.00 |
| Coordinator | $ 2,280.00 | $ 760.00 |
| **TOTAL COST** | **$ 43,224.00** | **$ 14,408.00** |

All vendor administrative costs will be included in the above service fees. In addition, out of the amount of the fees paid by Purchaser to Provider pursuant to this Schedule 5, Provider shall pay any amounts that are required to be paid to any licensors of software that is used primarily in connection with the provision of any services pursuant to this Schedule 5, and any amounts that are required to be paid to such licensors to obtain the consent of such licensors to provide any of the services hereunder. Provider shall obtain any consents that may be required from such licensors in order to provide any of the services hereunder. Such third party software shall include, without limitation, the software programs listed in Attachment 5-2. Purchaser will be responsible for any and all consulting costs rising out of requests by Purchaser for services which are beyond the scope of Provider’s service commitments and obligations specifically emumerated herein.

Upon the termination of any service in accordance with the Agreement and this Schedule 5, the fees to be paid to Provider by Purchaser will be reduced by the amount specified for such terminated service or as otherwise agreed upon by the Parties.

**<u>Attachment 5-2</u>**
**Hardware, Software and Other Assets**

The following systems are required for Provider to deliver the Benefits Services:

- Lawson and associated infrastructure
- VitalSprings Technologies
- Various Microsoft applications {Please specify applications}
- UltraEdit
- Hewitt
- Delta 2
- Mercer BeneCalc
- Total Rewards On-line
- Profiles database
- InSite 3.0 HR for Professionals intranet
- InSite 3.0 HR for Employees intranet
- [Software that supports Shareholder Services]

**Schedule 6**
**International Decoupling Shared Services**

1. **General.** This is Schedule 6 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands, Inc. ("HBI"), a Maryland corporation (the "Agreement"). This Schedule 6 describes certain transition services to be provided by HBI to Sara Lee and from Sara Lee to HBI in connection with the decoupling of Sara Lee's and HBI's international locations.

2. **Attachments.** This Schedule 6 includes Attachment 6-1 through Attachment 6-3 attached hereto. Each Attachment hereto sets forth specific Decoupling Services that Sara Lee (or a member of the Sara Lee Group) or HBI (or a member of the HBI Group) shall provide to a designated recipient in a particular geographic location or with respect to a particular Sara Lee or HBI business unit. For those Attachments in which HBI or a member of the HBI Group is providing Decoupling Services to Sara Lee or a member of the Sara Lee Group, HBI (or a member of the HBI Group, as applicable) is the "Provider" for purposes of the Agreement and this Schedule 6 and Sara Lee (or a member of the Sara Lee Group, as applicable) is the "Purchaser" for purposes of the Agreement and this Schedule 6. For those Attachments in which Sara Lee or a member of the Sara Lee Group is providing Decoupling Services to HBI or a member of the HBI Group, Sara Lee (or a member of the Sara Lee Group, as applicable) is the "Provider" for purposes of the Agreement and this Schedule 6 and HBI (or a member of the HBI Group, as applicable) is the "Purchaser" for purposes of the Agreement and this Schedule 6. To the extent there are additional transition services with respect to a particular Sara Lee and/or HBI geographic location or international business unit to be provided after the Distribution Date in locations not included in Attachment 6-1 through Attachment 6-3, the Parties shall work together in good faith to reach a mutual agreement identifying the applicable services and costs and to create an additional Attachment to this Schedule 6 to address the provision of such services in the applicable location(s) or with respect to the applicable business unit(s).

3. **Definitions.** Capitalized terms used in this Schedule 6 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

   **3.1.** "Commencement Date" shall mean the date specified for the commencement of Decoupling Services by the Provider for the Purchaser under a particular Attachment.

   **3.2.** "Decoupling Services" shall mean the transition services to be performed by a Provider to a Purchaser under an applicable Attachment with respect to a particular Sara Lee and/or HBI geographic location or international business unit.

   **3.3.** "Extension Services Term" shall mean, with respect to a particular Attachment, a period of up to one hundred eighty (180) days after the Initial Services Term for such Attachment.

**3.4.** "Initial Services Term" shall mean, with respect to any Attachment, the period from the Commencement Date through the end date for the Decoupling Services under such Attachment.

**3.5.** "Service Owner" shall mean, with respect to a Party, the individual designated in an Attachment, if any, to be such Party's initial point of contact and escalation for the Decoupling Services under such Attachment.

**3.6.** "Services Term" shall mean, with respect to any Attachment, the Initial Services Term and any Extension Services Term, collectively, for such Attachment.

**4. Service Commitments.**

**4.1. Provider Obligations.** Starting on the Commencement Date identified in an Attachment, Provider will perform the Decoupling Services identified in such Attachment.

**4.2. Purchaser Obligations.** In connection with the Decoupling Services to be provided by Provider to Purchaser hereunder, Purchaser shall: (i) pay the amounts specified in the Attachment with respect to such Decoupling Services as set forth in Section 8.1; and (ii) perform such support obligations and other obligations as set forth in the applicable Attachment.

**5. Service Delivery.** For Decoupling Services that were provided by Provider prior to the Distribution Date, unless set forth to the contrary in the applicable Attachment, Provider shall perform the Decoupling Services in the same manner, with the same frequency of service delivery and the same (or substantially similarly skilled) personnel, and during the same working hours as were performed by the predecessor to Provider prior to the Distribution Date for the services that are the same as the Decoupling Services. For Decoupling Services that were not provided by Provider prior to the Distribution Date, Provider shall perform the Decoupling Services: (i) in a professional and workmanlike manner; (ii) with the frequency of service delivery and personnel and during the working hours specified in the applicable Attachment; (iii) in such a manner as to effect a smooth and orderly decoupling of Sara Lee and HBI, as applicable in the particular geographic region or with respect to the particular business unit; and (iv) as otherwise set forth in the applicable Attachment.

**6. Services Terms.** Provider shall provide the Decoupling Services under an Attachment during the Services Term specified in such Attachment, unless this Schedule is first terminated as set forth in the Agreement. In the event Purchaser requires Decoupling Services under an Attachment beyond the applicable Initial Services Term, Purchaser may extend the Services Term for such Attachment by providing to Provider written notice of extension for the Extension Services Term for such Attachment at least forty-five (45) days prior to the expiration of the applicable Initial Services Term.

**7. Service Levels; Escalation.**

**7.1.** **Service Level Obligations.** Provider will provide the Decoupling Services under an Attachment to Provider: (i) in accordance with any service levels specified in the applicable Attachment; or (ii) if no service levels are included in the applicable Attachment with respect to a particular Decoupling Service, in accordance with the higher of (a) the level of service comparable to what has historically been provided by Provider or the predecessor of Provider prior to the Separation, and (b) the level of service that Provider provides to its own business units for services similar to the Decoupling Services.

**7.2.** **Resolution Levels and Escalation.** The Parties shall attempt to resolve any disputes or issues arising under a particular Attachment first by having the Service Owners under such Attachment attempt to resolve the dispute or issue. If the dispute or issue remains outstanding and cannot be resolved by the Service Owners, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

**8. Costs, Invoicing and Payment.**

**8.1.** **Service Fees.** For the Decoupling Services provided to Purchaser by Provider, Purchaser shall pay to Provider the fees set forth in the applicable Attachment. Unless otherwise specified in an Attachment, this Schedule or the Agreement, all time and materials expended by Provider in the performance of the Decoupling Services under an Attachment shall be included in the fees set forth in such Attachment, and Provider shall not be entitled to receive any further compensation therefor.

**8.2.** **Invoicing and Payment.** Provider shall invoice Purchaser for the Decoupling Services under an Attachment monthly in arrears during the Services Term for such Attachment. Purchaser shall pay all invoices within forty-five (45) days of the date of submission of such invoices by Provider to Purchaser.

**9. Access to Facilities and Systems.**

**9.1.** **Service Locations.** Provider shall provide Decoupling Services at Provider’s offices and facilities or, as necessary in Purchaser’s reasonable discretion, at Purchaser’s facilities. During the Services Term, if Provider requires access to Purchaser facilities in connection with Provider’s provision of the Decoupling Services, Purchaser will provide to Provider access to Purchaser’s facilities upon Provider’s request as necessary to enable Provider to perform the Decoupling Services. Provider will comply with the use, security, and access policies at each Purchaser facility for Purchaser’s employees and visitors generally as may be in effect from time to time.

**9.2.** **Access to Systems.** Provider shall provide Purchaser personnel with access (remote and on-site) to the Provider network and systems as necessary for Purchaser to receive and utilize the Decoupling Services or as otherwise set forth in the applicable Attachment. Purchaser shall provide Provider personnel with

access (remote and on-site) to the Purchaser network and systems as necessary for Provider to perform the Decoupling Services or as otherwise set forth in the applicable Attachment. In each case, the providing Party shall provide the receiving Party adequate security clearances as necessary to obtain and utilize such network and systems access.

**10. Software, Hardware and Other Assets.**

**10.1. Provision of Software, Hardware and Other Assets.** Except as otherwise provided above and unless otherwise specified in a particular Attachment, Provider shall be responsible for providing all software, hardware and other assets (including licenses) necessary to perform the Decoupling Services under an Attachment. Unless otherwise specified in a particular Attachment, Provider shall be solely responsible for the costs of all such software, hardware, and other assets (including licenses).

**10.2. Operation and Maintenance of Software, Hardware and Other Assets.** Unless otherwise specified in a particular Attachment, as part of the Decoupling Services under an Attachment and included in the cost of the Decoupling Services in such Attachment, Provider shall operate and maintain the existing systems and the software, hardware, and other assets (including licenses) necessary to perform the Decoupling Services under such Attachment.

**11. Service Owners.** The Parties' respective Service Owners under each Attachment, if any, are identified in the applicable Attachment.

**Attachment 6-1**
**Asia Business Development and Global Sourcing Office – Hong Kong/Thailand**

**1. Parties and Roles.**

**1.1. Parties and Business Structure.**

- Asia Business Development in Hong Kong (“ABD Hong Kong”), a division of Hanesbrands Hong Kong Ltd. is responsible for selling Branded Apparel Business brands in the Hong Kong market.
- Currently, ABD Hong Kong is sharing headcount, applications, and infrastructure with Sara Lee Hong Kong Ltd. (“H&BC”).
- ABD Hong Kong is using certain MFG/PRO software licensed from QAD, Inc. (“MFG Pro”) for business functions to be provided hereunder in connection with the Decoupling Services.
- Global Sourcing Organization in Hong Kong (“GSO Hong Kong”) is responsible for sourcing HBI brands in the Asia/Pac Market. Currently GSO Hong Kong is sharing headcount, applications, and infrastructure with H&BC. ABD Hong Kong and GSO Hong Kong are members of the HBI Group and H&BC is a member of the Sara Lee Group.

**1.2. Roles of Parties.** For purposes of this Attachment 6-1, HB&C shall be the Provider and ABD Hong Kong and GSO Hong Kong, collectively, shall be the Purchaser.

**2. Commencement Date; Services Term; Service Owners.**

**2.1. Commencement Date.** The Commencement Date for the Decoupling Services to be provided by Provider to Purchaser hereunder shall be the Distribution Date.

**2.2. Initial Services Term.** Provider shall provide to Purchaser the business process and information technology Decoupling Services designated in this Attachment (i) with respect to Decoupling Services provided to GSO Hong Kong, for an Initial Services Term starting on the Distribution Date and ending March 31, 2007; and (ii) with respect to all other Decoupling Services, for an Initial Services Term of one (1) year after the Distribution Date.

**2.3. Extension Services Term.** The Parties may extend the Services Term of this Attachment by mutual agreement for one or more Extension Services Term(s) of a duration to be agreed upon by the Parties.

**2.4. Service Owners.** The parties respective Service Owners under this Attachment 6-1 are identified below:

| **Provider**: | **Purchaser**: |
| --- | --- |
| Joseph Leung | Joy Fong |
| General Manager | VP Far East Operations |
| + 852 2820 8618 | 852 2 960 9628 |

3. **Decoupling Services.** Starting on the Commencement Date, Provider will perform as Decoupling Services the business process and information technology services (excluding authorization or approval of purchases, reimbursements, or other expenditures) that were performed for Purchaser by Provider prior to the Distribution Date in accordance with the applicable requirements set forth on Exhibit A to this Attachment 6-1 with respect to the following functions:

- Credit (using the H&BC MFG Pro system);
- Accounts payable (using the H&BC MFG Pro system);
- Accounts receivable (using the H&BC MFG Pro system);
- General ledger (using the H&BC MFG Pro system);
- Fixed assets (using the H&BC MFG Pro system);
- Payroll (using the H&BC MFG Pro system);
- Banking transactions (using HSBC Hexagon system);
- Travel and expense (using the H&BC MFG Pro system);
- Product procurement and development (using the H&BC MFG Pro system); and
- Human resources (using the H&BC MFG Pro system and Microsoft Excel).

In addition, as part of the Decoupling Services, Provider shall write checks from Purchaser accounts and process payments for Purchaser in connection with Purchaser-approved expenditures.

4. **Service Fees.** For the Decoupling Services provided to Purchaser by Provider during the Initial Services Term, Purchaser shall pay to Provider an aggregate fee of $802,520.00 in Hong Kong dollars, to be paid as set forth in Exhibit B attached hereto. If the parties extend the Initial Services Term by one or more Extension Services Term(s), the parties shall mutually agree upon the additional fees for the Decoupling Services during such Extension Services Term(s) at the time they enter into such Extension Services Term(s).

5. **Network Connections.** Purchaser and Provider shall maintain the network connection and network trust relationship with regard to the parties’ respective networks until the expiration of the Services Term.

6. **Facilities.** ABD Hong Kong office has moved to a new location on Hong Kong Island. ABD Hong Kong is now sharing office space with GSO Hong Kong and DFK Hong

Kong. In connection with the Separation and the Decoupling Services, ABD Hong Kong, GSO Hong Kong and DFK Hong Kong will standardize on one set of business processes, applications, and infrastructure.

**7.** **Bangkok Lease.** For fees in addition to, and not included in, the fees set forth in Section 4 of this Attachment, H&BC shall continue to offer Global Sourcing Organization in Bangkok ("GSO Bangkok") a lease on the office space in which GSO Bangkok currently resides on the same terms and conditions in effect prior to the Distribution Date for a period of one year following the Distribution Date

**Exhibit A**

| | | Purchaser Requirements after Distribution | Provider Deliverable |
|---|---|---|---|
| **Chart of account** | | Lawson requires a 10-digit account code (6 account code + 4 sub account no.) | Follow H&BC existing chart of account (8 digits), cross-reference table is necessary |
| **Receipt of GSO information** | | Tuesday of period end | GSO to submit all invoices, T&E, provisions, etc. by Monday noon of period end |
| **Monthly Reporting** | | All reports will be under GSO Hong Kong format:- | As SLHK MFG-pro system format |
| | 1 | GL (period end, Fri noon) -same as before | As SLHK MFG-pro system format |
| | 2 | Balance Sheet (period end, Fri noon) | As SLHK MFG-pro system format |
| | 3 | Trial Balance (period end, Fri noon) | As SLHK MFG-pro system format |
| | 4 | Income Statement (period end, Fri noon) | As SLHK MFG-pro system format |
| | 5 | Summary of Journal Vouchers (period end, Fri noon) | As SLHK MFG-pro system format |
| **Monthly Reconciliations** | | All reconciliations and schedules will be under GSO Hong Kong format | |
| | 1 | (period end, Fri noon) | Maintained as SLHK MFG-pro system format by Friday noon of period end |
| | 2 | (period end, Fri noon) | Maintained as SLHK MFG-pro system format by Friday noon of period end |
| | 3 | Accrual expenses (period end, Fri noon) | Friday of period end before close of business |
| | 4 | Provision for bonus & Executive bonus (period end Fri noon) | Provide the GSO reconciliation, which is to replace the current monthly schedules |
| | 5 | Provision for rent (period end Fri noon) | No new GSO required format and therefore current format will be maintained |
| | 6 | Temporary Payment (period end Fri noon) | same as above |
| | 7 | Temporary Receipt (period end Fri noon) | same as above |

| | | Purchaser Requirements after Distribution | Provider Deliverable |
|---|---|---|---|
| | 8 | All Balance Sheet A/Cs Reconciliations (period end, Fri noon) | Provide the GSO reconciliation, which is to replace the current monthly schedules |
| | 9 | Bank reconciliations (period end, Fri noon) | Will follow the GSO format |
| | 10 | Fixed Assets & Depreciation schedule (period end, Fri noon) | Will follow the GSO format |
| **Weekly Cash Flow Projection Reports** | | Accounts Receivable Aging, Accounts Payable Aging, Weekly Bank Book | Bi-weekly in GSO format |
| **Human Resources** | | accounting entries | Only accounting entries will be performed |
| **Bank payment authorization** | | Issue cheque and authorize payments limited to HKD50,000 of each transaction | Payments will be authorized based upon GSO's proper approval |

#All reports will be under GSO HK Format

**Exhibit B**

| Accrual Period | Month Invoiced (to be paid 45 days from date of submission of Invoice) | Amount |
| --- | --- | --- |
| 9/6/06 to 10/5/06 | October 2006 | HK$ 93,710 |
| 10/6/06 to 11/5/06 | November 2006 | HK$ 93,710 |
| 11/6/06 to 12/5/06 | December 2006 | HK$ 93,710 |
| 12/6/06 to 1/5/07 | January 2007 | HK$ 93,710 |
| 1/6/07 to 2/5/07 | February 2007 | HK$ 93,710 |
| 2/6/07 to 3/5/07 | March 2007 | HK$ 93,710 |
| 3/6/07 to 4/5/07 | April 2007 | HK$ 93,710 |
| 4/6/07 to 5/5/07 | May 2007 | HK$ 29,310 |
| 5/6/07 to 6/5/07 | June 2007 | HK$ 29,310 |
| 6/6/07 to 7/5/07 | July 2007 | HK$ 29,310 |
| 7/6/07 to 8/5/07 | August 2007 | HK$ 29,310 |
| 8/6/07 to 9/5/07 | September 2007 | HK$ 29,310 |

**Attachment 6-2**
**Sara Lee Japan**

**1. Parties and Roles.**

**1.1. Parties and Business Structure.**

- Sara Lee Japan Branded Ltd. (to be renamed Hanesbrands Japan Inc.) (Sara Lee Japan Branded Apparel) is a member of the HBI Group providing Headcount and Applications support to Sara Lee Japan (Sara Lee Japan H&BC).
- Sara Lee Japan H&BC is a member of the Sara Lee Group participating in e-mail and communications to Europe and the U.S.

**1.2. Roles of Parties.** For purposes of this Attachment 6-2, Sara Lee Japan Branded Apparel shall be the Provider and Sara Lee Japan H&BC shall be the Purchaser.

**2. Commencement Date; Services Term; Service Owners.**

**2.1. Commencement Date.** The Commencement Date for the Decoupling Services to be provided by Provider to Purchaser hereunder shall be the Distribution Date.

**2.2. Initial Services Term.** Provider shall provide to Purchaser the business process and information technology Decoupling Services designated in this Attachment for an Initial Services Term of two (2) years after the Distribution Date.

**2.3. Extension Services Term.** At the end of the first year of the Initial Services Term, Provider and Purchaser shall meet to assess the state of the H&BC business in Japan and whether any material changes have occurred that would require an extension to the Services Term or other changes to this Attachment 6-2. Based on the outcome of the parties' assessment, the parties may extend the Services Term of this Attachment by mutual agreement for one or more Extension Services Term(s) of a duration to be agreed upon by the parties.

**2.4. Service Owners.**

The parties respective Service Owners under this Attachment 6-2 are identified below:

| **Provider**: | **Purchaser**: |
| --- | --- |
| Masafumi Ohki | Pedro Bascones |
| Managing Director SE Asia | General Manager Sara Lee Japan |
| 81 35 361 2879 | 81 3 5361 2853 |

**3. Decoupling Services.** Starting on the Commencement Date, Provider will perform as Decoupling Services the business process and information technology services that were performed for Purchaser by Provider or its predecessor prior to the Distribution Date with respect to the functions listed below in this Section 3. The parties may agree to modify the Decoupling Services provided by Provider together with the service fees related to

such Decoupling Services in a manner that is mutually agreeable to both parties; provided, however, Provider and Purchaser shall mutually discuss and agree on the scope and nature of the services described below, including the practicality and necessity of providing such services:

- Credit;
- Accounts payable;
- Accounts receivable;
- General ledger;
- Fixed assets;
- Payroll;
- Banking transactions;
- Management reporting (monthly/quarterly/annual actual, forecast, AOP)
- Tax reporting;
- Employee benefits and compensation reporting;
- Travel and expense;
- Human resources;
- Network access;
- Computer Usage; and
- IT Support.

4. **Purchaser Obligations.** During the Services Term, Sara Lee Japan H&BC shall consider its future applications and network strategies and shall take steps reasonably necessary to implement its new applications and network strategies by the end of the Services Term. Sara Lee Japan H&BC shall implement Sara Lee Active Directory at the same time Sara Lee Japan Branded Apparel is implementing its Active Directory Structure.

5. **Service Fees.** For the Decoupling Services provided to Purchaser by Provider, Purchaser shall pay to Provider an annual fee of ¥59,172,000 including sublease of ¥9,694,000, to be paid in connection with Schedule 6 in twelve (12) equal monthly installments of ¥4,931,000 in each year of the Services Term. If the parties modify the Decoupling Services provided by Provider and related service fees for such modified Decoupling Services pursuant to Section 3 of this Attachment 6-2, then the service fees charged to Purchaser under this Section 5 shall be modified accordingly. If the parties extend the

Initial Services Term by one or more Extension Services Term(s), the parties shall mutually agree upon the additional fees for the Decoupling Services during such Extension Services Term(s).

6. **Network Connections.** Purchaser and Provider shall maintain the network connection and network trust relationship with regard to the parties' respective networks until the expiration of the Services Term.

7. **Facilities.** During the Initial Services Term, Sara Lee Japan H&BC will continue renting the same office space rented from Sara Lee Japan Branded Apparel prior to the Distribution Date, which rental shall be on the same terms and conditions as those prior to the Distribution Date.

**Attachment 6-3**
**Asia Business Development – Philippines**

**1. Parties and Roles.**

**1.1. Parties and Business Structure.**

- Asia Business Development in the Philippines (“ABD Philippines”) is the member of the HBI Group responsible for selling Branded Apparel Business brands in the Philippines market.
- Currently, ABD Philippines is sharing applications and infrastructure with Sara Lee Philippines Inc. (“H&BC Philippines”), a member of the Sara Lee Group.
- ABD Philippines is using certain MFG/PRO software licensed from QAD, Inc. (“MFG Pro”) for business functions to be provided hereunder in connection with the Decoupling Services.
- H&BC Philippines will convert to SAP going live in December 2006, but has committed to provide MFG Pro application support to ABD Philippines through March 31, 2007.

**1.2. Roles of Parties.** For purposes of this Attachment 6-3, H&BC Philippines shall be the Provider and ABD Philippines shall be the Purchaser.

**2. Commencement Date; Services Term; Service Owners.**

**2.1. Commencement Date.** The Commencement Date for the Decoupling Services to be provided by Provider to Purchaser hereunder shall be the Distribution Date.

**2.2. Initial Services Term.** Provider shall provide to Purchaser the business process and information technology Decoupling Services designated in this Attachment for an Initial Services Term from the Distribution Date through and including March 31, 2007.

**2.3. Extension Services Term.** The parties may extend the Services Term of this Attachment by mutual agreement for one or more Extension Services Term(s) of a duration to be agreed upon by the parties.

**2.4. Service Owners.**

The parties respective Service Owners under this Attachment 6-3 are identified below:

| **Provider**: | **Purchaser**: |
|---|---|
| Leo G. Obias | Mr. Carlos Villanueva |
| President | General Manager ABD Philippines |
| 632-772-2222 | 632-826-0095 |

3. **Decoupling Services.** Starting on the Commencement Date, Provider will perform as Decoupling Services the business process and information technology services that were performed for Purchaser by Provider or its predecessor prior to the Distribution Date with respect to the following functions:

- Purchasing (using the H&BC MFG Pro system);
- Accounts payable (using the H&BC MFG Pro system);
- General ledger (using the H&BC MFG Pro system); and
- Tax reporting (using the H&BC MFG Pro system).

4. **Service Fees.** For the Decoupling Services provided to Purchaser by Provider during the Initial Services Term, Purchaser shall pay to Provider services fee of 116,081.03 in Philippine Pesos per month, to be paid on a quarterly basis as set forth in Schedule 6, with each quarterly payment including three (3) months of fees. If the parties extend the Initial Services Term by one or more Extension Services Term(s), the parties shall mutually agree upon the additional fees for the Decoupling Services during such Extension Services Term(s).

5. **Network Connections.** Purchaser and Provider shall maintain the network connection and network trust relationship with regard to the parties' respective networks until the expiration of the Services Term.

6. **Data Extraction.** Prior to the expiration of the Initial Services Term, Purchaser will install replacement systems for MFG Pro. Provider will provide data extraction and transfer services related to the replacement of MFG Pro described herein with the format, content, and medium of extracted data to be determined by mutual agreement of the parties at the time of the installation of such replacement systems for a reasonable hourly rate, such rate to be mutually agreed upon by the parties at such time as the parties deem appropriate. For avoidance of doubt, the fees paid by Purchaser for services provided under this Section 6 shall not be included in the fees paid by Purchaser under Section 4 of this Attachment.

**Schedule 7**

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**Schedule 8**
**Microsoft Active Directory Services**

1. **General.** This is Schedule 8 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands, Inc. ("HBI"), a Maryland corporation (the "Agreement"). This Schedule 8 describes certain information technology services related to Microsoft Active Directory (as defined below) to be provided by Sara Lee (for purposes of this Schedule 8, the "Provider") to HBI (for purposes of this Schedule 8, the "Purchaser"). This Schedule 8 includes Attachment 8-1 and Attachment 8-2 attached hereto.

2. **Definitions.** Capitalized terms used in this Schedule 8 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

**2.1** "Commencement Date" shall mean the Distribution Date.

**2.2** "Extension Schedule Term" shall mean a period of up to six (6) months after the Initial Schedule Term.

**2.3** "Initial Schedule Term" shall mean a period of eighteen (18) months after the Commencement Date.

**2.4** "Mason Data Center" shall mean Provider's data and service center in Mason, Ohio.

**2.5** "Microsoft Active Directory" shall mean Provider's directory service used to store information about the network resources across Purchaser's and Provider's domains.

**2.6** "Microsoft Active Directory Services" shall mean those general technical and operational services for the ongoing operation and maintenance of the existing Microsoft Active Directory systems to be provided by Provider to Purchaser as described in this Schedule, including, without limitation system administration and availability services, break/fix troubleshooting and problem resolution services, and software upgrade services required to maintain vendor support.

**2.7** "Schedule Term" shall mean, collectively, the Initial Schedule Term and any Extension Schedule Term.

**2.8** "Service Owner" shall mean, with respect to a Party, the individual designated in Section 11 to be such Party's initial point of contact and escalation for the Microsoft Active Directory Services.

**2.9** "Winston-Salem Data Center" shall mean Purchaser's data and service center in Winston-Salem, North Carolina.

**3. Service Commitments**.

**3.1** Provider Obligations. Starting on the Commencement Date, Provider shall provide to Purchaser the following Microsoft Active Directory Services.

(i) Technical support services for Microsoft Active Directory system, including:

(a) Providing services related to hardware and Software sourcing, installation, upgrade, maintenance, and administrative support as required by the HBI Intel group headed by the Senior Manager, Kristopher Bang (336-519-2933) and SLC Intel group headed by the Manager, Tom Schario (513-204-4080) (As used in this paragraph "Software" refers to all non-application software specific to the platforms supported including operating system and related components, data transfer products, etc. Hardware and Software installation or upgrade projects will be scheduled to maintain support, correct problems and provide capacity.);

(b) Providing services for the maintenance of operating systems and major subsystems for all platforms at a release level required to support existing Purchaser application requirements;

(c) Upon receipt of Purchaser's request for an installation or upgrade of software or hardware (e.g., to maintain support), meeting with interested parties to determine and agree upon a desired completion date;

(d) Coordinating all software and hardware installations including planning, scheduling, testing, and implementation;

(e) Providing periodic management reports, promptly upon Purchaser's request, on key indicators and resources (e.g., central processing unit (CPU) and direct access storage device (DASD)) pertaining to performance, utilization, and capacity; and

(f) Providing proactive and reactive tuning/capacity support in order to maintain agreed to performance/capacity requirements or service levels and implementing corrective action within control of the Mason Data Center as quickly as possible based on a mutually agreed upon schedule.

(ii) Systems operation services for Microsoft Active Directory system, including those set forth below.

(a) Data center facility management services, including maintenance of hosted equipment in a commercial data center environment featuring raised floor space, computer room monitoring, Halon

protection, dual electrical power feeds with uninterruptible power supplies, and a backup diesel power generator.

(b) Change control and administration services, including:

- Providing a formal change control process for non-emergency changes that substantially affect the Mason Data Center and related components;
- Implementing changes only during downtime and service windows mutually agreed upon by Provider personnel and Purchaser customers, unless the Parties mutually agree that the change is needed to correct a critical problem (in which case Provider shall implement the change as soon as possible);
- Conducting a weekly meeting as part of the change control process to Schedule and coordinate changes that affect the Mason Data Center and Purchaser;
- Inviting Purchaser to participate in weekly meetings to stay fully informed of changes that may impact specific applications or the total environment;
- Notifying those parties affected by a change in advance of the change (within a minimum of one (1) week in advance of the planned implementation) depending on the scope of impact of the change, and including in the applicable notification a description of the change, what the change will impact, and the expected outage; and
- Implementing all changes through a documented test plan (if technology permits) and preparing a documented back-out plan.

(c) Availability management services, including:

- Establishing scheduled availability for hardware and online systems on a fiscal year basis;
- Monitoring all platforms including networks continuously twenty-four (24) hours a day, seven (7) days a week, including logging, tracking and escalating any problems according to the problem management procedures and on-call responsibility list maintained and supported by the Provider and Purchaser customer support centers;

- Maintaining system availability for the Microsoft Active Directory twenty-four hours a day by three hundred and sixty-five days a year; and
- Maintaining operating systems and major subsystems for all platforms at a release level required to support existing Purchaser application requirements.

(iii) Disaster recovery/continuity services for Microsoft Active Directory, including:

(a) Providing disaster recovery planning services that cover a total or partial loss of the Mason Data Center;

(b) Promptly notifying the Purchaser Chief Information Officers and the Parties' designated disaster recovery coordinators in the event of a disaster that prevents services from being provided for an extended period of time;

(c) Declaring a disaster and moving to a backup site upon determination that the total or partial data center outage will significantly exceed the maximum defined recovery time objective (RTO) for lost systems (currently seventy-two (72) hours for the Microsoft Activity Directory) and involving the Purchaser Chief Information Officers and the Parties' designated disaster recovery coordinators in making the foregoing determination;

(d) Providing recovery for all contracted system and production data to the latest weekend back-up and forward recovery of all Purchaser files to the latest daily offsite backup available;

(e) Providing Microsoft Active Directory Services in a disaster in "keep alive" versus "business as usual" mode unless otherwise designated (which may require activation of the Purchaser's business continuity plan);

(f) Providing assistance to the Purchaser in the development of information technology disaster recovery plans depending on resource availability;

(g) Coordinating and conducting disaster recovery and fail over tests as requested and working with Purchaser to determine specific systems to be tested and the scope of each test at the beginning of each fiscal year with the participation of the Purchaser's designated Disaster Recovery Coordinator;

(h) Coordinating with the current disaster recovery services vendor (SunGard Availability Services) and providing Purchaser access to

such vendor as necessary or as reasonably requested by Purchaser; and

(i) Coordinating with the current offsite storage vendor (Iron Mountain) and providing Purchaser access to such vendor as necessary or as reasonably requested by Purchaser.

(iv) Application services for Microsoft Active Directory, including:

(a) Support, application maintenance, infrastructure, database, and security administration services, including without limitation, the following:

- System administration and availability assurance;
- Application configuration changes per Purchaser request or approved change documents;
- Break/fix – troubleshooting and problem resolution;
- Application performance/tuning services required to maintain application performance at acceptable levels;
- Software application and hardware upgrades required to maintain vendor support;
- Support services for testing associated with approved change or upgrade activities;
- Application security services to assure the integrity, availability, control, and audit ability of information under custodianship of Provider and its IT personnel;
- Services to ensure adherence to existing policies and procedures;
- Services to maintain sufficient levels of internal controls and segregation of duties for processes resident at Provider's facilities;
- Services to provide data and supporting documentation to Purchaser business units upon request;
- Support services for internal and external audit needs; and
- Services to respond promptly to business unit information requests.

(v) Additional services for Microsoft Active Directory, including:

(a) Removing all Purchaser employees as domain administrators and enterprise administrators from the Provider Microsoft Active Directory environment;

(b) Managing and supporting the promotion and demotion of all Microsoft Active Directory controllers remaining attached to the Purchaser environment for Provider;

(c) Managing and supporting the Microsoft Active Directory "trust relationships" created between the Provider Microsoft Active Directory domains and the Purchaser Microsoft Active Directory domain(s) and using the "trust relationships" to allow Purchaser applications requiring Microsoft Active Directory functionality to work until they are fully converted to the Purchaser environment;

(d) Managing and supporting all Provider Microsoft Active Directory groups for the Purchaser "trust relationship";

(e) Providing domain name services (DNS) support for saralee.com applications which Purchaser uses in the Provider Microsoft Active Directory environment;

(f) Deploying monthly Microsoft security patches to Microsoft Active Directory controllers on an agreed upon schedule;

(g) Using commercially reasonable efforts to maintain uniqueness of the Purchaser Microsoft Active Directory user accounts that are defined to the SLBA Microsoft Active Directory organization unit and maintain such uniqueness until Purchaser converts to its own separate Microsoft Active Directory system; and

(h) Providing Microsoft Active Directory consultative services to Provider, including technical "questions and answers" on technical infrastructure that was in place at time of Separation, general informational questions, minor infrastructure administrative changes, etc.

(i) Adding servers to the Provider active directory domain for Purchaser in support of maintenance function activities on a case-by-case basis;

(j) Performing security administration access following approved change control and administration access monitoring systems such as Power Keeper;

(k) Performing as required by Sarbanes Oxley regulations and procedures quarterly entitlement reviews on all built/standard power user active directory security groups;

(l) Reviewing with Purchaser any changes, including deletions, to existing Purchaser active directory accounts including those with domain administrative authority, server logon authority, HBI DFS authority, general active directory administrative authority, standard active directory user accounts, etc. in a reasonable amount of time prior to taking any action, which shall include accounts in:

- “Admins Exchange”;
- “Admins InSite”;
- “Admins Security”;
- “Admins Server”; and
- All *EXCH* groups;

(m) Working with Purchaser to maintain the necessary current active directory accounts and related authority including those with domain administrative authority, server logon authority, HBI DFS authority, general active directory administrative authority, standard active directory user accounts, etc. required for Purchaser to maintain their respective active directory environment to function at a comparable level as at the Separation Date, which also includes accounts in:

- “Admins Exchange”;
- “Admins InSite”;
- “Admins Security”;
- “Admins Server”; and
- All *EXCH* groups;

(n) Permitting a Purchaser representative to attend the weekly active directory status/steering meeting in order for Purchaser to stay informed on upcoming changes to the Provider active directory environment;

(o) Notifying the Purchaser Intel Senior Manager of active directory planning meetings and permit a Purchaser representative to attend

in order to stay informed on upcoming changes to the Provider active directory environment;

(p) Providing the necessary ongoing active directory administrative capability to a limited number of Purchaser active directory or Intel personnel in order for Purchaser to provide reasonable administrative support for Purchaser-related organization units, objects, and user accounts; and

(q) Providing, when requested by Purchaser and for a reasonable time period, the necessary active directory capability to a limited number of Purchaser active directory or Intel personnel in order for Purchaser to execute active directory functions that require active directory administrator level authority in order to facilitate active directory migration efforts, HBI DFS support, review of domain controller event logs, and other similar activities.

**3.2 Purchaser Obligations.** In connection with the Microsoft Active Directory Services to be provided by Provider to Purchaser hereunder, Purchaser shall do the following, as necessary for Provider to perform the Microsoft Active Directory Services:

(i) Perform the tasks identified as being the responsibility of Purchaser in this Schedule 8;

(ii) Perform application recovery procedures beyond those covered by Data Center-supported weekly back-up and daily incremental saves and execute such procedures as part of the master disaster recovery plan owned by Provider’s technology services team and Purchaser’s Microsoft Active Directory team;

(iii) Participate in Provider’s application recovery activities as necessary for Provider to carry out its responsibilities specified in Section 3.1(iii) through the involvement of Purchaser’s IT staff and user community;

(iv) Notify Provider of required promotion and demotion of Microsoft Active Directory controllers;

(v) Allow Provider to deploy monthly Microsoft security patches to Microsoft Active Directory controllers and not unreasonably withhold approval or scheduling for deployment of patches;

(vi) Provide consultative services for the Microsoft Operations Manager environment that performs monitoring of the Purchaser Microsoft Active Directory environment;

(vii) Manage users and objects within the Microsoft Active Directory SLBA organizational unit and shared services;

(viii) Manage security processes with the organizational unit such as user account creations and deletions and account resets, and provide to Provider a weekly report of user changes for Provider validation;

(ix) Due to the active directory trust relationship between Provider and Purchaser and the continued use of the SLC-NA domain, Purchaser shall do the following:

- Raise the functional level of the SLC-NA domain when Sara Lee is ready;
- Restructure forest;
- Rename the domain;
- Make schema changes;
- Work with the Provider to provide the necessary upgrade support, technical support and hardware to support said changes that affect the Purchaser portion of the Provider active directory environment, infrastructure, and related logical structures;
- Provide Provider with the same Purchaser active directory migration project details including status updates and progress indicators on the same frequency that is being used for Purchaser internal reporting;
- Permit a Provider representative to attend the Purchaser active directory migration status/steering meeting in order for Provider to stay informed on upcoming migration plans and activities;
- Cease to create new User/Group/GPO objects in the Provider domain except for the Purchaser-related organization units; and
- Cease to add new servers to the Provider domains;

(x) Submit requests to add administrators to the following groups with justification (Provider will take ownership of such groups as of the Commencement Date:

- “Admins Exchange”;
- “Admins InSite”;
- “Admins Security”;
- “Admins Server”; and

- All *EXCH* groups;

(xi) Submit through the change control process requests that require “Domain Admin” rights and to use the Power Keeper software to perform the specified admin requests; and

(xii) Submit a request and justification to use all built/standard power user active directory security groups documented by Provider (which shall remove all members that are not part of the Provider organization), which Provider shall consider on a case-by-case basis (not all requests will be granted) and review on a quarterly basis as required by the Sarbanes Oxley user entitlement process.

**4.** **Service Delivery.** In addition to the requirements set forth elsewhere in this Schedule 8, Provider will perform the Microsoft Active Directory Services in the same manner, with the same frequency of service delivery and the same personnel, and during the same working hours as the predecessor to Provider performed services that are the same as the Microsoft Active Directory Services prior to the Commencement Date. With respect to any Microsoft Active Directory Service for which the predecessor to Provider did not perform an equivalent service prior to the Commencement Date, the Provider shall perform such Microsoft Active Directory Service with the frequency of service delivery reasonably requested by Purchaser.

**5.** **Schedule Term.** Provider shall provide the Microsoft Active Directory Services during the Schedule Term, unless this Schedule is first terminated as set forth in the Agreement. In the event Purchaser requires continuing Microsoft Active Directory Services, beyond the Initial Schedule Term, Purchaser may extend the Schedule Term for the Extension Schedule Term by providing to Provider written notice of extension at least fifteen (15) days prior to the expiration of the Initial Schedule Term.

**6.** **Service Level Obligations and Escalation.**

**6.2 Service Level Obligations.** Provider will provide the Microsoft Active Directory Services in accordance with the service levels identified in Attachment 8-1. If no service levels are included in Attachment 8-1 with respect to a particular service, Provider will provide such service in accordance with the higher of (a) the level of service comparable to what has historically been provided by the predecessor of Provider prior to the Commencement Date, or (b) the level of service that Provider provides to its own business units for services similar to the Microsoft Active Directory Services.

**6.3 Escalation.** The Parties shall attempt to resolve any outstanding issues not resolved in connection with Attachment 8-1 or any other issue or disputes arising with respect to the Microsoft Active Directory Services first by having the Service Owners attempt to resolve the dispute or issue. If the dispute or issue remains outstanding and cannot be resolved by the Service Owners, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

7. **Costs.** Purchaser shall pay Provider the fees set forth in Attachment 8-2 for the Microsoft Active Directory Services. Unless otherwise specified in this Schedule 8 or the Agreement, all time and materials expended by Provider in the performance of the Microsoft Active Directory Services shall be included in the applicable fees set forth in Attachment 8-2, and Provider shall not be entitled to receive any further compensation therefor. Provider may provide systems enhancements and modifications related to the Microsoft Active Directory Services, above and beyond applications and reports in existence as of the Commencement Date, at an additional cost to be negotiated at the time of the request for such enhancements and modifications. In the event the Parties agree upon such enhancements and modifications, the Parties shall develop a separate statement of work or addendum to this Schedule 8 with respect to such enhancements and modifications and Provider shall invoice Purchaser for such enhancements and modifications separately.

8. **Invoicing and Payment.** Provider shall invoice Purchaser for the Microsoft Active Directory Services in arrears on a quarterly basis after the conclusion of each fiscal quarter during the term of this Schedule 8. Purchaser shall pay all invoices for the Microsoft Active Directory Services within forty-five (45) days of the date of submission of such invoices by Provider to Purchaser.

9. **Service Locations.** Provider shall provide the Microsoft Active Directory Services from Provider’s Mason Data Center. Purchaser shall receive the Microsoft Active Directory Services at Purchaser’s Winston-Salem Data Center and any other location designated by Purchaser. During the term of this Schedule 8, if Provider requires access to Purchaser facilities in connection with Provider’s provision of the Microsoft Active Directory Services, Purchaser will provide to Provider access to Purchaser’s facilities upon Provider’s request as necessary to enable Provider to perform the Microsoft Active Directory Services. Provider will comply with all policies, including without limitation, use, security, and access policies, at each Purchaser facility for Purchaser’s employees and visitors generally as may be in effect from time to time.

10. **Software, Hardware and Other Assets.** Except as otherwise provided herein, Provider shall be responsible for (i) obtaining all software, hardware and other assets (including licenses) necessary to perform the Microsoft Active Directory Services as such Microsoft Active Directory Services have historically been provided, and (ii) the costs of all such software, hardware, and other assets (including licenses) so long as such annualized costs do not exceed those annualized costs incurred by Provider before the Commencement Date. Any increase in such annualized costs after the Commencement Date for software, hardware or other assets (including licenses) that are necessary in order for Provider to provide the Microsoft Active Directory Services without a degradation in the quality of the Microsoft Active Directory Services or that are otherwise incurred based on Purchaser’s request shall be paid for by Purchaser. Provider agrees to consult with Purchaser before incurring such increased costs.

11. **Service Owners.** The Parties’ respective Service Owners for Microsoft Active Directory Services under this Schedule 8 are identified below.

| **Provider**: | **Purchaser**: |
| --- | --- |
| Tom Schario<br>Manager, SLC Intel Group<br>(513) 204-4080 | Kristopher Bang<br>Senior Manager, HbI Intel Group<br>(336) 519-2933 |

**Attachment 8-1**

**Service Level Targets**

**Service Targets For MICROSOFT ACTIVE DIRECTORY Application Services**

**Service Targets over the Escalation Process**

| | Level 1 | Level 2 | Level 3 | 1st Escalation |
|---|---|---|---|---|
| **All severity 3 issues (not problem related)** | 1 hour | No maximum target | No maximum target | N/A |
| **All severity 2 issues (process failure or process completes with non-critical error, work-around available)** | 1 hour | 4 hours | No maximum target | 2 hours |
| **All severity 1 issues (work interrupted, no work-around)** | 30 minutes | 2 hours | 4 hours with vendor assistance | 1 hour |

**Service Targets Definitions**

Level 1 is an introductory Customer Support Consultant and lower level network analyst troubleshooting and resolving the problem.

Level 2 is a mid level senior analyst and/or network architect troubleshooting and resolving the problem.

Level 3 is a network architect working with external vendor resources troubleshooting and resolving the problem.

First escalation is the notification of senior management of the issue.

**Attachment 8-2**

Costs

**Quarterly Cost**

$0

**Schedule 9**
**Messaging Services**

1. **General.** This is Schedule 9 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands, Inc. ("HBI"), a Maryland corporation (the "Agreement"). This Schedule 9 describes certain information technology services related to messaging to be provided by Sara Lee (for purposes of this Schedule 9, the "Provider") to HBI (for purposes of this Schedule 9, the "Purchaser"). This Schedule 9 includes Attachment 9-1, Attachment 9-2 and Attachment 9-3 attached hereto.

2. **Definitions.** Capitalized terms used in this Schedule 9 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

**2.1** "Business Unit" shall mean Purchaser's internal business units.

**2.2** "Commencement Date" shall mean the Distribution Date.

**2.3** "Extension Schedule Term" shall mean a period of up to ninety (90) days after the Initial Schedule Term.

**2.4** "Initial Schedule Term" shall mean the period from the Commencement Date through and including one (1) year after the Commencement Date.

**2.5** "Mason Data Center" shall mean Provider's data and service center in Mason, Ohio.

**2.6** "Messaging Services" shall mean those technical and operational services for the ongoing operation and maintenance of the Messaging System to be provided by Provider to Purchaser as described in this Schedule, including, without limitation system administration and availability services, break/fix troubleshooting and problem resolution services, and software upgrade services required to maintain vendor support.

**2.7** "Messaging System" shall mean Provider's electronic mail messaging and filtering system.

**2.8** "Schedule Term" shall mean, collectively, the Initial Schedule Term and any Extension Schedule Term.

**2.9** "Service Owner" shall mean, with respect to a Party, the individual designated in Section 11 to be such Party's initial point of contact and escalation for the Messaging Services.

**2.10** "Winston-Salem Data Center" shall mean Purchaser's data and service center in Winston-Salem, North Carolina.

**3. Service Commitments.**

**3.1** Provider Obligations. Starting on the Commencement Date, Provider shall provide to Purchaser the following Messaging Services.

(i) Technical support services for the Messaging System, including:

(a) Providing services related to hardware and Software sourcing, installation, upgrade, maintenance, and administrative support as required by the HBI Intel group headed by the HbI Messaging group headed by the Manager, Willie Henry (336-519-7870) and SLC Messaging group headed by the Manager, Morgan Jones (513-204-4229) (As used in this paragraph "Software" refers to all non-application software specific to the platforms supported including operating system and related components, Exchange software and related components, data transfer products, etc. Hardware and Software installation or upgrade projects will be scheduled to maintain support, correct problems and provide capacity.);

(b) Providing help desk and technical services for support for functional and technical intervention (Purchaser, to report a problem, will first call the Provider help desk number at 1-866-259-9360);

(c) Providing services for the maintenance of operating systems and major subsystems for all platforms at a release level required to support existing Purchaser application requirements;

(d) Upon receipt of Purchaser's request for an installation or upgrade of software or hardware (e.g., to maintain support), meeting with interested parties to determine and agree upon a desired completion date;

(e) Coordinating all software and hardware installations including planning, scheduling, testing, and implementation;

(f) Providing periodic management reports, promptly upon Purchaser's request, on key indicators and resources (e.g., central processing unit (CPU) and direct access storage device (DASD)) pertaining to performance, utilization, and capacity; and

(g) Providing proactive and reactive tuning/capacity support in order to maintain agreed to performance/capacity requirements or service levels and implementing corrective action within control of the Mason Data Center as quickly as possible based on a mutually agreed upon schedule.

(ii) Systems operation services for the Messaging System, including those set forth below.

(a) Data center facility management services, including maintenance of hosted equipment in a commercial data center environment featuring raised floor space, computer room monitoring, Halon protection, dual electrical power feeds with uninterruptible power supplies, and a backup diesel power generator.

(b) Change control and administration services, including:

- Providing formal change control process for non-emergency changes that substantially affect the Mason Data Center and related components;
- Implementing changes only during downtime and service windows mutually agreed upon by Provider personnel and Purchaser customers, unless the Parties mutually agree that the change is needed to correct a critical problem (in which case Provider shall implement the change as soon as possible);
- Conducting a weekly meeting as part of the change control process to Schedule and coordinate changes that affect the Mason Data Center and Purchaser;
- Inviting Purchaser's customers to participate in weekly meetings described above in this Schedule 9 to stay fully informed of changes that may impact specific applications or the total environment;
- Notifying those parties affected by a change in advance of the change (within a minimum of one (1) week in advance of the planned implementation) depending on the scope of impact of the change, and including in the applicable notification a description of the change, what the change will impact, and the expected outage; and
- Implementing all changes through a documented test plan (if technology permits) and preparing a documented back-out plan.

(c) Availability management services, including:

- Establishing scheduled availability for hardware and online systems on a fiscal year basis;

- Monitoring all platforms including networks continuously twenty-four (24) hours a day, seven (7) days a week, including logging, tracking and escalating any problems according to the problem management procedures and on-call responsibility list maintained and supported by the Provider and Purchaser customer support centers; and
- Maintaining system availability for the Messaging System twenty-four hours a day by three hundred and sixty-five days a year.

(iii) Disaster recovery/continuity services for the Messaging System, including:

(a) Providing disaster recovery planning services that cover a total or partial loss of the Mason Data Center;

(b) Promptly notifying the Purchaser Chief Information Officers and the Parties' designated disaster recovery coordinators in the event of a disaster that prevents services from being provided for an extended period of time;

(c) Declaring a disaster and moving to a backup site upon determination that the total or partial data center outage will significantly exceed the maximum defined recovery time objective (RTO) for lost systems (currently seventy-two (72) hours for the Messaging System) and involving the Purchaser Chief Information Officers and the Parties' designated disaster recovery coordinators in making the foregoing determination;

(d) Providing recovery for all contracted system and production data to the latest weekend back-up and forward recovery of all Purchaser files to the latest daily offsite backup available;

(e) Providing Messaging Services in a disaster in "keep alive" versus "business as usual" mode unless otherwise designated (which may require activation of the Purchaser's business continuity plan);

(f) Providing assistance to the Purchaser in the development of information technology disaster recovery plans depending on resource availability;

(g) Coordinating and conducting disaster recovery and fail over tests as requested and working with Purchaser to determine specific systems to be tested and the scope of each test at the beginning of each fiscal year with the participation of the Purchaser's designated Disaster Recovery Coordinator;

(h) Coordinating with the current disaster recovery services vendor (SunGard Availability Services) and providing Purchaser access to such vendor as necessary or as reasonably requested by Purchaser; and

(i) Coordinating with the current offsite storage vendor (Iron Mountain) and providing Purchaser access to such vendor as necessary or as reasonably requested by Purchaser.

(iv) Application services for the Messaging System, including:

(a) Support, application maintenance, infrastructure, database, and security administration services, including without limitation, the following:

- System administration and availability assurance;
- Application configuration changes per Purchaser request or approved change documents;
- Break/fix – troubleshooting and problem resolution;
- Application performance/tuning services required to maintain application performance at acceptable levels;
- Software application and hardware upgrades required to maintain vendor support;
- Support services for testing associated with approved change or upgrade activities;
- Application security services to assure the integrity, availability, control, and audit ability of information under custodianship of Provider and its IT personnel;
- Services to ensure adherence to existing policies and procedures;
- Services to maintain sufficient levels of internal controls and segregation of duties for processes resident at Provider's facilities;
- Services to provide data and supporting documentation to Purchaser business units upon request;
- Support services for internal and external audit needs; and

- Services to respond promptly to Business Unit information requests.

(v) Electronic mail forwarding services, including:

(a) For a period of six (6) months after the Commencement Date, forwarding electronic mail addressed to any individual who is a Provider employee immediately prior to the Commencement Date and who becomes a Purchaser employee as of the Commencement Date (after the Commencement Date, the Provider version of the directory will be frozen and no additional changes will be allowed), either through the internet or extranet communications circuit;

(b) After the initial six (6) month forwarding period, sending a return receipt message to electronic mail messages directed to Purchaser employees covered by the forwarding service stating that the applicable employee is now part of Purchaser for an additional three (3) months, without the requirement that such messages be forwarded; and

(c) After the full six months, returning any mail sent to Provider for a Purchaser employee as undeliverable with no explanation.

(vi) Consultative services related to the Messaging System, including technical "questions and answers" on technical infrastructure that was in place at time of separation, general informational questions, minor infrastructure administrative changes, and related issues.

(vii) Services to permit Purchaser to continue to use the domain names listed in Attachment 9-3.

**3.2 Purchaser Obligations.** In connection with the Messaging Services to be provided by Provider to Purchaser hereunder, Purchaser shall do the following, as necessary for Provider to perform the Messaging Services:

(i) Perform the tasks identified as being the responsibility of Purchaser in this Schedule 9;

(ii) Perform application recovery procedures beyond those covered by Data Center-supported weekly back-up and daily incremental saves and execute such procedures as part of the master disaster recovery plan owned by Purchaser's technology services team and Provider's Messaging System team;

(iii) Participate in Provider's application recovery activities as necessary for Provider to carry out its responsibilities specified in

Section 3.1(iii) through the involvement of Purchaser's IT staff and user community; and

(iv) Maintain and manage the MX records for the domains listed in Attachment 9-3 as an administrator in the Iron Mountain system.

**4.** **Service Delivery.** In addition to the requirements set forth elsewhere in this Schedule 9, Provider will perform the Messaging Services in the same manner, with the same frequency of service delivery and the same personnel, and during the same working hours as the predecessor to Provider performed services that are the same as the Messaging Services prior to the Commencement Date. With respect to any Messaging Service for which the predecessor to Provider did not perform an equivalent service prior to the Commencement Date, the Provider shall perform such Messaging Service with the frequency of service delivery reasonably requested by Purchaser.

**5.** **Schedule Term.** Provider shall provide the Messaging Services during the Schedule Term, unless this Schedule is first terminated as set forth in the Agreement. In the event Purchaser requires continuing Messaging Services, beyond the Initial Schedule Term, Purchaser may extend the Schedule Term for the Extension Schedule Term by providing to Provider written notice of extension at least fifteen (15) days prior to the expiration of the Initial Schedule Term.

**6.** **Service Level Obligations and Escalation.**

**6.1** Service Level Obligations**.** Provider will provide the Messaging Services in accordance with the service levels identified in Attachment 9-1. If no service levels are included in Attachment 9-1 with respect to a particular service, Provider will provide such service in accordance with the higher of (a) the level of service comparable to what has historically been provided by the predecessor of Provider prior to the Commencement Date, or (b) the level of service that Provider provides to its own business units for services similar to the Messaging Services.

**6.2** **Escalation.** The Parties shall attempt to resolve any outstanding issues not resolved in connection with Attachment 9-1 or any other issue or disputes arising with respect to the Messaging Services first by having the Service Owners attempt to resolve the dispute or issue. If the dispute or issue remains outstanding and cannot be resolved by the Service Owners, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

**7.** **Costs.** Purchaser shall pay Provider the fees set forth in Attachment 9-2 for the Messaging Services. Unless otherwise specified in this Schedule 9 or the Agreement, all time and materials expended by Provider in the performance of the Messaging Services shall be included in the applicable fees set forth in Attachment 9-2, and Provider shall not be entitled to receive any further compensation therefor. Provider may provide systems enhancements and modifications related to the Messaging Services, above and beyond applications and reports in existence as of the Commencement Date, at an additional cost to be negotiated at the time of the request for such enhancements and modifications. In

the event the Parties agree upon such enhancements and modifications, the Parties shall develop a separate statement of work or addendum to this Schedule 9 with respect to such enhancements and modifications and Provider shall invoice Purchaser for such enhancements and modifications separately.

8. **Invoicing and Payment.** Provider shall invoice Purchaser for the Messaging Services in arrears on a quarterly basis after the conclusion of each fiscal quarter during the term of this Schedule 9. Purchaser shall pay all invoices for the Messaging Services within forty-five (45) days of the date of submission of such invoices by Provider to Purchaser.

9. **Service Locations.** Provider shall provide the Messaging Services from Provider's Mason Data Center. Purchaser shall receive the Messaging Services at Purchaser's Winston-Salem Data Center and any other location designated by Purchaser. During the term of this Schedule 9, if Provider requires access to Purchaser facilities in connection with Provider's provision of the Messaging Services, Purchaser will provide to Provider access to Purchaser's facilities upon Provider's request as necessary to enable Provider to perform the Messaging Services. Provider will comply with all policies, including without limitation, use, security, and access policies, at each Purchaser facility for Purchaser's employees and visitors generally as may be in effect from time to time.

10. **Software, Hardware and Other Assets.** Except as otherwise provided herein, Provider shall be responsible for (i) obtaining all software, hardware and other assets (including licenses) necessary to perform the Messaging Services as such Messaging Services have historically been provided, and (ii) the costs of all such software, hardware, and other assets (including licenses) so long as such annualized costs do not exceed those annualized costs incurred by Provider before the Commencement Date. Any increase in such annualized costs after the Commencement Date for software, hardware or other assets (including licenses) that are necessary in order for Provider to provide the Messaging Services without a degradation in the quality of the Messaging Services or that are otherwise incurred based on Purchaser's request shall be paid for by Purchaser. Provider agrees to consult with Purchaser before incurring such increased costs.

11. **Service Owners**. The Parties' respective Service Owners for Messaging Services under this Schedule 9 are identified below.

| **Provider**: | **Purchaser**: |
|---|---|
| Morgan Jones<br>Manager, SLC Messaging Group<br>(513) 204-4229 | Willie Henry<br>Manager, HbI Messaging Group<br>(336) 519-7870 |

**Attachment 9-1**

**Service Level Targets**

**Service Targets For MESSAGING Application Services**

**Service Targets over the Escalation Process**

| | Level 1 | Level 2 | Level 3 | 1st Escalation |
|---|---|---|---|---|
| **All severity 3 issues (not problem related)** | 1 hour | No maximum target | No maximum target | N/A |
| **All severity 2 issues (process failure or process completes with non-critical error, work-around available)** | 1 hour | 4 hours | No maximum target | 2 hours |
| **All severity 1 issues (work interrupted, no work-around)** | 15 minutes | 2 hours | 8 hours with vendor assistance | 1 hour |

**Service Targets Definitions**

Level 1 is an introductory Customer Support Consultant and lower level network analyst troubleshooting and resolving the problem.

Level 2 is a mid level senior analyst and/or network architect troubleshooting and resolving the problem.

Level 3 is a network architect working with external vendor resources troubleshooting and resolving the problem.

First escalation is the notification of senior management of the issue.

**Attachment 9-2**

Costs

**Quarterly Cost**

$0

**Attachment 9-3**
HBI Domains

saralee.net

saraleedirect.com

saraleeintimateapparel.com

saraleeintimateapparel.net

saraleeintimateapparel.org

saraleeintimates.com

saraleeprintables.at

saraleeprintables.be

saraleeprintables.ch

saraleeprintables.co.hu

saraleeprintables.co.uk

saraleeprintables.com

saraleeprintables.com.pt

saraleeprintables.cz

saraleeprintables.de

saraleeprintables.dk

saraleeprintables.gen.tr

saraleeprintables.gr

saraleeprintables.it

saraleeprintables.lt

saraleeprintables.lv

saraleeprintables.net

saraleeprintables.pl
saraleeprintables.ro
saraleeprintables.se
slbanet.com
saraleeba.com
slbasfa.com
slbasourcing.com
sldcatalog.com
sldirect.com
slh-b2b.com
slhlink.com
slhnet.com
slh-retail.com
slianet.com
slianet.net
slianet.org
slkp.com
slouterbanks.com
slsc.com
slucpfr.com
slu-online.com
slusourcing.com

**Schedule 10**
**Network Services**

1. **General.** This is Schedule 10 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands, Inc. ("HBI"), a Maryland corporation (the "Agreement"). This Schedule 10 describes certain network services to be provided by each of Sara Lee and HBI to the other Party. This Schedule 10 includes Attachment 10-1, Attachment 10-2 and Attachment 10-3 attached hereto.

2. **Definitions.** Capitalized terms used in this Schedule 10 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

   **2.1** "Commencement Date" shall mean the Distribution Date.

   **2.2** "Mason Data Center" shall mean Sara Lee's data and service center in Mason, Ohio.

   **2.3** "Network Services" shall mean those services for the ongoing operation and maintenance of the Network to be provided by a Party to the Requestor as described in this Schedule, including, without limitation system administration and availability services, break/fix troubleshooting and problem resolution services, and software upgrade services required to maintain vendor support.

   **2.4** "Network" shall mean the shared network used by the Parties prior to the Separation, as modified and segregated after the Separation pursuant to this Schedule 10.

   **2.5** "Provider" shall mean the Party providing Network Services to the other Party as a Requestor hereunder.

   **2.6** "Requestor" shall mean a Party requesting Network Services from the other Party hereunder.

   **2.7** "Schedule Term" shall mean the period from the Commencement Date through the date when the last of the Schedules under the Agreement that relies upon Network Services expires or terminates.

   **2.9** "Service Owner" shall mean, with respect to a Party, the individual designated in Section 11 to be such Party's initial point of contact and escalation for the Network Services.

   **2.10** "Winston-Salem Data Center" shall mean HBI's data and service center in Winston-Salem, North Carolina.

**3. Service Commitments.**

**3.1 <u>Provider Obligations.</u>** Starting on the Commencement Date, Provider shall provide to Requestor the following Network Services.

(i) Technical support services for the Network, including:

(a) Providing services related to hardware and Software sourcing, installation, upgrade, maintenance, and administrative support as required by the HbI Network group headed by the Manager, Scott Bernard (336-519-8858) and SLC Network group headed by the Manager, Dave Mummey (513-204-4059) (As used in this paragraph "Software" refers to all non-application software specific to the platforms supported including operating system and related components, Exchange software and related components, data transfer products, etc. Hardware and Software installation or upgrade projects will be scheduled to maintain support, correct problems and provide capacity.);

(b) Providing services for the maintenance of operating systems and major subsystems for all platforms at a release level required to support existing Requestor application requirements;

(c) Upon receipt of Requestor's request for an installation or upgrade of software or hardware (e.g., to maintain support), meeting with interested parties to determine and agree upon a desired completion date;

(d) Coordinating all software and hardware installations including planning, scheduling, testing, and implementation;

(e) Providing periodic management reports, promptly upon Requestor's request, on key indicators and resources (<u>e.g.</u>, response time and circuit utilization) pertaining to performance, utilization, and capacity; and

(f) Providing proactive and reactive tuning/capacity support in order to maintain agreed to performance/capacity requirements or service levels and implementing corrective action within control of the Mason Data Center as quickly as possible based on a mutually agreed upon schedule.

(ii) Systems operation services for the Network, including those set forth below.

(a) Data center facility management services, including maintenance of hosted equipment in a commercial data center environment featuring raised floor space, computer room monitoring, Halon

protection, dual electrical power feeds with uninterruptible power supplies, and a backup diesel power generator.

(b) Change control and administration services, including:

- Establishing, implementing and executing a formal change control process for non-emergency changes that substantially affect the Mason Data Center and related components;
- Implementing changes only during downtime and service windows mutually agreed upon by Provider personnel and Requestor customers, unless the Parties mutually agree that the change is needed to correct a critical problem (in which case Provider shall implement the change as soon as possible);
- Conducting a weekly meeting as part of the change control process to Schedule and coordinate changes that affect the Mason Data Center and Requestor;
- Participating in weekly meetings with the other Party to stay fully informed of changes that may impact specific applications or the total environment;
- Notifying those parties affected by a change in advance of the change (within a minimum of one (1) week in advance of the planned implementation) depending on the scope of impact of the change, and including in the applicable notification a description of the change, what the change will impact, and the expected outage; and
- Implementing all changes through a documented test plan (if technology permits) and preparing a documented back-out plan.

(c) Availability management services, including:

- Establishing scheduled availability for hardware and online systems on a fiscal year basis;
- Monitoring all platforms including networks continuously twenty-four (24) hours a day, seven (7) days a week, including logging, tracking and escalating any problems according to the problem management procedures and on-call responsibility list maintained and supported by the Provider and Requestor customer support centers; and

- Maintaining system availability for the Network twenty-four hours a day by three hundred and sixty-five days a year.

(iii) Disaster recovery/continuity services for the Network, including:

(a) Promptly notifying the Requestor Chief Information Officers and the Parties' designated disaster recovery coordinators in the event of a disaster that affects the availability of joint Network Services for an extended period of time;

(b) Working with the other Party during the disaster recovery period to make available the joint Network Services as quickly as possible;

(c) Executing its disaster recovery plan necessary for the recovery of its data center and/or network as needed including providing for the availability of the joint Network Services after the declaration of a disaster (with the other Party responsible for implementing its portion of the plan required to support the availability of the joint Network Services);

(d) Providing Network Services in a disaster in "keep alive" versus "business as usual" mode unless otherwise designated (which may require activation of the Requestor's business continuity plan);

(e) Providing assistance to the Requestor in the development of information technology disaster recovery plans depending on resource availability;

(f) Coordinating and conducting disaster recovery and fail over tests as requested and working with Requestor to determine specific systems to be tested and the scope of each test at the beginning of each fiscal year with the participation of the Requestor's designated Disaster Recovery Coordinator;

(g) Coordinating with the current disaster recovery services vendor (SunGard Availability Services) and providing Requestor access to such vendor as necessary or as reasonably requested by Requestor;

(h) Coordinating with the current offsite storage vendor (Iron Mountain) and providing Requestor access to such vendor as necessary or as reasonably requested by Requestor; and

(iv) Internetworking Operating System services for the Network, including:

(a) Support, application maintenance, infrastructure, database, and security administration services, including without limitation, the following:

- System administration and availability assurance;
- Application configuration changes per Requestor request or approved change documents;
- Break/fix – troubleshooting and problem resolution;
- Application performance/tuning services required to maintain application performance at acceptable levels;
- Software application and hardware upgrades required to maintain vendor support;
- Support services for testing associated with approved change or upgrade activities;
- Application security services to assure the integrity, availability, control, and audit ability of information under custodianship of Provider and its IT personnel;
- Services to ensure adherence to existing policies and procedures;
- Services to maintain sufficient levels of internal controls and segregation of duties for processes resident at Provider's facilities;
- Services to provide data and supporting documentation to Requestor business units upon request;
- Support services for internal and external audit needs; and
- Services to respond promptly to business unit information requests.

(v) Additional services, including:

(a) Working together with the other Party to move the network connection to an extranet connection with a site-to-site VPN backup between HBI's Winston-Salem Data Center and Sara Lee's Mason Data Center; and

(b) Performing application recovery procedures beyond those covered by Data Center supported weekly back up and daily incremental saves and execute such procedures as part of the master disaster recovery plan owned by Sara Lee's technology services team and HBI's Network team.

(vi) Data transport services, including, for 6 months following the Commencement Date, continuing to provide data transport services for the Lawson to HBI Zone Company Directory data feed via Crossworlds/ICS, which services will be consistent with offerings and level of service prior to the Commencement Date (including general technical, administrative, break/fix troubleshooting and problem resolution, and operational support).

**3.2 Sara Lee Obligations.** In connection with the Network Services, Sara Lee shall do the following:

(i) Pay for the physical circuits in Mason, Ohio and for the required PVC charges linking Sara Lee and HBI for extranet connectivity;

(ii) Provide help desk and technical services to provide support to HBI for functional and technical intervention (HBI, to report a problem, will first call the Sara Lee help desk);

(iii) Provide the Sara Lee-side internet connectivity required for the site to site VPN and the physical equipment required on the Sara Lee side for the connection between the Parties;

(iv) Install and/or configure a firewall and intrusion prevention system (IPS) environment within the Sara Lee-side network configuration for its segment of the joint extranet connection and work with HBI to establish and manage network security for the extranet connection;

(v) Mutually agree with HBI on any increases or decreases in required communications connectivity between the companies;

(vi) Establish disaster recovery network connectivity to its disaster recovery site and discontinue use of the HBI Disaster Recovery network and related network infrastructure within six (6) months of the Commencement Date, provided that the six (6) month period shall be extended as necessary if Sara Lee is unable to establish its own network connectivity within the initial six (6) month period;

(vii) Establish the necessary network connectivity between the Sara Lee and HBI disaster recovery sites networks and related network infrastructure to facilitate access, in the event of a disaster recovery to either Party, to HBI services and applications provided by this Schedule 10 and other Schedules under the Agreement, configure the network connection with firewall and IPS protection, bear the cost (one-time and recurring) of establishing such connectivity, and maintain the disaster recovery configuration remain in place until all other Schedules under the Agreement expire or are terminated;

(viii) Work with HBI to complete the separation of internet domain names between the Parties with Iron Mountain;

(ix) Provide Network Services consultative services to HBI, including technical "questions and answers" on technical infrastructure that was in place at time of Separation, general informational questions, minor infrastructure administrative changes, etc.;

(x) Allow HBI continued use of the domain names listed in the "HBI Domains" section of Attachment 10-3 for a period of one (1) year after the Commencement Date and manage such domain names through its Iron Mountain contract under the Sara Lee Corp Iron Mountain Portal in the division referenced as SLBA;

(xi) Allow HBI continued use of the host names listed in the "HBI Host Names" section of Attachment 10-3 for a period of one (1) year after the Commencement Date; and

(xii) Permit HBI to access and utilize the existing Sara Lee network and related network infrastructure that is currently in place in the Sara Lee Bentonville Sales Office for a period of six (6) months after the Commencement Date to facilitate access of the HBI Wal-Mart Sales Team to the Winston-Salem Data Center through the Sara Lee network.

**3.3 HBI Obligations.** In connection with the Network Services, HBI shall do the following:

(i) Pay for the physical circuits for the extranet connectivity in Winston-Salem, NC;

(ii) Provide help desk and technical services to provide support to Sara Lee for functional and technical intervention (Sara Lee, to report a problem, will first call the HBI help desk at 336-519-5000);

(iii) Disconnect existing circuits from Provider's SLC Corporate MPLS network within forty-five (45) days after the Commencement Date as a prerequisite for the transition of the network connection to an extranet connection with a site-to-site VPN backup as described above;

(iv) Provide the HBI-side internet connectivity required for the site to site VPN and the physical equipment required on the HBI side for the connection between the Parties;

(v) Install and/or configure a firewall and intrusion prevention system (IPS) environment within the HBI-side network configuration for its segment of the joint extranet connection and work with Sara Lee to establish and manage network security for the extranet connection;

(vi) Mutually agree with Sara Lee on any increases or decreases in required communications connectivity between the companies;

(vii) Work with Sara Lee to complete the separation of internet domain names between the Parties with Iron Mountain and, upon completion, cross-train Sara Lee personnel on management of the domains that have been transferred to Sara Lee;

(viii) Provide consulting services to Sara Lee for domain names for three (3) months after the Commencement Date;

(ix) Provide access for Sara Lee to the existing HBI Disaster Recovery network and related network infrastructure that is currently in place to facilitate access to Sara Lee's disaster recovery site as necessary for nine (9) months following the Commencement Date;

(x) Provide Network Services consultative services to Sara Lee, including technical "questions and answers" on technical infrastructure that was in place at time of Separation, general informational questions, minor infrastructure administrative changes, etc.;

(xi) Maintain and manage the Internet DNS records for the domains listed in "HBI Domains" section of Attachment 10-3 and maintain and manage the Internet DNS records for the host names listed in the "HBI Host Names" section of Attachment 10-3;

(xii) Establish separate necessary network connectivity and related network infrastructure for the HBI Wal-Mart Sales Team in the Sara Lee Bentonville Sales Office to access the Winston-Salem Data Center and discontinue use of the Sara Lee network for such purpose within six (6) months after the Commencement Date; and

(xiii) Permit use by Sara Lee of existing HBI telephone numbers and related telecommunications infrastructure currently in place at the Stratford Road plant and used to support the Sara Lee Bakery Outlet Store located in Winston-Salem, North Carolina for a period equal to the Schedule Term; provided that (a) HBI will give Sara Lee at least six (6) months notice if it is necessary for Sara Lee to implement a replacement capability (the cost of which will be borne solely by Sara Lee) if the service needs to canceled due to any unplanned circumstances such as (1) plant ownership change, (2) abandonment by HBI of the telephone system, telephone exchange (519-xxxx), and/or related telecommunications infrastructure, (3) mandated changes required by local telecommunications provider, or (4) other unplanned events outside of HBI's control, (b) permitted use and related services will be on an "as-is" basis and Sara Lee shall, at its own expense, implement any changes or replacements necessary to support a

different type or level of use and service, and (c) Sara Lee may cancel such use at any time with thirty (30) days advance notice to HBI.

4. **Service Delivery.** In addition to the requirements set forth elsewhere in this Schedule 10, Provider will perform the Network Services in the same manner, with the same frequency of service delivery and the same personnel, and during the same working hours as the predecessor to Provider performed services that are the same as the Network Services prior to the Commencement Date. With respect to any Network Service for which the predecessor to Provider did not perform an equivalent service prior to the Commencement Date, the Provider shall perform such Network Service with the frequency of service delivery reasonably requested by Requestor.

5. **Schedule Term.** Provider shall provide the Network Services during the Schedule Term, unless this Schedule is first terminated as set forth in the Agreement.

6. **Service Level Obligations and Escalation.**

**6.1** Service Level Obligations. Provider will provide the Network Services in accordance with the service levels identified in Attachment 10-1. If no service levels are included in Attachment 10-1 with respect to a particular service, Provider will provide such service in accordance with the higher of (a) the level of service comparable to what has historically been provided by the predecessor of Provider prior to the Commencement Date, or (b) the level of service that Provider provides to its own business units for services similar to the Network Services. Each Party shall pay to the other Party any credits due for certain service failures as specified in Attachment 10-1.

**6.2** Escalation. The Parties shall attempt to resolve any outstanding issues not resolved in connection with Attachment 10-1 or any other issue or disputes arising with respect to the Network Services first by having the Service Owners attempt to resolve the dispute or issue. If the dispute or issue remains outstanding and cannot be resolved by the Service Owners, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

7. **Costs.** Each Party shall pay to the other Party the fees set forth in Attachment 10-2 for the Network Services provided from such other Party as a Provider to the first Party as a Requestor. Unless otherwise specified in this Schedule 10 or the Agreement, all time and materials expended by either Party in the performance of its respective Network Services shall be included in the applicable fees set forth in Attachment 10-2, and such Party shall not be entitled to receive any further compensation therefor. A Party may provide to the other Party systems enhancements and modifications related to the Network Services, above and beyond applications and reports in existence as of the Commencement Date, at an additional cost to be negotiated at the time of the request for such enhancements and modifications. In the event the Parties agree upon such enhancements and modifications, the Parties shall develop a separate statement of work or addendum to this Schedule 10 with respect to such enhancements and modifications and the Party acting as Provider shall invoice the other Party for such enhancements and modifications separately.

8. **Invoicing and Payment.** Each Party shall invoice the other Party for the Network Services provided by such first Party in arrears on a quarterly basis after the conclusion of each fiscal quarter during the Schedule Term. Each invoiced Party shall pay all invoices for the Network Services or other services hereunder within forty-five (45) days of the date of submission of such invoices by the invoicing Party.

9. **Service Locations.** Sara Lee shall provide the Network Services from its Mason Data Center and HBI shall provide its services hereunder from its Winston-Salem Data Center. HBI shall receive the Network Services at its Winston-Salem Data Center and any other location designated by HBI and Sara Lee shall receive services provided by HBI hereunder at Sara Lee's Mason Data Center and any other location designated by Sara Lee. During the term of this Schedule 10, if a Party providing services hereunder requires access to facilities of the Party receiving services in connection with the providing Party's provision of such services, the receiving Party will provide to the providing Party access to such receiving Party's facilities upon such providing Party's request as necessary to enable such providing Party to perform such services. Each Party will comply with all policies, including without limitation, use, security, and access policies, at each of the other Party's facilities for such other Party's employees and visitors generally as may be in effect from time to time.

10. **Software, Hardware and Other Assets.** Except as set forth otherwise herein, each Party shall be responsible for obtaining all software, hardware, other assets (including licenses) and any other rights necessary to perform its portion of the Network Services.

11. **Service Owners**. The Parties' respective Service Owners for Network Services under this Schedule 10 are identified below.

| **Sara Lee:** | **HBI:** |
|---|---|
| Dave Mummey<br>Manager, SLC Network Group<br>(513) 204-4059 | Scott Bernard<br>Manager, HbI Network Group<br>(336) 519-8858 |

**Attachment 10-1**

**Service Level Targets**

**Service Targets For MESSAGING Application Services**

**Service Targets over the Escalation Process**

| | Level 1 | Level 2 | Level 3 | 1st Escalation |
|---|---|---|---|---|
| **All severity 3 issues (not problem related)** | 1 hour | No maximum target | No maximum target | N/A |
| **All severity 2 issues (process failure or process completes with non-critical error, work-around available)** | 1 hour | 4 hours | No maximum target | 2 hours |
| **All severity 1 issues (work interrupted, no work-around)** | 15 minutes | 1 hour | 3 hours maximum and issue must be resolved | 30 minutes |

**Service Targets Definitions**

Level 1 is an introductory Customer Support Consultant and lower level network analyst troubleshooting and resolving the problem.

Level 2 is a mid level senior analyst and/or network architect troubleshooting and resolving the problem.

Level 3 is a network architect working with external vendor resources troubleshooting and resolving the problem.

First escalation is the notification of senior management of the issue.

**Attachment 10-2**

Costs

**Sara Lee to HBI**
**Quarterly Cost**
$0

**HBI to Sara Lee**
**Quarterly Cost**
$0

**Attachment 10-3**

Domain Names and Host Names

HBI Domains

saralee.net
saraleedirect.com
saraleeintimateapparel.com
saraleeintimateapparel.net
saraleeintimateapparel.org
saraleeintimates.com
saraleeprintables.at
saraleeprintables.be
saraleeprintables.ch
saraleeprintables.co.hu
saraleeprintables.co.uk
saraleeprintables.com
saraleeprintables.com.pt
saraleeprintables.cz
saraleeprintables.de
saraleeprintables.dk
saraleeprintables.gen.tr
saraleeprintables.gr
saraleeprintables.it
saraleeprintables.lt
saraleeprintables.lv
saraleeprintables.net
saraleeprintables.pl
saraleeprintables.ro
saraleeprintables.se
slbanet.com
saraleeba.com
slbasfa.com
slbasourcing.com
sldcatalog.com
sldirect.com
slh-b2b.com
slhlink.com
slhnet.com
slh-retail.com
slianet.com
slianet.net
slianet.org
slkp.com
slouterbanks.com
slsc.com
slucpfr.com

slu-online.com
slusourcing.com

HBI Host Names

450.saralee.net
notes.saralee.net
mail.saralee.net
nowhere20.saralee.net
user3.saralee.net
ns3.saralee.net
notes.saralee.net
ironmail3.saralee.net
ironmail4.saralee.net
ironmail.saralee.net
ironmail2.saralee.net
ironcmc.saralee.net
user4.saralee.net
user2.saralee.net
nowhere9.saralee.net
nowhere10.saralee.net
nowhere11.saralee.net
nowhere12.saralee.net
nowhere13.saralee.net
nowhere14.saralee.net
nowhere6.saralee.net
nowhere7.saralee.net
nowhere15.saralee.net
nowhere18.saralee.net
dmzgate.saralee.net
krycek.saralee.net
ns.saralee.net
dmzserv3.saralee.net
ns2.saralee.net
sliaweb1.saralee.net
ftp.saralee.net
nowhere1.saralee.net
centauri.saralee.net
sldf51.saralee.net
sldf52.saralee.net
sldf5v.saralee.net
mail.saralee.net
byers.saralee.net
scully.saralee.net
mulder.saralee.net

langly.saralee.net
as21.saralee.net
as2v.saralee.net
as22.saralee.net
as23.saralee.net
as24.saralee.net
as2vn.saralee.net
slctweb1.saralee.net
gadget.saralee.net
450.saralee.net
tracker01.saralee.net
hbiauth.saralee.net
tracker03.saralee.net
tracker04.saralee.net
itsweb1.saralee.net
testproxy.saralee.net
hive.saralee.net
w1lapd01.saralee.net
w1happ01.saralee.net
x.saralee.net

## Schedule 11
## Consultative Services

1. **General.** This is Schedule 11 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands, Inc. ("HBI"), a Maryland corporation (the "Agreement"). This Schedule 11 describes certain information technology consultation to be provided by each Party to the other Party.

2. **Definitions.** Capitalized terms used in this Schedule 11 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

   **2.1** "Business Unit" shall mean Purchaser's internal business units.

   **2.2** "Commencement Date" shall mean the Distribution Date.

   **2.3** "Consultative Services" shall mean consultative services including technical "questions and answers" on technical infrastructure that was in place at time of Separation, general informational questions (e.g., circuit provisioning, billing, contracts, etc.), infrastructure administrative changes, and related issues.

   **2.4** "Schedule Term" shall mean a period of six (months) from the Commencement Date.

3. **Service Commitments.**

   **3.1** Sara Lee Obligations. Starting on the Commencement Date, Sara Lee shall provide to HBI the Consultative Services based on requests from HBI. Service requests associated with an active technical services agreement (e.g., Microsoft Active Directory Services (as defined in Schedule 8)) are not covered by this Schedule 11, but are covered under the applicable schedule to the Agreement.

   **3.2** HBI Obligations. Starting on the Commencement Date, HBI shall provide to Sara Lee the Consultative Services based on requests from Sara Lee. Service requests associated with an active technical services agreement (e.g., Microsoft Active Directory Services (as defined in Schedule 8)) are not covered by this Schedule 11, but are covered under the applicable schedule to the Agreement.

4. **Schedule Term.** Each Party shall provide Consultative Services to the other Party during the Schedule Term, unless this Schedule is first terminated as set forth in the Agreement.

5. **Costs and Payment.** No fee will be charged by either Party for the Consultative Services if each Consultative Service request takes no more than four (4) hours and the monthly aggregate of Consultative Services by a Party does not exceed sixteen (16) hours. For each Consultative Service request that is more than four (4) hours in duration or exceeds the monthly limit, the Party providing such Consultative Services can, in its

discretion, charge the other Party for such Consultative Service request at the rate of $61.00/hour for total time required to provide such Consultative Service along with any additional expenses (e.g., travel, supplies, etc.) required to satisfy such request. Prior to taking action on any Consultative Service request that might be chargeable, the providing Party will provide, in a reasonable amount of time, to the requesting representative of the other Party a brief written time and cost estimate and such other Party may thereafter accept or decline such Consultative Service. For any Consultative Services for which a cost may be charged hereunder, the Party receiving such Services shall pay the providing Party within thirty (30) days of the date of submission of an invoices for such Consultative Services by such providing Party.

**Schedule 12**
**AB Spooler Viking Services**

1. **General.** This is Schedule 12 to that certain Master Transition Services Agreement dated as of August 31, 2006, by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands, Inc. ("HBI"), a Maryland corporation (the "Agreement"). This Schedule 12 describes certain information technology services related to AB Spooler Viking services (as defined below) to be provided by HBI (for purposes of this Schedule 12, the "Provider") to Sara Lee (for purposes of this Schedule 12, the "Purchaser"). This Schedule 12 includes Attachment 12-1 and Attachment 12-2 attached hereto.

2. **Definitions**. Capitalized terms used in this Schedule 12 and not defined herein shall have the meanings set forth in the Agreement. The following terms shall have the respective meanings set forth below.

   **2.1** "Commencement Date" shall mean the Distribution Date.

   **2.2** "Extension Schedule Term" shall mean a period of up to three (3) months after the Initial Schedule Term.

   **2.3** "Initial Schedule Term" shall mean a period of three (3) months after the Commencement Date.

   **2.4** "Mason Data Center" shall mean Purchaser's data and service center in Mason, Ohio.

   **2.5** "AB Spooler Viking" shall mean Provider's directory service used to print information from and to the Purchaser's environment.

   **2.6** "AB Spooler Viking Services" shall mean those general technical and operational services for the ongoing operation and maintenance of the existing AB Spooler Viking Services systems to be provided by Provider to Purchaser as described in this Schedule, including, without limitation system administration and availability services, break/fix troubleshooting and problem resolution services.

   **2.7** "Schedule Term" shall mean, collectively, the Initial Schedule Term and any Extension Schedule Term.

   **2.8** "Service Owner" shall mean, with respect to a Party, the individual designated in Section 11 to be such Party's initial point of contact and escalation for the AB Spooler Viking Services.

   **2.9** "Winston-Salem Data Center" shall mean Provider's data and service center in Winston-Salem, North Carolina.

**3. Service Commitments.**

**3.1 <u>Provider Obligations.</u>** Starting on the Commencement Date, Provider shall provide to Purchaser the following AB Spooler Viking Services.

(i) Technical support services for AB Spooler Viking system, including:

(a) Providing services related to hardware and Software sourcing, installation, upgrade, maintenance, and administrative support as required by the HBI Systems Engineering group headed by the Senior Manager, David Whitley (336-519-8421) and SLC Intel group headed by the Manager, Tom Schario (513-204-4080) (As used in this paragraph "Software" refers to all non-application software specific to the platforms supported including operating system and related components, data transfer products, etc. Hardware and Software installation or upgrade projects will be scheduled to maintain support, correct problems and provide capacity.);

(b) Providing services for the maintenance of operating systems and major subsystems for all platforms at a release level required to support existing Purchaser application requirements;

(c) Coordinating all software and hardware installations including planning, scheduling, testing, and implementation;

(d) Providing periodic management reports, promptly upon Purchaser's request, on key indicators and resources (e.g., central processing unit (CPU) and direct access storage device (DASD)) pertaining to performance, utilization, and capacity; and

(e) Providing proactive and reactive tuning/capacity support in order to maintain agreed to performance/capacity requirements or service levels and implementing corrective action within control of the Mason Data Center as quickly as possible based on a mutually agreed upon schedule.

(ii) Systems operation services for AB Spooler Viking system, including those set forth below.

(a) Change control and administration services, including:

- Providing a formal change control process for non-emergency changes that substantially affect the Winston-Salem Data Center and related components;
- Implementing changes only during downtime and service windows mutually agreed upon by Provider personnel and

Purchaser customers, unless the Parties mutually agree that the change is needed to correct a critical problem (in which case Provider shall implement the change as soon as possible);

- Conducting a weekly meeting as part of the change control process to Schedule and coordinate changes that affect the Winston-Salem Data Center and Purchaser;
- Inviting Purchaser to participate in weekly meetings to stay fully informed of changes that may impact specific applications or the total environment;
- Notifying those parties affected by a change in advance of the change (within a minimum of one (1) week in advance of the planned implementation) depending on the scope of impact of the change, and including in the applicable notification a description of the change, what the change will impact, and the expected outage; and
- Implementing all changes through a documented test plan (if technology permits) and preparing a documented back-out plan.

(b) Availability management services, including:

- Establishing scheduled availability for hardware and online systems on a fiscal year basis;
- Monitoring all platforms including networks continuously twenty-four (24) hours a day, seven (7) days a week, including logging, tracking and escalating any problems according to the problem management procedures and on-call responsibility list maintained and supported by the Provider and Purchaser customer support centers;
- Maintaining system availability for the AB Spooler Viking system twenty-four hours a day by three hundred and sixty-five days a year; and
- Maintaining operating systems and major subsystems for all platforms at a release level required to support existing Purchaser application requirements.

(iii) Disaster recovery/continuity services for AB Spooler Viking system, including:

(a) Providing disaster recovery planning services that cover a total or partial loss of the Winston-Salem Data Center;

(b) Promptly notifying the Purchaser Chief Information Officers and the Parties' designated disaster recovery coordinators in the event of a disaster that prevents services from being provided for an extended period of time;

(c) Declaring a disaster and moving to a backup site upon determination that the total or partial data center outage will significantly exceed the maximum defined recovery time objective (RTO) for lost systems (currently seventy-two (72) hours for the Microsoft Activity Directory) and involving the Purchaser Chief Information Officers and the Parties' designated disaster recovery coordinators in making the foregoing determination;

(d) Providing recovery for all contracted system and production data to the latest weekend back-up and forward recovery of all Purchaser files to the latest daily offsite backup available;

(e) Providing AB Spooler Viking Services in a disaster in "keep alive" versus "business as usual" mode unless otherwise designated (which may require activation of the Purchaser's business continuity plan);

(f) Providing assistance to the Purchaser in the development of information technology disaster recovery plans depending on resource availability;

(g) Coordinating and conducting disaster recovery and fail over tests as requested and working with Purchaser to determine specific systems to be tested and the scope of each test at the beginning of each fiscal year with the participation of the Purchaser's designated Disaster Recovery Coordinator;

(h) Coordinating with the current disaster recovery services vendor (SunGard Availability Services) and providing Purchaser access to such vendor as necessary or as reasonably requested by Purchaser; and

(i) Coordinating with the current offsite storage vendor (Iron Mountain) and providing Purchaser access to such vendor as necessary or as reasonably requested by Purchaser.

(iv) Application services for AB Spooler Viking system, including:

(a) Support, application maintenance, infrastructure, database, and security administration services, including without limitation, the following:

- System administration and availability assurance;
- Application configuration changes per Purchaser request or approved change documents;
- Break/fix – troubleshooting and problem resolution;
- Application performance/tuning services required to maintain application performance at acceptable levels;
- Software application and hardware upgrades required to maintain vendor support;
- Support services for testing associated with approved change or upgrade activities;
- Application security services to assure the integrity, availability, control, and audit ability of information under custodianship of Provider and its IT personnel;
- Services to ensure adherence to existing policies and procedures;
- Services to maintain sufficient levels of internal controls and segregation of duties for processes resident at Provider's facilities;
- Services to provide data and supporting documentation to Purchaser business units upon request;
- Support services for internal and external audit needs; and
- Services to respond promptly to business unit information requests.

**3.2 Purchaser Obligations.** In connection with the AB Spooler Viking Services to be provided by Provider to Purchaser hereunder, Purchaser shall do the following, as necessary for Provider to perform the AB Spooler Viking Services:

(i) Perform the tasks identified as being the responsibility of Purchaser in this Schedule 12;

(ii) Perform application recovery procedures beyond those covered by Data Center-supported weekly back-up and daily incremental saves and execute such procedures as part of the master disaster recovery plan owned by Provider's technology services team and Purchaser's AB Spooler Viking system team;

(iii) Participate in Provider's application recovery activities as necessary for Provider to carry out its responsibilities specified in Section 3.1(iii) through the involvement of Purchaser's IT staff and user community;

**4.** **Service Delivery.** In addition to the requirements set forth elsewhere in this Schedule 12, Provider will perform the AB Spooler Viking Services in the same manner, with the same frequency of service delivery and the same personnel, and during the same working hours as the predecessor to Provider performed services that are the same as the AB Spooler Viking Services prior to the Commencement Date. With respect to any AB Spooler Viking system Service for which the predecessor to Provider did not perform an equivalent service prior to the Commencement Date, the Provider shall perform such AB Spooler Viking system Service with the frequency of service delivery reasonably requested by Purchaser.

**5.** **Schedule Term**. Provider shall provide the AB Spooler Viking Services during the Schedule Term, unless this Schedule is first terminated as set forth in the Agreement. In the event Purchaser requires continuing AB Spooler Viking Services, beyond the Initial Schedule Term, Purchaser may extend the Schedule Term for the Extension Schedule Term by providing to Provider written notice of extension at least fifteen (15) days prior to the expiration of the Initial Schedule Term.

**6.** **Service Level Obligations and Escalation.**

**6.1** Service Level Obligations**.** Provider will provide the AB Spooler Viking Services in accordance with the service levels identified in Attachment 12-1. If no service levels are included in Attachment 12-1 with respect to a particular service, Provider will provide such service in accordance with the higher of (a) the level of service comparable to what has historically been provided by the predecessor of Provider prior to the Commencement Date, or (b) the level of service that Provider provides to its own business units for services similar to the AB Spooler Viking Services.

**6.2** **Escalation.** The Parties shall attempt to resolve any outstanding issues not resolved in connection with Attachment 12-1 or any other issue or disputes arising with respect to the AB Spooler Viking Services first by having the Service Owners attempt to resolve the dispute or issue. If the dispute or issue remains outstanding and cannot be resolved by the Service Owners, the Parties shall resolve the issue in accordance with Article VIII of the Agreement.

**7.** **Costs.** Purchaser shall pay Provider the fees set forth in Attachment 12-2 for the AB Spooler Viking Services. Unless otherwise specified in this Schedule 12 or the

Agreement, all time and materials expended by Provider in the performance of the AB Spooler Viking Services shall be included in the applicable fees set forth in Attachment 12-2, and Provider shall not be entitled to receive any further compensation therefor. Provider may provide systems enhancements and modifications related to the AB Spooler Viking Services, above and beyond applications and reports in existence as of the Commencement Date, at an additional cost to be negotiated at the time of the request for such enhancements and modifications. In the event the Parties agree upon such enhancements and modifications, the Parties shall develop a separate statement of work or addendum to this Schedule 12 with respect to such enhancements and modifications and Provider shall invoice Purchaser for such enhancements and modifications separately.

8. **Invoicing and Payment.** Provider shall invoice Purchaser for the AB Spooler Viking Services in arrears on a quarterly basis after the conclusion of each fiscal quarter during the term of this Schedule 12. Purchaser shall pay all invoices for the AB Spooler Viking Services within forty-five (45) days of the date of submission of such invoices by Provider to Purchaser.

9. **Service Locations.** Provider shall provide the AB Spooler Viking Services from Provider's Winston-Salem Data Center. Purchaser shall receive the AB Spooler Viking Services at Purchaser's Mason Data Center, its facilities in Clayton, MO and Earth City, MO and any other location designated by Purchaser. During the term of this Schedule 12, if Provider requires access to Purchaser facilities in connection with Provider's provision of the AB Spooler Viking Services, Purchaser will provide to Provider access to Purchaser's facilities upon Provider's request as necessary to enable Provider to perform the AB Spooler Viking Services. Provider will comply with all policies, including without limitation, use, security, and access policies, at each Purchaser facility for Purchaser's employees and visitors generally as may be in effect from time to time.

10. **Software, Hardware and Other Assets.** Except as otherwise provided herein, Provider shall be responsible for (i) obtaining all software, hardware and other assets (including licenses) necessary to perform the AB Spooler Viking Services as such AB Spooler Viking Services have historically been provided, and (ii) the costs of all such software, hardware, and other assets (including licenses) so long as such annualized costs do not exceed those annualized costs incurred by Provider before the Commencement Date. Any increase in such annualized costs after the Commencement Date for software, hardware or other assets (including licenses) that are necessary in order for Provider to provide the AB Spooler Viking Services without a degradation in the quality of the AB Spooler Viking Services or that are otherwise incurred based on Purchaser's request shall be paid for by Purchaser. Provider agrees to consult with Purchaser before incurring such increased costs.

**11.** **Service Owners.** The Parties' respective Service Owners for AB Spooler Viking Services under this Schedule 12 are identified below.

| **Provider**: | **Purchaser**: |
|---|---|
| David Whitley<br>Senior Manager, HbI Systems Engineering<br>(336) 519-8421 | Tom Schario<br>Manager, SLC Intel Group<br>(513) 204-4080 |

**Attachment 12-1**

**Service Level Targets**

**Service Targets For AB SPOOLER VIKING SYSTEM Application Services**

**Service Targets over the Escalation Process**

| | Level 1 | Level 2 | Level 3 | 1st Escalation |
|---|---|---|---|---|
| **All severity 3 issues (not problem related)** | 1 hour | No maximum target | No maximum target | N/A |
| **All severity 2 issues (process failure or process completes with non-critical error, work-around available)** | 1 hour | 4 hours | No maximum target | 2 hours |
| **All severity 1 issues (work interrupted, no work-around)** | 30 minutes | 2 hours | 4 hours with vendor assistance | 1 hour |

**Service Targets Definitions**

Level 1 is an introductory Customer Support Consultant and lower level network analyst troubleshooting and resolving the problem.

Level 2 is a mid level senior analyst and/or network architect troubleshooting and resolving the problem.

Level 3 is a network architect working with external vendor resources troubleshooting and resolving the problem.

First escalation is the notification of senior management of the issue.

**Attachment 12-2**

Costs

| Quarterly Cost |
| --- |
| $0 |

REAL ESTATE MATTERS AGREEMENT

between

SARA LEE CORPORATION

and

HANESBRANDS INC.

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# REAL ESTATE MATTERS AGREEMENT

This Real Estate Matters Agreement (this "Agreement") is dated as of August 31, 2006 between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc., a Maryland corporation ("HBI").

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in Article V hereof.

## RECITALS

WHEREAS, the board of directors of Sara Lee has determined that it is appropriate and desirable to separate Sara Lee's Branded Apparel Business from its other businesses;

WHEREAS, in order to effectuate the foregoing, Sara Lee and HBI have entered into a Master Separation Agreement dated as of August 31, 2006 (as amended, modified and/or restated from time to time, the "Separation Agreement"), which provides, among other things, subject to the terms and conditions set forth therein, for the Separation and the Distribution, and for the execution and delivery of certain other agreements in order to facilitate and provide for the foregoing; and

WHEREAS the Parties desire to set forth certain agreements regarding the real estate associated with the Branded Apparel Business as described herein;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and subject to and on the terms and conditions herein set forth, the Parties hereby agree as follows:

## ARTICLE I

## PROPERTIES

Section 1.1 Owned Property. Sara Lee shall convey or otherwise transfer to HBI or its designated Subsidiary, or cause its designated Subsidiary to convey or otherwise transfer to HBI or its designated Subsidiary, and HBI shall accept, or cause its applicable Subsidiary to accept, all of Sara Lee's or its Subsidiary's rights, title and interests in and to the Owned Properties, subject to the other provisions of this Agreement and (to the extent not inconsistent with the provisions of this Agreement) the terms of the Separation Agreement and the other Ancillary Agreements. The parties shall use reasonable best efforts to effect such conveyance or transfer upon the Separation Date or as soon thereafter as practicable. The foregoing provisions in this Section 1.1 contemplate that Owned Properties in the name of a Subsidiary of Sara Lee (or its predecessor), the stock of which is to be contributed to HBI or its designated Subsidiary, shall not be conveyed under this Section 1.1 (with the result that such Owned Properties will be owned by a Subsidiary of HBI upon completion of the Separation).

Section 1.2 Leased Property. Sara Lee shall assign or otherwise transfer to HBI or its designated Subsidiary, or cause its applicable Subsidiary to assign or otherwise transfer to HBI or its designated Subsidiary, and HBI shall accept and assume, or cause its designated Subsidiary

to accept and assume, all of Sara Lee's or its Subsidiary's rights, title, interests in and to, and obligations under, the Leases (including thereunder, any right, title and interest in and to any security deposits and related interest posted in accordance with such Leases), subject to the other provisions of this Agreement and (to the extent not inconsistent with the provisions of this Agreement) the terms of the Separation Agreement and the other Ancillary Agreements. Such assignment or transfer shall be completed on the later of: (i) the Separation Date and (ii) the fifth business day after the relevant Lease Consent has been granted (or such earlier date as is mutually agreed upon by Sara Lee and HBI). The foregoing provisions of this Section 1.2 contemplate that Sara Lee or a Subsidiary of Sara Lee (the stock of which is not being contributed to HBI) is the lessee or that a "change in control" or similar provision appears in a Lease in which a Subsidiary of Sara Lee (or its predecessor), the stock of which is to be contributed to HBI, is the lessee. Leases that do not contain such a provision which are in the name of a Subsidiary of Sara Lee (or its predecessor), the stock of which is to be contributed to HBI, shall not be assigned or transferred under this Section 1.2 (but shall instead continue to be leased by such Subsidiary from and after the time it is contributed to HBI in the Separation).

Section 1.3 Lease Consents.

(a) HBI confirms that it or Sara Lee Branded Apparel has, before the Separation Date, applied for the Lease Consents on Sara Lee's behalf by written notice to the Landlord with respect to each Lease Requiring Consent and provided or plans to provide any notice required to be delivered under each Lease Requiring Notice.

(b) HBI shall use its reasonable best efforts to obtain the Lease Consents required by each Lease Requiring Consent. Sara Lee shall cooperate as reasonably requested by HBI and at HBI's sole expense to obtain the Lease Consents; provided, however, that Sara Lee shall not be required to commence or pursue any Action (whether to obtain a declaration that a Lease Consent has been improperly withheld or delayed or for any other purpose), nor shall Sara Lee be required to pay any consideration or otherwise offer or grant any accommodation (financial or otherwise), to obtain any Lease Consent. Neither Sara Lee nor any of its Subsidiaries shall have any liability to HBI or any of its Subsidiaries arising out of, or relating to, the failure to obtain any Lease Consents or any default, loss of any rights or acceleration of any obligations under, or any termination of, any Lease Requiring Consent as a result of any failure to obtain any Lease Consents. If and to the extent that a Lease Requiring Consent provides the applicable Landlord the opportunity to recapture all or a portion of a leased premises due to request for a Lease Consent and such Lease Requiring Consent permits a request to be withdrawn (or words of similar import) upon such Landlord's election so to recapture, then Sara Lee shall use reasonable best efforts to exercise such right to withdraw a request for Lease Consent at the request of HBI.

(c) HBI shall use its reasonable best efforts to satisfy promptly, or cause its applicable Subsidiaries to use its reasonable best efforts to satisfy promptly, all of the requirements set forth in each Lease Requiring Consent and any other lawful and reasonable requirements of the Landlord in obtaining the Lease Consents, including, without limitation:

(i) if required by any Landlord with respect to any Lease Requiring Consent, entering into an agreement with such Landlord to assume, observe and perform

the tenant’s obligations under such Lease Requiring Consent during the remainder of the term of such Lease Requiring Consent; and

(ii) if reasonably required by any such Landlord, providing, or causing another Person (other than Sara Lee or any other member of the Sara Lee Group) to provide, a guarantee, surety, letter of credit, security deposit or other security for the obligations of HBI or its applicable Subsidiary as tenant under any Lease Requiring Consent.

Section 1.4 Releases.

(a) HBI shall use its reasonable best efforts to obtain a Release from each Landlord with respect to each Lease and to satisfy promptly, or cause its designated Subsidiaries to use their reasonable best efforts to satisfy promptly, all of the lawful and reasonable requirements of each Landlord in obtaining each Release, including, without limitation:

(i) if required by the Landlord with respect to any Lease, entering into an agreement with such Landlord to assume, observe and perform the tenant’s obligations under such Lease during the remainder of the term of such Lease; and

(ii) if reasonably required by any the Landlord with respect to any Lease, providing, or causing another Person (other than Sara Lee or any other member of the Sara Lee Group) to provide, a guarantee, surety, letter of credit, security deposit or other security for the obligations of HBI or its applicable Subsidiary as tenant under such Lease.

(b) Sara Lee shall cooperate, reasonably and at HBI’s sole expense, with HBI’s efforts to obtain each Release; provided, however, that Sara Lee shall not be required to commence or pursue any Action, nor shall Sara Lee be required to pay any consideration or incur any cost or otherwise offer or grant any accommodation (financial or otherwise), to obtain any Release.

(c) To the extent that HBI does not obtain a Release from each Landlord with respect to any Lease, HBI shall indemnify, defend, protect and hold harmless the Sara Lee Indemnitees from and against, and shall reimburse each Sara Lee Indemnitee for, all Losses incurred by any Sara Lee Indemnitee and occurring or accruing after the Separation Date as a result of (i) all Obligations or the failure by HBI or any of its Subsidiaries to pay, perform, observe and discharge all Obligations or (ii) HBI’s or its applicable Subsidiary’s use or occupancy of the respective Leased Properties under each such Lease, including without limitation HBI’s or such Subsidiary’s use or occupancy of any Leased Property under Section 1.5 of this Agreement.

Section 1.5 Temporary Occupancy.

In the event that the Actual Closing for any Leased Property does not occur on or before the Separation Date, Sara Lee and HBI shall use their respective reasonable best efforts to allow HBI to occupy such Leased Property upon the terms and conditions contained in the relevant Lease and until the Actual Closing for such Leased Property; provided, however, that if an

enforcement action or forfeiture by the relevant Landlord due to HBI's or its applicable Subsidiary's occupation of such Leased Property constituting a breach of a Relevant Lease cannot, in the reasonable opinion of Sara Lee, be avoided other than by requiring HBI or its applicable Subsidiary to promptly vacate the relevant Leased Property, Sara Lee may by notice to HBI promptly require HBI or its applicable Subsidiary to vacate the relevant Leased Property on not less than ten (10) days prior written notice. HBI will be responsible for all Losses incurred by Sara Lee or any of its Subsidiaries as a consequence of such occupation. Neither HBI nor its applicable Subsidiary shall be entitled to make any claim or demand against, or obtain reimbursement from, Sara Lee or any of its Subsidiaries with respect to any Losses incurred by HBI or its applicable Subsidiary as a consequence of being obliged to vacate the Leased Property or in obtaining alternative premises, including, without limitation, any Action or forfeiture which a Landlord may take against HBI or its applicable Subsidiary.

Section 1.6 Performance of Leases.

(a) Whether or not (i) the Actual Closing with respect to any Leased Property has occurred or (ii) HBI or its applicable Subsidiary occupies any Leased Property under Section 1.5 above as of the Separation Date, HBI shall, effective as of the Separation Date, pay, perform, observe and discharge promptly when due, or cause its applicable Subsidiary to pay, perform, observe and discharge promptly when due, all Obligations under the Lease of such Leased Property; provided, however, that if, prior to an Actual Closing, a Landlord refuses to accept direct payment, performance, observation or other discharge of Obligations by HBI, then Sara Lee at HBI's request shall make such payment, performance, observation or otherwise discharge such Obligations until such Actual Closing, subject to Sara Lee's receipt of payment from HBI of all rent and other amounts payable under the applicable Lease prior to payment by Sara Lee to the Landlord.

(b) Upon (i) the Actual Closing with respect to any Guaranteed Property or (ii) the commencement of HBI's or its applicable Subsidiary's occupancy of any Leased Property under Section 1.5 of this Agreement or sublease of any Leased Property under Section 1.7 of this Agreement, HBI and each of its applicable Subsidiaries shall obtain and maintain all insurance, in such amounts and with such coverage, terms and conditions, as the tenant is required to maintain under each such Lease; provided, however, if, prior to an Actual Closing, a Landlord refuses to accept HBI's performance of the insurance requirements of any Lease or HBI's insurer does not recognize an insurable interest on behalf of HBI, then Sara Lee at HBI's request shall use reasonable best efforts to obtain and maintain insurance policies until such Actual Closing, in such amounts and with such coverage, terms and conditions, as the tenant is required to maintain under such Lease, subject to (i) Sara Lee's receipt of payment from HBI of all premiums and other amounts owing with respect to such policies prior to payment by Sara Lee to the carriers and (ii) indemnification from HBI against any Losses which any Sara Lee Indemnitee may suffer under or in connection with such arrangements. HBI and each of its applicable Subsidiaries shall maintain such insurance for so long as Sara Lee retains any Obligations with regard to the Properties or Leases subject to such insurance. Each of Sara Lee and HBI (each, an "Obtaining Party") shall, when obtaining insurance pursuant to this Agreement, use reasonable best efforts to provide that coverage under such insurance shall not expire or be terminated or materially modified without such insurer endeavoring to provide written notice to the other party at least 30 days in advance of such expiration, termination or modification. All policies of commercial

general liability insurance obtained by an Obtaining Party (or any Subsidiary of such Obtaining Party) shall designate the other party and, as applicable, the other members of the Sara Lee Group or the appropriate Subsidiary of HBI, as additional insureds. On or before each such Actual Closing or the commencement of any such occupancy or sublease, and thereafter at least 30 days before the expiration of any such insurance or within ten days after receiving a written request from the other party, the Obtaining Party shall deliver certificates from the issuers of all such insurance evidencing full compliance with this Section 1.6(b), together with evidence of the payment of any premiums due on account of such insurance.

(c) Sara Lee shall use reasonable best efforts to promptly deliver to HBI copies of all invoices, demands, notices and other communications received by Sara Lee or its applicable Subsidiary or agents in connection with any of the Leased Properties or the Leases and shall, at HBI's cost and upon HBI's reasonable request, use reasonable best efforts to give notices and otherwise communicate on behalf of HBI or its applicable Subsidiary with respect to matters relating to any Lease or Leased Property. HBI shall use reasonable best efforts to promptly deliver to Sara Lee copies of all demands, notices and other communications received by HBI or its applicable Subsidiary or agents that allege any breach or default of any Lease, which breach or default could reasonably be expected to result in Sara Lee or any of its Subsidiaries incurring any Liabilities under such Lease or relating to the applicable Leased Property.

Section 1.7 Alternative Sublease. If, at any time the relevant Lease Consent is expressly refused, and provided HBI has otherwise discharged its obligations under Section 1.3 and Section 1.14 with regards to obtaining such Lease Consent, Sara Lee may, in its reasonable discretion, by written notice to HBI, elect to sublease all of the relevant Leased Property utilized by HBI or its applicable Subsidiary to HBI or such Subsidiary for the remainder of the term of the Lease (or, if required by Landlord, for a period equal to substantially all of the remainder of the term of such Lease). If Sara Lee makes such an election, Sara Lee shall apply to the relevant Landlord for the Lease Consent with respect to such sublease, and, on the grant of such Lease Consent, Sara Lee shall sublease or cause its applicable Subsidiary to sublease to HBI or its applicable Subsidiary the relevant Leased Property for the remainder of the term of the Lease Requiring Consent, at a rent equal to the rent from time to time under the Lease Requiring Consent, but otherwise on substantially the same terms and conditions as the Lease Requiring Consent, except to the extent inconsistent with this Agreement and except that Sara Lee shall have no obligation to perform any obligations of such Landlord under such Lease. The sublease shall provide that (i) Sara Lee shall use reasonable best efforts to enforce such Lease for the benefit of HBI, at HBI's sole cost and expense, (ii) Sara Lee shall not terminate or otherwise amend such Lease so as to materially adversely affect such subleased premises or HBI's rights thereunder; and (iii) subject to Section 1.13 of this Agreement, Sara Lee shall exercise such Lease rights as may be reasonably requested by HBI from time to time, at HBI's sole cost and expense and subject to indemnification from HBI against any Losses any Sara Lee Indemnitee may suffer in connection therewith.

Section 1.8 Form Of Transfer. Sara Lee or its applicable Subsidiary shall make the conveyance or transfer of the Owned Property in accordance Section 1.1 of this Agreement using one or more instruments substantially in the form attached to this Agreement as Exhibit A and shall make the assignment or transfer of the Leased Property in accordance Section 1.2 of this

Agreement using one or more instruments substantially in the form attached to this Agreement as Exhibit B (or, if any Landlord so requires, in the form of assignment reasonably proposed by the relevant Landlord), in each case with such modifications as are necessary to conform to local requirements, customs and practices to the extent necessary to render such form effective and, if requested by HBI, recordable. Sara Lee and HBI shall also execute and deliver such other documents as may be reasonably necessary in connection with the conveyance, assignment or other transfer of real property interests under this Agreement, including local governmental forms and FIRPTA affidavits, and such other documents as may reasonably be requested by title insurers in order to issue owner's title insurance coverage; provided that in no event shall Sara Lee be required to make any representations or warranties which are broader than the representations and warranties which Sara Lee is making in the form of conveyance attached as Exhibit A to this Agreement (or provide any indemnities or undertake any actual or contingent exposure with respect to any such matter).

Section 1.9 Title to the Properties. Sara Lee makes no representations or warranties, express or implied, with respect to the quality or condition of, or any encumbrances on, the title to the Properties, and HBI or its applicable Subsidiary shall accept the rights, title and interests of Sara Lee or its applicable Subsidiary in and to each Owned Property and each Lease, subject to any defects in the quality or condition of such title and any easements, covenants, conditions, restrictions, reservations and other matters affecting, encumbering or relating to each Property.

Section 1.10 Condition of Properties. Sara Lee makes no representations or warranties, express or implied, with respect to the condition of the Properties, and HBI or its applicable Subsidiary shall accept each Property in such condition and state of repair as exists on the Separation Date, with respect to the Owned Properties, and on the Actual Closing Date, with respect to the Leased Properties, with all faults, limitations and defects (latent and apparent), without any representations or warranties, express or implied, as to its quality, merchantability or its fitness for any intended use or particular purpose. HBI, for itself and on behalf of its Subsidiaries, acknowledges that it has had the opportunity to inspect the Properties to its full satisfaction and is familiar with the Properties. The Parties obligations under this Agreement are not conditioned upon the Properties being in any particular condition, and, any damage from condemnation or any fire or other casualty or any other change in the condition of any Property notwithstanding, Sara Lee shall make, or cause its applicable Subsidiary to make, the conveyances, assignments and transfers under Sections 1.1 and 1.2 of this Agreement, and HBI shall accept, or cause its applicable Subsidiary to accept, all such conveyances, assignments and transfers; provided, however, in the event of any such damage from condemnation or fire or other casualty before the Separation Date, with respect to the Owned Properties, or the Actual Closing, with respect to the Leased Properties, Sara Lee or its applicable Subsidiary shall confer with HBI regarding, and use reasonable best efforts to pursue and assign to HBI or its applicable Subsidiary, all rights and interests of Sara Lee or its applicable Subsidiary in and to any proceeds of insurance arising from such fire or casualty or proceeds arising from any condemnation proceeding at the time of the conveyance, assignment or transfer for the relevant Property. To the extent that there is any damage from condemnation or any fire or other casualty to any Leased Property prior to the Actual Closing, Sara Lee shall consult with HBI prior to the exercise of any right set forth in the respective Lease with respect to such an event.

Section 1.11 Lease Termination. If any Lease expires or is terminated prior to the Separation Date, (a) Sara Lee or its applicable Subsidiary shall not be required to assign or transfer such Lease, (b) HBI or its applicable Subsidiary shall not be required to accept an assignment or transfer of such Lease or a sublease of the Leased Property relating to such Lease, and (c) neither Party shall have any further obligations with respect to such Lease or Leased Property under this Agreement.

Section 1.12 Tenant's Fixtures And Fittings. The Separation Agreement and the other Ancillary Agreements shall govern the ownership, and the transfer of ownership, of any trade fixtures and personal property located at each Property.

Section 1.13 Lease Extensions.

(a) HBI shall not enter into, and shall not permit its applicable Subsidiaries to enter into, any agreement renewing any Guaranteed Lease or extending the term of any Guaranteed Lease unless Sara Lee is released from all Obligations, including any guaranty, surety and other security relating to such Guaranteed Lease. If HBI or its Subsidiary wishes to remain in any Guaranteed Property after the expiration of the current term of any Guaranteed Lease, HBI shall enter into, or cause its applicable Subsidiary to enter into, a new lease of such Guaranteed Property under which neither Sara Lee nor any of its Subsidiaries shall have any Liabilities. If any Guaranteed Lease provides (a) a right or option to renew such Guaranteed Lease or extend the term of such Guaranteed Lease that the tenant under such Guaranteed Lease may exercise with respect to such Guaranteed Lease or (b) that such Guaranteed Lease shall renew or the term of such Guaranteed Lease shall be extended automatically if the tenant under such Guaranteed Lease fails to take an action to prevent such automatic renewal or extension, then, HBI shall not exercise, and shall not permit its applicable Subsidiary to exercise, such right or option to renew such Guaranteed Lease or extend the term of such Guaranteed Lease, and HBI shall take such action, or shall cause its applicable Subsidiary to take such action, as is necessary to prevent the automatic renewal of such Guaranteed Lease or the automatic extension of the term of such Guaranteed Lease. Neither Sara Lee nor any of its Subsidiaries shall have any Liabilities under (i) any Lease that expires or is subject to renewal on or after the Separation Date, or (ii) any new lease executed in connection with the Branded Apparel Business on or after the Separation Date.

(b) Notwithstanding the proceeding provisions of this Section 1.13, if HBI desires to exercise a renewal or extension right in a Guaranteed Lease, then HBI may exercise such renewal or extension right upon posting a bond, Letter of Credit, or other security (in each case on terms and in amounts which are reasonably acceptable to Sara Lee) to fully indemnify Sara Lee's Obligations during any such extension term. HBI shall post any such bond, Letter of Credit or other security not less than ten (10) business days prior to HBI's exercise of such renewal or extension right.

Section 1.14 Costs And Expenses.

(a) HBI shall pay all out-of-pocket costs and expenses incurred in connection with obtaining the Lease Consents and the Releases by each Landlord, including, without limitation, any consent, processing or other fee charged by any Landlord for any Lease Consent

or Release and any attorneys' fees and any costs and expenses relating to re-negotiation or renewal of any Lease. HBI shall also pay all out-of-pocket costs and expenses payable in connection with the conveyance or transfer of the Owned Properties and the assignment or transfer of the Leases, including, without limitation, title insurance premiums, escrow fees, recording fees and any transfer taxes.

(b) If and to the extent that a Landlord requires the payment of any material consent fee, processing fee or other fee in consideration for a Lease Consent or Release, then Sara Lee and HBI shall consider in good faith whether there is a mutually agreeable alternative arrangement which Sara Lee and HBI could implement with respect to the Lease which would not require the payment of such fee.

Section 1.15 Landlord Estoppel Certificates. Sara Lee will use its reasonable best efforts to provide estoppel certificates to landlords under the Guaranteed Leases, subject to the receipt of factual representations from HBI in form and substance reasonably satisfactory to Sara Lee (and subject to receipt of an acknowledgement from HBI that it will be solely responsible for, and will hold Sara Lee harmless against, any Liabilities which may arise from such estoppel certificate or the matters covered thereby).

Section 1.16 Title Insurance. At the request of HBI (and at HBI's sole cost and expense), Sara Lee shall use its reasonable best efforts to obtain endorsements to existing title insurance policies held by the Sara Lee Group providing for the transfer of such policies to HBI or its designated Subsidiaries. HBI may, at its own cost and expense, elect to obtain title insurance policies and/or surveys with respect to any or all of the Owned Properties.

Section 1.17 Cooperation. In the event that (1) Sara Lee or HBI identifies any real properties which should have been included in the Owned Real Properties or Leased Real Properties (but were not so included due to mistake or unintentional omission), then it shall notify the other and the parties shall cooperate to transfer such Owned Real Property or Leased Real Property to HBI or an HBI Subsidiary in accordance with the terms of this Agreement, (2) Sara Lee identifies any records or files relating to the Owned Real Properties or Leased Real Properties in the possession of Sara Lee or a Sara Lee Subsidiary (which records or files have not previously been transferred to HBI or an HBI Subsidiary), then Sara Lee shall promptly cause such records or files to transferred to HBI and (3) Sara Lee or HBI identifies any obligation of Sara Lee, whether direct or indirect, to make payments under or otherwise be financially responsible with respect to any Leased Real Property (and as to which a Release has not previously been sought under this Agreement due to mistake or unintentional omission), then it shall promptly notify the other and HBI shall promptly seek a Release in accordance with the terms of this Agreement.

## ARTICLE II

## INDEMNIFICATION

Section 2.1 Notice Of Default Under The Guaranteed Leases; Indemnification And Reimbursement.

(a) HBI shall provide Sara Lee with a copy of any written notice of default, notice of alleged default or other notice that HBI or any of its Subsidiaries receives from a Landlord or a lender with respect to any Lease that may result in an event of default, which copy shall be given to Sara Lee as soon as practicable and in any event no later than five (5) business days after HBI's or any of its Subsidiaries' receipt of any such notice. Sara Lee shall provide HBI with a copy of any written notice of default, notice of alleged default or other notice that Sara Lee or any member of the Sara Lee Group receives from a Landlord with respect to any Lease, which copy shall be given to HBI as soon as practicable and in any event no later than five (5) business days after Sara Lee's or any of the Sara Lee Group members' receipt of any such notice.

(b) HBI shall deliver to Sara Lee, as soon as practicable and in any event no later than five (5) business days after HBI's or any of its Subsidiaries' receipt of any notice described in Section 2.1(a) hereof, a statement from HBI concerning HBI's intentions with respect to said default or alleged default. Sara Lee shall reasonably cooperate with any attempt by HBI pursuant to this Section 2.1(b) to cure or contest a default or alleged default.

(i) If HBI indicates an intent to contest said default or alleged default, then HBI shall engage legal counsel reasonably acceptable to Sara Lee and shall diligently pursue such contest; provided, however, if Sara Lee reasonably believes that HBI is not likely to prevail in such contest and Sara Lee reasonably believes that Sara Lee or any member of the Sara Lee Group will suffer adverse consequences as a result of such default or alleged default if it is not cured promptly, then, in any such event, Sara Lee may (in its sole and absolute discretion and without any obligation to do so) give HBI written notice of Sara Lee's intention to cure the default of alleged default under such Guaranteed Lease, and the parties shall be thereafter be governed by Section 2.1(b)(iii).

(ii) If HBI indicates its intent to cure such default or alleged default, HBI shall cure said default or alleged default within the time period set forth in the applicable Guaranteed Lease, or if said default or alleged default is of a character which does not permit the curing of said default or alleged default within the time period set forth in the applicable Guaranteed Lease, HBI shall eliminate, cure, obtain a waiver or otherwise constructively address such default or alleged default and proceed diligently with respect to said default or alleged default until cured, waived or eliminated, but, in any event, in the manner required under the terms and conditions of the applicable Guaranteed Lease. So long as HBI is working diligently to cure such default or alleged default in accordance with the foregoing, Sara Lee shall refrain from taking actions to cure such default or alleged default and shall cooperate as reasonably requested by HBI with respect to curing such default or alleged default or settling such dispute with the applicable Landlord; provided, however, if HBI (1) provides written notice to Sara Lee of its intention not to cure said default or alleged default, (2) fails to send any notice of its intentions, or (3) fails to cure a default or alleged default in accordance with its previous notice to Sara Lee, or if Sara Lee reasonably believes that Sara Lee or any member of the Sara Lee Group will suffer adverse consequences as a result of such default or alleged default if it is not cured promptly, then, in any such event, Sara Lee may (in its sole and absolute discretion and without any obligation to do so) give HBI written notice of Sara

Lee's intention to cure the default or alleged default under such Guaranteed Lease and the parties shall be thereafter be governed by Section 2.1(b)(iii).

(iii) If HBI has not cured such default or alleged default within five (5) days after HBI's receipt of Sara Lee's written notice to HBI pursuant to the final sentences of Sections 2.1(b)(i) or 2.1(b)(ii) (or, if such default or alleged default cannot be cured within such five (5) day period, HBI has not commenced to cure and continued to diligently pursue such cure to completion within the grace or cure periods provided under, and otherwise in accordance with the terms of the applicable Guaranteed Lease), then, regardless of any stated intention of HBI, Sara Lee may (in its sole and absolute discretion and without any obligation to do so) cure such default or alleged default on behalf of HBI at HBI's sole cost and expense, and HBI, for itself and on behalf of each of its Subsidiaries, hereby grants to Sara Lee a license to enter upon any Leased Property for the purpose of effecting such cure, subject to the provisions of such Guaranteed Lease.

(iv) If Sara Lee or any member of the Sara Lee Group incurs any Losses as a result of a default or alleged default under any Guaranteed Lease by HBI or any of its Subsidiaries, and if HBI does not pay to Sara Lee the full amount of such Losses promptly after receipt of notice of such Losses from Sara Lee, Sara Lee shall be entitled to exercise any and all remedies available to it under this Agreement or under any other agreement between the parties, at law or in equity.

(c) HBI, for itself and as agent for each of its Subsidiaries, hereby agrees to indemnify, defend (or, where applicable, pay the costs of defense for) and hold harmless the Sara Lee Indemnitees from and against, and shall reimburse such Sara Lee Indemnitees for, all Losses incurred by the Sara Lee Indemnitees by reason of (i) the incurrence by any Sara Lee Indemnitees of reasonable out-of-pocket costs of enforcement (excluding any internal administrative costs of such Sara Lee Indemnitees) of any terms, covenants or agreements contained in this Agreement, (ii) any and all payments or performance required of any of the Sara Lee Indemnitees with respect to any Obligation, and (iii) any breach or default by HBI or any of its Subsidiaries under any Guaranteed Lease, except to the extent any such Losses have been finally determined by a court of competent jurisdiction to have resulted directly from acts or omissions after the Distribution Date of any Sara Lee Indemnitee which constitute gross negligence or willful misconduct. If any Sara Lee Indemnitee incurs any such Losses, HBI shall reimburse Sara Lee for the full amount thereof, within ten (10) days after receiving a written demand for such Losses from Sara Lee; provided that each demand for reimbursement by Sara Lee shall be accompanied by copies of supporting invoices and copies of paid receipts, cancelled checks or other reasonable proof of payment or incurrence of liability by Sara Lee, to the extent available. In the event that, with the consent of Sara Lee, HBI assumes the defense of any Sara Lee Indemnitee with respect to any Action arising out of any matter from and against which HBI is obligated to indemnify, defend and hold harmless such Sara Lee Indemnitee under this Section 2.1(c), such defense shall include the employment of counsel reasonably satisfactory to HBI and Sara Lee and the payment by HBI of all of such counsel's fees and expenses. Sara Lee shall not be liable for the payment of any settlement of any such Action effected by HBI without the written consent of Sara Lee. HBI shall not, without the prior written consent of Sara Lee (not to be unreasonably withheld or delayed), effect any settlement of any Action in respect of which any Sara Lee Indemnitee is a party and from and against which HBI is obligated to indemnify,

defend and hold harmless such Sara Lee Indemnitee under this Section 2.1(c), unless such settlement is paid, in the first instance, by HBI and includes an unconditional release of all Sara Lee Indemnitees from all liability on all claims that are the subject matter of such Action. Sara Lee agrees to cooperate with HBI's defense of any such Action, as reasonably requested by HBI.

Section 2.2 Termination Of Assignment Upon Breach Or Event Of Default. If a breach or default occurs under any of the Guaranteed Leases and such breach or default remains uncured after any applicable notice and cure period, then Sara Lee, at its election, shall have the following non-exclusive remedies:

(a) Sara Lee shall be entitled to all of the rights and remedies which Sara Lee may have under this Agreement or any other Contract or at law or in equity;

(b) Sara Lee shall have the right to terminate the assignment to HBI or its applicable Subsidiary of Sara Lee's or its applicable Subsidiary's right, title and interest in and to the Guaranteed Lease with respect to which there exists a default following any notice and cure period provided for in such Guaranteed Lease, which right Sara Lee shall exercise by written notice to HBI. Provided that the Landlord consented in the Landlord's Consent to the re-assignment of the Guaranteed Lease to Sara Lee or such Lease is not a Lease Requiring Consent, upon receiving such notice from Sara Lee, such assignment shall be of no further force and effect; and HBI shall assign or otherwise transfer, or cause its applicable Subsidiary to assign or otherwise transfer, to Sara Lee all of HBI or such Subsidiary's right, title and interest in and to such Guaranteed Lease and any related improvements and fixtures (but excluding any furnishings, trade fixtures and business equipment) used in connection with the Leased Property demised under such Guaranteed Lease (collectively, the "Related Property"). If a Landlord did not consent in the Landlord's Consent to the re-assignment of the Guaranteed Lease to Sara Lee and such Guaranteed Lease is a Lease Requiring Consent, then Sara Lee may seek Landlord's consent to re-assignment of the Lease to Sara Lee at HBI's sole cost and expense, and, upon the receipt of such consent, HBI (or its Subsidiary) shall perform such assignment and transfer called for in the preceding sentence.

(c) If Sara Lee exercises its right to terminate the assignment to HBI of any Guaranteed Lease, Sara Lee shall have the immediate right to possession and use of the Leased Property with respect to which such breach or event of default exists and any Related Property associated with such Leased Property, and, upon receiving the notice of termination of such Guaranteed Lease from Sara Lee, HBI shall quit and vacate, or shall cause its applicable Subsidiary and all other tenants and occupants of such Leased Property, to quit and vacate such Leased Property in accordance with the requirements of such Guaranteed Lease, broom clean, with all rubbish, debris and personal property belonging to HBI or such Subsidiary, tenant or occupant (other than the Related Property) having been removed. If HBI or any such Subsidiary, tenant or occupant shall fail to quit and vacate such Leased Property after receipt of such notice of termination in accordance with the requirements of the Guaranteed Lease, Sara Lee shall have all rights and remedies available at law and in equity to evict HBI, or such Subsidiary, tenant or occupant from such Leased Premises.

(d) HBI, for itself and as agent for each of its Subsidiaries, hereby irrevocably constitutes and appoints Sara Lee its true and lawful attorney-in-fact for the purpose of carrying

out the terms and provisions of this Agreement after a breach or default under this Agreement or under any Lease (which continues after the giving of any notice and the expiration of any cure period provided under such Lease), in HBI's or such Subsidiary's name and stead, (i) to secure and maintain the use and possession of any Leased Properties with respect to which any breach or event of default exists under any Guaranteed Lease and any Related Property; (ii) to take any and all actions which Sara Lee reasonably deems necessary to protect, maintain and secure its interest in any such Leased Property and Related Property; and (iii) to put and substitute one or more agents, attorney or attorneys-in-fact for HBI or any such Subsidiary to do, execute, perform and finish for HBI or such Subsidiary those matters which shall be reasonably necessary or advisable, or which HBI's agent, attorney-in-fact or its substitute shall deem reasonably necessary or advisable, with respect to such Leased Property or Related Property, including, without limitation, executing on behalf of HBI any instrument deemed necessary or advisable by Sara Lee to evidence the termination of the previous assignment, and the assignment of HBI's or its Subsidiary's rights, title and interests in and to such Guaranteed Lease under this Section 2.2, as thoroughly, amply and fully as HBI could do personally. All such powers of attorney shall be deemed coupled with an interest and shall be irrevocable.

Section 2.3 No Obligation To Pay Rent. Nothing in this Agreement, the instruments assigning the Guaranteed Leases to HBI or its applicable Subsidiary, or any other agreement between HBI and Sara Lee creates any obligation on the part of Sara Lee to pay any amounts due or owing under any of the Guaranteed Leases.

## ARTICLE III

## COVENANTS

Section 3.1 Merger.

(a) As long as the Total Guaranteed Rent exceeds $25 million HBI shall not consolidate with or merge into any Person or permit any Person to consolidate with or merge into HBI (or enter into any transaction involving or related to an acquisition of a controlling interest in HBI or a sale of all or substantially all of HBI's assets on a consolidated basis) (in each case, a "Transaction") unless:

(i) the surviving Person in such Transaction (the "Surviving Person") (A) is rated at least B+ by Standard & Poor's or at least Ba3 by Moody's Investors Services, and (B) the Surviving Person assumes in writing all of HBI's obligations under this Agreement; or

(ii) (A) the Surviving Person assumes in writing all of HBI's obligations under this Agreement, and (B) the Surviving Person delivers to Sara Lee a Letter of Credit in the Required Amount; or

(iii) HBI obtains the prior written consent of Sara Lee (which may be granted or withheld in Sara Lee's sole discretion).

(b) If the Surviving Person provides the Letter of Credit under Section 3.1(a)(ii), then (i) the Required Amount shall be calculated as of a date within 60 days

prior to the closing of the Transaction (such date to be mutually acceptable to Sara Lee and the Surviving Person), (ii) the Required Amount shall be re-calculated on an annual basis following the closing of the Transaction and the Surviving Person shall provide Sara Lee with a replacement Letter of Credit in the Required Amount as so re-calculated and (iii) the Surviving Person shall be obligated to maintain the Letter of Credit in the Required Amount until the date on which the Total Guaranteed Rent falls below $25 million (such term, the "Letter of Credit Term").

Section 3.2 Security Interests. As long as Sara Lee's duties under any Obligation remain outstanding with regards to any Leased Properties or Leases, HBI shall not pledge, hypothecate, collaterally assign, mortgage or otherwise encumber, or permit any lien or encumbrance upon, or grant any security interest in, any of HBI's rights, title or interests, as lessee or assignee, in or to any of such Leased Properties or Leases, except to the extent any such lien, encumbrance or security interest is subordinate to, and would not otherwise interfere with, the interests, rights or remedies of Sara Lee with respect to such Leased Property or Lease under the terms of this Agreement; provided, however, that this Section 3.2 shall not apply to (a) any lien or encumbrance on any Landlord's interest in any Leased Property existing as of the Separation Date or expressly permitted under a Lease; (b) any liens against the Properties for real estate taxes or mechanics', materialmens' or other liens based upon claims for work, labor or materials relating to any Property, if (i) such taxes or claims are not due and payable or are being contested in good faith by appropriate proceedings and (ii) HBI maintains adequate reserves for payment of such taxes or claims in accordance with generally accepted accounting principles; and (c) any mortgage, deed of trust or security interest on any Property or Lease in favor of the provider or providers of any senior working capital facility and/or any senior term loan facility. It shall not be considered a default of this Agreement if, within ten (10) business days after HBI receives notice of a lien against a Property, HBI causes such lien to be released of record or provides Sara Lee with insurance against the same issued by a major title insurance company or such other protection against the same as Sara Lee shall accept in its sole and absolute discretion.

Section 3.3 Sharing Of Information. As long as any Obligations remain outstanding, HBI will provide to Sara Lee, no later than fifteen (15) days after the end of each fiscal quarter of HBI, a certificate of HBI's Chief Operating Officer or Chief Financial Officer that (a) certifies the accuracy of an attached schedule listing each Guaranteed Lease and, with respect thereto, (i) the location of the Property covered by, and the parties to, such Guaranteed Lease, (ii) the expiration date of each Guaranteed Lease, and (iii) the current monthly rental payment by HBI or its applicable Subsidiary and the date of any contractual escalation in the monthly rental payment under each Guaranteed Lease, and (b) certifies that HBI is not in breach or default under any of the Guaranteed Leases and that no event exists which, with the passage of time, would become an event of breach or default (or, if applicable, identifies any exceptions).

Section 3.4 Limitation On Assignment. As long as any Obligations remain outstanding with regards to a Guaranteed Lease, HBI or its applicable Subsidiary may assign or otherwise transfer its rights, title and interests in and to under any such Guaranteed Lease, or sublease all or substantially all of any the Guaranteed Property, to a third party (any such proposed assignee, sublessee or transferee being a "Proposed Transferee," and any such proposed assignment, sublease or transfer being a "Proposed Transfer"); provided, however, that (a) Sara Lee consents to such Proposed Transfer, such consent not to be unreasonably withheld,

(b) effective upon or before such Proposed Transfer, Sara Lee is fully and unconditionally released from any and all Obligations under such Guaranteed Lease, or (c) the Proposed Transferee is a direct or indirect wholly-owned Subsidiary of HBI, under common control with HBI, or in control of HBI at all times and HBI remains primarily liable for the Obligations as if HBI were still the tenant or assignee under the applicable Guaranteed Lease or Guaranteed Leases. Any transfer in violation of this Section 3.4 is void.

Section 3.5 Further Assurances. At any time and from time to time, upon the request of the other Party, HBI and Sara Lee shall each execute and deliver to the other Party such further instruments and documents, and do such further acts and things, as such other Party may reasonably request in order to effectuate fully the purposes of this Agreement. To the extent it is possible without causing a default under any Lease, Sara Lee shall take such other actions as may be reasonably requested by HBI in order to place HBI, insofar as reasonably possible, in the same position as if the Leases for any Leased Property for which the Actual Closing did not occur on or before the Separation Date had been transferred as contemplated hereby.

## ARTICLE IV

## MISCELLANEOUS

Section 4.1 Entire Agreement; Incorporation Of Schedules And Exhibits. This Agreement (including all Schedules and Exhibits referred to herein) and the Ancillary Agreements constitute the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof and thereof. All Schedules and Exhibits referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

Section 4.2 Amendments And Waivers. This Agreement may be amended and any provision of this Agreement may be waived, provided that any such amendment or waiver shall be binding upon a Party only if such amendment or waiver is set forth in a writing executed by such Party. No course of dealing between or among any Persons having any interest in this Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any Party under or by reason of this Agreement.

Section 4.3 No Implied Waivers; Cumulative Remedies; Writing Required. No delay or failure in exercising any right, power or remedy hereunder shall affect or operate as a waiver thereof; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or remedy preclude any further exercise thereof or of any other right, power or remedy. The rights and remedies hereunder are cumulative and not exclusive of any rights or remedies that any party hereto would otherwise have. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement or any such waiver of any provision of this Agreement must satisfy the conditions set forth in Section 4.2 and shall be effective only to the extent in such writing specifically set forth.

Section 4.4 Parties In Interest. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the Parties, and their respective successors and permitted assigns, any rights or remedies of any nature whatsoever under or by virtue of this Agreement.

Section 4.5 Assignment; Binding Agreement. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the Parties without the prior written consent of the other Parties, and any instrument purporting to make such an assignment without prior written consent shall be void; provided, however, either Party may assign this Agreement to a successor entity in conjunction with such Party's reincorporation. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns. Any contrary or inconsistent provision of this Agreement notwithstanding, this Agreement shall be binding upon HBI and any successor or assign of HBI that, through a merger or consolidation, succeeds to all or substantially all of HBI's interest in the Guaranteed Leases or the Guaranteed Properties.

Section 4.6 Notices. All notices, demands and other communications given under this Agreement must be in writing and must be either personally delivered, telecopied (and confirmed by telecopy answer back), mailed by first class mail (postage prepaid and return receipt requested), or sent by reputable overnight courier service (charges prepaid) to the recipient at the address or telecopy number indicated below or such other address or telecopy number or to the attention of such other Person as the recipient party shall have specified by prior written notice to the sending party. Any notice, demand or other communication under this Agreement shall be deemed to have been given when so personally delivered or so telecopied and confirmed (if telecopied before 5:00 p.m. Eastern Standard Time on a business day, and otherwise on the next business day), or if sent, one business day after deposit with an overnight courier, or, if mailed, five business days after deposit in the U.S. mail.

Sara Lee Corporation
Three First National Plaza
Chicago, Illinois 60602-4260
Attention: General Counsel
Facsimile Number: (312) 419-3187

Hanesbrands Inc.
1000 East Hanes Mill Road
Winston-Salem, North Carolina 27105
Attention: General Counsel
Facsimile Number: (336) 714-3638

Section 4.7 Severability. The Parties agree that (a) the provisions of this Agreement shall be severable in the event that for any reason whatsoever any of the provisions hereof are invalid, void or otherwise unenforceable, (b) any such invalid, void or otherwise unenforceable provisions shall be replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable, and (c) the

remaining provisions shall remain valid and enforceable to the fullest extent permitted by applicable law.

Section 4.8 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

Section 4.9 Submission To Jurisdiction. EACH OF THE PARTIES IRREVOCABLY SUBMITS (FOR ITSELF AND IN RESPECT OF ITS PROPERTY) TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN CHICAGO, ILLINOIS, OR FORSYTH COUNTY, NORTH CAROLINA OR GUILDFORD COUNTY, NORTH CAROLINA, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT; PROVIDED THAT THE PARTIES MAY BRING ACTIONS OR PROCEEDINGS AGAINST EACH OTHER IN OTHER JURISDICTIONS TO THE EXTENT NECESSARY TO ENFORCE THEIR RIGHTS UNDER THIS AGREEMENT UNDER STATE LAW OR TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH PARTY ALSO AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT OR OTHER JURISDICTIONS UNLESS SUCH ACTIONS OR PROCEEDINGS ARE NECESSARY TO ENFORCE ITS RIGHTS UNDER THIS AGREEMENT UNDER STATE LAW OR TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY BOND, SURETY, OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO. ANY PARTY MAY MAKE SERVICE ON ANY OTHER PARTY BY SENDING OR DELIVERING A COPY OF THE PROCESS TO THE PARTY TO BE SERVED AT THE ADDRESS AND IN THE MANNER PROVIDED FOR THE GIVING OF NOTICES IN SECTION 4.6 ABOVE. NOTHING IN THIS SECTION 4.9, HOWEVER, SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AT EQUITY. EACH PARTY AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING SO BROUGHT SHALL BE CONCLUSIVE AND MAY BE ENFORCED BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW OR AT EQUITY.

Section 4.10 Waiver Of Jury Trial. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

Section 4.11 Amicable Resolution. The Parties desire that friendly collaboration will develop between them. Accordingly, they will try to resolve in an amicable manner all disputes and disagreements connected with their respective rights and obligations under this Agreement in accordance with Section 6.12 of the Separation Agreement.

Section 4.12 Arbitration. Except for suits seeking eviction, injunctive relief or specific performance or in the event of any impleader action arising from any proceeding commenced by a third party that it is related to this Agreement, in the event of any dispute, controversy or claim arising under or in connection with this Agreement (including any dispute, controversy or claim relating to the breach, termination or validity thereof), the Parties shall submit any such dispute, controversy or claim to binding arbitration in accordance with Section 6.13 of the Separation Agreement.

Section 4.13 Construction. The descriptive headings herein are inserted for convenience of reference only and are not intended to be a substantive part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. The use of the words "include" or "including" in this Agreement shall be by way of example rather than by limitation. The use of the words "or," "either" or "any" shall not be exclusive. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The Parties agree that prior drafts of this Agreement shall be deemed not to provide any evidence as to the meaning of any provision hereof or the intent of the Parties hereto with respect hereto.

Section 4.14 Counterparts. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 4.15 Limitation On Damages. Each Party irrevocably waives, and no Party shall be entitled to seek or receive, consequential, special, indirect or incidental damages (including without limitation damages for loss of profits) or punitive damages, regardless of how such damages were caused and regardless of the theory of liability; provided that the foregoing shall not limit each Party's indemnification obligations set forth in the Indemnification and Insurance Matters Agreement.

Section 4.16 Delivery By Facsimile Or Other Electronic Means. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party, each other Party shall re-execute

original forms thereof and deliver them to all other Parties. No Party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a contract and each such party forever waives any such defense.

Section 4.17 Time of Essence. Time is of the essence with respect to all terms and conditions of, rights and obligations under, this Agreement.

## ARTICLE V

## DEFINITIONS

Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Separation Agreement. In addition, for purposes of this Agreement, the following terms shall have the following meanings:

"Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international governmental authority or any arbitration or mediation tribunal.

"Actual Closing" means, with respect to each Leased Property, the consummation of the assignment or transfer of the rights, title and interest of Sara Lee or its applicable Subsidiary in and to the Lease of such Leased Property to HBI or one of its Subsidiaries to HBI.

"Ancillary Agreements" shall have the meaning set forth in the Separation Agreement.

"Branded Apparel Business" shall have the meaning set forth in the Separation Agreement.

"Contract" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of its property under applicable law.

"Guaranteed Leases" means any Leases under which Sara Lee or any member of the Sara Lee Group shall, from time to time, have Obligations after the Separation but only for so long as, and to the extent that, any such Leases continue in effect after Separation and only with respect to those Obligations that remain unperformed or unfulfilled after Separation and at the time such determinations may be made.

"Guaranteed Properties" means any Leased Properties leased, used or occupied under any Guaranteed Leases.

"Indemnification and Insurance Matters Agreement" shall have the meaning set forth in the Separation Agreement.

"Landlord" means (1) the holder of the landlord's rights, title and interests in and to any Lease from time to time, (2) with respect to the Lease Consents, any other Person from which any consent or waiver is required to assign any Lease or sublease any Leased Property to HBI or

its applicable Subsidiary on the terms and conditions of this Agreement, and (3) with respect to the release of all Liabilities of Sara Lee or any of its Subsidiaries under any Lease, any other Person having the right to enforce any such Liabilities.

"Lease" means, with respect to each Leased Property, any lease, sublease or other agreement under which Sara Lee or its applicable Subsidiary (including, for the avoidance of doubt, through any division of Sara Lee or any such Subsidiary) holds a leasehold interest in such Leased Property or has the right to use or occupy such Leased Property, together with any amendments or extensions of such leases, subleases or agreements, any guaranty of such lease, sublease or agreement by any member of the Sara Lee Group, and any other agreements affecting such leases, subleases or agreements, such leasehold interest or the use and occupancy of such Leased Property.

"Lease Consents" means all consents under, or amendments or waivers of any provision of, any Leases required to (1) assign the Lease or sublease the applicable Leased Property to HBI or its applicable Subsidiary on the terms and conditions of this Agreement or (2) in order to prevent a breach or default thereunder, in connection with the consummation of the Separation or Distribution.

"Lease Requiring Consent" means any Lease (1) which prohibits the assignment of such Lease, or the sublease of the applicable Leased Property, to HBI or its applicable Subsidiary or (2) under which the consent of any Landlord is required for assignment of such Lease, or the sublease of the applicable Leased Property, to HBI or such Subsidiary, on the terms and conditions of this Agreement or, in order to prevent a breach or default thereunder, in connection with the consummation of the Separation or Distribution.

"Lease Requiring Notice" means any Lease under which notice to any Landlord is required for assignment of such Lease, or the sublease of the applicable Leased Property, to HBI or such Subsidiary, on the terms and conditions of this Agreement or, in order to prevent a breach or default thereunder, in connection with the consummation of the Separation or Distribution.

"Leased Properties" means those real properties, including without limitation any land, buildings, fixtures and other improvements constituting real property, which are leased or otherwise used and occupied by Sara Lee or one of its Subsidiaries and are part of the HBI Assets (including without limitation those properties identified in Schedule 1.2), together with (1) all easements, rights-of-way, restrictions, reservations and other rights and interests appurtenant to such real properties and (2) all of Sara Lee's or such Subsidiary's rights, interests and obligations under any subleases, licenses or other agreements regarding the use or occupancy of all or any portion of any such real property.

"Letter of Credit" shall mean an irrevocable standby letter of credit in the Required Amount issued by a Qualified Bank for the benefit of Sara Lee on terms and conditions satisfactory to Sara Lee.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured,

liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any Contract or tort based on negligence or strict liability) and whether or not the same would be required by generally accepted principles and accounting policies to be reflected in financial statements or disclosed in the notes thereto.

"Loss" and "Losses" mean any and all damages, losses, deficiencies, Liabilities, obligations, penalties, judgments, settlements, claims, payments, fines, interest, costs and expenses (including, without limitation, the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys', accountants', consultants' and other professionals' fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder), including direct and consequential damages, but excluding punitive damages (other than punitive damages awarded to any third party against an indemnified party).

"Obtaining Party" shall have the meaning set forth in Section 1.6(b) of this Agreement.

"Obligations" means all Liabilities of Sara Lee or its Subsidiaries as lessee, assignor, sublessor, guarantor or otherwise under or relating to any Lease, including, without limitation, any guarantee, surety, letter of credit, security deposit or other security which Sara Lee or its Subsidiaries have provided or will provide to a Landlord with respect to any Lease, to the extent such Liabilities have not expired, terminated or been fully and unconditionally released.

"Owned Properties" means those real properties, including without limitation all land and any buildings, fixtures and other improvements on such land, which are owned by Sara Lee or one of its Subsidiaries and are part of the HBI Assets (including without limitation those properties identified in Schedule 1.1), together with (1) all easements, rights-of-way, restrictions, reservations and other rights and interests appurtenant to such real properties and (2) such owners' rights, interests and obligations under any leases, subleases, licenses or other agreements regarding the use or occupancy of all or any portion of any such real property.

"Parties" means the parties to this Agreement.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Properties" means the Owned Properties and Leased Properties.

"Qualified Bank" shall be a financial institution with a minimum rating of A by Standard & Poor's or a minimum rating of A2 by Moody's Investors Services.

"Release" means, with respect to each Lease, the unconditional release of all Liabilities of Sara Lee or its Subsidiaries under such Lease, including, without limitation, the termination and return of any guarantee, surety, letter of credit, security deposit or other security which Sara Lee or any of its Subsidiaries has provided to any Landlord with respect to such Lease.

"Required Amount" means 100% of the Total Guaranteed Rent.

“Sara Lee Group” shall have the meaning set forth in the Separation Agreement.

“Sara Lee Indemnitees” means Sara Lee, each member of the Sara Lee Group and each of their respective successors and assigns, and all Persons who are or have been stockholders, directors, partners, managers, managing members, officers, agents or employees of any member of the Sara Lee Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns.

“Separation” shall have the meaning set forth in the Separation Agreement.

“Separation Date” has the meaning set forth in the Separation Agreement.

“Subsidiary” of any Person means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person. For purposes of this Agreement, it is understood that HBI and each Subsidiary of HBI after the Separation shall be deemed not to be a Subsidiary of Sara Lee after the Separation.

“Total Guaranteed Rent” means the minimum aggregate rent, additional rent and other charges, costs and expenses that HBI or any of its Subsidiaries is required to pay to the Landlords over the remaining life of the Guaranteed Leases, regardless of such Person’s volume of business.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, each of the parties has caused this Real Estate Matters Agreement to be executed on its behalf by its officers hereunto duly authorized on the day and year first above written.

SARA LEE CORPORATION

By: /s/ Diana S. Ferguson
Diana S. Ferguson
Senior Vice President

HANESBRANDS INC.

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

SCHEDULE 1.1

OWNED PROPERTIES

**SCHEDULE 1.1**
**OWNED PROPERTITES**

| | BU | Total Bldg SF | Plant Name | State | Address | Country |
|---|---|---|---|---|---|---|
| 1 | International | 60127 | S.A.) | | Alsina 1771, San Martin, Buenos Aires | Argentina |
| 2 | International | 20811 | S.A.) | | San Juan | Argentina |
| 3 | International | 13285 | S.A.) | | 3 de Febrero 414, San Martin, Buenos Aires | Argentina |
| 4 | International | 8211 | S.A.) | | Medeiros 3484, Buenos Aires | Argentina |
| 5 | International | 289480 | Cutting, Packing, Dist., Head Office | | 4405 Metropolitain Blvd., East, Montreal, (QC) H1R 1Z4 | Canada |
| 6 | International | 27300 | Sewing Plant | | 4409 Dollard Street, Lac Megantic, (QC) G6B 3B4 | Canada |
| 7 | Intimates/Hosiery | 110011 | Bali - Cartago | | Cartago | Costa Rica |
| 8 | Underwear/Socks | 76433 | Heredia | | Industria Texilera Del Este, Heredia | Costa Rica |
| 9 | Underwear/Socks | 75000 | Cartex | | Parque Industrial Cartago, Cartago | Costa Rica |
| 10 | Underwear/Socks | 75000 | Cretex | | Costado Este del Liceo, Grecia | Costa Rica |
| 11 | Underwear/Socks | 74500 | Cartago | | Industria Texilera Del Este, Heredia | Costa Rica |
| 12 | Intimates/Hosiery | 66505 | Tucurrique | | | Costa Rica |
| 13 | Intimates/Hosiery | 43859 | Paraiso | | | Costa Rica |
| 14 | Intimates/Hosiery | 35893 | Bali - Cartago | | Contiguo Al Cementario, Cartago | Costa Rica |
| 15 | Underwear/Socks | 27000 | Cartex | | Parque Industrial Cartago, Cartago | Costa Rica |
| 16 | Intimates/Hosiery | 530000 | | | Dos Rios (new 5/06) | D.R. |
| 17 | Underwear/Socks | 88000 | Las Americas | | Zona Franca Las Americas, Santa Domingo | D.R. |
| 18 | Underwear/Socks | 86000 | Las Americas | | Zona Franca Las Americas, Santa Domingo | D.R. |
| 19 | Underwear/Socks | 74000 | San Isidro | | Zona Franca San Isidro, Santa Domingo | D.R. |
| 20 | Underwear/Socks | 70000 | SU UW Lacaleta | | Zona Franca Las Americas, Santa Domingo | D.R. |
| 21 | Intimates/Hosiery | 94584 | Jiboa | | Zona Franca El Pedrigal | El Salvador |
| 22 | Underwear/Socks | 92492 | El Pedrigal | | Zona Franca El Pedrigal, El Rosario | El Salvador |
| 23 | Intimates/Hosiery | 118020 | Villanueva | | ZIP Buena Vista, Villanueva | Honduras |
| 24 | Sportswear | 94811 | Hanes Choloma | | ZIP Choloma, Choloma, Cortes | Honduras |
| 25 | Underwear/Socks | 60000 | La Ceiba | | Zona Libre Manufactura Celbena, La Ceiba | Honduras |
| 26 | Underwear/Socks | 55812 | San Pedro | | ZIP Buenavista, Villanueva, Cortes | Honduras |
| 27 | Intimates/Hosiery | 53555 | Choloma | | ZIP Choloma, Choloma | Honduras |
| 28 | International | 218039 | SLBA LAN (Knit) | | Col., Renovacion | Mexico |
| 29 | Sportswear | 171019 | Monolova 2 | | Avenida Sidermexy Calle, Monclova | Mexico |
| 30 | Sportswear | 166853 | San Pedro | | #26 Calle Zaragoza Sur, Coahuila | Mexico |
| 31 | Sportswear | 121022 | Madero | | Blvd. Manuel Avila Camacho, Francisco L. Mode | Mexico |
| 32 | Sportswear | 110344 | Allende | | Carretera 57 1252, Allende, Coahuila | Mexico |
| 33 | Sportswear | 100810 | Nueva Rosita | | Carretera 57 KH 123, Rosita, Coahuila | Mexico |
| 34 | Sportswear | 95968 | Monclova 1 | | Monclova, Coahuila | Mexico |
| 35 | Intimates/Hosiery | 68171 | Yucatan | | KM 102 Merida, Mexico | Mexico |
| 36 | International | 63238 | SLBA LAN (Knit) | | AGS Pabellon Artteaga | Mexico |
| 37 | International | 54133 | SLBA LAN (Knit) | | Taller 174 L. Boturini | Mexico |
| 38 | International | 36112 | SLBA LAN (Knit) | | Col., Renovacion | Mexico |
| 39 | International | 27706 | SLBA LAN (Playtex) | | Cadereyta 2 | Mexico |
| 40 | International | 26864 | SLBA LAN (Playtex) | | Naucalpan C.3 | Mexico |
| 41 | International | 24249 | SLBA LAN (Knit) | | Taller 179 A. Graficas | Mexico |
| 42 | International | 10731 | SLBA LAN (Playtex) | | Cadereyta 1 | Mexico |
| 43 | International | 0 | SLBA LAN (Playtex) | | Colon | Mexico |
| 44 | Intimates/Hosiery | 241419 | Clarksville | AR | Cline & Clark Rd. Clarksville, AR | USA |
| 45 | Textiles | 736453 | Rabun Gap | GA | John Beck Dockins Rd., Rabun Gap., Georgia | USA |
| 46 | Sportswear | 986000 | North Ridge | NC | Rural Hall, NC | USA |
| 47 | Intimates/Hosiery | 840452 | Weeks | NC | 401 Hanes Mill Rd., W-S. NC | USA |
| 48 | Textiles | 582292 | China Grove | NC | E. Thom Street, China Grove, North Carolina | USA |
| 49 | Underwear/Socks | 568359 | Stratford Rd. | NC | 700 South Stratford Road, W-S. NC | USA |
| 50 | Intimates/Hosiery | 548212 | Commerce (Cleveland) | NC | 219 Commerce Blvd, Kings Mountain, NC | USA |
| 51 | Textiles | 512406 | Eden | NC | Gant Road, Eden, North Carolina | USA |
| 52 | Sportswear | 468000 | Oak Summit | NC | 1000 Hanes Mill Road, W-S. NC | USA |
| 53 | Intimates/Hosiery | 429578 | Canterbury | NC | 705 Canterbury Rd. Gastonia, NC | USA |
| 54 | Textiles | 422171 | Forest City | NC | W. Main Street, Forest City, North Carolina | USA |
| 55 | Sportswear | 398000 | Eden Yarns | NC | 328 Gant Road, Eden. NC | USA |
| 56 | Underwear/Socks | 391888 | Annapolis | NC | 2655 Annapolis, W-S, NC | USA |
| 57 | Underwear/Socks | 385310 | Kennersville | NC | 700 North Main Street, Kernersville, NC | USA |
| 58 | Sportswear | 380000 | Laurel Hill | NC | 18400 Fielderest Road, Laurel Hill, NC | USA |
| 59 | Intimates/Hosiery | 380000 | Aleo | NC | 30 5th Ave., Rockingham, NC | USA |
| 60 | Textiles | 290000 | Morganton | NC | | USA |
| 61 | Textiles | 271659 | Sanford | NC | 2652 Dalrymple Street, Sanford, North Carolina | USA |
| 62 | Sportswear | 2300000 | I-95 | NC | 4185 W. 5th Street, Lumberton, NC | USA |
| 63 | Textiles | 223836 | Gastonia | NC | Poplar Street, Gastonia, North Carolina | USA |
| 64 | Textiles | 206000 | Advance | NC | Cornatzer Road, Adnance, North Carolina | USA |
| 65 | Underwear/Socks | 201000 | Mt. Airy | NC | 645 West Pine Street Mt. Airy, NC | USA |
| 66 | Intimates/Hosiery | 173805 | Crawford | NC | 328 Crawford Rd., Statesville, NC | USA |
| 67 | Underwear/Socks | 138892 | Asheboro | NC | 100 Industrial Park, Ave., Asheboro, NC | USA |
| 68 | Intimates/Hosiery | 124198 | Meacham | NC | 933 Meacham Rd. Statesville, NC | USA |
| 69 | Textiles | 103570 | Artington | NC | | USA |
| 70 | Underwear/Socks | 66918 | Watkins | NC | 4801 Bethnia Tation Road, W-S. NC | USA |
| 71 | Textiles | 66925 | 490 Office | NC | 480, W. Hanes Mill Road, Winston-Salem. N.C. | USA |
| 72 | Sportswear | 64000 | Starlite | NC | 1401 Starlite Drive, Lumberton, NC | USA |
| 73 | | | Lumberton Culp Property | NC | Lumberton - Culp Property | USA |
| 74 | Underwear/Socks | 35000 | Narrow Fabrics | NC | 548 NC Highway 801 North, Advance, NC | USA |
| 75 | Underwear/Socks | 480684 | Tamaqua Hometown DC | PA | 143 Mahonoy Ave, Tamaqua, PA | USA |
| 76 | Underwear/Socks | 132000 | Tamaqua Tidewood DC | PA | 92 Progress Avenue, Tamaqua, PA | USA |
| 77 | Underwear/Socks | 97640 | Tamaqua Liberty DC | PA | 25 Liberty Street, Tamaqua, PA | USA |
| 78 | Textiles | 498912 | Greenwood | SC | Highway 25 North, Hodges, South Carolina | USA |
| 79 | Underwear/Socks | 236000 | Barnwell | SC | 11200 Dunbarton Blvd, Barnwell, SC | USA |
| 80 | Intimates/Hosiery | 143791 | Marion | SC | Hgwy 578, Marion, SC | USA |
| 81 | Textiles | 0 | Greenwood | SC | Highway 25 North, Hodges, South Carolina | USA |
| 82 | Textiles | 607577 | Mountain City | TN | Highway 421 South Mountain City, Tennessee | USA |
| 83 | Sportwswear | 744000 | VSC | VA | 380 Beaver Creek Road, Martinsville, VA | USA |
| 84 | Textiles | 254603 | Galax (Textiles) | VA | 1012 Glendale Drive, Galax, Virginia | USA |
| 85 | Intimates/Hosiery | 243840 | Liberty | VA | 138 Elamsville Rd, Stuart, VA | USA |
| 86 | Textiles | 176560 | Galax (Yarn) | VA | 1012 Glendale Drive, Galax, Virginia | USA |

SCHEDULE 1.2
LEASED PROPERTIES

| SLC Contracting Entity | Landlord | Start Date | Property Location |
|---|---|---|---|
| Sara Lee Corporation (formerly in name of Champion Products, Inc.) | Highwoods DLF 97/26 DLF 99/32, L.P. (formerly Chedren, Inc.) | 7/1/1993 | 105,723 sq. ft.@ 475 Corporate Drive, Winston-Salem, NC |
| Sara Lee Corporation | Twin City Properties, Corp. | 7/31/2003 | 470 Hanes Mill Road Office Building, Winston-Salem, NC |
| Sara Lee Hosiery, a division of Sara Lee Corporation | Mary Kimbrough | 3/10/2005 | Rental of bldg. at 111 Porter Industrial Rd., Clarksville, AR |
| Sara Lee Corporation | Twin City Properties, Corp. | 7/31/2003 | 450 and 460 Hanes Mill Road Buildings, Winston-Salem NC |
| Playtex Apparel, Inc. | ANA Capital Partners, Ltd. fka Metropolitan Parkway West 1994, Ltd. | 9/12/2000 | 1,162 square feet @4011 W. Plano Parkway, Suite 123, Plano, TX |
| Sara Lee Corporation | Commerce Plaza, LLC | 10/1/1999 | Bentonville office, Lots 16 & 17, Commerce Centre, Bentonville, Arkansas |
| Sara Lee Underwear and Sara Lee Sportswear | Glenn Hart | 4/4/2005 | Warehouse @ 5620 Shattalon Dr., Winston-Salem, NC |
| Sara Lee Corporation (as successor to Scotch Maid, Inc.) | WOHIO Holdings, Inc. | 6/12/1992 | 11th Floor, 16th East 34th St., New York City |
| Sara Lee Corporation (as successor in interest to Playtex Apparel, Inc.) | WOHIO Holdings, Inc. | 10/10/1989 | 7th Floor, 16th East 34th St., New York City |
| Sara Lee Intimate Apparel, an operating division of Sara Lee Corporation | Clara Ridgley Properties, L.L.C. | 9/1/2004 | 54,776 sq.ft. @ Clara and Ridgley Rd., Dover, Delaware |
| Sara Lee Corporation, for its division of Sara Lee Hosiery | Locke Land Company, LLC | 1/12/2001 | 206 Enterprise Dr., Rockingham, NC |
| Bali Company, A Division of Sara Lee Corporation | 260/61 Madison Equities Corp. | 5/1/1997 | 14th floor, 260 Madison Ave., New York City |

## SCHEDULE 1.2 (cont'd)

| SLC Contracting Entity | Landlord | Start Date | Property Location |
| --- | --- | --- | --- |
| Sara Lee Corporation (originally Hanes Knitwear/Printables, Inc., a wholly owned subsidiary of Sara Lee Corporation) | Highwoods Realty Limited Partnership (originally Forsyth/Stratford Partners) | 2/26/1987 | 2828 WestPoint Blvd, Winston-Salem, NC (Warehouse) |
| Sara Lee Intimate Apparel, a division of Sara Lee Corporation | 260/261 Madison Equities Corp. | 2/1/2002 | 6th Floor, 260 Madison Ave., New York City |
| Sara Lee Sock Company | Pope Companies, Inc. | 10/23/2003 | Warehouse at 1384 South Park Drive, 1421 Highway 66 South, Kernersville, NC |
| Sara Lee Corporation | Industrial Property Fund IV, L.P. | 6/112001 | 2935 West Corporate Lakes Blvd., Weston, FL |
| Sara Lee Underwear, a division of Sara Lee Corporation | Highwoods Industrial North Carolina, LLC | 7/1/2005 | 446,818 sq. ft. at 710 Almondridge Road, Rural Hall, NC 27045 |
| Sara Lee Underwear, a division of Sara Lee Corporation | Lentz Transfer and Storage Company | 7/1/2005 | Warehouse No 1, 4509 Hampton, Rd., Winston-Salem, NC |
| Sara Lee Intimate Apparel | Patrick County Fruit Growers, Inc. | 5/1/2003 | Warehouse on Route 8, Wooline, VA |
| Sara Lee Direct, LLC (successor in interest to Net Apparel, LLC, L'eggs Brands, Inc., and Sara Lee Corporation on behalf of its Direct Marketing Division and L'eggs Brands, Inc.) NOTE: *Payment Guaranteed by Sara Lee Corporation* | G-T Gateway, LLC (successor in interest to Winston-Salem Industrial, LLC, Highwoods Realty Limited Partnership, and The Shelton Companies) | 7/8/1988 | 531 Northridge Park Drive, Rural Hall, NC |

**SCHEDULE 1.2 (cont'd)**

| SLC Contracting Entity | Landlord | Start Date | Property Location |
|---|---|---|---|
| Sara Lee Underwear, a division of Sara Lee Corporation | Gateway Holdings, LLC | 4/13/1998 | Warehouse space at Gateway Business Center, 1325 Ivy Ave., Winston-Salem, NC |
| Sara Lee Underwear, a division of Sara Lee Corporation | Highwoods Realty Limited Partnership | 9/28/2001 | Warehouse space at 2599 Empire Dr., Winston-Salem, NC 27103 |
| **Sara Lee Direct, a division of Sara Lee corporation | Flatwoods Factory Outlet Stores, Inc. | 6/09/1997 | L'eggs Hanes Bali Playtex, Flatwoods Factory Outlet Shopping Center, Sutton, WV |
| **Sara Lee Direct, a division of Sara Lee corporation | COROC/Hilton Head II, L.L.C. c/o Tanger Properties Limited Partnership, | 9/16/2003 | L'eggs Hanes Bali Playtex, Store A132, Hilton Head Factory Stores 2, Bluffton, SC |
| **Sara Lee Direct, a division of Sara Lee corporation | R.R.Bayside, Inc. | 3/15/2003 | Socks Galore, Store 450 Rehoboth Outlets Rehoboth, DE |
| **Sara Lee Direct, a division of Sara Lee corporation | SunCor Development Company | 12/04/2001 | L'eggs Hanes Bali Playtex Express Store, Suite F3, Palm Valley Pavillions West, Goodyear, AZ |

** The assignee is to be Sara Lee Direct, LLC, a Colorado limited liability company and not Hanesbrands Inc.

EXHIBIT A

FORM CONVEYANCE FOR OWNED PROPERTIES [1]

**Prepared by and after recording mail to:** [2]

________________________________________
________________________________________
________________________________________
________________________________________
________________________________________

SPECIAL WARRANTY DEED [3]

Sara Lee Corporation, a Maryland corporation **[or the applicable Subsidiary]** with its principal office at with its principal office at ________________________________ ("Grantor"), in consideration of $10.00 4 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby grants 5 to Hanesbrands Inc., a Maryland corporation **[or the applicable Subsidiary]** with its principal office at ________________________________ ("Grantee"),[6] **w**ith SPECIAL WARRANTY COVENANTS, the real property described on Exhibit A attached to this Deed (the "Property").

The Property, the grant of the Property pursuant to this Deed, and the warranties and covenants under this Special Warranty Deed are subject to (a) all easements, right-of-way, covenants, conditions, restrictions, restrictive covenants, reservations, mortgages, deeds of trust, security interests, liens, attachments, encumbrances and other matters of record or arising by statute affecting, encumbering or relating to the Property, (b) any lease or other agreement granting a right to use or occupy the Property, (c) any liens of mechanics and materialmen securing charges for work performed on, or otherwise relating to, the Property, (d) any matters that would be disclosed by a complete and accurate survey of the Property, and (e) all real estate taxes, assessments and betterments assessed with respect to the Property, which, by accepting and recording this Deed, Grantee assumes and agrees to pay.

---

1 The form of Deed (including any formatting requirements) will be adapted as necessary to conform to local requirements, customs and practices to the extent necessary to render such form effective and, if requested by HBI, recordable.

2 Insert name and address of local attorney.

3 A separate Deed should be produced for each county in which any Owned Property is located (and covering all Owned Property in that county).

4 Some states and counties may require a statement of the value attributed to the Owned Property covered by each Deed.

5 The granting language required for effective conveyances under state law.

6 Insert name, organizational jurisdiction and address of Buyer.

Grantor executes this Deed as of ____________________, 2006. [7]

SARA LEE CORPORATION, a Maryland corporation **[or the applicable Subsidiary]**

By: ____________________________________________
Name:
Title:

STATE OF ____________________[8]

COUNTY OF __________

The attached Deed was acknowledged before me this __________ day of ____________________, 2005, by ______________________________, ______________________________ of Sara Lee corporation, a Maryland corporation **[or the applicable Subsidiary]**, on behalf of said corporation.

____________________________________________
Notary Public

Print Name: ____________________________________________

My commission expires: ____________________________________________

---

7 The form of Deed should conform to any requirements and formalities for effective execution of deeds and recordable instruments under state law, including the number of signatories and witnesses (if any), execution by specific officers of corporations, attestation by a corporate secretary, and the appropriate form of acknowledgement for instruments executed in a different jurisdiction but recorded locally.

8 The form of acknowledgement should conform to the requirements applicable in the jurisdiction of the Owned Property.

EXHIBIT B

FORM ASSIGNMENT FOR LEASED PROPERTIES [9]

**Prepared by and after recording mail to:** [10]

________________________________________
________________________________________
________________________________________
________________________________________
________________________________________

ASSIGNMENT AND ASSUMPTION OF LEASES [11]

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (this “Assignment and Assumption”) made as of ____________________, 2006 (the “Effective Date”), between Sara Lee Corporation, a Maryland corporation **[or the applicable Subsidiary]** with its principal office at ______________________________ (“Assignor”), and Hanesbrands Inc., a Maryland corporation **[or the applicable Subsidiary]** with its principal office at ______________________________ (“Assignee”).

WHEREAS Assignor is the holder of the rights, title, interests and obligations of the tenant or occupant of the real properties identified generally on Schedule A attached to this Assignment and Assumption (collectively, the “Leased Properties”) under the lease(s), sublease(s) or other agreement(s), together with any amendments or extensions of such lease(s), sublease(s) or agreements(s), any guaranty of any such lease, sublease or agreement, and any other agreements affecting such lease(s), sublease(s) or agreement(s) (collectively, the “Leases”); and

WHEREAS Assignor wishes to assign the Leases to Assignee, and Assignee wishes to accept such assignment and assume the Leases, on the terms of the Real Estate Matters Agreement entered into as of __________, 2006, between Assignor **[or Sara Lee]** and Assignee **[or HBI]** (the “Real Estate Matters Agreement”);

NOW THEREFORE, in consideration of $10.00[12] and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor and Assignee agree as follows:

---

9 The form of Assignment and Assumption of Leases, including any formatting requirements, will be adapted as necessary to conform to local requirements, customs and practices to the extent necessary to render such form effective and, if requested by HBI, recordable

10 Insert name and address of a local attorney.

11 A separate Assignment and Assumption of Leases should be produced for each county in which any Leased Property is located (and covering all Leased Property in that county).

1. As of the Effective Date, Assignor hereby assigns and transfers to Assignee, without any warranties, express or implied, all of Assignor's rights, title and interests in and to, and obligations arising or accruing on or after the Effective Date under, the Leases, together with Assignor's rights, title and interests in and to, and obligations arising or accruing on or after the Effective Date with respect to, (a) all easements, rights-of-way, restrictions, reservations and other rights and interests appurtenant to the Leased Properties, (b) any subleases, licenses or other agreements regarding the use or occupancy of all or any portion of any Leased Property, and (c) any guarantee, surety, letter of credit, security deposit or other security provided under the Leases (the "Appurtenant Rights and Interests"), subject to the terms and conditions of the Real Estate Matters Agreement.

2. Assignee hereby accepts such assignment and transfer and assumes, and agrees to pay, perform, observe and discharge promptly when due, all of Assignor's obligations arising or accruing on or after the Effective Date under the Leases or with respect to the Appurtenant Rights and Interests, subject to the terms and conditions of the Real Estate Matters Agreement.

[SIGNATURE PAGE FOLLOWS]

---

12 Some states and counties may require a statement of the value attributed to the Leased Property covered by each Assignment and Assumption.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment and Assumption as of the Effective Date.[13]

SARA LEE CORPORATION, a Maryland corporation **[or the applicable Subsidiary]**

By: ______________________________

Name: ______________________________

Title: ______________________________

HANESBRANDS INC., a Maryland corporation **[or the applicable Subsidiary]**

By: ______________________________

Name: ______________________________

Title: ______________________________

STATE OF __________ [14]

COUNTY OF __________

The attached Assignment and Assumption of Leases was acknowledged before me this ______ day of __________, 2005, by ________________, ________________ of Sara Lee corporation, a Maryland corporation **[or the applicable Subsidiary]**, on behalf of said corporation.

______________________________

Notary Public

Print Name: ______________________________

STATE OF __________ [15]

COUNTY OF __________

The attached Assignment and Assumption of Leases was acknowledged before me this ______ day of __________, 2005, by ________________, ________________ of

______________________________

13 The form of Assignment and Assumption should conform to any requirements and formalities for effective execution of recordable instruments under state law, including the number of signatories and witnesses (if any), execution by specific officers of corporations, attestation by a corporate secretary, and the appropriate form of acknowledgement for instruments executed in a different jurisdiction but recorded locally.

14 The form of acknowledgement should conform to the requirements applicable in the jurisdiction of the Leased Property.

15 The form of acknowledgement should conform to the requirements applicable in the jurisdiction of the Leased Property.

Hanesbrands Inc., a Maryland corporation **[or the applicable Subsidiary]**, on behalf of said corporation.

________________________________________
Notary Public

Print Name: ________________________________

## Schedule A

## List of Leased Properties

**INDEMNIFICATION AND INSURANCE MATTERS AGREEMENT**

**between**

**SARA LEE CORPORATION**

**and**

**HANESBRANDS INC.**

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**INDEMNIFICATION AND INSURANCE MATTERS AGREEMENT**

This Indemnification and Insurance Matters Agreement (this "Agreement") is dated as of August 31, 2006 between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc., a Maryland corporation ("HBI"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in Article IV below.

**RECITALS**

WHEREAS, the board of directors of Sara Lee has determined that it is appropriate and desirable to separate Sara Lee's Branded Apparel Business from its other businesses;

WHEREAS, in order to effectuate the foregoing, Sara Lee and HBI have entered into a Master Separation Agreement dated as of August 31, 2006 (as amended, modified and/or restated from time to time, the "Separation Agreement"), which provides, among other things, subject to the terms and conditions set forth therein, for the Separation and the Distribution, and for the execution and delivery of certain other agreements in order to facilitate and provide for the foregoing; and

WHEREAS, the Parties desire to set forth certain agreements regarding indemnification and insurance as described herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and subject to and on the terms and conditions herein set forth, the Parties hereby agree as follows:

**ARTICLE I**
**MUTUAL RELEASES; INDEMNIFICATION**

Section 1.1 Release Of Pre-Distribution Date Claims.

(a) HBI Release. Except as provided in Section 1.1(c), effective as of the Distribution Date, HBI does hereby, for itself and each other member of the HBI Group, their respective Affiliates (other than the Sara Lee Group), successors and assigns, and all Persons who at any time prior to the Distribution Date have been directors, partners, managers, managing members, officers, agents or employees of any member of the HBI Group (in each case, in their respective capacities as such), remise, release and forever discharge the Sara Lee Indemnitees from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur on or before the Distribution Date or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions and all other activities to implement any of the Separation and the Distribution.

(b) Sara Lee Release. Except as provided in Section 1.1(c), effective as of the Distribution Date, Sara Lee does hereby, for itself and each other member of the Sara Lee Group, their respective Affiliates (other than the HBI Group), successors and assigns, and all Persons who at any time prior to the Distribution Date have been directors, partners, managers, managing

members, officers, agents or employees of any member of the Sara Lee Group (in each case, in their respective capacities as such), remise, release and forever discharge the HBI Indemnitees from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur on or before the Distribution Date or any conditions existing or alleged to have existed on or before the Distribution Date, including in connection with the transactions and all other activities to implement any of the Separation and the Distribution.

(c) No Impairment. Nothing contained in Section 1.1(a) or Section 1.1(b) shall limit or otherwise affect any Party's rights or obligations pursuant to or contemplated by the Separation Agreement or any Ancillary Agreement (including this Agreement), in each case in accordance with its terms, including, without limitation, (1) the obligation of HBI to assume and satisfy the HBI Liabilities, (2) the obligations of Sara Lee and HBI to perform their obligations and indemnify each other under the Separation Agreement and the Ancillary Agreements and (3) any Business Guarantees not replaced or terminated pursuant to Section 4.10 of the Separation Agreement. Notwithstanding anything in this Agreement or the Separation Agreement to the contrary, (1) Sara Lee shall continue to honor its existing obligations to indemnify any director or officer of HBI or any member of the HBI Group who also served as a director or officer of Sara Lee or any member of the Sara Lee Group at or before the Distribution Date with respect to Liabilities incurred by any such individual in his or her activities on behalf of Sara Lee which do not relate to the Branded Apparel Business ("Unrelated Activities"), such indemnification to be provided under and subject to the terms of Sara Lee's Bylaws, (2) the HBI Group shall be responsible for indemnification obligations to any director, officer or employee of any member of the HBI Group or the Sara Lee Group at or before the Distribution Date with respect to Liabilities incurred by any such individual in his or her activities which relate to the Branded Apparel Business ("Related Activities"), (3) individuals who were directors or officers of Sara Lee or any member of the Sara Lee Group at or prior to the Distribution Date shall retain their rights to indemnification from Sara Lee under and subject to the terms of Sara Lee's Bylaws with respect to Related Activities prior to the Separation Date; provided that (i) any claim for indemnification from Sara Lee with respect to Related Activities shall be an HBI Liability and (ii) HBI shall defend, indemnify and hold harmless Sara Lee against any Liabilities incurred by Sara Lee in connection with any claim for indemnification with respect to Related Activities; and (4) the HBI Group shall retain the ability to make claims in respect of Related Activities and Unrelated Activities under Sara Lee's Insurance Policies in accordance with Article II of this Agreement.

(d) No Actions As To Released Pre-Distribution Date Claims. HBI agrees, for itself and each other member of the HBI Group, not to make, and to not permit any other member of the HBI Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Sara Lee or any member of the Sara Lee Group, or any other Person released pursuant to Section 1.1(a), with respect to any Liabilities released pursuant to Section 1.1(a). Sara Lee agrees, for itself and each other member of the Sara Lee Group, not to make, and to not permit any other member of the Sara Lee Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification,

against HBI or any member of the HBI Group, or any other Person released pursuant to Section 1.1(b), with respect to any Liabilities released pursuant to Section 1.1(b).

(e) Intent; Further Instruments. It is the intent of Sara Lee and HBI by virtue of the provisions of this Section 1.1 to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, between or among HBI or any member of the HBI Group, on the one hand, and Sara Lee or any member of the Sara Lee Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date), except as expressly set forth in Section 1.1(c). In furtherance of the foregoing, at any time, at the request of any other Party, each Party shall cause each member of its respective Sara Lee Group or HBI Group, as applicable, to execute and deliver releases reflecting the provisions hereof.

Section 1.2 Indemnification By HBI. Except as otherwise provided in this Agreement or any Ancillary Agreement, HBI shall, for itself and each other member of the HBI Group, indemnify, defend (or, where applicable, pay the defense costs for) and hold harmless the Sara Lee Indemnitees from and against, and shall reimburse such Sara Lee Indemnitees with respect to, any and all Losses that any third party seeks to impose upon the Sara Lee Indemnitees, or which are imposed upon the Sara Lee Indemnitees, and that result from, relate to or arise, whether prior to or following the Distribution Date, out of any of the following items (without duplication):

(i) the failure of HBI or any other member of the HBI Group or any other Person to pay, perform or otherwise promptly discharge, or if applicable, comply with any HBI Liability in accordance with its terms;

(ii) the Branded Apparel Business (or the conduct or operation thereof), any HBI Asset or any HBI Liability;

(iii) the matters set forth in Section 3.5(b) of the Separation Agreement;

(iv) any breach by HBI or any other member of the HBI Group of the Separation Agreement or any of the Ancillary Agreements (including this Agreement); and

(v) any untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, with respect to all information contained in any Registration Statement or Information Statement (other than the Sara Lee Portion).

In the event that any member of the HBI Group makes a payment to the Sara Lee Indemnitees hereunder, and the Liability of the Sara Lee Indemnitees on account of which such payment was made is subsequently reduced, either directly or through a third-party recovery (other than a recovery indirectly from Sara Lee), Sara Lee will promptly repay (or will procure a Sara Lee Indemnitee to promptly repay) such member of the HBI Group the amount by which the

payment made by such member of the HBI Group exceeds the actual cost of the associated indemnified Liability. This Section 1.2 shall not apply to any Liability indemnified under Section 1.4.

Section 1.3 Indemnification By Sara Lee. Except as otherwise provided in this Agreement or any Ancillary Agreement, Sara Lee shall, for itself and for each other member of the Sara Lee Group, indemnify, defend (or, where applicable, pay the defense costs for) and hold harmless the HBI Indemnitees from and against, and shall reimburse such HBI Indemnitee with respect to, any and all Losses that any third party seeks to impose upon the HBI Indemnitees, or which are imposed upon the HBI Indemnitees, and that result from, relate to or arise, whether prior to or following the Distribution Date, out of any of the following items (without duplication):

(i) the failure of Sara Lee or any other member of the Sara Lee Group or any other Person to pay, perform or otherwise promptly discharge, or if applicable, comply with any Liability of the Sara Lee Group other than the HBI Liabilities;

(ii) the Sara Lee Business (or the conduct or operation thereof) or any Liability of the Sara Lee Group other than the HBI Liabilities;

(iii) any breach by Sara Lee or any other member of the Sara Lee Group of the Separation Agreement or any of the Ancillary Agreements (including this Agreement); and

(iv) any untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, with respect to the Sara Lee Portion of any Registration Statement or Information Statement.

In the event that any member of the Sara Lee Group makes a payment to the HBI Indemnitees hereunder, and the Liability of the HBI Indemnitees on account of which such payment was made is subsequently reduced, either directly or through a third-party recovery (other than a recovery indirectly from HBI), HBI will promptly repay (or will procure a HBI Indemnitee to promptly repay) such member of the Sara Lee Group the amount by which the payment made by such member of the Sara Lee Group exceeds the actual cost of the indemnified Liability. This Section 1.3 shall not apply to any Liability indemnified under Section 1.4.

Section 1.4 Indemnification With Respect To Environmental Actions And Conditions.

(a) Indemnification By HBI. HBI shall, for itself and each other member of the HBI Group, indemnify, defend and hold harmless the Sara Lee Indemnitees from and against any and all Environmental Actions relating to, arising out of or resulting from any of the following items (“HBI Environmental Actions”):

(i) Environmental Conditions arising out of operations at any of the HBI Facilities, whether occurring before, on or after the Distribution Date;

(ii) Environmental Conditions existing on, under, about or in the vicinity of any of the HBI Facilities (including any Release of Hazardous Materials occurring before, on or after the Distribution Date that has migrated, is migrating or in the future migrates to any of the HBI Facilities);

(iii) the violation of Environmental Law as a result of the operation of any of the HBI Facilities, whether occurring before, on or after the Distribution Date; and

(iv) Environmental Conditions at any third-party site to the extent liability arises from Hazardous Materials generated at any HBI Facility, whether occurring before, on or after the Distribution Date.

(b) Indemnification By Sara Lee. Sara Lee shall, for itself and each other member of the Sara Lee Group, indemnify, defend and hold harmless the HBI Indemnitees from and against any and all Environmental Actions other than HBI Environmental Actions.

(c) Agreement Regarding Payments To Indemnitee. In the event an Indemnifying Party makes any payment to or on behalf of an Indemnitee with respect to an Environmental Action for which the Indemnifying Party is obligated to indemnify under this Section 1.4, and the Indemnitee subsequently receives any payment from a third party on account of the same financial obligation covered by the payment made by the Indemnifying Party for that Environmental Action or otherwise diminishes the financial obligation, the Indemnitee will promptly pay the Indemnifying Party the amount by which the payment made by the Indemnifying Party exceeds the actual cost of the financial obligation.

Section 1.5 Reductions For Insurance Proceeds And Other Recoveries.

(a) Insurance Proceeds. The amount that any Indemnifying Party is or may be required to provide indemnification to or on behalf of any Indemnitee pursuant to Sections 1.2, 1.3 or 1.4, as applicable, shall be reduced (retroactively or prospectively) by any Insurance Proceeds or other amounts actually recovered from third parties by or on behalf of such Indemnitee in respect of the related Loss. The existence of a claim by an Indemnitee for monies from an insurer or against a third party in respect of any indemnifiable Loss shall not, however, delay any payment pursuant to the indemnification provisions contained herein and otherwise determined to be due and owing by an Indemnifying Party. Rather, the Indemnifying Party shall make payment in full of the amount determined to be due and owing by it against an assignment by the Indemnitee to the Indemnifying Party of the entire claim of the Indemnitee for Insurance Proceeds or against such third party. Notwithstanding any other provisions of this Agreement, it is the intention of the Parties that no insurer or any other third party shall be (i) entitled to a “wind-fall” or other benefit it would not be entitled to receive in the absence of the foregoing indemnification provisions or otherwise have any subrogation rights with respect thereto, or (ii) relieved of the responsibility to pay any claims for which it is obligated. If an Indemnitee has received the payment required by this Agreement from an Indemnifying Party in respect of any indemnifiable Loss and later receives Insurance Proceeds or other amounts in respect of such indemnifiable Loss, then such Indemnitee shall hold such Insurance Proceeds or other amounts in trust for the benefit of the Indemnifying Party (or Indemnifying Parties) and shall pay to the Indemnifying Party, as promptly as practicable after receipt, a sum equal to the amount of such

Insurance Proceeds or other amounts received, up to the aggregate amount of any payments received from the Indemnifying Party pursuant to this Agreement in respect of such indemnifiable Loss (or, if there is more than one Indemnifying Party, the Indemnitee shall pay each Indemnifying Party, its proportionate share (based on payments received from the Indemnifying Parties) of such Insurance Proceeds).

(b) Tax Detriment/Tax Benefit. The amount that any Indemnifying Party is or may be required to provide indemnification to or on behalf of any Indemnitee pursuant to Sections 1.2, 1.3 or 1.4, as applicable, shall be (i) increased to take account of any Tax Detriment incurred by the Indemnitee arising from the receipt or accrual of an indemnification payment hereunder (grossed up for such increase) and (ii) reduced to take account of any Tax benefit realized by the Indemnitee arising from incurring or paying such loss or other liability. Any indemnification payment hereunder shall initially be made without regard to this Section 1.5(b) and shall be increased or reduced to reflect any such Tax Detriment (including gross-up) or Tax benefit only upon the earlier of such time or times that (A) the Indemnitee realizes such Tax Benefit or Tax Detriment, whether by way of an increase or reduction in Taxes, refund, offset against other Taxes, or otherwise, as the case may be, or (B) such Tax Benefit or Tax Detriment causes an increase or decrease in the Indemnitee's Deferred Tax Assets, as the case may be. The amount of any increase or reduction hereunder shall be adjusted to reflect any Final Determination with respect to the Indemnitee's liability for Taxes, and payments between such indemnified parties to reflect such adjustment shall be made if necessary.

Section 1.6 Procedures For Defense, Settlement And Indemnification Of Third Party Claims.

(a) Notice Of Claims. If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Sara Lee Group or the HBI Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification, Sara Lee and HBI (as applicable) will ensure that such Indemnitee shall give such Indemnifying Party prompt written notice thereof but in any event within 10 calendar days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the delay or failure of any Indemnitee or other Person to give notice as provided in this Section 1.6(a) shall not relieve the related Indemnifying Party of its obligations under this Article I, except to the extent that such Indemnifying Party is actually and substantially prejudiced by such delay or failure to give notice.

(b) Defense By Indemnifying Party. Except in the case of a Third Party Claim which seeks injunctive relief, declaratory judgment or other non-monetary relief, an Indemnifying Party may elect, at its cost, risk and expense, to assume the defense of such Third Party Claim, with counsel reasonably satisfactory to the Indemnitee seeking indemnification. After timely notice from the Indemnifying Party to the Indemnitee of such election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the Indemnifying Party shall not be liable to such Indemnitee for any legal or other expenses incurred by Indemnitee in connection with the defense thereof. The Indemnitee agrees to

cooperate in all reasonable respects with the Indemnifying Party and its counsel in the defense against any Third Party Claim. The Indemnifying Party, the Indemnitee and their respective counsels shall cooperate in good faith with any insurance carriers which are providing, or may provide, them with coverage with respect to such Third Party Claim. The Indemnifying Party shall be entitled to compromise or settle any Third Party Claim as to which it is providing indemnification, which compromise or settlement shall be made only with the written consent of the Indemnitee, such consent not to be unreasonably withheld or delayed.

(c) Defense By Indemnitee. If an Indemnifying Party fails to assume the defense of a Third Party Claim within 25 calendar days after receipt of notice of such claim or if the Indemnifying Party does not have the right to assume the defense of such claim, Indemnitee will, upon delivering notice to such effect to the Indemnifying Party, have the right to undertake the defense, compromise or settlement of such Third Party Claim on behalf of and for the account of the Indemnifying Party subject to the limitations as set forth in this Section 1.6; provided, however, that such Third Party Claim shall not be compromised or settled without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. If the Indemnitee assumes the defense of any Third Party Claim, it shall keep the Indemnifying Party reasonably informed of the progress of any such defense, compromise or settlement. The Indemnifying Party shall reimburse all such costs and expenses of the Indemnitee in the event it is ultimately determined that the Indemnifying Party is obligated to indemnify the Indemnitee with respect to such Third Party Claim. In no event shall an Indemnifying Party be liable for any settlement effected without its consent, which consent will not be unreasonably withheld or delayed.

Section 1.7 Additional Matters.

(a) Cooperation In Defense And Settlement. With respect to any Third Party Claim that implicates both HBI and Sara Lee in a material fashion due to the allocation of Liabilities, responsibilities for management of defense and related indemnities set forth in the Separation Agreement, this Agreement or any of the Ancillary Agreements, the Parties agree to cooperate fully and maintain a joint defense (in a manner that will preserve the attorney-client privilege, joint defense or other privilege with respect thereto) so as to minimize such Liabilities and defense costs associated therewith. The party that is not responsible for managing the defense of such Third Party Claims shall, upon reasonable request, be consulted with respect to significant matters relating thereto and may retain counsel to monitor or assist in the defense of such claims at its own cost.

(b) Certain Actions. Notwithstanding anything to the contrary set forth in Section 1.6, Sara Lee may, in its sole discretion, elect to have exclusive authority and control over the investigation, prosecution, defense and appeal of all Actions pending at the Distribution Date which in any manner relate to or arise out of the Branded Apparel Business, the HBI Assets or the HBI Liabilities if Sara Lee or a member of the Sara Lee Group is named as a party thereto (but excluding any such Actions which solely relate to or solely arise in connection with the Branded Apparel Business, the HBI Assets or the HBI Liabilities); provided, however, that Sara Lee must obtain the written consent of HBI, such consent not to be unreasonably withheld or delayed, to settle or compromise or consent to the entry of judgment with respect to such Action. After any such compromise, settlement, consent to entry of judgment or entry of judgment, Sara

Lee shall reasonably and fairly allocate to HBI and HBI shall be responsible for HBI's proportionate share of any such compromise, settlement, consent or judgment attributable to the Branded Apparel Business, the HBI Assets or the HBI Liabilities, including its proportionate share of the costs and expenses associated with defending same.

(c) Substitution. In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or the Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the rights and obligations of the Parties regarding indemnification and the management of the defense of claims as set forth in this Article I shall not be altered.

(d) Subrogation. In the event of payment by or on behalf of any Indemnifying Party to or on behalf of any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee, in whole or in part based upon whether the Indemnifying Party has paid all or only part of the Indemnitee's Liability, as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(e) Not Applicable To Taxes. This Agreement shall not apply to Taxes (which are solely covered by the Tax Sharing Agreement).

Section 1.8 Survival Of Indemnities. The rights and obligations of the members of the Sara Lee Group and the HBI Group under this Article I shall survive the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities or the sale by any member of the Sara Lee Group or the HBI Group of the capital stock or other equity interests of any Subsidiary to any Person.

## ARTICLE II
## INSURANCE MATTERS

Section 2.1 Cooperation; Payment Of Insurance Proceeds To HBI; Agreement Not To Release Carriers. Each of Sara Lee and HBI will share such information as is reasonably necessary in order to permit the other to manage and conduct its insurance matters in an orderly fashion. Each of Sara Lee and HBI shall use reasonable best efforts to give notice on a timely basis to insurance carriers of claims relating to the Branded Apparel Business in accordance with the terms of the Sara Lee Insurance Policies. Sara Lee, at the request of HBI, shall cooperate with and use reasonable best efforts to assist HBI in recovering Insurance Proceeds under Sara Lee Insurance Policies for claims relating to the Branded Apparel Business, the HBI Assets or the HBI Liabilities, whether such claims arise under any contract or agreement, by operation of law or otherwise, existing or arising from any past acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur on or before the Distribution Date or any conditions existing or alleged to have existed on or before the Distribution Date, and shall promptly pay any such recovered Insurance Proceeds to HBI. Neither Sara Lee nor HBI, nor any

of their Subsidiaries, shall take any action which would intentionally jeopardize or otherwise interfere with either Party's ability to collect any proceeds payable pursuant to any insurance policy. Except as otherwise contemplated by the Separation Agreement, this Agreement or any Ancillary Agreement, after the Distribution Date, neither Sara Lee nor HBI shall (and each Party shall ensure that no member of the such Party's Group shall), without the consent of the other, provide any insurance carrier with a release, or amend, modify or waive any rights under any such policy or agreement, if such release, amendment, modification or waiver would adversely affect any rights or potential rights of any member of the Sara Lee Group or the HBI Group thereunder. However, nothing in this Section 2.1 shall (a) preclude any member of the Sara Lee Group or the HBI Group from presenting any claim or from exhausting any policy limit, (b) require any member of the Sara Lee Group or the HBI Group to pay any premium or other amount or to incur any Liability (other than premiums or other amounts for which HBI will reimburse Sara Lee, or Liabilities for which HBI will indemnify Sara Lee, under the terms of this Agreement), or (c) require any member of the Sara Lee Group or the HBI Group to renew, extend or continue any policy in force (provided, however, that before making any decision to decline any insurance policy, Sara Lee shall use reasonable best efforts to provide HBI with the option, at HBI's sole expense, of purchasing extended coverage with respect to claims arising from events during the original policy period, if extended coverage is available). Each of Sara Lee and HBI shall use reasonable best efforts to give prompt notice to the other if it is making claims under the Sara Lee Insurance Policies which it believes may exhaust the limits of one or more of those policies. Nothing in this Agreement is intended to relieve any insurance carrier or provider of any Liability under any policy.

Section 2.2 HBI Insurance Coverage After The Distribution Date.

(a) Generally. From and after the Distribution Date, HBI shall be responsible for obtaining and maintaining insurance programs for its risk of loss incurred after the Distribution Date, and such insurance arrangements shall be separate and apart from Sara Lee's insurance programs. Upon the request of HBI, Sara Lee shall use reasonable best efforts to assist HBI in the transition to its own separate insurance programs from and after the Distribution Date, and shall provide HBI with any information that is in the possession of Sara Lee and is reasonably available and necessary for HBI to either obtain its own insurance coverages or to assist HBI in preventing unintended self-insurance, in whatever form.

(b) Sara Lee Guarantees. HBI agrees that from and after the Distribution Date and for so long as there is a Sara Lee Guarantee obligation outstanding, HBI (i) will take all actions necessary and consistent with Sara Lee's current insurance practices, to purchase and maintain insurance coverage of substantially the same types and in reasonable amounts on any liability that is the subject of any Sara Lee Guarantee then in effect and (ii) provide that Sara Lee be an "additional insured" under those liability policies of HBI which are solely controlled by HBI in respect of Liabilities that Sara Lee may incur as a result of any Sara Lee Guarantee obligation with respect to the Branded Apparel Business, the HBI Assets or the HBI Liabilities, at no premium cost to Sara Lee therefor, such that Sara Lee has rights to coverage thereunder no less than the rights conferred on any other insured to the extent of its interest therein. During the applicable period set forth in the first sentence of this Section 2.2(b), HBI will use all reasonable best efforts to ensure that all of HBI's liability policies to which the preceding sentence applies provide that Sara Lee will be given at least 60 days advance written notice by the insurer of any

cancellation of such policies, a reduction in coverage thereunder, or any deletion of Sara Lee as an "additional insured," and HBI shall not cancel any such policy or reduce the coverage available thereunder in any manner detrimental to Sara Lee, without Sara Lee's prior written consent, not to be unreasonably withheld or delayed. Sara Lee agrees to promptly release HBI from its obligations under this Section 2.2(b) following the date on which there are no Sara Lee Guarantee obligations outstanding.

Section 2.3 Responsibilities For Deductibles And/Or Self-Insured Obligations. HBI will reimburse Sara Lee on a monthly basis for (a) all amounts necessary to exhaust or otherwise satisfy all applicable self-insured retentions, amounts for fronted policies, deductibles and retrospective premium adjustments and similar amounts not covered by Insurance Policies in connection with HBI Liabilities and Insured HBI Liabilities to the extent that Sara Lee is required to pay any such amounts and (b) the costs of all letters of credit and other collateral required to be maintained by Sara Lee in connection with HBI Liabilities and Insured HBI Liabilities (or, at Sara Lee's option, HBI shall post a letter of credit or other collateral directly with the insurer, governmental agency or other entity in question if those entities so permit).

Section 2.4 Procedures With Respect To Insured HBI Liabilities.

(a) Reimbursement. HBI will reimburse Sara Lee for all amounts incurred to pursue insurance recoveries from Insurance Policies for Insured HBI Liabilities.

(b) Management Of Claims. The defense of claims, suits or actions giving rise to potential or actual Insured HBI Liabilities will be managed (in cooperation with Sara Lee's insurers, as appropriate) by the Party that would have had responsibility for managing such claims, suits or actions had such Insured HBI Liabilities been HBI Liabilities.

Section 2.5 Insufficient Limits Of Liability For Sara Lee Liabilities And HBI Liabilities.

(a) General Principle. Proceeds from Sara Lee's Insurance Policies shall be available to HBI and Sara Lee on a "first come, first served" basis; provided that if there are insufficient limits of liabilities available under Sara Lee's Insurance Policies to cover the Liabilities of Sara Lee and/or HBI that would otherwise be covered by such Insurance Policies, then to the extent other insurance is not available to Sara Lee and/or HBI for such Liabilities an adjusting payment will be made by one of the Parties in accordance with Section 2.5(b).

(b) Adjusting Payment. If (i) the proceeds received by one Party under Sara Lee's Insurance Policies exceed that Party's Shared Percentage of the total coverage available under those Insurance Policies (the "Overallocated Party"), (ii) those Insurance Policies are exhausted by the claims of one or both of the Parties, and (iii) the other Party has Liabilities which cannot be paid under those Insurance Policies due to the exhaustion of those policies or because an insurer becomes insolvent (the "Underallocated Party"), then the Overallocated Party shall make a payment to the Underallocated Party in an amount which will result in the Underallocated Party having received, after taking into account actual insurance proceeds received by the Underallocated Party under the Sara Lee Insurance Policies and any insolvent insurer distributions or guarantee fund payments and the adjusting payment (and previous

adjusting payments made under this Section 2.5), proceeds equal to the lesser of (x) the Underallocated Party's Shared Percentage of the total coverage or (y) the amount of Liabilities of the Underallocated Party. The Parties shall make adjusting payments under this Section 2.5 at any time and from time to time when there is an Underallocated Party. The requirement to make an adjusting payment under this Section shall terminate ten years after the Distribution Date, except with respect to any matters in dispute between the Parties at that time.

(c) Illustrations. The following illustrations are intended to provide guidance concerning how this Section 2.5 is intended to apply to claims implicating insurance policies issued prior to the Distribution Date.

(i) Illustration No. 1. Ten separate claims are brought arising from ten separate "occurrences," each resulting in an HBI Liability of $10 million. The self-insured retention is $10 million "per occurrence." Result: This Section 2.5 is inapplicable.

(ii) Illustration No. 2. Ten separate claims are brought arising from ten separate "occurrences," each resulting in an HBI Liability of $40 million, for a total of $400 million. Fifteen separate claims are brought arising from fifteen separate "occurrences," each resulting in a Liability to Sara Lee of $40 million, for a total of $600 million. The limits of liability in the Insurance Policies applicable to the claims is $200 million. The self-insured retention is $10 million "per occurrence," leaving a remaining liability (after the payment of self-insured retentions) of $30 million "per occurrence," or $300 million in the aggregate for HBI and $450 million in the aggregate for Sara Lee. The HBI Liabilities are incurred prior to the Liabilities incurred by Sara Lee, and paid for by Sara Lee's Insurance Policies, which are exhausted, by these payments. This leaves HBI with an additional liability of $100 million (plus its self-insured retentions of $100 million). Result: The $200 million from the Insurance Policies is split 85/15: $170 million is allocated to Sara Lee and $30 million is allocated to HBI. HBI should pay Sara Lee $170 million, Sara Lee's share of the coverage amount.

(iii) Illustration No. 3. Same as Illustration No. 2, except that Sara Lee's claims ($200 million) were paid for by Sara Lee's Insurance Policies in effect prior to the Distribution Date, which are exhausted by these payments. This leaves HBI with a liability of $300 million (plus its self-insured retentions of $100 million). Sara Lee should pay HBI $10 million.

(iv) Illustration No. 4. Ten separate claims are brought arising from ten separate "occurrences," each resulting in an HBI Liability of $40 million, for a total of $400 million. Five separate claims are brought arising from five separate "occurrences," each resulting in a Liability to Sara Lee of $40 million, for a total of $200 million. The limits of liability in the Insurance Policies applicable to the claims is $200 million. The self-insured retention is $10 million "per occurrence," leaving a remaining liability (after the payment of self-insured retentions) of $30 million "per occurrence," or $300 million in the aggregate for HBI and $150 million in the aggregate for Sara Lee. The HBI Liabilities are incurred prior to the Liabilities incurred by Sara Lee, and paid for by Sara Lee's Insurance Policies, which are exhausted, by these payments. This leaves HBI with

an additional liability of $100 million (plus its self-insured retentions of $100 million). Result: The $200 million from the Insurance Policies is split 85/15: $170 million is allocated to Sara Lee and $30 million is allocated to HBI. However, since the Liabilities of Sara Lee are less than its Shared Percentage of the total coverage, HBI should pay Sara Lee $150 million, the amount of Sara Lee's Liabilities.

Section 2.6 Cooperation. Sara Lee and HBI will cooperate in good faith with each other in all respects, and they shall execute any additional documents which are reasonably necessary, to effectuate the provisions of this Article II.

Section 2.7 No Assignment Or Waiver. This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Sara Lee Group in respect of any Insurance Policy or any other contract or policy of insurance.

Section 2.8 No Liability. HBI does hereby, for itself and each other member of the HBI Group, agree that no member of the Sara Lee Group or any Sara Lee Indemnitee shall have any Liability whatsoever as a result of the insurance policies and practices of Sara Lee and its Subsidiaries as in effect at any time prior to the Distribution Date, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy or otherwise.

Section 2.9 Further Agreements. The Parties acknowledge that they intend to allocate financial obligations without violating any laws regarding insurance, self-insurance or other financial responsibility. If it is determined that any action undertaken pursuant to the Separation Agreement, this Agreement or any Ancillary Agreement is violative of any insurance, self-insurance or related financial responsibility law or regulation, the Parties agree to work together to do whatever is necessary to comply with such law or regulation while trying to accomplish, as much as possible, the allocation of financial obligations as intended in the Separation Agreement, this Agreement and any Ancillary Agreement.

Section 2.10 Workers' Compensation Claims. HBI shall be responsible for all Liabilities relating to, arising out of or resulting from all workers' compensation or similar claims by current or former employees of the Sara Lee Group based on employment with the Branded Apparel Business. All such workers' compensation and similar claims made prior to the Distribution Date shall be paid under the Sara Lee Workers' Compensation Plan. Sara Lee shall continue to administer, or cause to be administered, the Sara Lee Workers' Compensation Plan in accordance with its terms and applicable law. HBI shall fully cooperate with Sara Lee and its insurance company in the reporting and administration of claims under the Sara Lee Workers' Compensation Plan. HBI shall be entitled to manage and settle HBI Claims, subject to the terms of the Sara Lee Workers' Compensation Plan. HBI shall consult and cooperate with Sara Lee and its insurance company in its claims management and settlement activities. From and after the Distribution Date, HBI shall maintain with Sara Lee a $400,000 deposit to pay the costs related to HBI's participation in the Sara Lee Workers' Compensation Plan. Sara Lee shall provide HBI with a statement showing the amount of costs paid out of the deposit during each month and HBI shall, within 15 days following its receipt of each such statement, deposit with Sara Lee additional funds in an amount sufficient to return the deposit balance to $400,000

(giving effect to the payments shown in such monthly statement). HBI shall maintain such deposit balance of $400,000 with Sara Lee until the date on which the average HBI Claims paid under the Sara Lee Workers' Compensation Plan over four consecutive months is less than $225,000 per month, upon which time the average deposit balance shall be reduced to $200,000. The requirement to maintain such deposit balance of $200,000 shall terminate when the average of all HBI Claims paid under the Sara Lee Workers' Compensation Plan over four consecutive months is less than $100,000 per month.

Section 2.11 Matters Governed By Employee Matters Agreement. This Article II shall not apply to any insurance policies that are the subject of the Employee Matters Agreement.

Section 2.12 Other Agreements Evidencing Indemnification Obligations. Sara Lee hereby agrees to execute, for the benefit of any HBI Indemnitee, such documents as may be reasonably requested by such HBI Indemnitee, evidencing Sara Lee's agreement that the indemnification obligations of Sara Lee set forth in this Agreement inure to the benefit of and are enforceable by such HBI Indemnitee. HBI hereby agrees to execute, for the benefit of any Sara Lee Indemnitee, such documents as may be reasonably requested by such Sara Lee Indemnitee, evidencing HBI's agreement that the indemnification obligations of HBI set forth in this Agreement inure to the benefit of and are enforceable by such Sara Lee Indemnitee.

## ARTICLE III
## MISCELLANEOUS

Section 3.1 Entire Agreement; Incorporation Of Schedules And Exhibits. This Agreement (including all Schedules and Exhibits referred to herein), the Separation Agreement and the other Ancillary Agreements constitute the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof and thereof. All Schedules and Exhibits referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

Section 3.2 Amendments And Waivers. This Agreement may be amended and any provision of this Agreement may be waived, provided that any such amendment or waiver shall be binding upon a Party only if such amendment or waiver is set forth in a writing executed by such Party. No course of dealing between or among any Persons having any interest in this Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any Party under or by reason of this Agreement.

Section 3.3 No Implied Waivers; Cumulative Remedies; Writing Required. No delay or failure in exercising any right, power or remedy hereunder shall affect or operate as a waiver thereof; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or remedy preclude any further exercise thereof or of any other right, power or remedy. The rights and remedies hereunder are cumulative and not exclusive of any rights or remedies that any Party hereto would otherwise have. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement or any such waiver of any provision of this Agreement must satisfy the conditions set forth in Section 3.2 and shall be effective only to the extent in such writing specifically set forth.

Section 3.4 Parties In Interest. Nothing in this Agreement, express or implied, is intended to confer on any Person other than the Parties, their respective Groups, and their respective successors and permitted assigns, any rights or remedies of any nature whatsoever under or by virtue of this Agreement.

Section 3.5 Assignment; Binding Agreement. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the Parties without the prior written consent of the other Parties, and any instrument purporting to make such an assignment without prior written consent shall be void; provided, however, either Party may assign this Agreement to a successor entity in conjunction with a merger effectuated solely for the purpose of changing such Party's state of incorporation (but subject to any applicable requirements of the Tax Sharing Agreement). Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

Section 3.6 Notices. All notices, demands and other communications given under this Agreement must be in writing and must be either personally delivered, telecopied (and confirmed by telecopy answer back), mailed by first class mail (postage prepaid and return receipt requested), or sent by reputable overnight courier service (charges prepaid) to the recipient at the address or telecopy number indicated below or such other address or telecopy number or to the attention of such other Person as the recipient party shall have specified by prior written notice to the sending party. Any notice, demand or other communication under this Agreement shall be deemed to have been given when so personally delivered or so telecopied and confirmed (if telecopied before 5:00 p.m. Eastern Standard Time on a business day, and otherwise on the next business day), or if sent, one business day after deposit with an overnight courier, or, if mailed, five business days after deposit in the U.S. mail.

Sara Lee Corporation
Three First National Plaza
Chicago, Illinois 60602-4260
Attention: General Counsel
Facsimile Number: (312) 419-3187

Hanesbrands Inc.
1000 East Hanes Mill Road
Winston-Salem, North Carolina 27105.
Attention: General Counsel
Facsimile Number: (336) 714-7441

Section 3.7 Severability. The Parties agree that (a) the provisions of this Agreement shall be severable in the event that for any reason whatsoever any of the provisions hereof are invalid, void or otherwise unenforceable, (b) any such invalid, void or otherwise unenforceable provisions shall be replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable, and (c) the remaining provisions shall remain valid and enforceable to the fullest extent permitted by applicable law.

Section 3.8 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

Section 3.9 Submission To Jurisdiction. SUBJECT TO SECTION 3.12, EACH OF THE PARTIES IRREVOCABLY SUBMITS (FOR ITSELF AND IN RESPECT OF ITS PROPERTY) TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN CHICAGO, ILLINOIS, OR FORSYTH COUNTY, NORTH CAROLINA OR GUILDFORD COUNTY, NORTH CAROLINA, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT; PROVIDED THAT THE PARTIES MAY BRING ACTIONS OR PROCEEDINGS AGAINST EACH OTHER IN OTHER JURISDICTIONS TO THE EXTENT NECESSARY TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH PARTY ALSO AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT OR IN OTHER JURISDICTIONS UNLESS SUCH ACTIONS OR PROCEEDINGS ARE NECESSARY TO IMPLEAD THE OTHER PARTY IN ANY ACTION COMMENCED BY A THIRD PARTY THAT IS RELATED TO THIS AGREEMENT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY BOND, SURETY, OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO. ANY PARTY MAY MAKE SERVICE ON ANY OTHER PARTY BY SENDING OR DELIVERING A COPY OF THE PROCESS TO THE PARTY TO BE SERVED AT THE ADDRESS AND IN THE MANNER PROVIDED FOR THE GIVING OF NOTICES IN SECTION 3.6 ABOVE. NOTHING IN THIS SECTION 3.9, HOWEVER, SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AT EQUITY. EACH PARTY AGREES THAT A FINAL NONAPPEALABLE JUDGMENT IN ANY ACTION OR PROCEEDING SO BROUGHT SHALL BE CONCLUSIVE AND MAY BE ENFORCED BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW OR AT EQUITY.

Section 3.10 Waiver Of Jury Trial. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

Section 3.11 Amicable Resolution. The Parties desire that friendly collaboration will develop between them. Accordingly, they will try to resolve in an amicable manner all disputes and disagreements connected with their respective rights and obligations under this Agreement in accordance with Section 6.12 of the Separation Agreement.

Section 3.12 Arbitration. Except for suits seeking injunctive relief or specific performance or in the event of any impleader action arising from any proceeding commenced by a third party that relates to this Agreement, in the event of any dispute, controversy or claim arising under or in connection with this Agreement (including any dispute, controversy or claim relating to the breach, termination or validity thereof), the Parties shall submit any such dispute, controversy or claim to binding arbitration in accordance with Section 6.13 of the Separation Agreement.

Section 3.13 Construction. The descriptive headings herein are inserted for convenience of reference only and are not intended to be a substantive part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. The use of the words "include" or "including" in this Agreement shall be by way of example rather than by limitation. The use of the words "or," "either" or "any" shall not be exclusive. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The Parties agree that prior drafts of this Agreement shall be deemed not to provide any evidence as to the meaning of any provision hereof or the intent of the Parties hereto with respect hereto.

Section 3.14 Counterparts. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 3.15 Limitation On Damages. Each Party irrevocably waives, and no Party shall be entitled to seek or receive from the other Party, consequential, special, indirect or incidental damages (including without limitation damages for loss of profits) or punitive damages, regardless of how such damages were caused and regardless of the theory of liability; provided , however, that to the extent an Indemnified Party is required to pay any consequential, special, indirect or incidental damages (including without limitation damages for loss of profits) or punitive damages to a third party in connection with a Third Party Claim, such damages shall constitute direct damages and not be subject to the limitations set forth in this Section 3.15.

Section 3.16 Delivery By Facsimile Or Other Electronic Means. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party, each other Party shall re-execute original forms thereof and deliver them to all other Parties. No Party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature

was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a contract and each such Party forever waives any such defense.

**ARTICLE IV**
**DEFINITIONS**

Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Separation Agreement. In addition, for purposes of this Agreement, the following terms shall have the following meanings:

"Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international governmental authority or any arbitration or mediation tribunal, other than any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation relating to Taxes.

"Contract" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of its property under applicable law.

"Employee Matters Agreement" means the Employee Matters Agreement attached as Exhibit A to the Separation Agreement.

"Environmental Actions" means any notice or disclosure to or any, claim, act, cause of action, order, decree or investigation by any third party (including, without limitation, any Governmental Authority) alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, damage to flora or fauna caused by Environmental Conditions, real property damages, personal injuries or penalties) arising out of, based on or resulting from the Release of or exposure of any individual to any Hazardous Materials or any violation of Environmental Laws.

"Environmental Conditions" means the presence in the environment, including the soil, groundwater, surface water or ambient air, of any Hazardous Materials at a level which exceeds any applicable standard or threshold under any Environmental Law or otherwise requires investigation or remediation (including, without limitation, investigation, study, health or risk assessment, monitoring, removal, treatment or transport) under any applicable Environmental Laws.

"Environmental Laws" means all laws and regulations of any Governmental Authority with jurisdiction that relate to the protection of the environment (including ambient air, surface water, ground water, land surface or subsurface strata) including laws, regulations, ordinances, permits, licenses or any other binding legal obligation in effect now or in the future relating to the Release of Hazardous Materials, or otherwise relating to the treatment, storage, disposal, transport or handling of Hazardous Materials, or to the exposure of any individual to a Release of Hazardous Materials.

"Final Determination" has the meaning set forth in the Tax Sharing Agreement.

"Hazardous Materials" means chemicals, pollutants, contaminants, wastes, toxic substances, radioactive and biological materials, hazardous substances, petroleum and petroleum products or any fraction thereof, including, without limitation, such substances referred to by such terms as defined in any Environmental Laws.

"HBI Covered Parties" has the meaning set forth in Section 2.1(a) of this Agreement.

"HBI Facilities" means all of those interests in real estate to be transferred to HBI under the Real Estate Matters Agreement, and any other facilities owned, leased or operated by or associated with the Branded Apparel Business, the HBI Group or NT LLC at any time before, on or after the Distribution Date (including without limitation former facilities) provided, however, that for the avoidance of doubt the HBI Facilities shall not include the real property and improvements listed on Schedule 1 hereto.

"HBI Indemnitees" means HBI, each member of the HBI Group and each of their respective successors and assigns, and all Persons who are or have been stockholders, directors, partners, managers, managing members, officers, agents or employees of any member of the HBI Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns.

"Indemnifying Party" means any party which may be obligated to provide indemnification to an Indemnitee pursuant to Sections 1.2, 1.3 or 1.4 hereof or any other section of the Separation Agreement or any Ancillary Agreement.

"Indemnitee" means any party which may be entitled to indemnification from an Indemnifying Party pursuant to Sections 1.2, 1.3 or 1.4 hereof or any other section of the Separation Agreement or any Ancillary Agreement.

"Insurance Policies" means insurance policies pursuant to which a Person makes a true risk transfer to an insurer.

"Insurance Proceeds" means those monies: (i) received by an insured from an insurance carrier; (ii) paid by an insurance carrier on behalf of the insured; or (iii) from Insurance Policies.

"Insured HBI Liability" means any HBI Liability to the extent that (i) it is covered under the terms of Sara Lee's Insurance Policies in effect prior to the Distribution Date, and (ii) HBI is not a named insured under, or otherwise entitled to the benefits of, such Insurance Policies.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any Contract or tort based on negligence or strict liability) and whether or not the same would be required by generally accepted principles and accounting policies to be reflected in financial statements or disclosed in the notes thereto.

"Loss" and "Losses" mean any and all damages, losses, deficiencies, Liabilities, obligations, penalties, judgments, settlements, claims, payments, fines, interest, costs and

expenses (including, without limitation, the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys', accountants', consultants' and other professionals' fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder), including direct and consequential damages, but excluding punitive damages (other than punitive damages awarded to any third party against an indemnified party); provided, however, that the term "Loss" as used in this Agreement is not intended to supersede the term "Loss" when used in, or defined by, the Insurance Policies.

"NT LLC" means National Textiles, L.L.C., a Delaware limited liability company.

"Parties" means the parties to this Agreement.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, groundwater, wetlands, land or subsurface strata.

"Sara Lee Guarantee" means any loan, financing, lease, contract or other obligation in existence as of the Distribution Date pertaining to the Branded Apparel Business, HBI Assets or HBI Liabilities for which Sara Lee is or may be liable, as guarantor, original tenant, primary obligor or otherwise.

"Sara Lee Indemnitees" means Sara Lee, each member of the Sara Lee Group and each of their respective successors and assigns, and all Persons who are or have been stockholders, directors, partners, managers, managing members, officers, agents or employees of any member of the Sara Lee Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns.

"Sara Lee Portion" means all information set forth in, or incorporated by reference in Registration Statement, to the extent such information relates exclusively to (a) Sara Lee and the Sara Lee Group (other than the HBI Group), (b) the Sara Lee Business (other than the Branded Apparel Business), (c) Sara Lee's intentions with respect to the Separation or the Distribution or (d) the terms of the Separation or the Distribution, including, without limitation, the form, structure and terms of any transaction(s) to effect the Separation or the Distribution and the timing of and conditions to the consummation of the Separation or the Distribution.

"Separation Agreement" has the meaning set forth in the preamble of this Agreement.

"Shared HBI Percentage" means 15%.

"Shared Percentage" means the Shared HBI Percentage or the Shared Sara Lee Percentage, as the case may be.

“Shared Sara Lee Percentage” means 85%.

“Subsidiary” of any Person means a corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries; provided, however, that no Person that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person controls, or has the right, power or ability to control, that Person.

“Tax Sharing Agreement” means the Tax Sharing Agreement, attached as Exhibit E to the Separation Agreement.

“Tax and Taxes” have the meaning set forth in the Tax Sharing Agreement.

“Tax Benefit” has the meaning set forth in the Tax Sharing Agreement.

“Tax Detriment” has the meaning set forth in the Tax Sharing Agreement.

“Third Party Claim” has the meaning set forth in Section 1.6(a) of this Agreement.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, each of the Parties has caused this Indemnification and Insurance Matters Agreement to be executed on its behalf by its officers hereunto duly authorized on the day and year first above written.

SARA LEE CORPORATION

By: /s/ Diana S. Ferguson
Diana S. Ferguson
Senior Vice President

HANESBRANDS INC.

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

## SCHEDULE 1

**Excluded Facilities**

Current or former facilities of European Branded Apparel, including the following:

- Desseilles Textiles SA, 141 Rue de Four a Chaux, 62100 Calais, France (sold to Sotexim)
- Penn Elastic Gmbh, An der Talle 20, D-33102 Paderborn, Germany
- Courtaulds Troyes Manufacture, 44 route du Troyes, 10700 Arcis sur Aube, France
- Sara Lee Knit Product (Champion), Ghent, Skaldenstraat, Belgium

**INTELLECTUAL PROPERTY MATTERS AGREEMENT**

**between**

**SARA LEE CORPORATION**

**and**

**HANESBRANDS INC.**

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## INTELLECTUAL PROPERTY MATTERS AGREEMENT

This Intellectual Property Matters Agreement (this "Agreement"), dated as of August 31, 2006, is by and between Sara Lee Corporation, a Maryland corporation ("Sara Lee"), and Hanesbrands Inc., a Maryland corporation ("HBI").

## RECITALS

WHEREAS, the board of directors of Sara Lee has determined that it is appropriate and desirable to separate the Branded Apparel Business of Sara Lee from its other businesses;

WHEREAS, in order to effectuate the foregoing, Sara Lee and HBI have entered into a Master Separation Agreement dated as of August 31, 2006 (as amended, modified and/or restated from time to time, the "Separation Agreement"), which provides, among other things, subject to the terms and conditions set forth therein, for the Separation and the Contribution, and for the execution and delivery of certain other agreements in order to facilitate and provide for the foregoing; and

WHEREAS, the Parties desire to set forth in this Agreement certain rights and obligations related to Intellectual Property matters necessary in order to ensure an orderly transition under the Separation Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and subject to and on the terms and conditions herein set forth, the Parties hereby agree as follows.

## ARTICLE I

## TRADEMARK MATTERS

Section 1.1 Limited License.

(a) Trademark License Grant. Subject to the terms and conditions of this Agreement, Sara Lee grants to HBI a fully-paid-up, royalty-free, non-exclusive and non-transferable (except as expressly provided in Section 3.11 of this Agreement) license, without the right to sublicense (except as expressly permitted in this Section 1.1(a)), (i) to use the Sara Lee Marks, and (ii) to permit its Affiliated Companies to use the Sara Lee Marks, in each case in the Territory and solely in connection with Sara Lee Materials. HBI shall be responsible for causing any of its Affiliated Companies so licensed hereunder to comply with the terms and conditions of the Trademark License Agreement. Furthermore, the Parties expressly agree that HBI and its Affiliated Companies may sublicense the Sara Lee Marks to agents and contractors of HBI and its Affiliated Companies who are retained to provide services to HBI or its Affiliated Companies to use the Sara Lee Marks solely in connection with Sara Lee Materials for purposes of providing such services to HBI and its Affiliated Companies, HBI and its Affiliated Companies being and remaining responsible for compliance of such third parties with this Trademark License Agreement in such use.

(b) Obligation to Discontinue Use. HBI shall use its reasonable best efforts to discontinue use of, or to remove the Sara Lee Marks from, all Sara Lee Materials as soon as possible

after the Distribution Date. Notwithstanding the foregoing, upon expiration or termination of the Trademark License Agreement, all rights of HBI to use the Sara Lee Marks shall terminate immediately and shall revert to Sara Lee, and HBI shall discontinue all use of the Sara Lee Marks and Sara Lee Materials as soon as is commercially reasonable. In connection with the foregoing, upon Sara Lee's written request, a corporate officer of HBI shall certify that, based upon a reasonable investigation, HBI has either: (i) destroyed the Sara Lee Materials as of the effective date of such termination or expiration; or (ii) removed the Sara Lee Marks from the Sara Lee Materials. The obligation to discontinue use described in this Section 1.1(b) shall not apply to Sara Lee Materials that, as of the date of expiration or termination of the Trademark License Agreement, HBI or any of its Affiliated Companies has released into the stream of commerce and that are no longer under HBI's control.

(c) Obligation to Cease Ordering Materials. As of the Distribution Date, HBI shall cease creating and ordering any Materials bearing the Sara Lee Marks.

(d) Corporate Name. Subject to the terms and conditions of this Agreement, Sara Lee grants to HBI a fully-paid-up, royalty-free, non-exclusive and non-transferable license, without the right to sublicense (except as expressly permitted in this Section 1.1(d)), to use, and to permit its Affiliated Companies to use, the Sara Lee Marks solely as part of the HBI corporate names set forth on Schedule 4 attached hereto in the same manner such corporate names were used immediately prior to the Distribution Date, provided, however, that HBI and its Affiliated Companies shall diligently pursue discontinuation of the use of such corporate names by completing the name change process as soon as practicable after the Distribution Date, but in no event later than the applicable name change deadline set forth on Schedule 4.

Section 1.2 Ownership and Protection of the Sara Lee Marks.

(a) Sara Lee's Ownership. HBI shall not directly or indirectly challenge Sara Lee's sole and exclusive ownership of all right, title and interest in and to the Sara Lee Marks, including the goodwill associated therewith. All goodwill arising from HBI's or its Affiliated Companies' use of the Sara Lee Marks shall inure solely to the benefit of Sara Lee. Neither HBI nor its Affiliated Companies shall acquire any ownership rights in the Sara Lee Marks, variations thereon, or marks confusingly similar thereto, as a result of exercise of any rights under this Agreement.

(b) Prohibited Actions. HBI shall not adopt, use, register or apply for registrations anywhere in the world for the Sara Lee Marks or any other Trademarks that (i) are confusingly similar to the Sara Lee Marks; (ii) are variations of the Sara Lee Marks; or (iii) incorporate the Sara Lee Marks. In using the Sara Lee Marks pursuant to this Agreement, HBI shall in no way represent that it has any rights, title or interest in the Sara Lee Marks other than those expressly granted under this Agreement.

(c) Notice of Infringement. HBI shall give Sara Lee prompt written notice of any potential infringement of the Sara Lee Marks by any third party that comes to the attention of (i) an officer of HBI or its Affiliated Companies, (ii) any general manager of or Person holding a senior management position with any business segment of HBI or any of its Affiliated Companies, or (iii) an intellectual property administrator or attorney in the intellectual property law department of HBI

or any of its Affiliated Companies. Sara Lee shall have the sole and exclusive right to enforce any rights in the Sara Lee Marks with respect to the potential infringement. HBI shall provide Sara Lee, at Sara Lee's written request and expense, all reasonable assistance that may be required in any action to enforce Sara Lee's rights in the Sara Lee Marks.

(d) Protection of Rights in Sara Lee Marks. HBI shall reasonably assist Sara Lee, at Sara Lee's written request and expense, to the extent reasonably necessary to protect any of Sara Lee's rights in the Sara Lee Marks.

(e) Reservation of Rights. Any rights not expressly granted to HBI with respect to the Sara Lee Marks under this Agreement are expressly reserved by Sara Lee.

Section 1.3 Quality Control and Use of the Sara Lee Marks.

(a) Quality Control. HBI shall use the Sara Lee Marks only as expressly permitted in Section 1.1(a) and Section 1.1(d) of this Agreement. HBI shall use the Sara Lee Marks only in connection with goods or services of a high quality in keeping with the reputation and goodwill of Sara Lee as of the Distribution Date. HBI shall not, by any act or omission, tarnish, disparage, or injure the reputation of the Sara Lee Marks or Sara Lee, and the goodwill associated therewith.

(b) Inspection. HBI shall reasonably cooperate with Sara Lee in facilitating Sara Lee's ability to determine the nature and quality of the activities of HBI and its Affiliated Companies in connection with the Sara Lee Marks. Upon reasonable advance notice (which shall not be less than three (3) Business Days) and during regular business hours, HBI shall permit Sara Lee to inspect the relevant facilities and records related to HBI's or its Affiliated Companies' use of the Sara Lee Marks.

(c) Required Notices. In using the Sara Lee Marks in connection with the Sara Lee Materials, HBI shall duly include all notices and legends with respect to the Sara Lee Marks as are or may be reasonably requested in writing by Sara Lee or required by applicable federal, state or local trademark laws.

(d) Compliance. HBI shall comply with all applicable laws and regulations pertaining to its activities in connection with the Sara Lee Marks.

Section 1.4 Term and Termination of Trademark License.

(a) Term. Except as expressly set forth in Section 1.1(d) of this Agreement and unless earlier terminated in accordance with Section 1.4(b) of this Agreement, the Trademark License Agreement shall be in effect from the Distribution Date until the first anniversary of the Distribution Date.

(b) Termination. The Trademark License Agreement shall automatically terminate upon HBI's failure to cure any material breach of this Article I within thirty (30) days after the receipt of written notice of such material breach from Sara Lee.

Section 1.5 Trademark Ownership Acknowledgement. The Parties hereby acknowledge that, as between the Parties, Sara Lee is the sole and exclusive owner of all right, title and interest in and to the Sara Lee Marks. Further to Section 4.2(a) of the Separation Agreement, the Parties hereby acknowledge that, as between the Parties and as of the Distribution Date, HBI is the sole and exclusive owner of all right, title and interest in and to the HBI Trademarks.

Section 1.6 Trademark Database.

(a) Trademark Database Copies. It is the intention of the Parties that, on or before the Distribution Date, each of Sara Lee and HBI shall possess a copy of the Trademark Database for each Party's use. To the extent a Party does not have such a copy, the Parties shall cooperate to ensure that the Party is able to obtain the copy of the Trademark Database. Each Party shall be responsible for ensuring that its copy of the Trademark Database and software relating thereto is properly licensed to such Party by CPi.

(b) HBI Data Deletion. At such time as the Parties deem appropriate in writing, but in any event within thirty (30) days of the termination or expiration of the Trademark License Agreement, HBI shall use its reasonable best efforts to delete all data relating to the Sara Lee Marks that exists in HBI's copy of the Trademark Database and all such data relating to such Sara Lee Marks that is otherwise in HBI's possession or control. At such time as the Parties deem appropriate in writing, but in any event within thirty (30) days of notice from Sara Lee, HBI shall use its reasonable best efforts to delete all data relating to the Sara Lee Trademarks (other than the Sara Lee Marks) that exists in HBI's copy of the Trademark Database and all such data relating to such Sara Lee Trademarks (other than the Sara Lee Marks) that is otherwise in HBI's possession or control. Within thirty (30) days after each such deletion, HBI shall use reasonable best efforts to require CPi to certify to Sara Lee that such deletion has occurred, and HBI shall take all necessary actions to enable CPi to certify such deletion.

Section 1.7 Sara Lee Redirection of URLs, Domain Names and E-mails.

(a) Redirection of URL's and Domain Names. For a period of twelve (12) months following the Distribution Date, Sara Lee shall cause all Persons seeking to access or otherwise utilize the URLs or domain names set forth on Schedule 3 of this Agreement, or the websites, website content, or web services associated therewith, to be redirected as promptly and as interruption-free as is reasonably commercially practicable, to the URLs or domain names designated by, and in accordance with the reasonable instructions of, HBI or its Affiliated Companies within fifteen (15) days of Sara Lee's receipt of written notice from HBI designating such URLs, domain names and providing such instructions, provided that, HBI maintains such recipient URLs and domain names so that they are current and accessible to the general public.

(b) Redirection of E-mails. For a period of twelve (12) months following the Distribution Date, Sara Lee shall cause all e-mail messages addressed to an HBI employee who has an active e-mail account on Sara Lee's e-mail system as of the Distribution Date to be redirected as promptly and as interruption-free as is reasonably commercially practicable to such HBI employee's active e-mail account on HBI's e-mail system, provided that Sara Lee shall only be responsible for redirecting such e-mail messages (i) that are accurately addressed to the applicable Sara Lee e-mail account; and (ii) to the extent that the characters preceding the "@" sign in the applicable HBI

employee's HBI e-mail address are identical to, and appear in the same order as, such HBI employee's e-mail address prior to the Distribution Date.

Section 1.8 Further Assurances and Cooperation. Each Party, upon the written request and at the expense of the other Party, shall provide such reasonable cooperation, shall perform such further reasonable acts, and shall execute and deliver such reasonable documents and affidavits that may be necessary to: (i) maintain the registration of the Sara Lee Marks or the HBI Trademarks, (ii) document and record each Party's rights in the Sara lee Marks and the HBI Trademarks that it owns as of the Distribution Date; and (iii) prosecute, enforce or defend the Sara Lee Marks or the HBI Trademarks and any related registrations. Each Party shall reasonably cooperate with the other Party at such other Party's expense, in connection with written requests made pursuant to and in accordance with this Agreement relating to the requesting Party's Trademarks, portions of the Trademark Database relating to the requesting Party's Trademarks, and the requesting Party's obligations to any Person, which shall include, without limitation: (x) locating and/or providing Trademark-related records pertaining to the Sara Lee Marks or the HBI Trademarks; (y) ensuring appropriate personnel are available to respond to the requesting Party's requests; and (z) producing information that is reasonably requested on a timely basis with respect to the requesting Party's Trademarks. The rights and obligations set forth in this Section 1.8 shall be in effect from the Distribution Date until such time as the Parties deem appropriate in writing, but in any event within thirty (30) days after the termination or expiration of the Trademark License Agreement.

## ARTICLE II

## SOFTWARE LICENSE

Section 2.1 Internal Use License Grant. To the extent Sara Lee has the right to grant the following licenses and rights, Sara Lee hereby grants to HBI a limited, fully paid-up, royalty-free, perpetual, non-transferable (except as expressly provided in Section 3.11 of this Agreement), non-sublicensable (except as expressly provided in this Section 2.1), non-exclusive license, (i) to use, copy, perform, display, distribute, execute, modify and make derivative works of (collectively, "Use") the Licensed Software (including the source code and documentation to such Licensed Software) and (ii) to permit its Affiliated Companies to Use the Licensed Software (including the source code and documentation to such Licensed Software), in each case solely for Internal Use in the Territory. Furthermore, the Parties expressly agree that HBI and its Affiliated Companies may sublicense the Licensed Software to agents and contractors of HBI and its Affiliated Companies who are retained to provide services to HBI or its Affiliated Companies to Use the Licensed Software for purposes of providing such services, HBI and its Affiliated Companies being and remaining responsible for (i) compliance of such third parties with this Software License Agreement in such Use; and (ii) requiring and verifying that such third parties have destroyed any copies of the Licensed Software in their possession upon termination.

Section 2.2 License Restrictions. Except as expressly authorized under this Agreement, HBI shall not knowingly cause or permit the: (i) use, copying, modification, rental, lease, transfer, sale, assignment, timeshare or distribution of the Licensed Software; or (ii) access to or Use of the Licensed Software by a third party including in connection with a service bureau, website or other configuration whereby a third party may have access to and/or Use the Licensed Software. HBI shall cooperate with Sara Lee in facilitating Sara Lee's ability to determine the nature of the

activities in connection with the Licensed Software. Upon reasonable advance notice (which shall not be less than three (3) Business Days) and during regular business hours, HBI shall permit Sara Lee to inspect its relevant operations and records related to HBI's use of the Licensed Software.

Section 2.3 Intellectual Property. As between the Parties, Sara Lee shall retain ownership of all Intellectual Property rights in the Licensed Software. As between the Parties, HBI shall own all right, title and interest in and to the HBI Modifications.

Section 2.4 Confidentiality. HBI acknowledges and agrees that the Licensed Software shall constitute Confidential Operational Information and, subject to Sections 2.1 and 2.2 of this Agreement, shall be treated accordingly under Section 5.3 of the Separation Agreement.

Section 2.5 Notice of Infringement. In the event (a) an officer of a Party or its Affiliated Companies, (b) any general manager or Person holding a senior management position with any business segment of a Party or any of its Affiliated Companies , or (c) any intellectual property administrator of or an attorney in the intellectual property law department of a Party becomes aware (i) of circumstances reasonably indicating that a Party's use of the Licensed Software may infringe or misappropriate a third party's Intellectual Property rights; (ii) that a third party may claim or has claimed that a Party's use of the Licensed Software infringes or misappropriates such third party's Intellectual Property rights; or (iii) that a third party may be infringing or misappropriating Sara Lee's Intellectual Property rights in the Licensed Software, such Party shall notify the other Party of the foregoing as applicable.

Section 2.6 Acknowledgment Regarding No Further Actions. HBI hereby acknowledges that it possesses a complete and working copy of each Licensed Software program. Notwithstanding anything to the contrary in this Agreement, the Separation Agreement, or any other Ancillary Agreements, the Parties hereby acknowledge that Sara Lee shall have no obligation to perform any actions with respect to the Licensed Software, including, without limitation, to provide delivery, acceptance testing, custom modifications, training, support, or maintenance (including, without limitation, providing upgrades, fixes, patches or repairs).

Section 2.7 Third Party Consents. HBI shall be responsible for obtaining all required licenses, rights, and Consents, if any, from third parties in connection with HBI's use of the Licensed Software, including, without limitation, all licenses, rights and Consents from MLM Information Services.

Section 2.8 Term and Termination of Software License.

(a) Term. The Software License Agreement shall be in effect as of the Distribution Date and shall remain in effect unless terminated pursuant to this Agreement.

(b) Termination for Breach. The Software License Agreement shall automatically terminate upon the earlier of the dates on which (i) HBI fails to commence cure of, and use reasonable, continuing and diligent efforts to cure, any breach of this Software License Agreement within thirty (30) days after receipt of written notice of such breach from Sara Lee; or (ii) HBI fails to cure any breach of this Software License Agreement one hundred and twenty (120) days after HBI's receipt of written notice of a such breach from Sara Lee.

(c) Termination for Convenience. HBI may terminate the Software License Agreement at any time, in its sole discretion, upon thirty (30) days written notice to Sara Lee.

(d) Effect of Termination. Upon termination of the Software License Agreement, all rights of HBI and permitted third parties to Use the Licensed Software shall terminate immediately. Upon termination of the Software License Agreement, HBI shall promptly return to Sara Lee or, at Sara Lee's option, destroy all copies of the Licensed Software.

**ARTICLE III**

**MISCELLANEOUS**

Section 3.1 Survival; No Cross-Defaults.

(a) Survival. Section 1.2(a), Section 1.2(b), Section 1.2(e), Section 1.4, Section 1.5, Section 1.6, Section 1.7, Section 2.3, Section 2.4, Section 2.8, Section 3.2, Section 3.3, and Article IV shall survive any expiration or termination of this Agreement in part or in whole.

(b) No Cross-Defaults. For the avoidance of doubt, the termination or expiration of the Trademark License Agreement or the Software License Agreement shall not affect the validity and maintenance in force of the other license agreement.

Section 3.2 Disclaimer of Warranties. THE SARA LEE MARKS AND THE LICENSED SOFTWARE ARE PROVIDED "AS IS." SARA LEE DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER ORAL OR WRITTEN, WHETHER EXPRESS, IMPLIED, OR ARISING BY STATUTE, CUSTOM, COURSE OF DEALING OR TRADE USAGE, WITH RESPECT TO THE SUBJECT MATTER OF THIS AGREEMENT, IN CONNECTION WITH THIS AGREEMENT, THE SARA LEE MARKS, OR THE LICENSED SOFTWARE. SARA LEE SPECIFICALLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT IN CONNECTION WITH THIS AGREEMENT, THE SARA LEE MARKS, AND THE LICENSED SOFTWARE. SARA LEE MAKES NO REPRESENTATION OR WARRANTY THAT THE LICENSED SOFTWARE WILL BE FREE FROM DEFECTS, ERRORS OR HARMFUL CODE, OR THAT THE OPERATION OF THE LICENSED SOFTWARE WILL BE UNINTERRUPTED, ERROR-FREE, OR IN ACCORDANCE WITH ANY DOCUMENTATION OR SPECIFICATIONS, OR THAT DEFECTS IN THE LICENSED SOFTWARE WILL BE CORRECTED.

Section 3.3 Limitation of Liability. TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW, IN NO EVENT WILL SARA LEE BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOST DATA, LOST PROFITS OR COSTS OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY, WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STATUTE OR OTHERWISE, AND WHETHER OR NOT SARA LEE WAS OR SHOULD HAVE BEEN AWARE OR ADVISED OF THE POSSIBILITY OF

SUCH DAMAGE. EXCEPT WITH RESPECT TO HBI'S OBLIGATIONS UNDER Section 1.1(a), Section 1.2 AND Section 1.3 OF THIS AGREEMENT, AND TO THE MAXIMUM EXTENT ALLOWED UNDER APPLICABLE LAW, IN NO EVENT WILL HBI OR ANY OF ITS AFFILIATED COMPANIES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOST DATA, LOST PROFITS OR COSTS OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, HOWEVER CAUSED AND UNDER ANY THEORY OF LIABILITY, WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STATUTE OR OTHERWISE, AND WHETHER OR NOT HBI WAS OR SHOULD HAVE BEEN AWARE OR ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

Section 3.4 Conflict with Separation Agreement. In the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of the Separation Agreement, the terms and conditions of this Agreement shall control.

Section 3.5 Independent Contractors. The Parties each acknowledge that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, employer/employee, partnership or any other relationship.

Section 3.6 Compliance with Laws. Each Party shall comply with all applicable laws, rules, regulations and orders of the United States, all other jurisdictions and any agency or court thereof.

Section 3.7 Entire Agreement. This Agreement, the Separation Agreement and the Ancillary Agreements constitutes the entire agreement among the Parties with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof and thereof. All Schedules and Exhibits referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

Section 3.8 Amendments and Waivers. This Agreement may be amended and any provision of this Agreement may be waived, provided that any such amendment or waiver shall be binding upon a Party only if such amendment or waiver is set forth in a writing executed by such Party. No course of dealing between or among any Persons having any interest in this Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any Party hereto under or by reason of this Agreement.

Section 3.9 No Implied Waivers; Cumulative Remedies; Writing Required. No delay or failure in exercising any right, power or remedy hereunder shall affect or operate as a waiver thereof; nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or remedy preclude any further exercise thereof or of any other right, power or remedy. The rights and remedies hereunder are cumulative and not exclusive of any rights or remedies that any Party hereto would otherwise have. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement or any such waiver of any

provision of this Agreement must satisfy the conditions set forth in Section 3.12 of this Agreement and shall be effective only to the extent in such writing specifically set forth.

Section 3.10 Parties In Interest. Except for the right to use the Licensed Software granted to HBI's Affiliated Companies, agents and contractors under Section 2.1 of this Agreement, nothing in this Agreement is intended to confer on any Person other than the Parties, and their respective successors and permitted assigns, any rights or remedies of any nature whatsoever under or by virtue of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, no Person (except HBI's Affiliated Companies) shall be deemed a third-party beneficiary of this Agreement.

Section 3.11 Assignment; Change of Control; Binding Agreement. This Agreement, including the rights granted hereunder to HBI, are personal to HBI. HBI shall not voluntarily, or by operation of law or otherwise, assign, transfer, sublicense (except as expressly provided in Sections 1.1(a) and 2.1 of this Agreement), pledge, encumber or otherwise dispose of all or any part of HBI's interest in this Agreement without Sara Lee's prior written consent, to be granted or withheld in Sara Lee's absolute discretion. Any attempted assignment, transfer, sublicense (except as expressly provided in Sections 1.1(a) and 2.1 of this Agreement), pledge, encumbrance or other disposal without such consent shall be void and shall constitute a material default and breach of this Agreement. For purposes of this Agreement, a merger, consolidation, or other corporate reorganization, or a transfer or sale of a controlling interest in a party's stock, or of all or substantially all of its assets shall be deemed to be a prohibited transfer under this Agreement. Sara Lee may assign this Agreement or any of the rights, interests or obligations under this Agreement, in whole or in part. Subject to the foregoing, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and permitted assigns.

Section 3.12 Notices. All notices, demands and other communications given under this Agreement must be in writing and must be either personally delivered, telecopied (and confirmed by telecopy answer back), mailed by first class mail (postage prepaid and return receipt requested), or sent by reputable overnight courier service (charges prepaid) to the recipient at the address or telecopy number indicated below or such other address or telecopy number or to the attention of such other Person as the recipient Party shall have specified by prior written notice to the sending Party. Any notice, demand or other communication under this Agreement shall be deemed to have been given when so personally delivered or so telecopied and confirmed (if telecopied before 5:00 p.m. Eastern Standard Time on a business day, and otherwise on the next business day), or if sent, one business day after deposit with an overnight courier, or, if mailed, five business days after deposit in the U.S. mail.

Sara Lee Corporation,<br>Three First National Plaza<br>Chicago, Illinois 60602-4260<br>Attention: General Counsel<br>Facsimile Number: (312) 419-3187

Hanesbrands Inc.<br>1000 East Hanes Mill Road<br>Winston-Salem, North Carolina 27105.<br>Attention: General Counsel<br>Facsimile Number: (336) 714-3638

Section 3.13 Severability. The Parties agree that (i) the provisions of this Agreement shall be severable in the event that for any reason whatsoever any of the provisions hereof are invalid, void or otherwise unenforceable, (ii) any such invalid, void or otherwise unenforceable provisions shall be replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable, and (iii) the remaining provisions shall remain valid and enforceable to the fullest extent permitted by applicable law.

Section 3.14 Construction. The descriptive headings herein are inserted for convenience of reference only and are not intended to be a substantive part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. The use of the words “include” or “including” in this Agreement shall be by way of example rather than by limitation. The use of the words “or,” “either” or “any” shall not be exclusive. The words “hereby,” “herein,” “hereunder” and words of similar import refer to this Agreement as a whole (including any Schedules, Attachments and Exhibits) and not merely to the specific section, paragraph or clause in which any such word appears. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. The Parties agree that prior drafts of this Agreement shall be deemed not to provide any evidence as to the meaning of any provision hereof or the intent of the Parties hereto with respect hereto.

Section 3.15 Counterparts. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one Party), each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 3.16 Delivery by Facsimile and Other Electronic Means. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, shall be treated in all manner and respects as an original contract and shall be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party, each other Party shall re-execute original forms thereof and deliver them to the other Party. No Party shall raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a contract and each such Party forever waives any such defense.

Section 3.17 Governing Law. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

Section 3.18 Submission to Jurisdiction. EACH OF THE PARTIES IRREVOCABLY SUBMITS (FOR ITSELF AND IN RESPECT OF ITS PROPERTY) TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN CHICAGO, ILLINOIS, OR GREENSBORO, NORTH CAROLINA, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT. EACH PARTY ALSO AGREES NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY OTHER COURT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY BOND, SURETY, OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO. ANY PARTY MAY MAKE SERVICE ON ANY OTHER PARTY BY SENDING OR DELIVERING A COPY OF THE PROCESS TO THE PARTY TO BE SERVED AT THE ADDRESS AND IN THE MANNER PROVIDED FOR THE GIVING OF NOTICES IN Section 3.12 OF THIS AGREEMENT. NOTHING IN THIS SECTION 3.18, HOWEVER, SHALL AFFECT THE RIGHT OF ANY PARTY TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AT EQUITY. EACH PARTY AGREES THAT A FINAL JUDGMENT IN ANY ACTION OR PROCEEDING SO BROUGHT SHALL BE CONCLUSIVE AND MAY BE ENFORCED BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW OR AT EQUITY.

Section 3.19 Waiver of Jury Trial. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

Section 3.20 Amicable Resolution. The Parties desire that friendly collaboration will develop between them. Accordingly, they will try to resolve in an amicable manner all disputes and disagreements connected with their respective rights and obligations under this Agreement in accordance with Section 6.12 of the Separation Agreement.

Section 3.21 Arbitration. Except for suits seeking injunctive relief or specific performance, in the event of any dispute, controversy or claim arising under or in connection with this Agreement (including any dispute, controversy or claim relating to the breach, termination or validity thereof), the Parties agree to submit any such dispute, controversy or claim to binding arbitration in accordance with Section 6.13 of the Separation Agreement.

## ARTICLE IV

## DEFINITIONS

Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Separation Agreement. In addition, for purposes of this Agreement, the following terms shall have the following meanings:

"Business Day" shall mean each weekday (Monday, Tuesday, Wednesday, Thursday and Friday), excluding all federally mandated holidays in the United States.

"CPi" shall mean Computer Packages, Inc.

"HBI Modifications" shall mean any modifications, fixes, improvements, revisions, or derivative works to the Licensed Software created by or on behalf of HBI or any of its Affiliated Companies.

"HBI Trademarks" shall mean all Trademarks constituting HBI Assets under the Separation Agreement.

"Internal Use" shall mean the installation, copying or other Use, solely in connection with conducting the Branded Apparel Business, of the Licensed Software on computers owned, leased or otherwise controlled by, or used for the benefit of, HBI or its Affiliated Companies and not for any other purpose, including, without limitation, operation of the Licensed Software for other entities on a service bureau basis.

"Licensed Software" shall mean the software programs set forth on Schedule 2 of this Agreement, including all object code and source code for each program and all documentation, if any exists, for each program.

"Materials" shall mean packaging, catalogs, brochures, circulars, advertising materials, point of sale materials, sampling materials, sales collateral materials, publicity and public relations, signage, websites, website content and all other materials, stationery, business cards, business forms and similar organizational items that are produced by or on behalf of HBI or any of its Affiliated Companies and used to operate, market, promote and advertise HBI, any of its Affiliated Companies, or any of their respective products or services.

"Parties" shall mean Sara Lee and HBI.

"Sara Lee Marks" shall mean the Trademarks set forth on Schedule 1.

"Sara Lee Materials" shall mean any Materials bearing, displaying or otherwise using the Sara Lee Marks that are owned by, and in the control of, HBI or any of its Affiliated Companies as of the Distribution Date.

"Sara Lee Trademarks" shall mean all Trademarks owned by Sara Lee including the Sara Lee Marks.

"Separation Agreement" shall have the meaning set forth in the preamble of this Agreement.

"Software License Agreement" shall mean the rights and obligations set forth in Article III and Article IV of this Agreement.

"Territory" shall mean all territory throughout the world.

"Trademark Database" shall mean CPi Intellectual Property Management System v.05.04.08 comprised of the follow three applications: Patent Management System, Trademark Management System and General Matter Management System.

"Trademarks" shall mean trademarks, service marks, trade names, logos and slogans (and all applications for registration, translations, adaptations, derivations and combinations of the foregoing) and Internet domain names, including the goodwill relating to each of the foregoing.

"Trademark License Agreement" shall mean the rights and obligations set forth in Article I and Article IV of this Agreement.

"URL" shall mean a Uniform Resource Locator.

"Use" has the meaning set forth in Section 2.1.

IN WITNESS WHEREOF, each Party has caused this Intellectual Property Matters Agreement to be executed on its behalf by its officers hereunto duly authorized on the day and year first above written.

SARA LEE CORPORATION

By: /s/ Diana S. Ferguson
Diana S. Ferguson
Senior Vice President

HANESBRANDS INC.

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

**Schedule 1**
**Sara Lee Marks**

The "Sara Lee Marks" shall include the following three trademarks:

1. SARA LEE (word mark)

2. SARA LEE (Stylized in White with Red or Black Background)

3. SARA LEE (Stylized in Red)

4. Any and all trademarks, trade names and logos, comprised of one or more of the foregoing three trademarks and additional elements, including, but not limited to the following:

SARA LEE BRANDED APPAREL
SARA LEE CORPORATION
SARA LEE COMPANY
SARA LEE FOUNDATION
SARA LEE LEGAL
SARA LEE LAW
SARA LEE MEXICO
SARA LEE BRAZIL
SARA LEE ARGENTINA
SARA LEE JAPAN
SARA LEE PHILIPPINES
SARA LEE SOUTH AFRICA
SARA LEE INDIA
SARA LEE SHANGHAI
SARA LEE CENTER FOR WOMEN'S HEALTH
SARA LEE SOCCER FIELDS
SARA LEE UNDERWEAR
SARA LEE HOSIERY
SARA LEE SOCKS
SARA LEE INTIMATES
SARA LEE CASUALWEAR
SARA LEE SPORTSWEAR

**Schedule 2**
**Licensed Software**

Sarbanes-Oxley Control Deficiency Tool

GBR Validation

Custom Lease

Property Updates

Global Litigation Administration System (GLAS — Legal Fees)

LRN SSO (Application to allow Single Sign-on to Legal Ez Training)

Global Environmental Performance Measurement (GEPM)

Global Business Practice Annual Report (GBP_AR)

Global Environmental Mgmt System (GEMS)

Single Sign-on Solutions for Extensity, Ariba & InFlight

GDX Schedule Templates

**Schedule 3**
**Domain Names and URLs**

| Domain Name | Corporate Owner |
|---|---|
| saraleedirect.com | SLC/SLBA |
| saraleeintimateapparel.com | SLC/SLBA |
| saraleeintimateapparel.net | SLC/SLBA |
| saraleeintimateapparel.org | SLC/SLBA |
| saraleeintimates.com | SLC/SLBA |
| saraleeprintables.at | SLC/SLBA |
| saraleeprintables.be | SLC/SLBA |
| saraleeprintables.ch | SLC/SLBA |
| saraleeprintables.co.hu | SLC/SLBA |
| saraleeprintables.co.uk | SLC/SLBA |
| saraleeprintables.com | SLC/SLBA |
| saraleeprintables.com.pt | SLC/SLBA |
| saraleeprintables.cz | SLC/SLBA |
| saraleeprintables.de | SLC/SLBA |
| saraleeprintables.dk | SLC/SLBA |
| saraleeprintables.gen.tr | SLC/SLBA |
| saraleeprintables.gr | SLC/SLBA |
| saraleeprintables.it | SLC/SLBA |
| saraleeprintables.lt | SLC/SLBA |
| saraleeprintables.lv | SLC/SLBA |
| saraleeprintables.net | SLC/SLBA |
| saraleeprintables.pl | SLC/SLBA |
| saraleeprintables.ro | SLC/SLBA |
| saraleeprintables.se | SLC/SLBA |
| slbanet.com | SLC/SLBA |
| slbasfa.com | SLC/SLBA |
| slbasourcing.com | SLC/SLBA |
| sldcatalog.com | SLC/SLBA |
| sldirect.com | SLC/SLBA |
| slh-b2b.com | SLC/SLBA |
| slhlink.com | SLC/SLBA |
| slhnet.com | SLC/SLBA |
| slh-retail.com | SLC/SLBA |
| slianet.com | SLC/SLBA |
| slianet.net | SLC/SLBA |
| slianet.org | SLC/SLBA |
| slkp.com | SLC/SLBA |
| slouterbanks.com | SLC/SLBA |
| slsc.com | SLC/SLBA |
| slucpfr.com | SLC/SLBA |
| slu-online.com | SLC/SLBA |
| slusourcing.com | SLC/SLBA |

**Schedule 4**
**Delayed Named Subsidiaries**

| Current Name | New Name | Name Change Deadline |
|---|---|---|
| Sara Lee Moda Femenina S.A. de C.V | Servicios Rinplay, S. de R.L. de C.V. | September 30, 2006 |
| Sara Lee Knit Products Mexico S.A. de C.V. | Inmobilaria Rinplay S. De R.L. de C.V. | September 30, 2006 |
| Sara Lee Moda Femenina S.A. de C.V. | Servicios Rinplay, S. de R.L. de C.V. | December 31, 2006 |

FIRST LIEN CREDIT AGREEMENT,

dated as of September 5, 2006,

among

HANESBRANDS INC.,
as the Borrower,

VARIOUS FINANCIAL INSTITUTIONS AND
OTHER PERSONS FROM TIME TO TIME
PARTY HERETO,
as the Lenders,

HSBC BANK USA, NATIONAL ASSOCIATION,
LASALLE BANK NATIONAL ASSOCIATION, and
BARCLAYS BANK PLC,
as the Co-Documentation Agents,

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

and

MORGAN STANLEY SENIOR FUNDING, INC.,
as the Co-Syndication Agents,

CITICORP USA, INC.,
as the Administrative Agent,

and

CITIBANK, N.A., as the Collateral Agent.

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MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

and

MORGAN STANLEY SENIOR FUNDING, INC.,
as the Joint Lead Arrangers and Joint Bookrunners

*Portions of this document have been omitted pursuant to a Confidential Treatment Request.

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# FIRST LIEN CREDIT AGREEMENT

THIS FIRST LIEN CREDIT AGREEMENT, dated as of September 5, 2006, is among HANESBRANDS INC., a Maryland corporation (the "Borrower"), the various financial institutions and other Persons from time to time party hereto (the "Lenders"), HSBC BANK USA, NATIONAL ASSOCIATION, LASALLE BANK NATIONAL ASSOCIATION and BARCLAYS BANK PLC, as the co-documentation agents (in such capacities, the "Documentation Agents"), MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED and MORGAN STANLEY SENIOR FUNDING, INC., as the co-syndication agents (in such capacities, the "Syndication Agents"), CITICORP USA, INC., as the administrative agent (in such capacity, the "Administrative Agent"), CITIBANK, N.A., as the collateral agent (in such capacity, the "Collateral Agent"), and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED and MORGAN STANLEY SENIOR FUNDING, INC., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers").

W I T N E S S E T H:

WHEREAS, Sara Lee Corporation, a Maryland corporation ("Sara Lee") intends, among other things, to (i) transfer all the assets and certain associated liabilities it attributes to its branded apparel Americas/Asia business (the "Contributed Business") to the Borrower, (ii) sell certain trademarks and other intellectual property related to the Contributed Business (the "IP Purchase", with such trademarks and other intellectual property being herein collectively referred to as the "HBI IP") to HBI Branded Apparel Limited, Inc., a Delaware corporation and a wholly-owned Subsidiary of the Borrower (the "IP Subsidiary"), and (iii) distribute 100% of the Borrower's common stock to Sara Lee's stockholders (the transfer of the Contributed Business and such distribution being herein called the "Spin-Off"), pursuant to which, among other things, (A) Sara Lee's common stockholders will receive, on a pro rata basis, a dividend of all of the issued and outstanding shares of common stock of the Borrower and (B) concurrently with the consummation of the Spin-Off and the IP Purchase, Sara Lee will receive a cash dividend from the Borrower in the approximate amount of $2,400,000,000 (the "Dividend");

WHEREAS, for purposes of consummating the Spin-Off, the Dividend and the IP Purchase, the Borrower and the IP Subsidiary intend to utilize the proceeds from (i) the Loans, (ii) senior secured second lien loans in an aggregate amount of $450,000,000 (the "Second Lien Loans") and (iii)(A) senior unsecured notes issued by the Borrower (the "Senior Notes") and/or (B) unsecured increasing rate loans (the "Bridge Loans") collectively resulting in aggregate gross proceeds of $500,000,000; and

WHEREAS, the Lenders and the Issuers are willing, on the terms and subject to the conditions hereinafter set forth, to extend the Commitments, make Loans and issue (or participate in) Letters of Credit;

NOW, THEREFORE, the parties hereto agree as follows.

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Acquired Permitted Capital Expenditure Amount" is defined in clause (a) of Section 7.2.7.

"Administrative Agent" is defined in the preamble and includes each other Person appointed as the successor Administrative Agent pursuant to Section 9.4.

"Affected Lender" is defined in Section 4.11.

"Affiliate" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. "Control" of a Person means the power, directly or indirectly, (i) to vote 10% or more of the Capital Securities (on a fully diluted basis) of such Person having ordinary voting power for the election of directors, managing members or general partners (as applicable), or (ii) to direct or cause the direction of the management and policies of such Person (whether by contract or otherwise).

"Agents" means, as the context may require, the Administrative Agent and the Collateral Agent, collectively, or either of them individually.

"Agreement" means, on any date, this First Lien Credit Agreement as originally in effect on the Closing Date and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified from time to time and in effect on such date.

"Alternate Base Rate" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum (rounded upward, if necessary, to the next highest 1/16 of 1%) equal to the higher of (i) the Base Rate in effect on such day, and (ii) the Federal Funds Rate in effect on such day plus 1/2 of 1%. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Alternate Base Rate. The Administrative Agent will give notice promptly to the Borrower and the Lenders of changes in the Alternate Base Rate; provided that, the failure to give such notice shall not affect the Alternate Base Rate in effect after such change.

"Applicable Commitment Fee Margin" means the applicable percentage set forth below corresponding to the relevant Leverage Ratio:

| Leverage Ratio | Applicable Commitment Fee Margin |
|---|---|
| Greater than or equal to 3.75:1.00 | 0.500% |
| Less than 3.75:1.00 but greater than or equal to 3.00:1.00 | 0.375% |
| Less than 3.00:1.00 | 0.250% |

Notwithstanding anything to the contrary set forth in this Agreement (including the then effective Leverage Ratio), the Applicable Commitment Fee Margin from the Closing Date through (and including) the date of delivery of the financial statements for the second full Fiscal Quarter ending after the Closing Date shall be 0.50%. The Leverage Ratio used to compute the Applicable Commitment Fee Margin shall be that set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent. Changes in the Applicable Commitment Fee Margin resulting from a change in the Leverage Ratio shall become effective upon delivery by the Borrower to the Administrative Agent of a new Compliance Certificate pursuant to clause (c) of Section 7.1.1. If the Borrower fails to deliver a Compliance Certificate on or before the date required pursuant to clause (c) of Section 7.1.1, the Applicable Commitment Fee Margin from and including the day after such required date of delivery to but not including the date the Borrower delivers to the Administrative Agent a Compliance Certificate shall equal the highest Applicable Commitment Fee Margin set forth above.

"Applicable Margin" means (i) in the case of Term B Loans maintained as (A) LIBO Rate Loans, a percentage per annum equal to 2.25% and (B) Base Rate Loans, a percentage per annum equal to 1.25%, and (ii) in the case of Term A Loans and Revolving Loans, the applicable percentage set forth below corresponding to the relevant Leverage Ratio:

| | Applicable Margin | |
|---|---|---|
| Leverage Ratio | LIBO Rate Loans | Base Rate Loans |
| Greater than or equal to 4.00:1.00 | 1.75% | 0.75% |
| Less than 4.00:1.00 but greater than or equal to 3.25:1.00 | 1.50% | 0.50% |
| Less than 3.25:1.00 but greater than or equal to 2.50:1.00 | 1.25% | 0.25% |
| Less than 2.50:1.00 | 1.00% | 0.00% |

Notwithstanding anything to the contrary set forth in this Agreement (including the then effective Leverage Ratio), the Applicable Margin for all Term A Loans and Revolving Loans from the Closing Date through (and including) the date of delivery of the financial statements for the second full Fiscal Quarter ending after Closing Date shall be (A) 1.75%, in the case of LIBO Rate Loans, and (B) 0.75%, in the case of Base Rate Loans. The Leverage Ratio used to

compute the Applicable Margin shall be the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent. Changes in the Applicable Margin resulting from a change in the Leverage Ratio shall become effective upon delivery by the Borrower to the Administrative Agent of a new Compliance Certificate pursuant to clause (c) of Section 7.1.1. If the Borrower fails to deliver a Compliance Certificate on or before the date required pursuant to clause (c) of Section 7.1.1, the Applicable Margin from and including the day after such required date of delivery to but not including the date the Borrower delivers to the Administrative Agent a Compliance Certificate shall equal the highest Applicable Margin set forth above.

"Applicable Percentage" means, at any time of determination, (i) with respect to a mandatory prepayment in respect of Net Equity Proceeds pursuant to clause (e) of Section 3.1.1, (A) 50.0%, if the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent was greater than or equal to 3.75:1, (B) 25.0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.75:1 but greater than or equal to 3.00:1, and (C) 0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.00:1, and (ii) with respect to a mandatory prepayment in respect of Excess Cash Flow pursuant to clause (g) of Section 3.1.1, (A) 50.0%, if the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent was greater than or equal to 3.75:1, (B) 25.0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.75:1 but greater than or equal to 3.00:1, and (C) 0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.00:1.

"Approved Foreign Bank" is defined in the definition of "Cash Equivalent Investment".

"Approved Fund" means any Person (other than a natural Person) that (i) is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course, and (ii) is administered or managed by a Lender, an Affiliate of a Lender or a Person or an Affiliate of a Person that administers or manages a Lender.

"Authorized Officer" means, relative to any Obligor, the chief executive officer, president, chief financial officer, treasurer, assistant treasurer, secretary, assistant secretary and those of its other officers, general partners or managing members (as applicable), in each case whose signatures and incumbency shall have been certified to the Agents, the Lenders and the Issuers pursuant to Section 5.1.1.

"Available" means, in respect of Euros and any Lender at any time of determination, that Euros are, at such time, readily available to such Lender as deposits in the London or other applicable interbank market in the relevant amount and for the relevant term, is freely convertible into Dollars and is freely transferable for the purposes of this Agreement, but if, notwithstanding that each of the foregoing tests is satisfied:

(a) Euros are, under the then current legislation or regulations of the applicable country (or under the policy of the central bank of such country) or the F.R.S. Board, not permitted to be used for the purposes of this Agreement; or

(b) there are regulatory or legal reasons which make it illegal or impermissible for a Lender to make a LIBO Rate denominated in Euros available as determined by such Lender in its sole discretion;

then Euros may be treated by any Lender as not being Available.

"Base Rate" means, at any time, the rate published in the Wall Street Journal as the "prime rate"(or equivalent) at such time.

"Base Rate Loan" means a Loan denominated in Dollars bearing interest at a fluctuating rate determined by reference to the Alternate Base Rate.

"Borrower" is defined in the preamble.

"Borrowing" means the Loans of the same type and, in the case of LIBO Rate Loans, having the same Interest Period made by all Lenders required to make such Loans on the same Business Day and pursuant to the same Borrowing Request in accordance with Section 2.3.

"Borrowing Request" means a Loan request and certificate duly executed by an Authorized Officer of the Borrower substantially in the form of Exhibit B-1 hereto.

"Branded Apparel Business" means, collectively, the HBI IP and the Contributed Business.

"Bridge Loan Administrative Agent" means the "Administrative Agent" pursuant to, and as defined in, the Bridge Loan Documents, and any successor thereto.

"Bridge Loan Credit Agreement" means the Bridge Loan Credit Agreement, dated as of the Closing Date, among the Borrower, the lenders from time to time party thereto and the Bridge Loan Administrative Agent, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Bridge Loan Documents" means the Bridge Loan Credit Agreement and the related guarantees, notes and other agreements and instruments entered into in connection with the Bridge Loan Credit Agreement, in each case as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Bridge Loans" is defined in the second recital.

"Business Day" means (i) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York, (ii) relative to the making, continuing, prepaying or repaying of any LIBO Rate Loans, any day which is a Business Day described in clause (i) above and (A) on which dealings in the relevant Currency are carried on in the London interbank eurodollar market and (B) in the case of LIBO Rate Loans denominated in Euros, on which banks in the applicable country are not authorized or required to be closed and (iii) for purposes of Section 2.1.2 any day which is neither a Saturday or Sunday nor a legal holiday where the relevant Issuer is located (and, if such Issuer is

located in Hong Kong, excluding any day upon which a Typhoon Number 8 signal or black rainstorm warning is hoisted before 12:00 noon (Hong Kong time)).

"CapEx Pull Forward Amount" is defined in clause (b) of Section 7.2.7.

"Capital Expenditures" means, for any period, the aggregate amount of (i) all expenditures of the Borrower and its Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures and (ii) Capitalized Lease Liabilities incurred by the Borrower and its Subsidiaries during such period; provided that Capital Expenditures shall not include any such expenditures which constitute any of the following, without duplication: (a) a Permitted Acquisition, (b) to the extent permitted by this Agreement, capital expenditures consisting of Net Disposition Proceeds or Net Casualty Proceeds not otherwise required to be used to repay the Loans, (c) capital expenditures made utilizing Excluded Equity Proceeds, (d) imputed interest capitalized during such period incurred in connection with Capitalized Lease Liabilities not paid or payable in cash and (e) any capital expenditure made in connection with the Transaction as a result of the Borrower or any Subsidiary buying assets from Sara Lee. For the avoidance of doubt (x) to the extent that any item is classified under clause (i) of this definition and later classified under clause (ii) of this definition or could be classified under either clause, it will only be required to be counted once for purposes hereunder and (y) in the event the Borrower or any Subsidiary owns an asset that was not used and is now being reused, no portion of the unused asset shall be considered Capital Expenditures hereunder; provided that any expenditure necessary in order to permit such asset to be reused shall be included as a Capital Expenditure during the period that such expenditure actually is made.

"Capital Securities" means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the Closing Date.

"Capitalized Lease Liabilities" means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, should be classified as capitalized leases, and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty.

"Cash Collateralize" means, with respect to a Letter of Credit, the deposit of immediately available funds into a cash collateral account maintained with (or on behalf of) the Administrative Agent on terms reasonably satisfactory to the Administrative Agent in an amount equal to the Stated Amount of such Letter of Credit.

"Cash Equivalent Investment" means, at any time:

(a) any direct obligation of (or unconditionally guaranteed by) the United States or a State thereof (or any agency or political subdivision thereof, to the extent such

obligations are supported by the full faith and credit of the United States or a State thereof) maturing not more than one year after such time;

(b) commercial paper maturing not more than 270 days from the date of issue, which is issued by (i) a corporation (other than an Affiliate of any Obligor) organized under the laws of any State of the United States or of the District of Columbia and rated A-1 or higher by S&P or P-1 or higher by Moody's, or (ii) any Lender (or its holding company);

(c) any certificate of deposit, time deposit or bankers acceptance, maturing not more than one year after its date of issuance, which is issued by either (i) any bank organized under the laws of the United States (or any State thereof) and which has (A) a credit rating of A2 or higher from Moody's or A or higher from S&P and (B) a combined capital and surplus greater than $500,000,000, or (ii) any Lender;

(d) any repurchase agreement having a term of 30 days or less entered into with any Lender or any commercial banking institution satisfying the criteria set forth in clause (c)(i) which (i) is secured by a fully perfected security interest in any obligation of the type described in clause (a), and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such commercial banking institution thereunder;

(e) with respect to any Foreign Subsidiary, non-Dollar denominated (i) certificates of deposit of, bankers acceptances of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Person maintains its chief executive office or principal place of business or is organized provided such country is a member of the Organization for Economic Cooperation and Development, and which has a short-term commercial paper rating from S&P of at least "A-1" or the equivalent thereof or from Moody's of at least "P-1" or the equivalent thereof (any such bank being an "Approved Foreign Bank") and maturing within one year of the date of acquisition and (ii) equivalents of demand deposit accounts which are maintained with an Approved Foreign Bank; or

(f) readily marketable obligations issued or directly and fully guaranteed or insured by the government or any agency or instrumentality of any member nation of the European Union whose legal tender is the Euro and which are denominated in Euros or any other foreign currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Foreign Subsidiary organized in such jurisdiction, having (i) one of the three highest ratings from either Moody's or S&P and (ii) maturities of not more than one year from the date of acquisition thereof; provided that the full faith and credit of any such member nation of the European Union is pledged in support thereof.

"Cash Management Obligations" means, with respect to the Borrower or any of its Subsidiaries, any direct or indirect liability, contingent or otherwise, of such Person in respect of cash management services (including treasury, depository, overdraft (daylight and temporary),

credit or debit card, electronic funds transfer and other cash management arrangements) provided after the Closing Date by a Person who is (or was at the time such Cash Management Obligations were incurred) the Administrative Agent, any Lender or any Affiliate thereof, including obligations for the payment of fees, interest, charges, expenses, attorneys' fees and disbursements in connection therewith to the extent provided for in the documents evidencing such cash management services.

"Cash Restructuring Charges" is defined in the definition of "EBITDA."

"Cash Spin-Off Charges" is defined in the definition of "EBITDA."

"Casualty Event" means the damage, destruction or condemnation, as the case may be, of property of any Person or any of its Subsidiaries.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation Liability Information System List.

"Change in Control" means

(a) any person or group (within the meaning of Sections 13(d) and 14(d) under the Exchange Act) shall become the ultimate "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of Capital Securities representing more than 35% of the Capital Securities of the Borrower on a fully diluted basis;

(b) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board of Directors of the Borrower (together with any new directors whose election to such Board or whose nomination for election by the stockholders of the Borrower was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Borrower then in office; or

(c) the occurrence of any "Change of Control" (or similar term) under (and as defined in) any Second Lien Loan Document, Bridge Loan Document or Senior Note Document.

"Citibank" means, as the context may require, Citicorp USA and CitiNA, collectively, or either of them, individually.

"Citicorp USA" means Citicorp USA, Inc., in its individual capacity, and any successor thereto by merger, consolidation or otherwise.

"CitiNA" means Citibank, N.A., in its individual capacity, and any successor thereto by merger, consolidation or otherwise.

"Closing Date Certificate" means the closing date certificate executed and delivered by an Authorized Officer of the Borrower substantially in the form of Exhibit I hereto.

"Closing Date" means the date of the initial Credit Extension hereunder.

"Code" means the Internal Revenue Code of 1986, and the regulations thereunder, in each case as amended, reformed or otherwise modified from time to time.

"Collateral Agent" is defined in the preamble and includes each other Person appointed as successor Collateral Agent pursuant to Section 9.4.

"Commercial Letter of Credit" means any Letter of Credit issued for the purpose of providing the primary payment mechanism in connection with the purchase of any materials, goods or services by the Borrower or any Subsidiary in the ordinary course of business of the Borrower or such Subsidiary.

"Commitment" means, as the context may require, the Term A Loan Commitment, the Term B Loan Commitment, the Revolving Loan Commitment, the Euro Loan Commitment, the Letter of Credit Commitment or the Swing Line Loan Commitment.

"Commitment Amount" means, as the context may require, the Term A Loan Commitment Amount, the Term B Loan Commitment Amount, the Revolving Loan Commitment Amount, the Euro Loan Commitment Amount, the Letter of Credit Commitment Amount or the Swing Line Loan Commitment Amount.

"Commitment Termination Date" means, as the context may require, the Term A Loan Commitment Termination Date, the Term B Loan Commitment Termination Date or the Revolving Loan Commitment Termination Date.

"Commitment Termination Event" means

(a) the occurrence of any Event of Default with respect to the Borrower described in clauses (a) through (d) of Section 8.1.9; or

(b) the occurrence and continuance of any other Event of Default and either (i) the declaration of all or any portion of the Loans to be due and payable pursuant to Section 8.3, or (ii) the giving of notice by the Administrative Agent, acting at the direction of the Required Lenders, to the Borrower that the Commitments have been terminated.

"Communications" is defined in clause (a) of Section 9.11.

"Compliance Certificate" means a certificate duly completed and executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit E hereto.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or

otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation with respect thereto) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"Continuation/Conversion Notice" means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit C hereto.

"Contributed Business" is defined in the first recital.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"Copyright Security Agreement" means any Copyright Security Agreement executed and delivered by any Obligor in substantially the form of Exhibit C to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Credit Extension" means, as the context may require,

(a) the making of a Loan by a Lender; or

(b) the issuance of any Letter of Credit, any amendment to or modification of any Letter of Credit that increases the face amount thereof, or the extension of any Stated Expiry Date of any existing Letter of Credit, by an Issuer.

"Currency" and "Currencies" means Dollars and Euros.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"Defaulting Lender" means any Lender that (i) refuses (which refusal has not been retracted prior to an Eligible Assignee agreeing to replace such Lender as a "Lender" hereunder) or has failed to make available its portion of any Borrowing or to fund its portion of any unreimbursed obligation under Section 2.6.1 or (ii) has notified in writing the Borrower or the Administrative Agent that such Lender does not intend to comply with its obligations under Section 2.1.

"Disbursement" is defined in Section 2.6.2.

"Disbursement Date" is defined in Section 2.6.2.

"Disclosure Schedule" means the Disclosure Schedule attached hereto as Schedule I, as it may be amended, supplemented, amended and restated or otherwise modified from time to time

by the Borrower with the written consent of, in the case of non-material modification, the Administrative Agent and, in the case of material modifications the Required Lenders.

"Disposition" (or similar words such as "Dispose") means any sale, transfer, lease (as lessor), contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of the Borrower's or its Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any other Person in a single transaction or series of transactions other than (i) to another Obligor, (ii) by a Foreign Subsidiary to any other Foreign Subsidiary or (iii) by a Receivables Subsidiary to any other Person.

"Dividend" is defined in the first recital.

"Documentation Agents" is defined in the preamble.

"Dollar" and the sign "$" mean lawful money of the United States.

"Dollar Equivalent" means, as of any date of determination, (i) as to any amount denominated in Dollars, such amount in Dollars, and (ii) as to any amount denominated in Euros, the equivalent amount thereof in Dollars as determined by the Administrative Agent on the basis of the Spot Rate for the purchase of Dollars with Euros.

"Domestic Office" means the office of a Lender designated as its "Domestic Office" on Schedule II hereto or in a Lender Assignment Agreement, or such other office within the United States as may be designated from time to time by notice from such Lender to the Administrative Agent and the Borrower.

"EBITDA" means, for any applicable period, the sum of

(a) Net Income, plus

(b) to the extent deducted in determining Net Income, the sum of (i) amounts attributable to amortization (including amortization of goodwill and other intangible assets), (ii) Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Tax expense, (iii) Interest Expense, (iv) depreciation of assets, (v) all non-cash charges, including all non-cash charges associated with announced restructurings, whether announced previously or in the future (such non-cash restructuring charges being "Non-Cash Restructuring Charges"), (vi) net cash charges associated with or related to any contemplated restructurings (such cost restructuring charges being "Cash Restructuring Charges") in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Restructuring Charge Amount for such Fiscal Year, (vii) net cash restructuring charges associated with or related to the Spin-Off (such cost restructuring charges being "Cash Spin-Off Charges") in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Spin-Off Charge Amount for such Fiscal Year, (viii) all amounts in respect of extraordinary losses, (ix) non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements), (x)

any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early retirement of Indebtedness, and related out-of-pocket expenses incurred by the Borrower or any of its Subsidiaries as a result of the Transaction, including fees and expenses in connection with the issuance, redemption or exchange of the Bridge Loans, all determined in accordance with GAAP, (xi) non-cash or unrealized losses on agreements with respect to Hedging Obligations and (xii) to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of the Borrower and its Subsidiaries incurred as a result of Permitted Acquisitions, Investments, Dispositions permitted hereunder and the issuance of Capital Securities or Indebtedness permitted hereunder, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Permitted Acquisition or Dispositions, (xiii) to the extent the related loss in not added back pursuant to clause (c), all proceeds of business interruption insurance policies, (xiv) expenses incurred by the Borrower or any Subsidiary to the extent reimbursed in cash by a third party, and (xv) extraordinary, unusual or non-recurring cash charges not to exceed $10,000,000 in any Fiscal Year, minus

(c) to the extent included in determining such Net Income, the sum of (i) all amounts in respect of extraordinary gains or extraordinary losses, (ii) non-cash gains on agreements with respect to Hedging Obligations, (iii) reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period and (iv) non-cash items increasing such Net Income for such period, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period.

"Eligible Assignee" means (i) in the case of an assignment of a Term B Loan, (A) a Lender, (B) an Affiliate of a Lender, (C) an Approved Fund or (D) any other Person (other than an Ineligible Assignee), and (ii) in the case of any assignment of the Revolving Loan Commitment, Revolving Loans or Term A Loans, (A) a Lender, (B) an Affiliate of a Lender or (C) any other Person (other than an Ineligible Assignee) approved by the Borrower (such approval of the Borrower not to be unreasonably withheld or delayed) unless an Event of Default has occurred and is continuing.

"EMU" means Economic and Monetary Union as contemplated in the Treaty on European Union.

"EMU Legislation" means legislative measures of the European Council (including European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the Euro or otherwise), being in part the implementation of the third stage of EMU.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and legally binding guidelines (including consent decrees

and administrative orders) relating to protection of public health and safety from environmental hazards and protection of the environment.

"Equity Equivalents" means with respect to any Person any rights, warrants, options, convertible securities, exchangeable securities, indebtedness or other rights, in each case exercisable for or convertible or exchangeable into, directly or indirectly, Capital Securities of such Person or securities exercisable for or convertible or exchangeable into Capital Securities of such Person, whether at the time of issuance or upon the passage of time or the occurrence of some future event.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA also refer to any successor Sections thereto.

"Euro Equivalent" means, with respect to any amount denominated in Dollars, the equivalent amount thereof in Euros as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Euros with Dollars.

"Euro Loan" means any Revolving Loan denominated in Euros.

"Euro Loan Commitment" means, relative to any Lender, such Lender's obligation (if any) to make Euro Loans pursuant to clause (a) of Section 2.1.1.

"Euro Loan Commitment Amount" means, on any date, a maximum amount equal to the Euro Equivalent of $50,000,000, as such amount may be permanently reduced by Section 2.2.

"European TM SPV" means Playtex Bath LLC, a Delaware limited liability company.

"Euros" means the single currency of Participating Member States of the European Union.

"Event of Default" is defined in Section 8.1.

"Excess Cash Flow" means, for any Fiscal Year, the excess (if any), of

(a) EBITDA for such Fiscal Year

minus

(b) the sum (for such Fiscal Year) of (i) Interest Expense actually paid in cash by the Borrower and its Subsidiaries, (ii) scheduled principal repayments with respect to the permanent reduction of Indebtedness, to the extent actually made and permitted to be made hereunder, (iii) all Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Taxes actually paid in cash or payable (only to the extent related to Taxes associated with such Fiscal Year) by the Borrower and its Subsidiaries, (iv) Capital Expenditures to the extent (x) actually made by the Borrower and its Subsidiaries in such Fiscal Year or (y) committed to be made by the Borrower

and its Subsidiaries and that are permitted to be carried forward to the next succeeding Fiscal Year pursuant to Section 7.2.7; provided that the amounts deducted from Excess Cash Flow pursuant to preceding clause (y) shall not thereafter be deducted in the determination of Excess Cash Flow for the Fiscal Year during which such payments were actually made, (v) the portion of the purchase price paid in cash with respect to Permitted Acquisitions to the extent such Permitted Acquisition was made in connection with the Borrower's offshore migration of its supply chain, (vi) cash Investments permitted to be made in Foreign Supply Chain Entities, (vii) to the extent permitted to be included in the calculation of EBITDA for such Fiscal Year, the amount of Cash Restructuring Charges and Cash Spin-Off Charges actually so included in such calculation and (viii) without duplication to any amounts deducted in preceding clauses (i) through (vii), all items added back to EBITDA pursuant to clause (b) of the definition thereof that represent amounts actually paid in cash.

"Exemption Certificate" is defined in clause (e) of Section 4.6.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Existing Letters of Credit" means each of the Letters of Credit issued by an Issuer and outstanding on the Closing Date, as listed on Schedule III hereto.

"Excluded Contracts" means the intellectual property rights, licenses, leases and other agreements set forth in Item 1.2 of the Disclosure Schedule.

"Excluded Equity Proceeds Amount" means with respect to the sale or issuance of Capital Securities of the Borrower, an amount equal to the proceeds (net of all fees, commissions, disbursements, costs and expenses incurred in connection therewith) thereof which are utilized for Capital Expenditures or Permitted Acquisitions less the amount of such proceeds which have been previously used for such purposes.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to (i) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or (ii) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means the confidential letter, dated July 24, 2006, among Merrill Lynch, Morgan Stanley and the Borrower.

"Filing Agent" is defined in Section 5.1.11.

"Filing Statements" is defined in Section 5.1.11.

“Fiscal Quarter” means a quarter ending on the Saturday nearest to the last day of March, June, September or December.

“Fiscal Year” means any period of fifty-two or fifty-three consecutive calendar weeks ending on the Saturday nearest to the last day of June; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the “2006 Fiscal Year”) refer to the Fiscal Year ending on the Saturday nearest to the last day of June of such calendar year; provided that in the event that the Company gives notice to the Administrative Agent that it intends to change its Fiscal Year, Fiscal Year will mean any period of fifty-two or fifty-three consecutive calendar weeks or twelve consecutive calendar months ending on the date set forth in such notice.

“Foreign Pledge Agreement” means any supplemental pledge agreement governed by the laws of a jurisdiction other than the United States or a State thereof executed and delivered by the Borrower or any of its Subsidiaries pursuant to the terms of this Agreement, in form and substance reasonably satisfactory to the Lead Arrangers, as necessary under the laws of organization or incorporation of a Foreign Subsidiary to further protect or perfect the Lien on and security interest in any Capital Securities issued by such Foreign Subsidiary constituting Collateral (as defined in the Security Agreement).

“Foreign Subsidiary” means any Subsidiary that is not a U.S. Subsidiary or a Receivables Subsidiary.

“Foreign Supply Chain Entity” means (i) a Person listed on Item 1.1 of the Disclosure Schedule and (ii) any other Person (a) that is not organized or incorporated under the laws of the United States, (b) the Capital Securities of which are owned by the Borrower or any of its Subsidiaries and another Person who is not the Borrower or any Subsidiary (other than a third party represented by any director’s qualifying shares or investments by foreign nationals mandated by applicable laws), (c) that is created in connection with the Borrower’s offshore migration of its supply chain and (d) any Investments in such Person are to be made pursuant to clause (f) of Section 7.2.5 or clause (f) of Section 7.2.2; provided that the Borrower may, upon notice to the Administrative Agent, redesignate any Person who was, before such redesignation, a Foreign Supply Chain Entity as a Foreign Subsidiary and at such time such Foreign Supply Chain Entity will be treated as a Foreign Subsidiary for all purposes hereunder.

“Foreign Working Capital Lender” means each Person that is (or at the time such Indebtedness was incurred, was) a Lender or an Affiliate of a Lender to whom a Foreign Subsidiary owes Indebtedness that was permitted to be incurred pursuant to clause (n) of Section 7.2.2.

“F.R.S. Board” means the Board of Governors of the Federal Reserve System or any successor thereto.

“GAAP” is defined in Section 1.4.

“Governmental Authority” means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive,

legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" means the guaranty executed and delivered by an Authorized Officer of the Borrower and each U.S. Subsidiary pursuant to the terms of this Agreement, substantially in the form of Exhibit F hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Hazardous Material" means (i) any "hazardous substance", as defined by CERCLA, (ii) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended, or (iii) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance (including any petroleum product) within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended.

"HBI IP" is defined in the first recital.

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under foreign exchange contracts, commodity hedging agreements, currency exchange agreements, interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency exchange rates or commodity prices.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in any Loan Document refer to such Loan Document as a whole and not to any particular Section, paragraph or provision of such Loan Document.

"HSBC" means HSBC Bank USA, National Association, in its individual capacity, and any successor thereto by merger, consolidation or otherwise.

"Impermissible Qualification" means any qualification or exception to the opinion or certification of any independent public accountant as to any financial statement of the Borrower (i) which is of a "going concern" or similar nature, (ii) which relates to the limited scope in any material respect of examination of matters relevant to such financial statement, or (iii) which relates to the treatment or classification of any item in such financial statement (excluding treatment or classification changes which are the result of changes in GAAP or the interpretation of GAAP) and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Borrower to be in Default.

"including" and "include" means including without limiting the generality of any description preceding such term, and, for purposes of each Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Indebtedness" of any Person means, (i) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or

similar instruments, (ii) all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, (iii) all Capitalized Lease Liabilities of such Person, (iv) for purposes of Section 8.1.5 only, net Hedging Obligations of such Person, (v) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable and accrued expenses in the ordinary course of business which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), (vi) indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse (provided that in the event such indebtedness is limited in recourse solely to the property subject to such Lien, for the purposes of this Agreement the amount of such indebtedness shall not exceed the greater of the book value or the fair market value (as determined in good faith by the Borrower's board of directors) of the property subject to such Lien), (vii) monetary obligations arising under Synthetic Leases, (viii) the full outstanding balance of trade receivables, notes or other instruments sold with full recourse (and the portion thereof subject to potential recourse, if sold with limited recourse), other than in any such case any thereof sold solely for purposes of collection of delinquent accounts and other than in connection with any Permitted Securitization, (ix) all obligations (other than intercompany obligations) of such Person pursuant to any Permitted Securitization (other than Standard Securitization Undertakings), and (x) all Contingent Liabilities of such Person in respect of any of the foregoing. The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefore as a result of such Person's ownership interest in or other relationship with such Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefore.

"Indemnified Liabilities" is defined in Section 10.4.

"Indemnified Parties" is defined in Section 10.4.

"Ineligible Assignee" means a natural Person, the Borrower, any Affiliate of the Borrower or any other Person taking direction from, or working in concert with, the Borrower or any of the Borrower's Affiliates.

"Information" is defined in Section 10.18.

"Interco Subordination Agreement" means a Subordination Agreement, in form and substance satisfactory to the Lead Arrangers, executed and delivered by two or more Obligors pursuant to the terms of this Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as of the Closing Date, executed and delivered by each Person party thereto, substantially in the form of Exhibit H

hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Interest Coverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters of:

(a) EBITDA (for all such Fiscal Quarters)

to

(b) the sum (for all such Fiscal Quarters) of Interest Expense;

provided that, for purposes of calculating (i) Interest Expense with respect to the calculation of the Interest Coverage Ratio with respect to the four consecutive Fiscal Quarter period ending (A) nearest to December 31, 2006, Interest Expense shall be actual Interest Expense for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four, (B) nearest to March 31, 2007, Interest Expense shall be actual Interest Expense for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two, and (C) nearest to June 30, 2007, Interest Expense shall be actual Interest Expense for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third and (ii) EBITDA with respect to the calculation of the Interest Coverage such calculation shall be made in accordance with the proviso to the definition of "Leverage Ratio."

"Interest Expense" means, for any applicable period, the aggregate interest expense (both, without duplication, when accrued or paid and net of interest income paid during such period to the Borrower and its Subsidiaries) of the Borrower and its Subsidiaries for such applicable period, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense.

"Interest Period" means, relative to any LIBO Rate Loan, the period beginning on (and including) the date on which such LIBO Rate Loan is made or continued as, or converted into, a LIBO Rate Loan pursuant to Sections 2.3 or 2.4 and shall end on (but exclude) the day which numerically corresponds to such date one, two, three or six months and, if available to all Lenders, one or two weeks or 9 or 12 months thereafter (or, if any such month has no numerically corresponding day, on the last Business Day of such month), as the Borrower may select in its relevant notice pursuant to Sections 2.3 or 2.4; provided that,

(a) the Borrower shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than twelve different dates; and

(b) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day).

“Investment” means, relative to any Person, (i) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such Person of any bonds, notes, debentures or other debt securities of any other Person, and (ii) any Capital Securities held by such Person in any other Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

“IP Purchase” is defined in the first recital.

“IP Subsidiary” is defined in the first recital.

“ISP Rules” is defined in Section 10.9.

“Issuance Request” means a Letter of Credit request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit B-2 hereto, or in such electronic format as an Issuer and the Administrative Agent in their discretion accept. Each Issuance Request delivered in an electronic format shall constitute for all purposes of this Agreement a certification by an Authorized Officer as to the matters set forth in Exhibit B-2.

“Issuer” means HSBC or another Lender selected by the Borrower and reasonably acceptable to the Administrative Agent, in each case, in its capacity as an Issuer of the Letters of Credit. At the request of HSBC and with the Borrower’s consent (not to be unreasonably withheld or delayed), another Lender or an Affiliate of HSBC may issue one or more Letters of Credit hereunder, in which case the term “Issuer” shall include any such Affiliate or other Lender with respect to Letters of Credit issued by such Affiliate or such Lender.

“Judgment Currency” is defined in Section 10.16.

“Lead Arrangers” is defined in the preamble.

“Lender Assignment Agreement” means an assignment agreement substantially in the form of Exhibit D hereto.

“Lenders” is defined in the preamble.

“Lender’s Environmental Liability” means any and all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind or nature whatsoever (including reasonable attorneys’ fees at trial and appellate levels and experts’ fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against the Administrative Agent, any Lender or any Issuer or any of such Person’s Affiliates, shareholders, directors, officers, employees, and agents in connection with or arising from:

(a) any Hazardous Material on, in, under or affecting all or any portion of any property of the Borrower or any of its Subsidiaries, the groundwater thereunder, or any surrounding areas thereof to the extent caused by Releases from the Borrower's or any of its Subsidiaries' or any of their respective predecessors' properties;

(b) any misrepresentation, inaccuracy or breach of any warranty, contained or referred to in Section 6.12;

(c) any violation or claim of violation by the Borrower or any of its Subsidiaries of any Environmental Laws; or

(d) the imposition of any lien for damages caused by or the recovery of any costs for the cleanup, release or threatened release of Hazardous Material by the Borrower or any of its Subsidiaries, or in connection with any property owned or formerly owned by the Borrower or any of its Subsidiaries.

"Letter of Credit" means a letter of credit that is a Standby Letter of Credit or Commercial Letter of Credit. For greater certainty Letters of Credit shall include all Existing Letters of Credit.

"Letter of Credit Commitment" means an Issuer's obligation to issue Letters of Credit pursuant to Section 2.1.2.

"Letter of Credit Commitment Amount" means, on any date, a maximum amount equal to the Dollar Equivalent of $150,000,000, as such amount may be permanently reduced from time to time pursuant to Section 2.2.

"Letter of Credit Outstandings" means, on any date, an amount equal to the sum of (i) the then aggregate amount which is undrawn and available under all issued and outstanding Letters of Credit, and (ii) the then aggregate amount of all unpaid and outstanding Reimbursement Obligations.

"Leverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio of

(a) Total Debt outstanding on the last day of such Fiscal Quarter

to

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters;

provided that, for purposes of calculating the Leverage Ratio with respect to the four consecutive Fiscal Quarter period ending (i) nearest to December 31, 2006, EBITDA shall be actual EBITDA for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four; (ii) nearest to March 31, 2007, EBITDA shall be actual EBITDA for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two; and (iii) nearest to June 30, 2007, EBITDA shall be actual EBITDA for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third.

"LIBO Alternate Rate" means, with respect to any Euro Loan, relative to an interest period of one month, that rate of interest determined by the Administrative Agent by reference to the cost to the Administrative Agent of obtaining deposits of Euros from such sources as it may reasonably select. The Administrative Agent shall determine the LIBO Alternate Rate for each such interest period (which determination shall be conclusive in the absence of manifest error), and will promptly give notice to the Borrower and the Lenders thereof.

"LIBO Rate" means, relative to any Interest Period:

(a) for LIBO Rate Loans denominated in Dollars, the rate of interest equal to the average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the rates per annum at which Dollar deposits in immediately available funds are offered to the Administrative Agent's LIBOR Office in the London interbank market as at or about 11:00 a.m. London, England time two Business Days prior to the beginning of such Interest Period for delivery on the first day of such Interest Period, and in an amount approximately equal to the amount of the Administrative Agent's LIBO Rate Loan and for a period approximately equal to such Interest Period; and

(b) for LIBO Rate Loans denominated in Euros, the rate of interest equal to the average (rounded upward, if necessary, to the next 1/16 of 1%) of the rates per annum determined by the Administrative Agent as the rate at which Euro deposits in immediately available funds are offered to the Administrative Agent's LIBOR Office (or such other office as may be designated by the Administrative Agent) to major banks in the offshore interbank market at approximately 11:00 a.m., two Business Days prior to (or on such other date as is customary in the relevant offshore interbank market) the beginning of such Interest Period for delivery on the first day of such Interest Period, and in an amount approximately equal to the amount of the Administrative Agent's LIBO Rate Loan and for a period approximately equal to such Interest Period.

"LIBO Rate Loan" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a rate of interest determined by reference to the LIBO Rate (Reserve Adjusted) or, if not available, the LIBO Alternate Rate.

"LIBO Rate (Reserve Adjusted)" means, relative to any Loan to be made, continued or maintained as, or converted into, a LIBO Rate Loan for any Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) determined pursuant to the following formula:

$$\text{LIBO Rate (Reserve Adjusted)} = \frac{\text{LIBO Rate}}{1.00 - \text{LIBOR Reserve Percentage}}$$

The LIBO Rate (Reserve Adjusted) for any Interest Period for LIBO Rate Loans will be determined by the Administrative Agent on the basis of the LIBOR Reserve Percentage in effect, and the applicable rates furnished to and received by the Administrative Agent, two Business Days before the first day of such Interest Period.

"LIBOR Office" means the office of a Lender designated as its "LIBOR Office" on Schedule II hereto or in a Lender Assignment Agreement, or such other office designated from time to time by notice from such Lender to the Borrower and the Administrative Agent, whether or not outside the United States, which shall be making or maintaining the LIBO Rate Loans of such Lender.

"LIBOR Reserve Percentage" means, relative to any Interest Period for LIBO Rate Loans, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of or including "Eurocurrency Liabilities", as currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Interest Period.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or other priority or preferential arrangement of any kind or nature whatsoever.

"Loan Documents" means, collectively, this Agreement, the Notes, the Letters of Credit, each Rate Protection Agreement, the Fee Letter, the Intercreditor Agreement, the Security Agreement, each Mortgage, each Foreign Pledge Agreement, each other agreement pursuant to which the Collateral Agent is granted by the Borrower or its Subsidiaries a Lien to secure the Obligations, the Guaranty and each other agreement, certificate, document or instrument delivered in connection with any Loan Document, whether or not specifically mentioned herein or therein.

"Loans" means, as the context may require, a Revolving Loan, a Euro Loan, a Term Loan or a Swing Line Loan of any type.

"Material Adverse Effect" means a material adverse effect on (i) the business, financial condition, operations, performance, or assets of the Borrower or the Borrower and its Subsidiaries (other than a Receivables Subsidiary) taken as a whole, (ii) the rights and remedies of any Secured Party under any Loan Document or (iii) the ability of any Obligor to perform when due its Obligations under any Loan Document.

"Merrill Lynch" means Merrill Lynch Capital Corporation, in its individual capacity, and includes any successor Person thereto by merger, consolidation or otherwise.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Morgan Stanley" means Morgan Stanley Senior Funding, Inc., in its individual capacity, and includes any successor Person thereto by merger, consolidation or otherwise.

"Mortgage" means each mortgage, deed of trust or agreement executed and delivered by any Obligor in favor of the Administrative Agent for the benefit of the Secured Parties pursuant to the requirements of this Agreement in form and substance reasonably satisfactory to the Lead Arrangers, under which a Lien is granted on such real property and fixtures described therein, in

each case as amended, supplemented, amended and restated or otherwise modified from time to time.

"Mortgaged Property" means each parcel of real property owned by an Obligor in the United States on the Closing Date with a fair market value (as determined by the Borrower in good faith) in excess of $2,000,000 on the Closing Date.

"Net Casualty Proceeds" means, with respect to any Casualty Event, the amount of any insurance proceeds or condemnation awards received by the Borrower or any of its U.S. Subsidiaries in connection with such Casualty Event (net of all collection or similar expenses related thereto), but excluding any proceeds or awards required to be paid to a creditor (other than the Lenders) which holds a first priority Lien permitted by clause (d) of Section 7.2.3 on the property which is the subject of such Casualty Event.

"Net Debt Proceeds" means, with respect to the sale or issuance by the Borrower or any of its U.S. Subsidiaries (other than a Receivables Subsidiary) of any Indebtedness to any other Person after the Closing Date pursuant to clause (b)(ii) of Section 7.2.2 or which is not expressly permitted by Section 7.2.2, the excess of (i) the gross cash proceeds actually received by such Person from such sale or issuance, over (ii) all arranging or underwriting discounts, fees, costs, expenses and commissions, and all legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and other closing costs and expenses actually incurred in connection with such sale or issuance other than any such fees, discounts, commissions or disbursements paid to Affiliates of the Borrower or any such Subsidiary in connection therewith.

"Net Disposition Proceeds" means the gross cash proceeds received by the Borrower or its U.S. Subsidiaries from any Disposition pursuant to clauses (j) (l), (m) or (n) of Section 7.2.11 or Section 7.2.15 and any cash payment received in respect of promissory notes or other non-cash consideration delivered to the Borrower or its U.S. Subsidiaries in respect thereof, minus the sum of (i) all legal, investment banking, brokerage, accounting and other professional fees, costs, sales commissions and expenses and other closing costs, fees and expenses incurred in connection with such Disposition, (ii) all taxes actually paid or estimated by the Borrower to be payable in cash in connection with such Disposition, (iii) payments made by the Borrower or its U.S. Subsidiaries to retire Indebtedness (other than the Credit Extensions) where payment of such Indebtedness is required in connection with such Disposition and (iv) any liability reserves established by the Borrower or such Subsidiary in respect of such Disposition in accordance with GAAP; provided that, if the amount of any estimated taxes pursuant to clause (ii) exceeds the amount of taxes actually required to be paid in cash in respect of such Disposition, the aggregate amount of such excess shall constitute Net Disposition Proceeds and to the extent any such reserves described in clause (iv) are not fully used at the end of any applicable period for which such reserves were established, such unused portion of such reserves shall constitute Net Disposition Proceeds.

"Net Equity Proceeds" means with respect to the sale or issuance after the Closing Date by the Borrower to any Person of its Capital Securities, warrants or options or the exercise of any such warrants or options (other than such Capital Securities, warrants and options, in each case with respect to common or ordinary equity interests, issued (i) by the Borrower pursuant to the

Borrower's equity incentive plans, (ii) to qualified employees, officers and directors as compensation or to qualify employees, officers and directors as required by applicable law, (iii) that constitute an Excluded Equity Proceeds Amount or (iv) by the Borrower to a wholly owned Subsidiary of the Borrower), the excess of (A) the gross cash proceeds received by such Person from such sale, exercise or issuance, over (B) the sum of (i) all arranging, underwriting commissions and legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and other closing costs and expenses actually incurred in connection with such sale or issuance which have not been paid to Affiliates of the Borrower in connection therewith and (ii) all taxes actually paid or estimated by the Borrower to be payable in cash in connection with such sale or issuance; provided that, if the amount of any estimated taxes pursuant to clause (B)(ii) exceeds the amount of taxes actually required to be paid in cash in respect of such sale or issuance, the aggregate amount of such excess shall constitute Net Equity Proceeds.

"Net Income" means, for any period, the aggregate of all amounts which would be included as net income on the consolidated financial statements of the Borrower and its Subsidiaries for such period; provided that, for purposes of this Agreement, the calculation of Net Income shall not include any net income of any Foreign Supply Chain Entity, except to the extent cash is distributed by such Foreign Supply Chain Entity during such period to the Borrower or any other Subsidiary as a dividend or other distribution.

"Net Receivables Proceeds" means (i) the gross amount invested (in the form of a loan, purchased interest, or otherwise) by a Person other than the Borrower or a Subsidiary in a Receivables Subsidiary or the Receivables or an interest in the Receivables held by a Receivables Subsidiary in connection with a Permitted Securitization minus (ii) the sum of (a) all reasonable and customary legal, investment banking, brokerage and accounting and other professional fees, costs and expenses incurred in connection with such Permitted Securitization, (b) all taxes actually paid or estimated by the Borrower to be payable in connection with such Permitted Securitization, and (c) payments made by the Borrower or its U.S. Subsidiaries to retire Indebtedness (other than the Credit Extensions) where payment of such Indebtedness is required in connection with such Permitted Securitization; provided that, if the amount of any estimated taxes pursuant to clause (ii)(b) exceeds the amount of taxes actually required to be paid in cash in respect of such Permitted Securitization, the aggregate amount of such excess shall constitute Net Receivables Proceeds; it being understood that the calculation of Net Receivables Proceeds with respect to any additional or subsequent investment in connection with a Permitted Securitization shall include only the increase in such investment over the previous highest investment used in a prior calculation and expenses, taxes and repayments not included in a prior calculation.

"Non-Cash Restructuring Charges" is defined in the definition of "EBITDA".

"Non-Consenting Lender" is defined in Section 4.11.

"Non Defaulting Lender" means a Lender other than a Defaulting Lender.

"Non-Excluded Taxes" means any Taxes other than (i) net income and franchise Taxes imposed on (or measured by) net income or net profits with respect to any Secured Party by any

Governmental Authority under the laws of which such Secured Party is organized or in which it maintains its applicable lending office and (ii) any branch profit taxes or any similar taxes imposed by the United States of America or any other Governmental Authority described in clause (ii).

"Non-U.S. Lender" means any Lender that is not a "United States person", as defined under Section 7701(a)(30) of the Code.

"Note" means, as the context may require, a Revolving Note, a Term A Note, a Term B Note or a Swing Line Note.

"Obligations" means all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of the Borrower and each other Obligor arising under or in connection with a Loan Document, including Reimbursement Obligations and the principal of and premium, if any, and interest (including interest accruing during the pendency of any proceeding of the type described in Section 8.1.9, whether or not allowed in such proceeding) on the Loans.

"Obligor" means, as the context may require, the Borrower, each Subsidiary Guarantor and each other Person (other than a Secured Party) obligated (other than Persons solely consenting to or acknowledging such document) under any Loan Document.

"OFAC" is defined in Section 6.15.

"Organic Document" means, relative to any Obligor, as applicable, its articles or certificate of incorporation, by-laws, certificate of partnership, partnership agreement, certificate of formation, limited liability agreement, operating agreement and all shareholder agreements, voting trusts and similar arrangements applicable to any of such Obligor's Capital Securities.

"Original Currency" is defined in Section 10.16.

"Other Taxes" means any and all stamp, documentary or similar Taxes, or any other excise or property Taxes or similar levies that arise on account of any payment made or required to be made under any Loan Document or from the execution, delivery, registration, recording or enforcement of any Loan Document.

"Participant" is defined in clause (e) of Section 10.11.

"Participating Member State" means each country so described in any EMU Legislation.

"Patent Security Agreement" means any Patent Security Agreement executed and delivered by any Obligor in substantially the form of Exhibit A to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Patriot Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended and supplemented from time to time.

“Patriot Act Disclosures” means all documentation and other information available to the Borrower or its Subsidiaries which a Lender, if subject to the Patriot Act, is required to provide pursuant to the applicable section of the Patriot Act and which required documentation and information the Administrative Agent or any Lender reasonably requests in order to comply with their ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act.

“PBGC” means the Pension Benefit Guaranty Corporation and any Person succeeding to any or all of its functions under ERISA.

“Pension Plan” means a “pension plan”, as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA), and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

“Percentage” means, as the context may require, any Lender’s Revolving Loan Percentage, Term A Percentage or Term B Percentage.

“Permitted Acquisition” means an acquisition (whether pursuant to an acquisition of a majority of the Capital Securities of a target or all or substantially all of a target’s assets) by the Borrower or any Subsidiary from any Person of a business in which the following conditions are satisfied:

(a) the Borrower shall have delivered a certificate certifying that before and after giving effect to such acquisition, the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) and no Default has occurred and is continuing or would result therefrom; and

(b) the Borrower shall have delivered to the Administrative Agent a Compliance Certificate for the period of four full Fiscal Quarters immediately preceding such acquisition (prepared in good faith and in a manner and using such methodology which is consistent with the most recent financial statements delivered pursuant to Section 7.1.1) giving pro forma effect to the consummation of such acquisition and evidencing compliance with the covenants set forth in Section 7.2.4.

“Permitted Additional Restricted Payment” means, for any Fiscal Year set forth below, Restricted Payments made by the Borrower in the amount set forth opposite such Fiscal Year:

| Fiscal Year | Cash Amount |
| --- | --- |
| 2006 | $20,000,000 |
| 2007 | $25,000,000 |
| 2008 | $30,000,000 |
| 2009 | $35,000,000 |
| 2010 and thereafter | $40,000,000 |

; provided, to the extent that the amount of Permitted Additional Restricted Payments made by the Borrower during any Fiscal Year is less than the aggregate amount permitted (including after giving effect to this proviso) for such Fiscal Year, then such unutilized amount may be carried forward and utilized by the Borrower to make Permitted Additional Restricted Payments in any succeeding Fiscal Year and provided further that, to the extent (i) additional Capital Securities are issued by the Borrower which result in the payment of Net Equity Proceeds pursuant to Sections 3.1.1 and 3.1.2, the amounts set forth above shall be increased by a percentage of such amounts equal to the percentage increase of additional outstanding Capital Securities of the Borrower resulting from any such issuance by the Borrower and (ii) for Fiscal Year 2009 and each Fiscal Year thereafter, the amounts set forth above in such Fiscal Years shall be increased (after giving effect to any increases permitted pursuant to preceding clause (i)) by an additional $100,000,000 so long as both before and after giving effect to such Restricted Payment, the Leverage Ratio is less than 3.00:1.00.

"Permitted Cash Restructuring Charge Amount" means, $120,000,000 in the aggregate for Fiscal Year 2006 and all Fiscal Years ending after the Closing Date.

"Permitted Cash Spin-Off Charge Amount" means, for any Fiscal Year set forth below, the amount set forth opposite such Fiscal Year:

| Fiscal Year | Cash Amount |
| --- | --- |
| 2006 | $20,000,000 |
| 2007 | $55,000,000 |

"Permitted Liens" is defined in Section 7.2.3.

"Permitted Securitization" means any Disposition by the Borrower or any of its Subsidiaries consisting of Receivables and related collateral, credit support and similar rights and any other assets that are customarily transferred in a securitization of receivables, pursuant to one or more securitization programs, to a Receivables Subsidiary or a Person who is not an Affiliate of the Borrower; provided that (i) the consideration to be received by the Borrower and its Subsidiaries other than a Receivables Subsidiary for any such Disposition consists of cash, a promissory note or a customary contingent right to receive cash in the nature of a "hold-back" or similar contingent right, (ii) no Default shall have occurred and be continuing or would result therefrom, (iii) the aggregate outstanding balance of the Indebtedness in respect of all such programs at any point in time is not in excess of $250,000,000, and (iv) the Net Receivables Proceeds from such Disposition are applied to the extent required pursuant to Sections 3.1.1 and 3.1.2.

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

"Platform" is defined in clause (b) of Section 9.11.

"Purchase Money Note" means a promissory note evidencing a line of credit, or evidencing other Indebtedness owed to the Borrower or any Subsidiary in connection with a Permitted Securitization, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated accounts receivable.

"Quarterly Payment Date" means the last day of March, June, September and December, or, if any such day is not a Business Day, the next succeeding Business Day.

"Rate Protection Agreement" means, collectively, any agreement with respect to Hedging Obligations entered into by the Borrower or any of its Subsidiaries under which the counterparty of such agreement is (or at the time such agreement was entered into, was) a Lender or an Affiliate of a Lender.

"Receivable" shall mean a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for good or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account," "chattel paper," "payment intangible" or "instrument" under the UCC and any supporting obligations.

"Receivables Subsidiary" shall mean any wholly owned Subsidiary of the Borrower (or another Person in which the Borrower or any Subsidiary makes an Investment and to which the Borrower or one or more of its Subsidiaries transfer Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the applicable Subsidiary (as provided below) as a Receivables Subsidiary and which meets the following conditions:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Subsidiary:

(i) is guaranteed by the Borrower or any Subsidiary (that is not a Receivables Subsidiary);

(ii) is recourse to or obligates the Borrower or any Subsidiary (that is not a Receivables Subsidiary); or

(iii) subjects any property or assets of the Borrower or any Subsidiary (that is not a Receivables Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(b) with which neither the Borrower nor any Subsidiary (that is not a Receivables Subsidiary) has any material contract, agreement, arrangement or understanding (other than Standard Securitization Undertakings); and

(c) to which neither the Borrower nor any Subsidiary (that is not a Receivables Subsidiary) has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the applicable Subsidiary shall be evidenced by a certified copy of the resolution of the Board of Directors of such Subsidiary giving effect to such designation and an officers certificate certifying, to the best of such officer's knowledge and belief, that such designation complies with the foregoing conditions

"Refunded Swing Line Loans" is defined in clause (b) of Section 2.3.2.

"Register" is defined in clause (a) of Section 2.7.

"Reimbursement Obligation" is defined in Section 2.6.3.

"Release" means a "release", as such term is defined in CERCLA.

"Replacement Lender" is defined in Section 4.11.

"Replacement Notice" is defined in Section 4.11.

"Required Lenders" means, at any time, Non-Defaulting Lenders holding more than 50% of the Total Exposure Amount of all Non-Defaulting Lenders.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as amended.

"Restricted Payment" means (i) the declaration or payment of any dividend (other than dividends payable solely in Capital Securities of the Borrower or any Subsidiary) (other than a Receivables Subsidiary) on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Securities of the Borrower or any Subsidiary (other than a Receivables Subsidiary) or any warrants, options or other right or obligation to purchase or acquire any such Capital Securities, whether now or hereafter outstanding, or (ii) the making of any other distribution in respect of such Capital Securities, in each case either directly or indirectly, whether in cash, property or obligations of the Borrower or any Subsidiary or otherwise.

"Revaluation Date" means, with respect to any Credit Extension denominated in Euros, each of the following: (i) in connection with the origination of any new Credit Extension, the Business Day which is the earliest of the date such credit is extended or the date the applicable rate is set; (ii) in connection with any extension or conversion or continuation of an existing Loan, the Business Day that is the earlier of the date such Loan is extended, converted or continued, or the date the applicable rate is set; (iii) each date a Letter of Credit is issued or renewed pursuant to Section 2.1.2 or amended in such a way as to modify the Letter of Credit Outstandings or (iv) the date of any reduction of any of the Revolving Commitment Amount, the Euro Loan Commitment Amount or the Letter of Credit Commitment Amount pursuant to the

terms of Section 2.2. For purposes of determining availability hereunder, the rate of exchange for Euros shall be the Spot Rate.

"Revolving Exposure" means, relative to any Revolving Loan Lender, at any time, (i) the Dollar Equivalent of the aggregate outstanding principal amount of all Revolving Loans of such Lender at such time, plus (ii) such Lender's Revolving Loan Percentage of the Dollar Equivalent of the Letter of Credit Outstandings, plus (iii) such Lender's Revolving Loan Percentage of the aggregate principal amount outstanding of all Swing Line Loans at such time.

"Revolving Loan Commitment" means, relative to any Lender, such Lender's obligation (if any) to make Revolving Loans pursuant to clause (a) of Section 2.1.1.

"Revolving Loan Commitment Amount" means, on any date, $500,000,000, as such amount may be reduced from time to time pursuant to Section 2.2.

"Revolving Loan Commitment Termination Date" means the earliest of

(a) October 15, 2006 (if the initial Credit Extension has not occurred on or prior to such date);

(b) the fifth anniversary of the Closing Date;

(c) the date on which the Revolving Loan Commitment Amount is terminated in full or reduced to zero pursuant to the terms of this Agreement; and

(d) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described in the preceding clauses (c) or (d), the Revolving Loan Commitments shall terminate automatically and without any further action.

"Revolving Loan Lender" is defined in clause (a) of Section 2.1.1.

"Revolving Loans" is defined in clause (a) of Section 2.1.1.

"Revolving Note" means a promissory note of the Borrower payable to any Revolving Loan Lender, in the form of Exhibit A-1 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Revolving Loan Lender resulting from outstanding Revolving Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Revolving Loan Percentage" means, relative to any Lender, the applicable percentage relating to Revolving Loans set forth opposite its name on Schedule II hereto under the Revolving Loan Commitment column or set forth in a Lender Assignment Agreement under the Revolving Loan Commitment column, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its assignee Lender and delivered pursuant to Section 10.11. A Lender shall not have any Revolving Loan Commitment if its percentage under the Revolving Loan Commitment column is zero.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors.

"Sara Lee" is defined in the first recital.

"SEC" means the Securities and Exchange Commission.

"Second Lien Administrative Agent" means the "Administrative Agent" pursuant to, and as defined in, the Second Lien Loan Documents, and any successor thereto.

"Second Lien Collateral Agent" means the "Collateral Agent" pursuant to, and as defined in, the Second Lien Loan Documents, and any successor thereto.

"Second Lien Credit Agreement" means the Second Lien Credit Agreement, dated as of the Closing Date, among the IP Subsidiary, the lenders from time to time party thereto and the Second Lien Administrative Agent, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Second Lien Loan Documents" means the Second Lien Credit Agreement and the related guarantees, pledge agreements, security agreements, mortgages, notes and other agreements and instruments entered into in connection with the Second Lien Credit Agreement, in each case as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Second Lien Loans" is defined in the second recital.

"Secured Parties" means, collectively, the Lenders, the Issuers, the Administrative Agent, the Collateral Agent, the Lead Arrangers, each Foreign Working Capital Lender (if applicable), each counterparty to a Rate Protection Agreement that is (or at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate thereof and (in each case), each Person to whom an Obligor owes Cash Management Obligations, each of their respective successors, transferees and assigns.

"Security Agreement" means the Pledge and Security Agreement executed and delivered by each Obligor, substantially in the form of Exhibit G hereto, together with any supplemental Foreign Pledge Agreements delivered pursuant to the terms of this Agreement, in each case as amended, supplemented, amended and restated or otherwise modified from time to time.

"Senior Note Documents" means the Senior Notes, the Senior Note Indenture and all other agreements, documents and instruments executed and delivered with respect to the Senior Notes or the Senior Note Indenture, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Senior Note Indenture" means the Indenture, between the Borrower and the Person acting as trustee thereunder (the "Senior Notes Trustee"), pursuant to which the Senior Notes and any supplemental issuance of "senior notes" thereunder are issued, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Senior Notes" is defined in the second recital.

"Senior Notes Trustee" is defined in the definition of "Senior Note Indenture".

"Solvent" means, with respect to any Person and its Subsidiaries on a particular date, that on such date (i) the fair value of the property (on a going-concern basis) of such Person and its Subsidiaries on a consolidated basis is greater than the total amount of liabilities, including contingent liabilities, of such Person and its Subsidiaries on a consolidated basis, (ii) the present fair salable value of the assets (on a going-concern basis) of such Person and its Subsidiaries on a consolidated basis is not less than the amount that will be required to pay the probable liability of such Person and its Subsidiaries on a consolidated basis on its debts as they become absolute and matured in the ordinary course of business, (iii) such Person does not intend to, and does not believe that it or its Subsidiaries will, incur debts or liabilities beyond the ability of such Person and its Subsidiaries to pay as such debts and liabilities mature in the ordinary course of business (including through refinancings, asset sales and other capital market transactions), and (iv) such Person and its Subsidiaries on a consolidated basis is not engaged in business or a transaction, and such Person and its Subsidiaries on a consolidated basis is not about to engage in a business or a transaction, for which the property of such Person and its Subsidiaries on a consolidated basis would constitute an unreasonably small capital. The amount of Contingent Liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

"Specified Default" means (i) any Default under Section 8.1.1 or Section 8.1.9 or (ii) any other Event of Default.

"Spin-Off" is defined in the first recital.

"Spot Rate" means the rate determined by the Administrative Agent to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. (in the applicable time zone) on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent may obtain such spot rate from another financial institution designated by the Administrative Agent if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

"Standby Letter of Credit" means any Letter of Credit other than a Commercial Letter of Credit.

"Standard Securitization Undertakings" shall mean representations, warranties, covenants and indemnities entered into by the Borrower or any Subsidiary which are reasonably customary in a securitization of Receivables.

"Stated Amount" means, on any date and with respect to a particular Letter of Credit, the total amount then available to be drawn under such Letter of Credit.

"Stated Expiry Date" is defined in Section 2.6.

"Stated Maturity Date" means (i) with respect to all Term A Loans, the sixth anniversary of the Closing Date, (ii) with respect to all Term B Loans, the seventh anniversary of the Closing Date, and (iii) with respect to all Revolving Loans, Euro Loans and Swing Line Loans, the fifth anniversary of the Closing Date.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term "Subsidiary" shall be a reference to a Subsidiary of the Borrower (other than a Receivables Subsidiary). No Foreign Supply Chain Entity shall be considered to be a Subsidiary of the Borrower or any Subsidiary for purposes hereof except as set forth in the definition of Foreign Supply Chain Entity. Further, the European TM SPV shall not be considered to be a Subsidiary for any purpose hereunder.

"Subsidiary Guarantor" means each U.S. Subsidiary that has executed and delivered to the Administrative Agent the Guaranty (including by means of a delivery of a supplement thereto).

"Swing Line Lender" means, subject to the terms of this Agreement, Citicorp USA.

"Swing Line Loan Commitment" is defined in clause (b) of Section 2.1.1.

"Swing Line Loan Commitment Amount" means, on any date, $50,000,000, as such amount may be reduced from time to time pursuant to Section 2.2.

"Swing Line Loans" is defined in clause (b) of Section 2.1.1.

"Swing Line Note" means a promissory note of the Borrower payable to the Swing Line Lender, in the form of Exhibit A-4 hereto (as such promissory note may be amended, restated, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to the Swing Line Lender resulting from outstanding Swing Line Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Syndication Agents" is defined in the preamble.

"Syndication Date" means the date upon which the Lead Arrangers determine in their sole discretion (and notify the Borrower) and in accordance with the terms of the Fee Letter that a Successful Syndication (as defined in the Fee Letter) (and the resultant addition of Persons as Lenders pursuant to Section 10.11) has been completed.

"Synthetic Lease" means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with GAAP and (ii) in respect of which the lessee retains or

obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which that Person is the lessor.

"Taxes" means all income, stamp or other taxes, duties, levies, imposts, charges, assessments, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all interest, penalties or similar liabilities with respect thereto.

"Term A Loan Commitment" means, relative to any Lender, such Lender's obligation (if any) to make Term A Loans pursuant to clause (a) of Section 2.1.3.

"Term A Loan Commitment Amount" means, on any date, $250,000,000.

"Term A Loan Commitment Termination Date" means the earliest of

(a) October 15, 2006 (if the Term A Loans have not been made on or prior to such date);

(b) the Closing Date (immediately after the making of the Term A Loans on such date); and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described above, the Term A Loan Commitments shall terminate automatically and without any further action.

"Term A Loans" is defined in clause (a) of Section 2.1.3.

"Term A Note" means a promissory note of the Borrower payable to any Lender, in the form of Exhibit A-2 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Term A Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Term A Percentage" means, relative to any Lender, the applicable percentage relating to Term A Loans set forth opposite its name on Schedule II hereto under the Term A Loan Commitment column or set forth in a Lender Assignment Agreement under the Term A Loan Commitment column, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its assignee Lender and delivered pursuant to Section 10.11. A Lender shall not have any Term A Loan Commitment if its percentage under the Term A Loan Commitment column is zero.

"Term B Loan Commitment" means, relative to any Lender, such Lender's obligation (if any) to make Term B Loans pursuant to clause (b) of Section 2.1.3.

"Term B Loan Commitment Amount" means, on any date, $1,400,000,000.

"Term B Loan Commitment Termination Date" means the earliest of

(a) October 15, 2006 (if the Term B Loans have not been made on or prior to such date); and

(b) the Closing Date (immediately after the making of the Term B Loans on such date); and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described above, the Term B Loan Commitments shall terminate automatically and without any further action.

"Term B Loans" is defined in clause (b) of Section 2.1.3.

"Term B Note" means a promissory note of the Borrower payable to any Lender, in the form of Exhibit A-3 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Term B Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Term B Percentage" means, relative to any Lender, the applicable percentage relating to Term B Loans set forth opposite its name on Schedule II hereto under the Term B Loan Commitment column or set forth in a Lender Assignment Agreement under the Term B Loan Commitment column, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its assignee Lender and delivered pursuant to Section 10.11. A Lender shall not have any Term B Loan Commitment if its percentage under the Term B Loan Commitment column is zero.

"Term Loans" means, collectively, the Term A Loans and the Term B Loans.

"Termination Date" means the date on which all Obligations have been paid in full in cash (other than contingent indemnification obligations for which no claim has been asserted), all Letters of Credit have been terminated or expired (or been Cash Collateralized), all Rate Protection Agreements have been terminated and all Commitments shall have terminated.

"Total Debt" means, on any date, the outstanding principal amount of all Indebtedness of the Borrower and its Subsidiaries (other than a Receivables Subsidiary) of the type referred to in clause (i) of the definition of "Indebtedness" (which, in the case of the Loans, shall be deemed to equal the Dollar Equivalent (determined as of the most recent Revaluation Date) for any Loans denominated in Euros), clause (ii) of the definition of "Indebtedness" (which, in the case of Letter of Credit Outstandings, shall be deemed to equal the Dollar Equivalent (determined as of the most recent Revaluation Date) for any Letter of Credit Outstandings denominated in Euros), clause (iii) of the definition of "Indebtedness" and clause (vii) of the definition of "Indebtedness", in each case exclusive of intercompany Indebtedness between the Borrower and its Subsidiaries and any Contingent Liability in respect of any of the foregoing.

"Total Exposure Amount" means, on any date of determination (and without duplication), the Dollar Equivalent (determined as of the most recent Revaluation Date) of the

outstanding principal amount of all Loans, the aggregate amount of all Letter of Credit Outstandings and the unfunded amount of the Commitments.

"Total Revolving Loan Exposure Amount" means, on any date of determination (and without duplication), the Dollar Equivalent (determined as of the most recent Revaluation Date) of the outstanding principal amount of all Revolving Loans, the aggregate amount of all Letter of Credit Outstandings and the unfunded amount of the Revolving Loan Commitments.

"Trademark Security Agreement" means any Trademark Security Agreement executed and delivered by any Obligor substantially in the form of Exhibit B to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Transaction" means, collectively, (i) the consummation of the Spin-Off, (ii) the issuance of the Dividend, (iii) the consummation of the IP Purchase, (iv) the entering into of the Loan Documents (other than this Agreement) and the making of the Loans hereunder on the Closing Date, (v) the entering into of the Second Lien Loan Documents and the making of the Second Lien Loans, (vi) the receipt by the Borrower of the proceeds from the Bridge Loans and the entering into of the Bridge Loan Documents and/or the issuance of the Senior Notes in an aggregate amount of $500,000,000, and (vii) the payment of fees and expenses in connection and in accordance with the foregoing.

"Transaction Documents" means, collectively, the Second Lien Loan Documents, the Bridge Loan Documents, the Senior Note Documents and any other material document executed or delivered in connection with the Transaction, including any transition services agreements and tax sharing agreements, in each case as amended, supplemented, amended and restated or otherwise modified from time to time in accordance with Section 7.2.12.

"Treaty on European Union" means the Treaty of Rome of March 25, 1957, as amended by the Single European Act 1986 and the Maastricht Treaty (which was signed at Maastricht, the Kingdom of Netherlands, on February 1, 1992 and came into force on November 1, 1993), as amended from time to time.

"type" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that if, with respect to any Filing Statement or by reason of any provisions of law, the perfection or the effect of perfection or non-perfection of the security interests granted to the Collateral Agent pursuant to the applicable Loan Document is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than New York, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of each Loan Document and any Filing Statement relating to such perfection or effect of perfection or non-perfection.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

“U.S. Subsidiary” means any Subsidiary (other than a Receivables Subsidiary) that is incorporated or organized under the laws of the United States.

“Voting Securities” means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Welfare Plan” means a “welfare plan”, as such term is defined in Section 3(1) of ERISA.

“wholly owned Subsidiary” means any Subsidiary all of the outstanding Capital Securities of which (other than any director’s qualifying shares or investments by foreign nationals mandated by applicable laws) is owned directly or indirectly by the Borrower.

SECTION 1.2 Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each other Loan Document and the Disclosure Schedule.

SECTION 1.3 Cross-References. Unless otherwise specified, references in a Loan Document to any Article or Section are references to such Article or Section of such Loan Document, and references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 Accounting and Financial Determinations. (a) Unless otherwise specified, all accounting terms used in each Loan Document shall be interpreted, and all accounting determinations and computations thereunder (including under Section 7.2.4 and the definitions used in such calculations) shall be made, in accordance with those generally accepted accounting principles (“GAAP”) applied in the preparation of the financial statements referred to in clause (a) of Section 5.1.6. Unless otherwise expressly provided, all financial covenants and defined financial terms shall be computed on a consolidated basis for the Borrower and its Subsidiaries, in each case without duplication.

(b) As of any date of determination, for purposes of determining the Interest Coverage Ratio or Leverage Ratio (and any financial calculations required to be made or included within such ratios, or required for purposes of preparing any Compliance Certificate to be delivered pursuant to the definition of “Permitted Acquisition”), the calculation of such ratios and other financial calculations shall include or exclude, as the case may be, the effect of any assets or businesses that have been acquired or Disposed of by the Borrower or any of its Subsidiaries pursuant to the terms hereof (including through mergers or consolidations) as of such date of determination, as determined by the Borrower on a pro forma basis in accordance with GAAP, which determination may include one-time adjustments or reductions in costs, if any, directly attributable to any such permitted Disposition or Permitted Acquisition, as the case may be, in each case (i) calculated in accordance with Regulation S-X of the Securities Act of 1933, as amended from time to time, and any successor statute, for the period of four Fiscal Quarters ended on or immediately prior to the date of determination of any such ratios (without giving effect to any cost-savings or adjustments relating to synergies resulting from a Permitted Acquisition except as permitted by Regulation S-X of the Securities Act of 1933 or otherwise as

the Administrative Agent shall otherwise agree) and (ii) giving effect to any such Permitted Acquisition or permitted Disposition as if it had occurred on the first day of such four Fiscal Quarter period.

SECTION 1.5 Exchange Rates; Currency Equivalents. The Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating the Dollar Equivalent of Credit Extensions and amounts outstanding hereunder denominated in Euros. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by the Borrower hereunder or calculating financial covenants hereunder or except as otherwise expressly provided herein, the applicable amount of any Currency for purposes of the Loan Documents shall be such Dollar Equivalent as so reasonably determined by the Administrative Agent. Wherever in this Agreement in connection with a Credit Extension, conversion, continuation or prepayment of a Loan, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Credit Extension is denominated in Euros, such amount shall be the Euro Equivalent of such Dollars, as reasonably determined by the Administrative Agent.

SECTION 1.6 Computation of Dollar Amounts. References herein to minimum Dollar amounts and integral multiples stated in Dollars, where they shall also be applicable to Euros, shall be deemed to refer to the approximate Euro Equivalent.

## ARTICLE II
## COMMITMENTS, BORROWING AND ISSUANCE PROCEDURES, NOTES AND LETTERS OF CREDIT

SECTION 2.1 Commitments. On the terms and subject to the conditions of this Agreement, the Lenders and the Issuers severally agree to make Credit Extensions as set forth below.

SECTION 2.1.1 Revolving Loan Commitment and Swing Line Loan Commitment. From time to time on any Business Day occurring after the Closing Date but prior to the Revolving Loan Commitment Termination Date,

(a) each Lender that has a Revolving Loan Commitment (referred to as a "Revolving Loan Lender"), agrees that it will make loans (relative to such Lender, its "Revolving Loans") to the Borrower denominated in Dollars or in Euros, in each case equal to such Lender's Revolving Loan Percentage of the Dollar Equivalent (determined as of the most recent Revaluation Date) of the aggregate amount of each Borrowing of the Revolving Loans requested by the Borrower to be made on such day; and

(b) the Swing Line Lender agrees that it will make loans (its "Swing Line Loans") denominated in Dollars to the Borrower equal to the principal amount of the Swing Line Loan requested by the Borrower to be made on such day. The commitment of the Swing Line Lender described in this clause is herein referred to as its "Swing Line Loan Commitment".

On the terms and subject to the conditions hereof, the Borrower may from time to time borrow, prepay and reborrow Revolving Loans and Swing Line Loans. No Revolving Loan Lender shall be permitted or required to make any Revolving Loan if, after giving effect thereto, (i) the Dollar Equivalent of such Lender's Revolving Exposure would exceed such Lender's Revolving Loan Percentage of the then existing Revolving Loan Commitment Amount, (ii) the Dollar Equivalent of the aggregate principal amount of Euro Loans, together with the Dollar Equivalent of Letters of Credit Outstandings, would exceed the Euro Loan Commitment Amount, or (iii) the Dollar Equivalent of the aggregate amount of Revolving Loans and Swing Line Loans outstanding together with the Dollar Equivalent of Letters of Credit Outstandings would exceed the Revolving Loan Commitment Amount. Furthermore, the Swing Line Lender shall not be permitted or required to make Swing Line Loans if, after giving effect thereto, (A) the aggregate outstanding principal amount of all Swing Line Loans would exceed the then existing Swing Line Loan Commitment Amount or (B) the sum of the aggregate amount of all Swing Line Loans and the Dollar Equivalent of all Revolving Loans outstanding plus the Dollar Equivalent of the aggregate amount of Letter of Credit Outstandings would exceed the Revolving Loan Commitment Amount.

SECTION 2.1.2 Letter of Credit Commitment. From time to time on any Business Day occurring after the Closing Date but five Business Days prior to the Revolving Loan Commitment Termination Date, the relevant Issuer agrees that it will (subject to the terms hereof) (i) issue one or more Letters of Credit in Dollars or in Euros for the account of the Borrower, any Subsidiary Guarantor or any Foreign Subsidiary in the Stated Amount requested by the Borrower on such day, or (ii) extend the Stated Expiry Date of a Letter of Credit previously issued hereunder. No Issuer shall be permitted or required to issue any Letter of Credit if, after giving effect thereto, (A) the Dollar Equivalent (reasonably determined as of the most recent Revaluation Date) of the aggregate amount of all Letter of Credit Outstandings would exceed the then existing Letter of Credit Commitment Amount or (B) the sum of the aggregate amount of all Letter of Credit Outstandings plus the aggregate principal amount of all Revolving Loans and Swing Line Loans then outstanding would exceed the then existing Revolving Loan Commitment Amount.

SECTION 2.1.3 Term Loan Commitments. In a single Borrowing (which shall be a Business Day) occurring on or prior to the applicable Commitment Termination Date, each Lender that has a Term A Loan Commitment or a Term B Loan Commitment, as applicable, agrees that it will

(a) make loans (relative to such Lender, its "Term A Loans") to the Borrower denominated in Dollars equal to such Lender's Term A Percentage of the aggregate amount of the Borrowing of Term A Loans requested by the Borrower to be made on such day; and

(b) make loans (relative to such Lender, its "Term B Loans") to the Borrower denominated in Dollars equal to such Lender's Term B Percentage of the aggregate amount of the Borrowing of Term B Loans requested by the Borrower to be made on such day.

No Lender shall be permitted or required to make any Term Loan if, after giving effect thereto, the aggregate outstanding principal amount of all Term A Loans or all Term B Loans (as the case may be) (i) of all Lenders made on the Closing Date would exceed the Term A Loan Commitment Amount (in the case of Term A Loans) or the Term B Loan Commitment Amount (in the case of Term B Loans) or (ii) of such Lender with a Term A Loan Commitment or with a Term B Loan Commitment, as applicable, made on the Closing Date would exceed such Lender's Percentage of the Term A Loan Commitment Amount (in the case of Term A Loans) or the Term B Loan Commitment Amount (in the case of Term B Loans). No amounts paid or prepaid with respect to Term Loans may be reborrowed.

SECTION 2.2 Reduction of the Commitment Amounts. The Commitment Amounts are subject to reduction from time to time as set forth below.

SECTION 2.2.1 Optional. The Borrower may, from time to time on any Business Day occurring after the Closing Date, voluntarily reduce any Commitment Amount on the Business Day so specified by the Borrower; provided that, all such reductions shall require at least one Business Day's prior notice to the Administrative Agent and be permanent, and any partial reduction of any Commitment Amount shall be in a minimum amount of $1,000,000 and in an integral multiple of $500,000. Any optional or mandatory reduction of the Revolving Loan Commitment Amount pursuant to the terms of this Agreement which reduces the Revolving Loan Commitment Amount below the sum of (i) the Swing Line Loan Commitment Amount, (ii) the Euro Loan Commitment Amount and (iii) the Letter of Credit Commitment Amount shall result in an automatic and corresponding reduction of the Swing Line Loan Commitment Amount, Euro Loan Commitment Amount and/or Letter of Credit Commitment Amount (as directed by the Borrower in a notice to the Administrative Agent delivered together with the notice of such voluntary reduction in the Revolving Loan Commitment Amount) to an aggregate amount not in excess of the Revolving Loan Commitment Amount, as so reduced, without any further action on the part of the Swing Line Lender, any Revolving Loan Lender or any Issuer.

SECTION 2.2.2 Mandatory. Following the prepayment in full of the Term Loans, the Revolving Loan Commitment Amount shall, without any further action, automatically and permanently be reduced on the date the Term Loans would otherwise have been required to be prepaid with any Excess Cash Flow, Net Equity Proceeds, Net Disposition Proceeds or Net Casualty Proceeds, in each case in an amount equal to the amount by which the Term Loans would otherwise be required to be prepaid if Term Loans had been outstanding.

SECTION 2.3 Borrowing Procedures. Loans (other than Swing Line Loans) shall be made by the Lenders in accordance with Section 2.3.1, and Swing Line Loans shall be made by the Swing Line Lender in accordance with Section 2.3.2.

SECTION 2.3.1 Borrowing Procedure. In the case of Loans (other than Swing Line Loans), by delivering a Borrowing Request to the Administrative Agent on or before 10:00 a.m. on a Business Day, the Borrower may from time to time irrevocably request, on such Business Day in the case of Base Rate Loans, on not less than three Business Days' notice and not more than five Business Days' notice, in the case of LIBO Rate Loans denominated in Dollars, or on no less than four Business Days' and no more than ten Business Days' notice in the case of Euro Loans, that a Borrowing be made, in the case of LIBO Rate Loans, in a minimum amount of

$5,000,000 (or the Euro Equivalent thereof) and an integral multiple of $1,000,000 (or the Euros Equivalent thereof), in the case of Base Rate Loans, in a minimum amount of $1,000,000 and an integral multiple of $500,000 or, in either case, in the unused amount of the applicable Commitment; provided that only Base Rate Loans and LIBO Rate Loans with a one month Interest Period may be incurred prior to the earlier to occur of (a) the 30th day following the Closing Date and (b) the date upon which the Lead Arrangers have determined that the Syndication Date has occurred. On the terms and subject to the conditions of this Agreement, each Borrowing shall be comprised of the type of Loans, and shall be made on the Business Day and in the Currency specified in such Borrowing Request. In the case of other than Swing Line Loans, on or before 12:00 noon on such Business Day each Lender that has a Commitment to make the Loans being requested shall deposit with the Administrative Agent same day funds in an amount equal to such Lender's Percentage of the requested Borrowing. Such deposit will be made to an account which the Administrative Agent shall specify from time to time by notice to the Lenders. To the extent funds are received from the Lenders, the Administrative Agent shall make such funds available to the Borrower by wire transfer to the accounts the Borrower shall have specified in its Borrowing Request. No Lender's obligation to make any Loan shall be affected by any other Lender's failure to make any Loan.

SECTION 2.3.2 Swing Line Loans; Participations, etc. (a) By telephonic notice to the Swing Line Lender on or before 2 p.m. on a Business Day (followed (within one Business Day) by the delivery of a confirming Borrowing Request), the Borrower may from time to time irrevocably request that Swing Line Loans be made by the Swing Line Lender in an aggregate minimum principal amount of $500,000 and an integral multiple of $100,000. All Swing Line Loans shall be made as Base Rate Loans and shall not be entitled to be converted into LIBO Rate Loans. The proceeds of each Swing Line Loan shall be made available by the Swing Line Lender to the Borrower by wire transfer to the account the Borrower shall have specified in its notice therefor by the close of business on the Business Day telephonic notice is received by the Swing Line Lender. Upon the making of each Swing Line Loan, and without further action on the part of the Swing Line Lender or any other Person, each Revolving Loan Lender (other than the Swing Line Lender) shall be deemed to have irrevocably purchased, to the extent of its Revolving Loan Percentage, a participation interest in such Swing Line Loan, and such Revolving Loan Lender shall, to the extent of its Revolving Loan Percentage, be responsible for reimbursing within one Business Day the Swing Line Lender for Swing Line Loans which have not been reimbursed by the Borrower in accordance with the terms of this Agreement.

(b) If (i) any Swing Line Loan shall be outstanding for more than four Business Days, (ii) any Swing Line Loan is or will be outstanding on a date when the Borrower requests that a Revolving Loan be made, or (iii) any Default shall occur and be continuing, then each Revolving Loan Lender (other than the Swing Line Lender) irrevocably agrees that it will, at the request of the Swing Line Lender, make a Revolving Loan (which shall initially be funded as a Base Rate Loan) in an amount equal to such Lender's Revolving Loan Percentage of the aggregate principal amount of all such Swing Line Loans then outstanding (such outstanding Swing Line Loans hereinafter referred to as the "Refunded Swing Line Loans"). On or before 11:00 a.m. on the first Business Day following receipt by each Revolving Loan Lender of a request to make Revolving Loans as provided in the preceding sentence, each Revolving Loan Lender shall deposit in an account specified by the Swing Line Lender the amount so requested in same day funds and such funds shall be applied by the Swing Line Lender to repay the Refunded Swing Line Loans. At the time the Revolving Loan Lenders make the above referenced Revolving Loans the Swing Line Lender shall be deemed to have made, in consideration of the making of the Refunded Swing Line Loans, Revolving Loans in an amount equal to the Swing Line Lender's Revolving Loan Percentage of the aggregate principal amount of the Refunded Swing

Line Loans. Upon the making (or deemed making, in the case of the Swing Line Lender) of any Revolving Loans pursuant to this clause, the amount so funded shall become an outstanding Revolving Loan and shall no longer be owed as a Swing Line Loan. All interest payable with respect to any Revolving Loans made (or deemed made, in the case of the Swing Line Lender) pursuant to this clause shall be appropriately adjusted to reflect the period of time during which the Swing Line Lender had outstanding Swing Line Loans in respect of which such Revolving Loans were made. Each Revolving Loan Lender's obligation to make the Revolving Loans referred to in this clause shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, any Obligor or any Person for any reason whatsoever; (ii) the occurrence or continuance of any Default; (iii) any adverse change in the condition (financial or otherwise) of any Obligor; (iv) the acceleration or maturity of any Obligations or the termination of any Commitment after the making of any Swing Line Loan; (v) any breach of any Loan Document by any Person; or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

SECTION 2.4 Continuation and Conversion Elections. By delivering a Continuation/Conversion Notice to the Administrative Agent on or before 10:00 a.m. on a Business Day, the Borrower may from time to time irrevocably elect:

(a) on not less than three nor more than five Business Days' notice, (i) to convert any Base Rate Loan into one or more LIBO Rate Loans denominated in Dollars or (ii) before the last day of the then current Interest Period with respect thereto, to continue any LIBO Rate Loan denominated in Dollars as a LIBO Rate Loan so denominated; and

(b) on not less than five nor more than ten Business Days' notice before the last day of the then current Interest Period with respect thereto, to convert or continue any LIBO Rate Loan denominated in Euros as a LIBO Rate Loan denominated in Euros.

provided that (i) any portion of any Loan which is continued or converted hereunder shall be in a minimum amount of $1,000,000 and in an integral multiple amount of $1,000,000 and (ii) in the absence of prior notice as required above (which notice may be delivered telephonically followed by written confirmation within 24 hours thereafter by delivery of a Continuation/Conversion Notice), with respect to any LIBO Rate Loan denominated in Dollars at least three Business Days (or, with respect to any LIBO Rate Loan denominated in Euros, at least five Business Days) before the last day of the then current Interest Period with respect thereto, such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan; provided further that (A) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of all Lenders that have made such Loans, and (B) no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, LIBO Rate Loans when any Event of Default has occurred and is continuing.

SECTION 2.5 Funding. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan; provided that, such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility. Subject to Section 4.10, each Lender may, at its option, make any Loan available to the Borrower by causing any foreign or domestic branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay Loans in accordance with the terms of this Agreement.

SECTION 2.6 Issuance Procedures. By delivering to the Administrative Agent and the relevant Issuer an Issuance Request on or before 10:00 a.m. on a Business Day, the Borrower may from time to time irrevocably request on not less than three nor more than ten Business Days' notice, in the case of an initial issuance of a Letter of Credit and not less than three Business Days' prior notice, in the case of a request for the extension of the Stated Expiry Date of a Standby Letter of Credit (in each case, unless a shorter notice period is agreed to by the relevant Issuer, in its sole discretion), that an Issuer issue a Letter of Credit, or extend the Stated Expiry Date of a Standby Letter of Credit, in such form as may be requested by the Borrower and approved by such Issuer, solely for the purposes described in Section 7.1.7. In connection with any Issuance Request the Borrower and/or applicable Subsidiary shall have executed and delivered such applications, agreements and other instruments relating to such Letter of Credit as such Issuer shall have reasonably requested consistent with its then current practices and procedures with respect to letters of credit of the same type, provided that in the event of any conflict between any such application, agreement or other instrument and the provisions of this Agreement, the provisions of this Agreement shall control. Each Standby Letter of Credit shall by its terms be stated to expire on a date (its "Stated Expiry Date") no later than the earlier to occur of (i) five Business Days prior to the Revolving Loan Commitment Termination Date or (ii) unless otherwise agreed to by an Issuer, in its sole discretion, one year from the date of its issuance (provided each Standby Letter of Credit may, with the consent of the Issuer thereof in its sole discretion, provide for automatic renewals for one year periods (which in no event shall extend beyond the Revolving Loan Commitment Termination Date)). Each Commercial Letter of Credit shall by its terms be stated to expire on a date no later than the earlier to occur of (i) five Business Days prior to the Revolving Loan Commitment Termination Date or (ii) unless otherwise agreed to by an Issuer, in its sole discretion, 180 days from the date of its issuance. Each Issuer will make available to the beneficiary thereof the original of the Letter of Credit which it issues. Each Issuer shall provide periodic reporting of Letters of Credit issued by such Issuer in a manner, and in time periods, mutually acceptable to the Administrative Agent and such Issuer. Unless notified by the Administrative Agent in writing prior to the issuance of a Letter of Credit, the applicable Issuer shall be entitled to assume that the conditions precedent to such issuance have been met.

SECTION 2.6.1 Other Lenders Participation. Upon the issuance of each Letter of Credit, and without further action, each Revolving Loan Lender (other than the applicable Issuer) shall be deemed to have irrevocably purchased, to the extent of its Revolving Loan Percentage, a participation interest in such Letter of Credit (including the Contingent Liability and any Reimbursement Obligation with respect thereto), and such Revolving Loan Lender shall, to the

extent of its Revolving Loan Percentage, be responsible for reimbursing the applicable Issuer for Reimbursement Obligations which have not been reimbursed by the Borrower in accordance with Section 2.6.3 in the applicable currency and at the times set forth in such Section (with the terms of this Section surviving the termination of this Agreement). In addition, such Revolving Loan Lender shall, to the extent of its Revolving Loan Percentage, be entitled to receive a ratable portion of the Letter of Credit fees payable pursuant to Section 3.3.3 with respect to each Letter of Credit (other than the issuance fees payable to the Issuer of such Letter of Credit pursuant to the last sentence of Section 3.3.3) and of interest payable pursuant to Section 3.2 with respect to any Reimbursement Obligation accruing on and after the date (and to the extent) such Lender funds its participation interest in such Letter of Credit. To the extent that any Revolving Loan Lender has reimbursed any Issuer for a Disbursement, such Lender shall be entitled to receive its ratable portion of any amounts subsequently received (from the Borrower or otherwise) in respect of such Disbursement. Upon any change in the Revolving Loan Commitments pursuant to an assignment under Section 10.10 of this Agreement, it is hereby agreed that with respect to all Letter of Credit Outstandings, there shall be an automatic adjustment to the participations hereby created to reflect the new Revolving Loan Percentage of the assigning and assignee Revolving Loan Lenders.

SECTION 2.6.2 Disbursements. An Issuer will notify the Borrower and the Administrative Agent promptly of the presentment for payment of any Letter of Credit issued by such Issuer, together with notice of the date (the "Disbursement Date") such payment shall be made (each such payment, a "Disbursement"). Subject to the terms and provisions of such Letter of Credit and this Agreement, the applicable Issuer shall make such payment to the beneficiary (or its designee) of such Letter of Credit. Not later than 1:00 p.m. on (i) a Disbursement Date, if the Borrower shall have received notice of such Disbursement prior to 10:00 a.m. on such Disbursement Date, or (ii) the Business Day immediately following a Disbursement Date, if such notice is received after 10:00 a.m. on such Disbursement Date, the Borrower will reimburse such Issuer directly in full for such Disbursement. Each such reimbursement shall be made in immediately available funds in the Currency in which such Disbursement was made together (in the case of a reimbursement made on such immediately following Business Day, with interest thereon at a rate per annum equal to the rate per annum then in effect for Base Rate Loans (with the then Applicable Margin for Revolving Loans accruing on such amount) pursuant to Section 3.2 for the period from the Disbursement Date through the date of such reimbursement, provided that if such reimbursement is not made when due pursuant to this Section 2.6.2, then the interest rates set forth in Section 3.2.2 shall apply. Without limiting in any way the foregoing and notwithstanding anything to the contrary contained herein or in any separate application for any Letter of Credit, the Borrower hereby acknowledges and agrees that it shall be obligated to reimburse the applicable Issuer upon each Disbursement of a Letter of Credit, and it shall be deemed to be the obligor for purposes of each such Letter of Credit issued hereunder (whether the account party on such Letter of Credit is the Borrower or a Subsidiary). In the event that an Issuer makes any Disbursement and the Borrower shall not have reimbursed such amount in full to such Issuer pursuant to this Section 2.6.2, such Issuer shall promptly notify the Administrative Agent which shall promptly notify each Revolving Loan Lender of such failure, and each Revolving Loan Lender (other than such Issuer) shall promptly and unconditionally pay in the Currency in which such Disbursement was made and in same day funds to the Administrative Agent for the account of such Issuer the amount of such Revolving Loan Lender's Revolving Loan Percentage of such unreimbursed Disbursement. If an Issuer so notifies the Administrative

Agent, and the Administrative Agent so notifies the Revolving Loan Lenders prior to 2 p.m., on any Business Day, each such Revolving Loan Lender shall make available to such Issuer such Revolving Loan Lender's Revolving Loan Percentage of the amount of such payment on such Business Day in same day funds (or if such notice is received by such Revolving Loan Lenders after 2 p.m. on the day of receipt, payment shall be made on the immediately following Business Day). If and to the extent such Revolving Loan Lender shall not have so made its Revolving Loan Percentage of the amount of such payment available to the applicable Issuer, such Revolving Loan Lender agrees to pay to such Issuer forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Administrative Agent for the account of such Issuer, at the Federal Funds Rate.

SECTION 2.6.3 Reimbursement. The obligation (a "Reimbursement Obligation") of the Borrower under Section 2.6.2 to reimburse an Issuer with respect to each Disbursement (including interest thereon) and, upon the failure of the Borrower to reimburse an Issuer, each Revolving Loan Lender's obligation under Section 2.6.1 to reimburse an Issuer, shall be absolute and unconditional under any and all circumstances and irrespective of (i) any setoff, counterclaim or defense to payment which the Borrower or such Revolving Loan Lender, as the case may be, may have or have had against such Issuer, any Lender or any other Person (including any Subsidiary) for any reason whatsoever, including any defense based upon the failure of any Disbursement to conform to the terms of the applicable Letter of Credit (if, in such Issuer's good faith opinion (absent such Issuer's gross negligence or willful misconduct), such Disbursement is determined to be appropriate) or any non-application or misapplication by the beneficiary of the proceeds of such Letter of Credit; (ii) the occurrence or continuance of any Default; (iii) any adverse change in the condition (financial or otherwise) of any Obligor; (iv) the acceleration or maturity of any Obligations or the termination of any Commitment after the issuance of a Letter of Credit; (v) any breach of any Loan Document by any Person; or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing (including any of the events set forth in Section 2.6.5); provided that, after paying in full its Reimbursement Obligation hereunder, nothing herein shall adversely affect the right of the Borrower or such Lender, as the case may be, to commence any proceeding against an Issuer for any wrongful Disbursement made by such Issuer under a Letter of Credit as a result of acts or omissions constituting gross negligence, bad faith or willful misconduct on the part of such Issuer.

SECTION 2.6.4 Deemed Disbursements. Upon the occurrence and during the continuation of any Event of Default under Section 8.1.9 or upon notification by the Administrative Agent (acting at the direction of the Required Lenders) to the Borrower of its obligations under this Section, following the occurrence and during the continuation of any other Event of Default,

(a) the aggregate Stated Amount of all Letters of Credit shall, without demand upon or notice to the Borrower or any other Person, be deemed to have been paid or disbursed by the Issuers of such Letters of Credit (notwithstanding that such amount may not in fact have been paid or disbursed); and

(b) the Borrower shall be immediately obligated to reimburse the Issuers for the amount deemed to have been so paid or disbursed by such Issuers.

Amounts payable by the Borrower pursuant to this Section shall be deposited in immediately available funds with the Collateral Agent and held as cash collateral security for the Reimbursement Obligations. When all Defaults giving rise to the deemed disbursements under this Section have been cured or waived the Collateral Agent shall return to the Borrower all amounts then on deposit with the Collateral Agent pursuant to this Section which have not been applied to the satisfaction of the Reimbursement Obligations.

SECTION 2.6.5 Nature of Reimbursement Obligations. The Borrower, each other Obligor and, to the extent set forth in Section 2.6.1, each Revolving Loan Lender shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. No Issuer (except to the extent of its own gross negligence, bad faith or willful misconduct) shall be responsible for:

(a) the form, validity, sufficiency, accuracy, genuineness or legal effect of any Letter of Credit or any document submitted by any party in connection with the application for and issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;

(b) the form, validity, sufficiency, accuracy, genuineness or legal effect of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or the proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason;

(c) failure of the beneficiary to comply fully with conditions required in order to demand payment under a Letter of Credit;

(d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise or errors in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuer; or

(e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a Disbursement under a Letter of Credit.

In furtherance of the foregoing and without limiting the generality thereof, the parties agree that with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, an Issuer may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit. None of the foregoing shall affect, impair or prevent the vesting of any of the rights or powers granted to any Issuer or any Revolving Loan Lender hereunder. In furtherance and not in limitation or derogation of any of the foregoing, any action taken or omitted to be taken by an Issuer in good faith (and not constituting gross negligence or willful misconduct) shall be binding upon each Obligor and each such Secured Party, and shall not put such Issuer under any resulting liability to any Obligor or any Secured Party, as the case may be.

SECTION 2.6.6 Existing Letters of Credit. On the Effective Date, all Existing Letters of Credit shall be deemed to have been issued hereunder and shall for all purposes be deemed to be "Letters of Credit" hereunder.

SECTION 2.7 Register; Notes. The Register shall be maintained on the following terms.

(a) The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for the purpose of this clause, to maintain a register (the "Register") on which the Administrative Agent will record each Lender's Commitment, the Loans made by each Lender and each repayment in respect of the principal amount of the Loans, annexed to which the Administrative Agent shall retain a copy of each Lender Assignment Agreement delivered to the Administrative Agent pursuant to Section 10.11. Failure to make any recordation, or any error in such recordation, shall not affect any Obligor's Obligations. The entries in the Register shall constitute prima facie evidence and shall be binding, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person in whose name a Loan is registered (or, if applicable, to which a Note has been issued) as the owner thereof for the purposes of all Loan Documents, notwithstanding notice or any provision herein to the contrary. Any assignment or transfer of a Commitment or the Loans made pursuant hereto shall be registered in the Register only upon delivery to the Administrative Agent of a Lender Assignment Agreement that has been executed by the requisite parties pursuant to Section 10.11. No assignment or transfer of a Lender's Commitment or Loans shall be effective unless such assignment or transfer shall have been recorded in the Register by the Administrative Agent as provided in this Section.

(b) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender a Note evidencing the Loans made by, and payable to the order of, such Lender in a maximum principal amount equal to such Lender's Percentage of the original applicable Commitment Amount. The Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Note (or on any continuation of such grid), which notations, if made, shall evidence, inter alia, the date of, the outstanding principal amount of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall, to the extent not inconsistent with notations made by the Administrative Agent in the Register, constitute prima facie evidence and shall be binding on each Obligor absent manifest error; provided that, the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of any Obligor.

SECTION 2.8 Euro Loans.

(a) If the Borrower requests a Borrowing in Euros, or if pursuant to any Continuation/Conversion Notice the Borrower elects to continue any LIBO Rate Loan denominated in Euros, the Administrative Agent shall in the notice given to the Revolving Loan Lenders pursuant to Section 2.3 or Section 2.4, as the case may be, give details of such request or election including, as the case may be, the aggregate principal amount of the Borrowing in Euros to be made by each Lender pursuant to the terms of this Agreement or the aggregate principal amount of such LIBO Rate Loans to be continued by each Lender pursuant to the terms of this Agreement.

(b) Each Lender shall be deemed to have confirmed to the Borrower and the Administrative Agent that Euros are Available to such Lender unless no later than 9:00 a.m. on the same Business Day of the requested Borrowing or the proposed continuation it shall have notified the Administrative Agent that Euros are not Available.

(c) In the event that the Administrative Agent has received notification from any of the Lenders that Euros are not Available, then the Administrative Agent shall notify the Borrower and the Lenders no later than 10:00 a.m. on the same Business Day of the proposed Borrowing or proposed continuation.

(d) If the Administrative Agent notifies the Borrower pursuant to clause (c) above that any of the Lenders has notified the Administrative Agent that Euros are not Available, such notification shall (i) in the case of such Borrowing Request, revoke such Borrowing Request and (ii) in the case of any Continuation/Conversion Notice, such continuation/conversion with respect thereto shall be deemed withdrawn and such Euro Loans shall be redenominated into, as directed by the Borrower, Base Rate Loans or LIBO Rate Loans in Dollars with the Interest Period set forth in such Continuation/Conversion Notice. The Administrative Agent will promptly notify the Borrower and the Lenders of any such redenomination and in such notice by the Administrative Agent to each Lender the Administrative Agent will state the aggregate Dollar Equivalent amount of the redenominated Euro Loans as of the Revaluation Date with respect thereto and such Lender's Percentage thereof.

(e) Notwithstanding anything herein to the contrary, during the existence of an Event of Default, upon the request of the Lenders holding in excess of 50% of the Revolving Loan Commitments, all or any part of any outstanding Euro Loans shall be redenominated and converted into Base Rate Loans on the last day of the Interest Period with respect to any such Euro Loans. The Administrative Agent will promptly notify the Borrower and the Revolving Loan Lenders of any such redenomination and conversion request.

## ARTICLE III
## REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 Repayments and Prepayments; Application. The Borrower agrees that the Loans shall be repaid and prepaid pursuant to the following terms.

SECTION 3.1.1 Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of each Loan upon the applicable Stated Maturity Date therefor. Prior thereto, payments and prepayments of the Loans shall or may be made as set forth below.

(a) From time to time on any Business Day, the Borrower may make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any

(i) Loans (other than Swing Line Loans); provided that, (A) any such voluntary prepayment of the Term Loans shall be made among Term A Loans and/or Term B Loans as directed by the Borrower, and among Term A Loans or Term B Loans, as applicable, of the same type and, if applicable, having the same Interest Period of all Lenders that have made such Term A Loans or Term B Loans (applied to the remaining amortization payments for the Term A Loans or the Term B Loans, as the case may be, in

such amounts as the Borrower shall determine) and any such prepayment of Revolving Loans shall be made pro rata among the Revolving Loans of the same type and denominated in the same Currency, if applicable, having the same Interest Period of all Lenders that have made such Revolving Loans; (B) all such voluntary prepayments shall require at least (1) in the case of Base Rate Loans, one but no more than five Business Days' prior notice to the Administrative Agent and (2) in the case of LIBO Rate Loans, three but no more than five Business Days' prior notice to the Administrative Agent; and (C) all such voluntary partial prepayments shall be in an aggregate minimum amount of $1,000,000 and an integral multiple of $500,000; and

(ii) Swing Line Loans; provided that, (A) all such voluntary prepayments shall require prior telephonic notice to the Swing Line Lender on or before 1:00 p.m. on the day of such prepayment (such notice to be confirmed in writing within 24 hours thereafter); and (B) all such voluntary partial prepayments shall be in an aggregate minimum amount of $200,000 and an integral multiple of $100,000.

(b) On each date when the aggregate Revolving Exposure of all Revolving Loan Lenders exceeds the Revolving Loan Commitment Amount (as it may be reduced from time to time pursuant to this Agreement), the Borrower shall make a mandatory prepayment of Revolving Loans or Swing Line Loans (or both) and, if necessary, Cash Collateralize all Letter of Credit Outstandings, in an aggregate amount equal to such excess.

(c) On the Stated Maturity Date and on each Quarterly Payment Date occurring during any period set forth below, the Borrower shall make a scheduled repayment of the aggregate outstanding principal amount, if any, of all Term A Loans in an amount equal to the percentage of the original principal amount of all Term A Loans set forth below opposite the Stated Maturity Date or such Quarterly Payment Date, as applicable:

| Period | Percentage |
| --- | --- |
| December 31, 2006 through (and including) September 30, 2007 | 1.25% |
| October 1, 2007 through (and including) September 30, 2008 | 2.50% |
| October 1, 2008 through (and including) September 30, 2009 | 3.75% |
| October 1, 2009 through (and including) September 30, 2010 | 5.00% |
| October 1, 2010 through (and including) September 30, 2011 | 6.25% |
| October 1, 2011 through (and including) Stated Maturity Date for Term A Loans | 6.25% or the then outstanding principal amount of all Term A Loans, if different. |

(d) On each Quarterly Payment Date (beginning with the Quarterly Payment Date on December 31, 2006), the Borrower shall make a scheduled repayment of the aggregate outstanding principal amount, if any, of all Term B Loans in an amount equal to 0.25% of the

original principal amount of all Term B Loans, with the remaining amount of Term B Loans due and payable in full on the Stated Maturity Date for Term B Loans.

(e) Concurrently with the receipt by the Borrower of any Net Equity Proceeds, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to the product of (i) such Net Equity Proceeds multiplied by (ii) the Applicable Percentage, to be applied as set forth in Section 3.1.2.

(f) The Borrower shall (subject to the next proviso) within 5 Business Days receipt of any Net Disposition Proceeds or Net Casualty Proceeds, by the Borrower or any of its U.S. Subsidiaries, deliver to the Administrative Agent a calculation of the amount of such proceeds, and, to the extent the aggregate amount of such (i) Net Disposition Proceeds received by the Borrower and its U.S. Subsidiaries in any period of twelve consecutive calendar months since the Closing Date exceeds $10,000,000 and (ii) Net Casualty Proceeds received by the Borrower and its U.S. Subsidiaries in any period of twelve consecutive calendar months since the Closing Date exceeds $50,000,000, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to 100% of such excess Net Disposition Proceeds or Net Casualty Proceeds, as applicable; provided that, so long as (i) no Event of Default has occurred and is continuing, such proceeds may be retained by the Borrower and its U.S. Subsidiaries (and be excluded from the prepayment requirements of this clause) to be invested or reinvested within one year or, subject to immediately succeeding clause (ii), 18 months or 36 months, as applicable, to the acquisition or construction of other assets or properties consistent with the businesses permitted to be conducted pursuant to Section 7.2.1 (including by way of merger or Investment), and (ii) within one year following the receipt of such Net Disposition Proceeds or Net Casualty Proceeds, such proceeds are (A) applied or (B) committed to be, and actually are, applied within (I) 18 months following the receipt of such Net Disposition Proceeds or (II) 36 months following the receipt of such Net Casualty Proceeds, in each case to such acquisition or construction plan. The amount of such Net Disposition Proceeds or Net Casualty Proceeds unused or uncommitted after such one year, 18 months or 36 months, as applicable, period shall be applied to prepay the Loans as set forth in Section 3.1.2. At any time after receipt of any such Net Casualty Proceeds in excess of $25,000,000 but prior to the application thereof to such mandatory prepayment or the acquisition of other assets or properties as described above, upon the request by the Administrative Agent (acting at the direction of the Required Lenders) to the Borrower, the Borrower shall deposit an amount equal to such excess Net Casualty Proceeds into a cash collateral account maintained with (and subject to documentation reasonably satisfactory to) the Collateral Agent for the benefit of the Secured Parties (and over which the Collateral Agent shall have a first priority perfected Lien) pending application as a prepayment or to be released as requested by the Borrower in respect of such acquisition. Amounts deposited in such cash collateral account shall be invested in Cash Equivalent Investments, as directed by the Borrower.

(g) Within 100 days after the close of each Fiscal Year (beginning with the Fiscal Year ending 2007) the Borrower shall make a mandatory prepayment of the Loans in an amount equal to the product of (i) the Excess Cash Flow (if any) for such Fiscal Year multiplied by (ii) the Applicable Percentage minus (iii) the aggregate amount of all voluntary prepayments of Loans (but including Revolving Loans and Swing Line Loans only to the extent of a corresponding reduction of the Revolving Loan Commitment Amount pursuant to Section 2.2.1) made during such Fiscal Year, to be applied as set forth in Section 3.1.2;

(h) Concurrently with the receipt by the Borrower or any of its U.S. Subsidiaries of any Net Debt Proceeds, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to 100% of such Net Debt Proceeds, to be applied as set forth in Section 3.1.2.

(i) Concurrently with the receipt by the Borrower or any of its U.S. Subsidiaries of any Net Receivables Proceeds, the Borrower shall make a mandatory prepayment of the Term Loans in an amount equal to 100% of such Net Receivables Proceeds, to be applied as set forth in Section 3.1.2.

(j) Immediately upon any acceleration of the Stated Maturity Date of any Loans pursuant to Section 8.2 or Section 8.3, the Borrower shall repay all the Loans, unless, pursuant to Section 8.3, only a portion of all the Loans is so accelerated (in which case the portion so accelerated shall be so repaid).

Each prepayment of any Loans made pursuant to this Section shall be without premium or penalty, except as may be required by Section 4.4.

SECTION 3.1.2 Application. Amounts prepaid pursuant to Section 3.1.1 shall be applied as set forth in this Section.

(a) Subject to clause (b), each prepayment or repayment of the principal of the Loans shall be applied, to the extent of such prepayment or repayment, first, to the principal amount thereof being maintained as Base Rate Loans, and second, subject to the terms of Section 4.4, to the principal amount thereof being maintained as LIBO Rate Loans.

(b) Each prepayment of the Loans made pursuant to clauses (e), (f), (g), (h) and (i) of Section 3.1.1 shall be applied (i) first, pro rata to a mandatory prepayment of the outstanding principal amount of all Term Loans (with the amount of such prepayment of the Term Loans being applied (A) first to the remaining Term A Loan or Term B Loan, as the case may be, to reduce in direct order of maturity the amortization payments that are due and payable within 24 calendar months from the date of such prepayment, and (B) second, to the extent in excess of the amounts to be applied pursuant to the preceding clause (A), to reduce the then remaining Term Loan amortization payments on a pro rata basis), and (ii) second, once all Term Loans have been repaid in full, to the repayment of any outstanding Revolving Loans and a reduction of the Revolving Loan Commitment Amount in accordance with Section 2.2.2; provided that, so long as, and to the extent, Term A Loans are outstanding and subject to the terms set forth in the immediately succeeding clause (c), each Lender with Term B Loans entitled to receive any mandatory prepayment of its Loans under this clause may waive its right to receive any such mandatory prepayment, and the aggregate amount of such prepayments so waived shall be applied as a mandatory prepayment of Term A Loans for application in accordance with this clause.

(c) So long as the Administrative Agent has received prior written notice from the Borrower of a mandatory prepayment pursuant to clauses (e), (f), (g), (h) and (i) of Section 3.1.1, the Administrative Agent shall provide notice of such mandatory prepayment to the Lenders with Term Loans. Unless the Administrative Agent shall otherwise so provide, in the event a Lender with Term B Loan does not notify the Administrative Agent in writing of its waiver of the right

to receive its pro rata share of such mandatory prepayment within two Business Days of the providing of such notice by the Administrative Agent, unless otherwise determined by the Administrative Agent, such Lender shall be irrevocably deemed not to have waived its rights to receive its applicable pro rata share of such mandatory prepayment. It is understood and agreed by the Borrower that, notwithstanding receipt by the Administrative Agent of any such mandatory prepayment, the Term Loans shall not be deemed repaid, unless otherwise consented to by the Administrative Agent, until five Business Days have elapsed from the delivery to the Administrative Agent of the notice described above in this clause (c).

SECTION 3.2 Interest Provisions. Interest on the outstanding principal amount of the Loans shall accrue and be payable in accordance with the terms set forth below.

SECTION 3.2.1 Rates. Subject to Section 2.3.2, pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, the Borrower may elect that the Loans comprising a Borrowing accrue interest at a rate per annum:

(a) on that portion maintained from time to time as a Base Rate Loan, equal to the sum of the Alternate Base Rate from time to time in effect plus the Applicable Margin; provided that, Swing Line Loans shall always accrue interest at the Alternate Base Rate plus the then effective Applicable Margin for Revolving Loans maintained as Base Rate Loans; and

(b) on that portion maintained as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of the LIBO Rate (Reserve Adjusted) or the LIBO Alternate Rate, as the case may be, applicable to the Currency in which such Loans are denominated for such Interest Period plus the Applicable Margin.

All LIBO Rate Loans shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such LIBO Rate Loan.

SECTION 3.2.2 Post-Default Rates. After the occurrence and during the continuance of an Event of Default, the Borrower shall pay (in the applicable Currency or the Dollar Equivalent of Euros, as the Borrower shall determine), but only to the extent permitted by law, interest (after as well as before judgment) on all outstanding Obligations at a rate per annum equal to (a) in the case of principal on any Loan, the rate of interest that otherwise would be applicable to such Loan plus 2% per annum; and (b) in the case of overdue interest, fees, and other monetary Obligations, the Alternate Base Rate from time to time in effect, plus the Applicable Margin for Term B Loans accruing interest at the Alternate Base Rate, plus 2% per annum.

SECTION 3.2.3 Payment Dates. Interest accrued on each Loan shall be payable, without duplication:

(a) on the Stated Maturity Date therefor;

(b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the principal amount so paid or prepaid;

(c) with respect to Base Rate Loans, on each Quarterly Payment Date occurring after the Closing Date;

(d) with respect to LIBO Rate Loans, on the last day of each applicable Interest Period (and, if such Interest Period shall exceed three months, on the date occurring on each three-month interval occurring after the first day of such Interest Period);

(e) with respect to any Base Rate Loans converted into LIBO Rate Loans on a day when interest would not otherwise have been payable pursuant to clause (c), on the date of such conversion; and

(f) on that portion of any Loans the Stated Maturity Date of which is accelerated pursuant to Section 8.2 or Section 8.3, immediately upon such acceleration.

Interest accrued on Loans or other monetary Obligations after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3 Fees. The Borrower agrees to pay the fees set forth below. All such fees shall be non-refundable when earned and paid.

SECTION 3.3.1 Commitment Fee. The Borrower agrees to pay to the Administrative Agent for the account of each Non-Defaulting Lender, for the period (including any portion thereof when its Revolving Loan Commitments are suspended by reason of the Borrower’s inability to satisfy any condition of Article V) commencing on the Closing Date and continuing through the Revolving Loan Commitment Termination Date, a commitment fee in an amount equal to the Applicable Commitment Fee Margin, in each case on such Revolving Loan Lender’s Revolving Loan Percentage of the sum of the average daily unused portion of the Revolving Loan Commitment Amount (net of Letter of Credit Outstandings). All commitment fees payable pursuant to this Section shall be calculated on a year comprised of 360 days and payable by the Borrower in arrears on each Quarterly Payment Date, commencing with the first Quarterly Payment Date following the Closing Date, and on the Revolving Loan Commitment Termination Date. The making of Swing Line Loans shall not constitute usage of the Revolving Loan Commitment with respect to the calculation of commitment fees to be paid by the Borrower to the Revolving Loan Lenders.

SECTION 3.3.2 Administrative Agent, Collateral Agent and Lead Arrangers’ Fees. The Borrower agrees to pay to each of the Agents and each Lead Arranger, for its own account, the fees in the amounts and on the dates set forth in the Fee Letter or in such other fee letter(s) negotiated by the parties thereto.

SECTION 3.3.3 Letter of Credit Fee. The Borrower agrees to pay to the Administrative Agent, for the pro rata account of the applicable Issuer and each Revolving Loan Lender, a Letter of Credit fee in a per annum amount equal to the then effective Applicable Margin for Revolving Loans maintained as LIBO Rate Loans, multiplied by the Stated Amount of each such Letter of Credit, such fees being payable quarterly in arrears on each Quarterly Payment Date following the date of issuance of each Letter of Credit and on the Revolving Loan Commitment

Termination Date. The Borrower further agrees to pay to the applicable Issuer an issuance fee and such other reasonable fees and charges in connection with the issuance, negotiation, settlement, amendment and processing of each Letter of Credit as specified in the fee letter between the Borrower and HSBC or as otherwise agreed to by the Borrower and such Issuer.

## ARTICLE IV
## CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1 LIBO Rate Lending Unlawful. If any Lender shall determine (which determination shall, upon notice thereof to the Borrower and the Administrative Agent, constitute prima facie evidence thereof and shall be binding on the Borrower absent manifest error) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any Governmental Authority asserts that it is unlawful, for such Lender to make or continue any Loan as, or to convert any Loan into, a LIBO Rate Loan, the obligations of such Lender to make, continue or convert any such LIBO Rate Loan shall, upon such determination, forthwith be suspended until such Lender shall notify the Administrative Agent that the circumstances causing such suspension no longer exist, and all (i) outstanding LIBO Rate Loans denominated in Dollars payable to such Lender shall automatically convert into Base Rate Loans at the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion and (ii) all LIBO Rate Loans denominated in Euros shall automatically become due and payable at the end of the then current Interest Periods with respect thereto or sooner, if required by applicable law.

SECTION 4.2 Deposits Unavailable. If the Administrative Agent shall have determined that

(a) Dollar deposits in the relevant amount and for the relevant Interest Period are not available to it in its relevant market; or

(b) by reason of circumstances affecting it’s relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate Loans denominated in any Currency;

then, upon notice from the Administrative Agent to the Borrower and the Lenders, the obligations of all Lenders under Section 2.3 and Section 2.4 to make or continue any Loans as, or to convert any Loans into, LIBO Rate Loans denominated in such Currency shall forthwith be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3 Increased LIBO Rate Loan Costs, etc. The Borrower agrees to reimburse each Lender and each Issuer for any increase in the cost to such Lender or Issuer of, or any reduction in the amount of any sum receivable by such Secured Party in respect of, such Secured Party’s Commitments and the making of Credit Extensions hereunder (including the making, continuing or maintaining (or of its obligation to make or continue) any Loans as, or of converting (or of its obligation to convert) any Loans into, LIBO Rate Loans) that arise in connection with any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in after the Closing Date of, any law or regulation, directive, guideline,

decision or request (whether or not having the force of law) of any Governmental Authority, except for such changes with respect to increased capital costs and Taxes which are governed by Sections 4.5 and 4.6, respectively. Each affected Secured Party shall promptly notify the Administrative Agent and the Borrower in writing of the occurrence of any such event, stating the reasons therefor and the additional amount required fully to compensate such Secured Party for such increased cost or reduced amount. Such additional amounts shall be payable by the Borrower directly to such Secured Party within five Business Days of its receipt of such notice, and such notice shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower.

SECTION 4.4 Funding Losses. In the event any Lender shall incur any actual loss or expense (including any actual loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender (if any) to make or continue any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a LIBO Rate Loan) as a result of

(a) any conversion or repayment or prepayment of the principal amount of any LIBO Rate Loan on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to Article III or otherwise;

(b) any Loans not being made continued or converted as LIBO Rate Loans in accordance with the Borrowing Request or other notice therefor;

(c) any Loans not being continued as, or converted into, LIBO Rate Loans in accordance with the Continuation/Conversion Notice therefor; or

(d) the assignment of any LIBO Rate Loan other than on the last day of an Interest Period therefor as a result of a request by the Borrower pursuant to Section 4.11;

then, upon the written notice of such Lender to the Borrower (with a copy to the Administrative Agent), the Borrower shall, within five days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such actual loss or expense. Such written notice shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower.

SECTION 4.5 Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any Governmental Authority after the Closing Date affects or would affect the amount of capital required or expected to be maintained by any Secured Party or any Person controlling such Secured Party, and such Secured Party determines (in good faith but in its sole and absolute discretion) that as a result thereof the rate of return on its or such controlling Person's capital as a consequence of the Commitments or the Credit Extensions made, or the Letters of Credit participated in, by such Secured Party is reduced to a level below that which such Secured Party or such controlling Person could have achieved but for the occurrence of any such circumstance, then upon notice (together with reasonably detailed supporting documentation) from time to time by such Secured Party to the Borrower, the Borrower shall within five Business Days following receipt of such

notice pay directly to such Secured Party additional amounts sufficient to compensate such Secured Party or such controlling Person for such reduction in rate of return. A statement in reasonable detail of such Secured Party as to any such additional amount or amounts shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower. In determining such amount, such Secured Party may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

SECTION 4.6 Taxes. The Borrower covenants and agrees as follows with respect to Taxes.

(a) Any and all payments by the Borrower under each Loan Document shall be made without setoff, counterclaim or other defense, and free and clear of, and without deduction or withholding for or on account of, any Taxes. In the event that any Taxes are imposed and required to be deducted or withheld from any payment required to be made by any Obligor to or on behalf of any Secured Party under any Loan Document, then:

(i) subject to clause (f), if such Taxes are Non-Excluded Taxes, the amount of such payment shall be increased as may be necessary so that such payment is made, after withholding or deduction for or on account of such Taxes, in an amount that is not less than the amount provided for in such Loan Document; and

(ii) the Borrower shall withhold the full amount of such Taxes from such payment (as increased pursuant to clause (a)(i)) and shall pay such amount to the Governmental Authority imposing such Taxes in accordance with applicable law.

(b) In addition, the Borrower shall pay all Other Taxes imposed to the relevant Governmental Authority imposing such Other Taxes in accordance with applicable law.

(c) Upon the written request of the Administrative Agent, as promptly as practicable after the payment of any Taxes or Other Taxes, and in any event within 45 days of any such written request, the Borrower shall furnish to the Administrative Agent a copy of an official receipt (or a certified copy thereof) evidencing the payment of such Taxes or Other Taxes. The Administrative Agent shall make copies thereof available to any Lender upon request therefor.

(d) Subject to clause (f), the Borrower shall indemnify each Secured Party for any Non-Excluded Taxes and Other Taxes levied, imposed or assessed on (and whether or not paid directly by) such Secured Party whether or not such Non-Excluded Taxes or Other Taxes are correctly or legally asserted by the relevant Governmental Authority; provided that if the Borrower reasonably believes that such Taxes were not correctly or legally asserted, such Secured Party will use reasonable efforts to cooperate with the Borrower to obtain a refund of such Taxes so long as such efforts would not, in the sole determination of such Secured Party, result in any additional costs, expenses or risks or be otherwise disadvantageous to it. Promptly upon having knowledge that any such Non-Excluded Taxes or Other Taxes have been levied, imposed or assessed, and promptly upon notice thereof by any Secured Party, the Borrower shall pay such Non-Excluded Taxes or Other Taxes directly to the relevant Governmental Authority (provided that, no Secured Party shall be under any obligation to provide any such notice to the Borrower). In addition, the Borrower shall indemnify each Secured Party for any incremental

Taxes that may become payable by such Secured Party as a result of any failure of the Borrower to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Administrative Agent, pursuant to clause (c), documentation evidencing the payment of Taxes or Other Taxes (other than incidental taxes resulting directly as a result of the willful misconduct or gross negligence of the Administrative Agent or a respective Secured Party); provided that if the Secured Party or Administrative Agent, as applicable, fails to give notice to the Borrower of the imposition of any Non-Excluded Taxes or Other Taxes within 120 days following its receipt of actual written notice of the imposition of such Non-Excluded Taxes or Other Taxes, there will be no obligation for the Borrower to pay interest or penalties attributable to the period beginning after such 120th day and ending seven days after the Borrower receives notice from the Secured Party or the Administrative Agent as applicable. With respect to indemnification for Non-Excluded Taxes and Other Taxes actually paid by any Secured Party or the indemnification provided in the immediately preceding sentence, such indemnification shall be made within 30 days after the date such Secured Party makes written demand therefor (together with supporting documentation in reasonable detail). The Borrower acknowledges that any payment made to any Secured Party or to any Governmental Authority in respect of the indemnification obligations of the Borrower provided in this clause shall constitute a payment in respect of which the provisions of clause (a) and this clause shall apply.

(e) Each Non-U.S. Lender, on or prior to the date on which such Non-U.S. Lender becomes a Lender hereunder (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only for so long as such non-U.S. Lender is legally entitled to do so), shall deliver to the Borrower and the Administrative Agent either (i) two duly completed copies of either (x) Internal Revenue Service Form W-8BEN claiming eligibility of the Non-U.S. Lender for benefits of an income tax treaty to which the United States is a party or (y) Internal Revenue Service Form W-8ECI, or in either case an applicable successor form; or (ii) in the case of a Non-U.S. Lender that is not legally entitled to deliver either form listed in clause (e)(i), (x) a certificate to the effect that such Non-U.S. Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (referred to as an "Exemption Certificate") and (y) two duly completed copies of Internal Revenue Service Form W-8BEN or applicable successor form.

(f) The Borrower shall not be obligated to pay any additional amounts to any Lender pursuant to clause (a)(i), or to indemnify any Lender pursuant to clause (d), in respect of United States federal withholding taxes to the extent imposed as a result of (i) the failure of such Lender to deliver to the Borrower the form or forms and/or an Exemption Certificate, as applicable to such Lender, pursuant to clause (e), (ii) such form or forms and/or Exemption Certificate not establishing a complete exemption from U.S. federal withholding tax or the information or certifications made therein by the Lender being untrue or inaccurate on the date delivered in any material respect, or (iii) the Lender designating a successor lending office at which it maintains its Loans which has the effect of causing such Lender to become obligated for tax payments in excess of those in effect immediately prior to such designation; provided that the Borrower shall be obligated to pay additional amounts to any such Lender pursuant to clause (a)(i) and to indemnify any such Lender pursuant to clause (d), in respect of United States federal withholding taxes if (i) any such failure to deliver a form or forms or an Exemption Certificate or

the failure of such form or forms or Exemption Certificate to establish a complete exemption from U.S. federal withholding tax or inaccuracy or untruth contained therein resulted from a change in any applicable statute, treaty, regulation or other applicable law or any interpretation of any of the foregoing occurring after the Closing Date, which change rendered such Lender no longer legally entitled to deliver such form or forms or Exemption Certificate or otherwise ineligible for a complete exemption from U.S. federal withholding tax, or rendered the information or certifications made in such form or forms or Exemption Certificate untrue or inaccurate in a material respect, (ii) the redesignation of the Lender's lending office was made at the request of the Borrower or (iii) the obligation to pay any additional amounts to any such Lender pursuant to clause (a)(i) or to indemnify any such Lender pursuant to clause (d) is with respect to an Eligible Assignee that becomes an assignee Lender as a result of an assignment made at the request of the Borrower.

(g) If the Administrative Agent or a Lender determines in its sole, good faith discretion that amounts recovered or refunded are a recovery or refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to clause (d), or to which the Borrower has paid additional amounts pursuant to clause (a)(i), it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 4.6 with respect to the Non-Excluded Taxes or Other Taxes that give rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that in no event will any Lender be required to pay an amount to the Borrower that would place such Lender in a less favorable net after-tax position than such Lender would have been in if the additional amounts giving rise to such refund of any Non-Excluded Taxes or Other Taxes had never been paid, and provided further that the Borrower, upon the written request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest, or other charges imposed by the relevant Governmental Authority unless the Governmental Authority assessed such penalties, interest, or other charges due to the gross negligence or willful misconduct of the Administrative Agent or such Lender) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to the Governmental Authority. Nothing in this Section 4.6(g) shall require any Lender to make available its tax returns or any other information related to its taxes that it deems confidential.

SECTION 4.7 Payments, Computations; Proceeds of Collateral, etc. (a) Unless otherwise expressly provided in a Loan Document, all payments by the Borrower pursuant to each Loan Document shall be made by the Borrower to the Administrative Agent for the pro rata account of the Secured Parties entitled to receive such payment. All payments shall be made without setoff, deduction or counterclaim not later than 11:00 a.m. on the date due in same day or immediately available funds, in the applicable Currency, to such account as the Administrative Agent (or in the case of a reimbursement obligation, the applicable Issuer) shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Administrative Agent on the next succeeding Business Day. The Administrative Agent shall promptly remit in same day funds to each Secured Party its share, if any, of such payments received by the Administrative Agent for the account of such Secured Party. All interest (including interest on LIBO Rate Loans) and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day)

occurring during the period for which such interest or fee is payable over a year comprised of 360 days (or, in the case of interest on a Base Rate Loan (calculated at other than the Federal Funds Rate), 365 days or, if appropriate, 366 days). Payments due on other than a Business Day shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees in connection with that payment.

(b) All amounts received as a result of the exercise of remedies under the Loan Documents (including from the proceeds of collateral securing the Obligations) or under applicable law shall be applied upon receipt to the Obligations as follows: (i) first, to the payment of all Obligations owing to the Agents, in their capacity as Agents (including the fees and expenses of counsel to the Agents), (ii) second, after payment in full in cash of the amounts specified in clause (b)(i), to the ratable payment of all interest (including interest accruing after the commencement of a proceeding in bankruptcy, insolvency or similar law, whether or not permitted as a claim under such law) and fees owing under the Loan Documents, and all costs and expenses owing to the Secured Parties pursuant to the terms of the Loan Documents, until paid in full in cash, (iii) third, after payment in full in cash of the amounts specified in clauses (b)(i) and (b)(ii), to the ratable payment of the principal amount of the Loans then outstanding, the aggregate Reimbursement Obligations then owing, the Cash Collateralization for contingent liabilities under Letter of Credit Outstandings and amounts owing to Secured Parties under Rate Protection Agreements, (iv) fourth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iii), to the ratable payment of all other Obligations owing to the Secured Parties, and (v) fifth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iv), and following the Termination Date, to each applicable Obligor or any other Person lawfully entitled to receive such surplus. For purposes of clause (b)(iii), the "amounts owing" at any time to any Secured Party with respect to a Rate Protection Agreement to which such Secured Party is a party shall be determined at such time by the terms of such Rate Protection Agreement or, if not set forth therein, in accordance with the customary methods of calculating credit exposure under similar arrangements by the counterparty to such arrangements, taking into account potential interest rate (or, if applicable, currency or commodities) movements and the respective termination provisions and notional principal amount and term of such Rate Protection Agreement.

SECTION 4.8 Sharing of Payments. If any Secured Party shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Credit Extension or Reimbursement Obligation (other than pursuant to the terms of Sections 4.3, 4.4, 4.5 or 4.6) in excess of its pro rata share of payments obtained by all Secured Parties, such Secured Party shall purchase (in Dollars) from the other Secured Parties such participations in Credit Extensions made by them as shall be necessary to cause such purchasing Secured Party to share the excess payment or other recovery ratably (to the extent such other Secured Parties were entitled to receive a portion of such payment or recovery) with each of them; provided that, if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Secured Party, the purchase shall be rescinded and each Secured Party which has sold a participation to the purchasing Secured Party shall repay to the purchasing Secured Party the purchase price to the ratable extent of such recovery together with an amount equal to such selling Secured Party's ratable share (according to the proportion of (a) the amount of such selling Secured Party's required repayment to the purchasing Secured Party to (b) total amount so

recovered from the purchasing Secured Party) of any interest or other amount paid or payable by the purchasing Secured Party in respect of the total amount so recovered. The Borrower agrees that any Secured Party purchasing a participation from another Secured Party pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.9) with respect to such participation as fully as if such Secured Party were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law any Secured Party receives a secured claim in lieu of a setoff to which this Section applies, such Secured Party shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Secured Parties entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.9 Setoff. Each Secured Party shall, upon the occurrence and during the continuance of any Event of Default described in clauses (a) through (d) of Section 8.1.9 or, with the consent of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (if then due and payable), and (as security for such Obligations) the Borrower hereby grants to each Secured Party a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Secured Party (other than payroll, trust or tax accounts); provided that, any such appropriation and application shall be subject to the provisions of Section 4.8. Each Secured Party agrees promptly to notify the Borrower and the Administrative Agent after any such appropriation and application made by such Secured Party; provided that, the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Secured Party may have.

SECTION 4.10 Mitigation. Each Lender agrees that if it makes any demand for payment under Sections 4.3 or 4.6, it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under Section 4.3 or 4.6.

SECTION 4.11 Removal of Lenders. If any Lender (an “Affected Lender”) (i) fails to consent to an election, consent, amendment, waiver or other modification to this Agreement or other Loan Document (a “Non-Consenting Lender”) that requires the consent of a greater percentage of the Lenders than the Required Lenders and such election, consent, amendment, waiver or other modification is otherwise consented to by Non-Defaulting Lenders holding more than 66 and 2/3% of the Total Exposure Amount of all Non-Defaulting Lenders, (ii) makes a demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to Section 4.3, 4.5 or 4.6, or gives notice pursuant to Section 4.1 requiring a conversion of such Affected Lender’s LIBO Rate Loans to Base Rate Loans or any change in the basis upon which interest is to accrue in respect of such Affected Lender’s LIBO Rate Loans or suspending such Lender’s obligation to make Loans as, or to convert Loans into, LIBO Rate Loans or, (iii) becomes a Defaulting Lender the Borrower may, at its sole cost and expense, within 90 days of receipt by the Borrower of such demand or notice (or the occurrence of such other event causing Borrower to be required to pay such compensation) or within 90 days of such Lender becoming a Non-Consenting Lender or a Defaulting Lender, as the case may be, give notice (a “Replacement Notice”)

in writing to the Administrative Agent and such Affected Lender of its intention to cause such Affected Lender to sell all or any portion of its Loans, Commitments and/or Notes to another financial institution or other Person (a "Replacement Lender") designated in such Replacement Notice; provided that no Replacement Notice may be given by the Borrower if (A) such replacement conflicts with any applicable law or regulation or (B) prior to any such replacement, such Lender shall have taken any necessary action under Section 4.5 or 4.6 (if applicable) so as to eliminate the continued need for payment of amounts owing pursuant to Section 4.5 or 4.6 and withdrew its request for compensation under Section 4.3, 4.5 or 4.6 . If the Administrative Agent shall, in the exercise of its reasonable discretion and within 30 days of its receipt of such Replacement Notice, notify the Borrower and such Affected Lender in writing that the Replacement Lender is reasonably satisfactory to the Administrative Agent (such consent not being required where the Replacement Lender is already a Lender), then such Affected Lender shall, subject to the payment of any amounts due pursuant to Section 4.4, assign, in accordance with Section 10.11, the portion of its Commitments, Loans, Notes (if any) and other rights and obligations under this Agreement and all other Loan Documents (including Reimbursement Obligations, if applicable) designated in the replacement notice to such Replacement Lender; provided that (A) such assignment shall be without recourse, representation or warranty and shall be on terms and conditions reasonably satisfactory to such Affected Lender and such Replacement Lender, and (B) the purchase price paid by such Replacement Lender shall be in the amount of such Affected Lender's Loans designated in the Replacement Notice and/or its Percentage of outstanding Reimbursement Obligations, as applicable, together with all accrued and unpaid interest and fees in respect thereof, plus all other amounts (including the amounts demanded and unreimbursed under Sections 4.3, 4.5 and 4.6), owing to such Affected Lender hereunder. Upon the effective date of an assignment described above, the Replacement Lender shall become a "Lender" for all purposes under the Loan Documents. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any assignment agreement necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section.

SECTION 4.12 Limitation on Additional Amounts, etc. Notwithstanding anything to the contrary contained in Sections 4.3 or 4.5 of this Agreement, unless a Lender gives notice to the Borrower that it is obligated to pay an amount under any such Section within 90 days after the later of (i) the date the Lender incurs the respective increased costs, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital or (ii) the date such Lender has actual knowledge of its incurrence of their respective increased costs, loss, expense or liability, reductions in amounts received or receivable or reduction in return on capital, then such Lender shall only be entitled to be compensated for such amount by the Borrower pursuant to Sections 4.3 or 4.5, as the case may be, to the extent the costs, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital are incurred or suffered on or after the date which occurs 90 days prior to such Lender giving notice to the Borrower that it is obligated to pay the respective amounts pursuant to Sections 4.3 or 4.5, as the case may be. This Section shall have no applicability to any Section of this Agreement other than Sections 4.3 and 4.5.

ARTICLE V
CONDITIONS TO CREDIT EXTENSIONS

SECTION 5.1 Initial Credit Extension. Subject to Section 7.1.11, the obligations of the Lenders and, if applicable, an Issuer to make the initial Credit Extension shall be subject to the prior or concurrent satisfaction (or waiver) in all material respects of each of the conditions precedent set forth in this Article.

SECTION 5.1.1 Resolutions, etc. The Lead Arrangers shall have received from each Obligor, as applicable, (i) a copy of a good standing certificate, dated a date reasonably close to the Closing Date, for each such Obligor from its jurisdiction of organization and (ii) a certificate, dated as of the Closing Date, duly executed and delivered by such Obligor's Secretary or Assistant Secretary, managing member or general partner, as applicable, as to

(a) resolutions of each such Obligor's Board of Directors (or other managing body, in the case of other than a corporation) then in full force and effect authorizing, to the extent relevant, all aspects of the Transaction applicable to such Obligor and the execution, delivery and performance of each Loan Document to be executed by such Obligor and the transactions contemplated hereby and thereby;

(b) the incumbency and signatures of those of its officers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Obligor; and

(c) the full force and validity of each Organic Document of such Obligor and copies thereof;

upon which certificates each Secured Party may conclusively rely until it shall have received a further certificate of the Secretary, Assistant Secretary, managing member or general partner, as applicable, of any such Obligor canceling or amending the prior certificate of such Obligor.

SECTION 5.1.2 Closing Date Certificate. The Lead Arrangers shall have received the Closing Date Certificate, dated as of the Closing Date and duly executed and delivered by an Authorized Officer of the Borrower, in which certificate the Borrower shall agree and acknowledge and certify that the statements made therein are, true and correct representations and warranties of the Borrower as of such date, and, at the time each such certificate is delivered, such statements shall in fact be true and correct. All documents and agreements (including Transaction Documents) required to be appended to the Closing Date Certificate shall be in form and substance reasonably satisfactory to the Lead Arrangers, shall have been executed and delivered by the requisite parties, and shall be in full force and effect.

SECTION 5.1.3 Consummation of Transaction. The Lead Arrangers shall have received evidence reasonably satisfactory to it that all actions necessary to consummate the Transaction (other than the entering into of the Senior Note Documents and the issuance of the Senior Notes) shall have been taken in accordance in all material respects with all applicable law and in accordance with the terms of each applicable Transaction Document, without amendment or waiver of any material provision thereof, unless approved by the Lead Arrangers in their reasonable discretion.

SECTION 5.1.4 PATRIOT Act Disclosures. Within five Business Days' prior to the Closing Date, the Lenders or the Lead Arrangers shall have received copies of all PATRIOT Act Disclosures as reasonably requested by the Lenders or the Lead Arrangers.

SECTION 5.1.5 Delivery of Notes. The Administrative Agent shall have received, for the account of each Lender that has requested a Note, such Lender's Notes duly executed and delivered by an Authorized Officer of the Borrower.

SECTION 5.1.6 Financial Information, etc. The Lead Arrangers shall have received,

(a) audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of (i) the Borrower and its Subsidiaries as at July 2, 2003, July 2, 2004 and July 2, 2005;

(b) unaudited consolidated balance sheets and related statements of income, stockholders' equity and cash flows for the 39-week period ended April 1, 2006;

(c) a pro forma consolidated balance sheet and related pro forma consolidated statements of income and cash flows as of and for the twelve-month period ending at the most recent Fiscal Quarter ending at least 45 days prior to the Closing Date, prepared after giving effect to the Transaction as if the Transaction had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such other financial statements), in each case which financial statements shall not be materially inconsistent with the financial statements or forecasts previously provided to the Lenders; and

(d) detailed projected financial statements of the Borrower and its Subsidiaries for the seven Fiscal Years ended after the Closing Date, which projections shall include quarterly projections for the first two Fiscal Years after the Closing Date.

SECTION 5.1.7 Compliance Certificate. The Lead Arrangers shall have received an initial Compliance Certificate on a pro forma basis as if the Transaction had been consummated and the initial Credit Extension had been made as of April 1, 2006 and as to such items therein as the Lead Arrangers reasonably request, dated the date of the initial Credit Extension, duly executed (and with all schedules thereto duly completed) and delivered by the chief financial or accounting Authorized Officer of the Borrower which Compliance Certificate shall set forth such items therein as the Lead Arrangers may reasonably request, including demonstrating that the Borrower's pro forma Leverage Ratio is not greater than 4.80:1.00.

SECTION 5.1.8 Guaranty. The Lead Arrangers shall have received counterparts of the Guaranty, dated as of the Closing Date, duly executed and delivered by an Authorized Officer of each U.S. Subsidiary.

SECTION 5.1.9 Security Agreement; Intercreditor Agreement.

(a) The Lead Arrangers shall have received executed counterparts of the Security Agreement, dated as of the Closing Date, duly executed, authorized or delivered by each Obligor, as applicable, together with

(i) certificates (in the case of Capital Securities that are securities (as defined in the UCC)) evidencing all of the issued and outstanding Capital Securities owned by each Obligor in its U.S. Subsidiaries and, subject to Section 7.1.11, 65% of the issued and outstanding Voting Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of each Foreign Subsidiary (together with all the issued and outstanding non-voting Capital Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of such Foreign Subsidiary) directly owned by each Obligor, which certificates in each case shall be accompanied by undated instruments of transfer duly executed in blank, or, if any Capital Securities (in the case of Capital Securities that are uncertificated securities (as defined in the UCC)), confirmation and evidence reasonably satisfactory to the Lead Arrangers that the security interest therein has been transferred to and perfected by the Collateral Agent for the benefit of the Secured Parties in accordance with Articles 8 and 9 of the UCC and all U.S. laws otherwise applicable to the perfection of the pledge of such Capital Securities;

(ii) Filing Statements suitable in form and naming each Obligor as a debtor and the Collateral Agent as the secured party, or other similar instruments or documents to be filed under the UCC of all jurisdictions as may be necessary or, in the opinion of the Lead Arrangers, desirable to perfect the security interests of the Collateral Agent pursuant to the Security Agreement;

(iii) UCC Form UCC-3 termination statements, if any, necessary to release all Liens and other rights of any Person in any collateral described in any security agreement previously granted by any Person, together with such other UCC Form UCC-3 termination statements as the Lead Arrangers may reasonably request from such Obligors; and

(iv) certified copies of UCC Requests for Information or Copies (Form UCC-11), or a similar search report certified by a party reasonably acceptable to the Lead Arrangers, dated a date reasonably near to the Closing Date, listing all effective financing statements which name any Obligor (under its present legal name) as the debtor, together with copies of such financing statements (none of which shall evidence a Lien on any collateral described in any Loan Document, other than a Permitted Lien).

(b) The Lead Arrangers shall have received the Intercreditor Agreement, executed and delivered by the Second Lien Collateral Agent.

SECTION 5.1.10 Intellectual Property Security Agreements. The Administrative Agent shall have received a Patent Security Agreement, a Copyright Security Agreement and a Trademark Security Agreement, as applicable, each dated as of the Closing Date, duly executed and delivered by each Obligor that, pursuant to the Security Agreement, is required to provide such intellectual property security agreements to the Collateral Agent.

SECTION 5.1.11 Filing Agent, etc. All Uniform Commercial Code financing statements or other similar financing statements and Uniform Commercial Code (Form UCC-3) termination statements (collectively, the "Filing Statements") required pursuant to the Loan Documents shall

have been delivered by counsel to the Lead Arrangers to CT Corporation System or another similar filing service company acceptable to the Lead Arrangers (the "Filing Agent"). The Filing Agent shall have acknowledged in a writing satisfactory to the Lead Arrangers and their counsel (i) the Filing Agent's receipt of all Filing Statements, (ii) that the Filing Statements required pursuant to the Loan Documents, have either been submitted for filing in the appropriate filing offices or will be submitted for filing in the appropriate offices within ten days following the Closing Date and (iii) that the Filing Agent will notify the Agents and their counsel of the results of such submissions and will provide recorded copies of the same within 30 days following the Closing Date.

SECTION 5.1.12 Insurance. The Lead Arrangers and the Collateral Agent shall have received, certificates of insurance in form and substance reasonably satisfactory to the Lead Arrangers, evidencing coverage required to be maintained pursuant to each Loan Document and naming the Collateral Agent as loss payee or additional insured, as applicable.

SECTION 5.1.13 Opinions of Counsel. The Lead Arrangers shall have received opinions, dated the Closing Date and addressed to the Lead Arrangers, the Agents and all Lenders, from

(a) Kirkland & Ellis LLP, counsel to the Obligors, in form and substance reasonably satisfactory to the Lead Arrangers; and

(b) Maryland counsel to the Borrower, in form and substance, and from counsel, reasonably satisfactory to the Lead Arrangers.

SECTION 5.1.14 Closing Fees, Expenses, etc. The Lead Arrangers shall have received for its own account, or for the account of each Lender, as the case may be, all fees, costs and expenses due and payable pursuant to Sections 3.3 and, if then invoiced, 10.3.

SECTION 5.1.15 Form 10. The financial information concerning the Branded Apparel Business and the Borrower and its Subsidiaries and the management, corporate and legal structure of the Borrower and each of the Subsidiary Guarantors contained in the Borrower's Form 10 filed with the Securities and Exchange Commission in connection with the Spin-Off, including all amendments and modifications thereto, shall be consistent in all material respects with the information previously provided to the Lead Arrangers and the other Lenders.

SECTION 5.1.16 Litigation. There shall exist no action, suit, investigation or other proceeding pending or threatened in writing in any court or before any arbitrator or governmental or regulatory agency or authority that could reasonably be expected to have a Material Adverse Effect.

SECTION 5.1.17 Approval. All material and necessary governmental and third party consents and approvals shall have been obtained (without the imposition of any material and adverse conditions that are not reasonably acceptable to the Lenders) and shall remain in effect and all applicable waiting periods shall have expired without any material and adverse action being taken by any competent authority. The Lead Arrangers shall be reasonably satisfied that the Spin-Off is to be consummated and the Dividend issued, in each case in accordance with applicable laws and governmental regulations.

SECTION 5.1.18 Debt Rating. The Borrower shall have obtained a senior secured debt rating (of any level) in respect of the Loans from each of S&P and Moody's, which ratings (of any level) shall remain in effect on the Closing Date.

SECTION 5.1.19 Satisfactory Legal Form. All documents executed or submitted pursuant hereto by or on behalf of any Obligor on or before the Closing Date shall be reasonably satisfactory in form and substance to the Lead Arrangers, and the Lead Arrangers shall have received all information, approvals, opinions, documents or instruments as the Lead Arrangers or their counsel may reasonably request.

SECTION 5.2 All Credit Extensions. The obligation of each Lender and each Issuer to make any Credit Extension shall be subject to the satisfaction of each of the conditions precedent set forth below.

SECTION 5.2.1 Compliance with Warranties, No Default, etc. Both before and after giving effect to any Credit Extension (but, if any Default of the nature referred to in Section 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds thereof) the following statements shall be true and correct:

(a) the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); and

(b) no Default shall have then occurred and be continuing.

SECTION 5.2.2 Credit Extension Request, etc. Subject to Section 2.3.2, the Administrative Agent shall have received a Borrowing Request if Loans are being requested, or an Issuance Request if a Letter of Credit is being requested or extended. Each of the delivery of a Borrowing Request or Issuance Request and the acceptance by the Borrower of the proceeds of such Credit Extension shall constitute a representation and warranty by the Borrower that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the statements made in Section 5.2.1 are true and correct.

## ARTICLE VI
## REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into this Agreement and to make Credit Extensions hereunder, the Borrower represents and warrants to each Secured Party, after giving effect to the consummation of the IP Purchase and the Spin Off, as set forth in this Article.

SECTION 6.1 Organization, etc. Each Obligor (i) is validly organized and existing and in good standing under the laws of the state or jurisdiction of its incorporation or organization, (ii) is duly qualified to do business and is in good standing as a foreign entity in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so

qualified or in good standing could not reasonably be expected to have a Material Adverse Effect and (iii) has full organizational power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under each Loan Document to which it is a party, and except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect, to (a) own and hold under lease its property and (b) to conduct its business substantially as currently conducted by it.

SECTION 6.2 Due Authorization, Non-Contravention, etc. The execution, delivery and performance by each Obligor of each Loan Document executed or to be executed by it, each Obligor's participation in the consummation of all aspects of the Transaction, and the execution, delivery and performance by the Borrower or (if applicable) any Obligor of the agreements executed and delivered by it in connection with the Transaction are in each case within such Person's powers, have been duly authorized by all necessary action, and do not

(a) contravene any (i) Obligor's Organic Documents, (ii) court decree or order binding on or affecting any Obligor or (iii) law or governmental regulation binding on or affecting any Obligor; or

(b) result in (i) or require the creation or imposition of, any Lien on any Obligor's properties (except as permitted by this Agreement) or (ii) a default under any material contractual restriction binding on or affecting any Obligor.

SECTION 6.3 Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person (other than those that have been, or on the Closing Date will be, duly obtained or made and which are, or on the Closing Date will be, in full force and effect) is required for the consummation of the Transaction or the due execution, delivery or performance by any Obligor of any Loan Document to which it is a party, or for the due execution, delivery and/or performance of Transaction Documents, in each case by the parties thereto or the consummation of the Transaction. Neither the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 6.4 Validity, etc. Each Obligor has duly executed and delivered each of the Loan Documents and each of the Transaction Documents to which it is a party, and each Loan Document and each Transaction Document to which any Obligor is a party constitutes the legal, valid and binding obligations of such Obligor, enforceable against such Obligor in accordance with their respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity).

SECTION 6.5 Financial Information. The financial statements of the Borrower and its Subsidiaries furnished to the Administrative Agent and each Lender pursuant to Section 5.1.6 (other than forecasts, projections, budgets and forward-looking information) have been prepared in accordance with GAAP consistently applied (except where specifically so noted on such financial statements), and present fairly in all material respects the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. All balance sheets, all statements of income and of cash flow and all

other financial information of each of the Borrower and its Subsidiaries furnished pursuant to Section 7.1.1 have been and will for periods following the Closing Date be prepared in accordance with GAAP consistently applied with the financial statements delivered pursuant to Section 5.1.6, and do or will present fairly in all material respects the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. Notwithstanding anything contained herein to the contrary, it is hereby acknowledged and agreed by the Administrative Agent, each Lead Arranger and each Lender that (i) any financial or business projections furnished to the Administrative Agent, any Lead Arranger or any Lender by the Borrower or any of its Subsidiaries under any Loan Document are subject to significant uncertainties and contingencies, which may be beyond the Borrower's and/or its Subsidiaries' control, (ii) no assurance is given by any of the Borrower or its Subsidiaries that the results forecast in any such projections will be realized and (iii) the actual results may differ from the forecast results set forth in such projections and such differences may be material.

SECTION 6.6 No Material Adverse Change. There has been no material adverse change in the business, financial condition, operations, performance or assets of the Borrower and its Subsidiaries, taken as a whole, since July 2, 2005.

SECTION 6.7 Litigation, Labor Controversies, etc. There is no pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened (in writing) litigation, action, proceeding, labor controversy or investigation:

(a) affecting the Borrower any of its Subsidiaries or any other Obligor, or any of their respective properties, businesses, assets or revenues, which could reasonably be expected to have a Material Adverse Effect; or

(b) which purports to affect the legality, validity or enforceability of any Loan Document, the Transaction Documents or the Transaction.

SECTION 6.8 Subsidiaries. The Borrower has no Subsidiaries, except those Subsidiaries which are (a) identified in Item 6.8 of the Disclosure Schedule, (b) permitted to have been organized or acquired in accordance with Sections 7.2.5 or 7.2.10 or (c) a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary.

SECTION 6.9 Ownership of Properties. The Borrower and each of its Subsidiaries (other than a Receivables Subsidiary) owns (a) in the case of owned real property, good and legal title to, (b) in the case of owned personal property, good and valid title to, and (c) in the case of leased real or personal property, valid and enforceable (subject to bankruptcy, insolvency, reorganization or similar laws) leasehold interests (as the case may be) in, all of its properties and assets, tangible and intangible, of any nature whatsoever, free and clear in each case of all Liens or claims, except for Permitted Liens. Set forth in Item 6.9 of the Disclosure Schedule is a true and complete list of each Mortgaged Property.

SECTION 6.10 Taxes. The Borrower and each of its Subsidiaries has filed all material tax returns and reports required by law to have been filed by it and has paid all Taxes thereby shown to be due and owing, except any such Taxes which are being diligently contested in good

faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or except to the extent such failure could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.11 Pension and Welfare Plans. During the twelve-consecutive-month period prior to the Closing Date and prior to the date of any Credit Extension hereunder, no steps have been taken to terminate any Pension Plan which has caused or could reasonably be expected to cause Borrower or any Subsidiary to incur any liability, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA with respect to any assets of Borrower or any Subsidiary. No condition exists or event or transaction has occurred with respect to any Pension Plan which might result in the incurrence by the Borrower of any material liability, fine or penalty.

SECTION 6.12 Environmental Warranties.

(a) All facilities and property (including underlying groundwater) owned or leased by the Borrower or any of its Subsidiaries have been, and continue to be, owned or leased by the Borrower and its Subsidiaries in compliance with all Environmental Laws, except for any such noncompliance which could not reasonably be expected to have a Material Adverse Effect;

(b) there have been no past, and there are no pending or, to the Borrower’s knowledge (after due inquiry), threatened (in writing) (i) claims, complaints, notices or requests for information received by the Borrower or any of its Subsidiaries with respect to any alleged violation of any Environmental Law, or (ii) complaints, notices or inquiries to the Borrower or any of its Subsidiaries regarding potential liability under any Environmental Law except for claims, complaints, notices, requests for information or inquiries with respect to violations of or potential liability under any Environmental Laws that could not reasonably be expected to have a Material Adverse Effect;

(c) there have been no Releases of Hazardous Materials at, on or under any property now or previously owned, operated or leased by the Borrower or any of its Subsidiaries that have had, or could reasonably be expected to have, a Material Adverse Effect;

(d) the Borrower and its Subsidiaries have been issued and are in compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters, except for any such non-issuance or any such noncompliance which could not reasonably be expected to have a Material Adverse Effect;

(e) no property now or, to the Borrower’s knowledge (after due inquiry), previously owned, operated or leased by the Borrower or any of its Subsidiaries is listed or proposed for listing (with respect to owned, operated property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up, which listing could reasonably be expected to have a Material Adverse Effect;

(f) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned, operated or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect;

(g) neither the Borrower nor any Subsidiary has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which could reasonably be expected to lead to material claims against the Borrower or such Subsidiary for any remedial work, damage to natural resources or personal injury, including claims under CERCLA which, if adversely resolved could, in any of the foregoing cases, reasonably be expected to have a Material Adverse Effect;

(h) there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned, operated or leased by the Borrower or any Subsidiary that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect; and

(i) no conditions exist at, on or under any property now or, to the knowledge of the Borrower (after due inquiry), previously owned, operated or leased by the Borrower which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law, except for such liability that could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.13 Accuracy of Information. None of the factual information (other than projections, forecasts, budgets and forward-looking information) heretofore or contemporaneously furnished in writing to any Secured Party by or on behalf of any Obligor in connection with any Loan Document or any transaction contemplated hereby (including the Transaction) (taken as a whole) contains any untrue statement of a material fact, or omits to state any material fact necessary to make any such information not materially misleading as of the date such information was furnished; provided, however (i) any financial or business projections furnished to the Administrative Agent, any Lead Arranger or any Lender by the Borrower or any of its Subsidiaries under any Loan Document are subject to significant uncertainties and contingencies, which may be beyond the Borrower's and/or its Subsidiaries' control, (ii) no assurance is given by any of the Borrower or its Subsidiaries that the results forecast in any such projections will be realized and (iii) the actual results may differ from the forecast results set forth in such projections and such differences may be material.

SECTION 6.14 Regulations U and X. No Obligor is engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no proceeds of any Credit Extensions will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U or Regulation X. Terms for which meanings are provided in F.R.S. Board Regulation U or Regulation X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.15 Compliance with Contracts, Laws, etc. The Borrower and each of its Subsidiaries have performed their obligations under agreements to which the Borrower or a Subsidiary is a party and have complied with all applicable laws, rules, regulations and orders except were the failure to do so could not reasonably be expected to have a Material Adverse Effect. The Borrower and each of its Subsidiaries (a) are not listed on the "Specially Designated Nationals and Blocked Person List" maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury, or included in any executive orders relating thereto and (b) have used the proceeds of the Credit Extensions without violating in any material respect any of the foreign asset control regulations of OFAC or any enabling statute or executive order relating thereto having the force of law.

SECTION 6.16 Solvency. The Borrower and its Subsidiaries (taken as a whole), both before and after giving effect to any Credit Extensions, are Solvent.

ARTICLE VII
COVENANTS

SECTION 7.1 Affirmative Covenants. The Borrower agrees with each Lender, each Issuer and each Agent that until the Termination Date has occurred, the Borrower will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.1.1 Financial Information, Reports, Notices, etc. The Borrower will furnish each Lender and the Administrative Agent copies of the following financial statements, reports, notices and information:

(a) within the earlier of (i) 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year and (ii) so long as the Borrower is a public reporting company at such time, such earlier date as the SEC requires the filing of such information (or if the Borrower is required to file such information on a Form 10-Q with the SEC, promptly following such filing), an unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of income and cash flow of the Borrower and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, and including (in each case), in comparative form, the figures for the corresponding Fiscal Quarter in, and year to date portion of, the immediately preceding Fiscal Year, certified as complete and correct in all material respects (subject to audit, normal year-end adjustments and the absence of footnote disclosure) by the chief financial officer, chief executive officer, president, treasurer or assistant treasurer of the Borrower;

(b) within the earlier of (i) 90 days after the end of each Fiscal Year and (ii) so long as the Borrower is a public reporting company at such time, such earlier date as the SEC requires the filing of such information (or if the Borrower is required to file such information on a Form 10-K with the SEC, promptly following such filing), (i) a copy of the consolidated balance sheet of the Borrower and its Subsidiaries, and the related consolidated statements of income and cash flow of the Borrower and its Subsidiaries for such Fiscal Year, setting forth in comparative form the figures for the immediately

preceding Fiscal Year, audited (without any Impermissible Qualification) by Pricewaterhouse Coopers LLP or such other independent public accountants selected by the Borrower and reasonably acceptable to the Administrative Agent, which shall include a calculation of the financial covenants set forth in Section 7.2.4 and stating that, in performing the examination necessary to deliver the audited financial statements of the Borrower, no knowledge was obtained of any Event of Default with respect to financial matters and (ii) a consolidated budget (within level of detail comparable to the quarterly financial statements delivered pursuant to clause (a)) for the following Fiscal Year including a projected consolidated balance sheet and related statements of projected operations and cash flows as of the end of and for such following Fiscal Year;

(c) concurrently with the delivery of the financial information pursuant to clauses (a) and (b), a Compliance Certificate, executed by the chief financial officer, chief executive officer, president, treasurer or assistant treasurer of the Borrower, (i) showing compliance with the financial covenants set forth in Section 7.2.4 and stating that no Default has occurred and is continuing (or, if a Default has occurred, specifying the details of such Default and the action that the Borrower or an Obligor has taken or proposes to take with respect thereto), (ii) stating that no Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate (or, if a Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate, a statement that such Subsidiary has complied with Section 7.1.8 if applicable) and (iii) in the case of a Compliance Certificate delivered concurrently with the financial information pursuant to clause (b), a calculation of Excess Cash Flow;

(d) as soon as possible and in any event within three Business Days after the Borrower or any other Obligor obtains knowledge of the occurrence of a Default, a statement of an Authorized Officer on behalf of the Borrower setting forth details of such Default and the action which the Borrower or such Obligor has taken and proposes to take with respect thereto;

(e) as soon as possible and in any event within three Business Days after the Borrower or any other Obligor obtains knowledge of (i) the commencement of any litigation, action, proceeding or labor controversy of the type and materiality described in Section 6.7 or (ii) any other event, change or circumstance that has had, or could reasonably be expected to have, a Material Adverse Effect, notice thereof and, to the extent the Administrative Agent requests, copies of all documentation relating thereto, if any;

(f) within three Business Days after the sending or filing thereof, copies of all reports, notices, prospectuses and registration statements which any Obligor files with the SEC or any national securities exchange; provided that such delivery shall be deemed to have been made upon delivery of notice to the Administrative Agent that such statements or reports are available on the Internet via the EDGAR system of the SEC;

(g) promptly upon becoming aware of (i) the institution of any steps by any Person to terminate any Pension Plan, (ii) the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of

ERISA, (iii) the taking of any action with respect to a Pension Plan which could result in the requirement that any Obligor furnish a bond or other security to the PBGC or such Pension Plan, or (iv) the occurrence of any event with respect to any Pension Plan which could reasonably be expected to result in the incurrence by any Obligor of any material liability, fine or penalty, notice thereof and copies of all documentation relating thereto;

(h) promptly upon receipt thereof, copies of all final "management letters" submitted to the Borrower or any other Obligor by the independent public accountants referred to in clause (b) in connection with each audit made by such accountants;

(i) promptly following the mailing or receipt of any notice or report (other than identical reports or notices delivered hereunder) delivered under the terms of the Second Lien Loan Documents, or the Bridge Loan Documents, or the Senior Note Documents, copies of such notice or report;

(j) all PATRIOT Act Disclosures, to the extent reasonably requested by the Administrative Agent or any Lender; and

(k) such other financial and other information as any Lender or Issuer through the Administrative Agent may from time to time reasonably request (including information and reports in such detail as the Administrative Agent may request with respect to the terms of and information provided pursuant to the Compliance Certificate).

Information required to be delivered pursuant to clauses (a) and (b) of Section 7.1.1 shall be deemed to have been delivered to the Administrative Agent on the date on which the Borrower provides written notice to the Administrative Agent that such information is available on the Internet via the EDGAR system of the SEC (to the extent such information is available as described in such notice). Information required to be delivered pursuant to this Section 7.1.1 may also be delivered by electronic communication pursuant to procedures approved by the Administrative Agent pursuant to Section 9.11.

SECTION 7.1.2 Maintenance of Existence; Material Obligations; Compliance with Contracts, Laws, etc. The Borrower will, and will cause each of its Subsidiaries to, preserve and maintain its legal existence, rights (charter and statutory), franchises, permits, licenses and approvals (in each case, except as otherwise permitted by Section 7.2.10), perform in all respects their obligations, including obligations under agreements to which the Borrower or a Subsidiary is a party, and comply in all respects with all applicable laws, rules, regulations and orders, including the payment (before the same become delinquent), of all obligations, including all Taxes imposed upon the Borrower or its Subsidiaries or upon their property except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on the books of the Borrower or its Subsidiaries, as applicable except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.3 Maintenance of Properties. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect the Borrower will, and will

cause each of its Subsidiaries to, maintain, preserve, protect and keep its and their respective properties in good repair, working order and condition (ordinary wear and tear, casualty and condemnation excepted), and make necessary repairs, renewals and replacements so that the business carried on by the Borrower and its Subsidiaries may be properly conducted at all times, unless the Borrower or such Subsidiary determines in good faith that the continued maintenance of such property is no longer economically desirable, necessary or useful to the business of the Borrower or any of its Subsidiaries or the Disposition of such property is otherwise permitted by Sections 7.2.10 or 7.2.11.

SECTION 7.1.4 Insurance. The Borrower will, and will cause each of its Subsidiaries to maintain:

(a) insurance on its property with financially sound and reputable insurance companies against loss and damage in at least the amounts (and with only those deductibles) customarily maintained, and against such risks as are typically insured against in the same general area, by Persons of comparable size engaged in the same or similar business as the Borrower and its Subsidiaries; and

(b) all worker's compensation, employer's liability insurance or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business.

Without limiting the foregoing, all insurance policies required pursuant to this Section shall (i) name the Collateral Agent on behalf of the Secured Parties as mortgagee (in the case of property insurance) or additional insured (in the case of liability insurance), as applicable, and provide that no cancellation or modification of the policies will be made without thirty days' prior written notice to the Collateral Agent and (ii) without duplication, be in addition to any requirements to maintain specific types of insurance contained in the other Loan Documents.

SECTION 7.1.5 Books and Records. The Borrower will, and will cause each of its Subsidiaries to, keep books and records in accordance with GAAP which accurately reflect in all material respects all of its business affairs and transactions and permit each Secured Party or any of their respective representatives, at reasonable times during normal business hours and intervals upon reasonable notice to the Borrower and except after the occurrence and during the continuance of an Event of Default not more frequently than once per Fiscal Year, to visit each Obligor's offices, to discuss such Obligor's financial matters with its officers and employees, and its independent public accountants (provided that management of the Borrower shall be notified and allowed to be present at all such meetings and the Borrower hereby authorizes such independent public accountant to discuss each Obligor's financial matters with each Secured Party or their representatives) and to examine (and photocopy extracts from) any of its books and records. The Borrower shall pay any reasonable fees of such independent public accountant incurred in connection with any Secured Party's exercise of its rights pursuant to this Section.

SECTION 7.1.6 Environmental Law Covenant. The Borrower will, and will cause each of its Subsidiaries to:

(a) use and operate all of its and their facilities and properties in compliance with all Environmental Laws, keep all permits, approvals, certificates, licenses and other authorizations required under Environmental Laws in effect and remain in compliance therewith, and handle all Hazardous Materials in compliance with all applicable Environmental Laws, in each case except where failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(b) promptly notify the Administrative Agent and provide copies upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties in respect of, or as to compliance with, Environmental Laws, the subject matter of which could reasonably be expected to have a Material Adverse Effect, and shall promptly resolve any non-compliance with Environmental Laws (except as could not reasonably be expected to have a Material Adverse Effect) and keep its property free of any Lien imposed by any Environmental Law.

SECTION 7.1.7 Use of Proceeds. The Borrower will apply the proceeds of the Credit Extensions as follows:

(a) to finance, in part, the Transaction including the Dividend, and to pay the fees, costs and expenses related to the Transaction;

(b) for working capital and general corporate purposes of the Borrower and the Subsidiary Guarantors; and

(c) for issuing Letters of Credit for the account of the Borrower and the Subsidiary Guarantors for purposes referred to in clause (b) above.

SECTION 7.1.8 Future Guarantors, Security, etc. Subject to Section 7.1.11, the Borrower will, and will cause each U.S. Subsidiary to, execute any documents, authorize the filing of Filing Statements, execute agreements and instruments, and take all commercially reasonable further action (including filing Mortgages to the extent required hereby) that may be required under applicable law, or that the Administrative Agent may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and perfect the validity and first priority (subject to Permitted Liens) of the Liens created or intended to be created by the Loan Documents. The Borrower will cause any subsequently acquired or organized U.S. Subsidiary to execute a supplement (in form and substance reasonably satisfactory to the Administrative Agent) to the Guaranty and each other applicable Loan Document in favor of the Secured Parties. In addition, from time to time, the Borrower will, at its own cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected Liens with respect to such of its assets and properties as the Administrative Agent or the Required Lenders shall designate, it being agreed that it is the intent of the parties that the Obligations shall be secured by, among other things, substantially all the assets of the Borrower and its U.S. Subsidiaries and personal property acquired subsequent to the Closing Date; provided that (a) neither the Borrower nor its U.S. Subsidiaries shall be required to pledge more than 65% of the Voting Securities of any Foreign Subsidiary that is directly owned by any Obligor, (b) neither the Borrower nor any U.S. Subsidiary shall be required to create or perfect any security interest in any leased real property

or any owned real property with a fair market value (as determined by the Borrower in good faith) less than $2,000,000, (c) to the extent the Organic Documents of a Foreign Supply Chain Entity (regardless of a redesignation as a Foreign Subsidiary) prohibit the creation or perfection of a security interest in the Capital Securities of such Foreign Supply Chain Entity, no Obligor will be required to create or perfect a security interest in such Capital Securities and (d) the Borrower will not be required to execute and deliver any Foreign Pledge Agreement with respect to any Foreign Subsidiary (i) whose assets are valued (as reasonably determined by the Borrower) at less than $25,000,000 or (ii) if the Borrower and the Administrative Agent reasonably determine that it is commercially impractical to deliver a Foreign Pledge Agreement in such jurisdiction. Such Liens will be created under the Loan Documents in form and substance reasonably satisfactory to the Agents, and the Borrower shall deliver or cause to be delivered to the Agents all such instruments and documents (including legal opinions, title insurance policies and lien searches) as the Administrative Agent shall reasonably request to evidence compliance with this Section.

SECTION 7.1.9 Rate Protection Agreements. Within 60 days following the Closing Date, the Borrower and/or the IP Subsidiary will enter into interest rate swap, cap, collar or similar arrangements with a Lender, Second Lien Lender or any other Person reasonably acceptable to the Lenders designed to protect the Borrower and/or the IP Subsidiary against fluctuations in interest rates for a period of at least three years from the Closing Date, in an amount that would cause not less than 50% of the Indebtedness outstanding under the Loan Documents, the Second Lien Loan Documents, the Bridge Loan Documents and the Senior Note Documents to bear interest at a fixed rate.

SECTION 7.1.10 Maintenance of Ratings. The Borrower will use its commercially reasonable efforts to cause a senior secured credit rating with respect to the Loans from each of S&P and Moody’s to be available at all times until the Stated Maturity Date for the Term B Loans.

SECTION 7.1.11 Post-Closing Obligations.

(a) Foreign Pledge Agreements. Within 90 days after the Closing Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), all Foreign Pledge Agreements shall have been duly executed and delivered by all parties thereto and shall remain in full force and effect, and all Liens granted to the Collateral Agent thereunder shall be duly perfected to provide the Collateral Agent with a security interest in and Lien on all collateral granted thereunder free and clear of other Liens, except to the extent reasonably consented to by the Administrative Agent; provided that the Administrative Agent may waive the requirement to perfect a pledge on the Capital Securities of any Foreign Subsidiary otherwise required to be pledged hereunder if they determine, in their reasonable discretion, that the value of the assets owned by such Foreign Subsidiary or the EBITDA generated by such Foreign Subsidiary, is immaterial when taken as a whole.

(b) Mortgages. Subject to the limitation in clause (d) of Section 7.1.8, within 90 days after the Closing Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Agents shall have received

counterparts of each Mortgage with respect to a Mortgaged Property, duly executed and delivered by the applicable Obligor, together with:

(i) evidence of the completion (or reasonably satisfactory arrangements for the completion) of all recordings and filings of each Mortgage as necessary to create a valid, perfected first priority (subject to Permitted Liens) Lien against the properties purported to be covered thereby;

(ii) mortgagee's title insurance policies in favor of the Collateral Agent for the benefit of the Secured Parties in amounts not exceeding the fair market value of the insured property and in form and substance and issued by insurers, reasonably satisfactory to the Lead Arrangers, with respect to the property purported to be covered by each Mortgage, insuring that title to such property is marketable and that the interests created by each Mortgage constitute valid first Liens thereon (subject to Permitted Liens), and, if required by the Lead Arrangers and if available, shall include revolving credit endorsement, comprehensive endorsement, variable rate endorsement, access and utilities endorsements, mechanic's lien endorsement and such other endorsements as the Lead Arrangers shall reasonably request and shall be accompanied by evidence of the payment in full of all premiums thereon; and

(iii) mortgage releases releasing any mortgage in favor of any other Person on any Mortgaged Property.

(c) Excluded Contracts. The Borrower agrees to use commercially reasonable efforts to cause the Excluded Contracts to become owned by the Borrower or the applicable Subsidiary within 180 days of the Closing Date.

(d) Foreign Stock Certificates. Within 10 Business Days following the Closing Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Borrower agrees to deliver certificates (in each case accompanied by undated instruments of transfer duly executed in blank) evidencing, 65% of the issued and outstanding Voting Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of each Foreign Subsidiary (together with all the issued and outstanding non-voting Capital Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of such Foreign Subsidiary) directly owned by each Obligor to the extent not previously delivered, together with a revised Schedule I to the Security Agreement accurately reflecting the newly delivered certificates.

(e) Spin-Off Related Transfers. Within 180 days following the Closing Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Borrower will (i) cause Hanesbrands Philippines, Inc.; HBI Sourcing Asia Limited; Sara Lee Apparel International (Shanghai) Co. Ltd. (to be renamed Hanesbrands International (Shanghai) Co. Ltd.); Sara Lee Apparel India Private Limited (to be renamed Hanesbrands India Private Limited); and SL Sourcing India Private Ltd. (to be renamed HBI Sourcing India Private Ltd.) to become Subsidiaries of

the Borrower, (ii) own 50% of the issued and outstanding Capital Securities of Playtex Marketing Corporation and (iii) consummate the transfer of assets relating to the Branded Apparel Business from SL Hong Kong Ltd., Sara Lee Philippines Inc. and Hanesbrands Philippines Inc. to Subsidiaries of the Borrower. The Borrower represents and warrants that the fair market value of the assets to be transferred pursuant to this clause have a fair market value of less than $6,500,000.

(f) NT Investment Company, Inc. Within three Business Days following the Closing Date, the Borrower shall cause NT Investment Company, Inc. to be in good standing (and deliver to the Administrative Agent a copy of the good standing certificate) in the State of Delaware.

SECTION 7.2 Negative Covenants. The Borrower covenants and agrees with each Lender, each Issuer and each Agent that until the Termination Date has occurred, the Borrower will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.2.1 Business Activities; Accounting Policies. The Borrower will not, and will not permit any of its Subsidiaries to, (a) engage in any business activity except those business activities engaged in on the date of this Agreement and activities reasonably related, supportive, complementary, ancillary or incidental thereto or reasonable extensions thereof or (b) change its accounting policies or financial reporting practices from such policies and practices in effect of the Closing Date, including any change to the ending dates with respect to the Borrower and its Subsidiaries' Fiscal Year (except to the extent set forth in the definition thereof) or Fiscal Quarters.

SECTION 7.2.2 Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, other than:

(a) Indebtedness in respect of the Obligations;

(b) unsecured Indebtedness of the Obligors (i) under the Senior Note Documents and the Bridge Loan Documents in an aggregate principal amount not to exceed $500,000,000, as such amount is reduced on or after the Closing Date in accordance with the terms hereof and (ii) under senior notes whether issued pursuant to a supplement to the Senior Note Indenture or any other senior note indenture, the terms of which are reasonably satisfactory to the Administrative Agent, so long as (x) the aggregate principal amount thereunder does not exceed $500,000,000 and (y) the proceeds therefor are applied to repay Loans in accordance with clause (h) of Section 3.1.1;

(c) Indebtedness existing as of the Closing Date which is identified in Item 7.2.2(c) of the Disclosure Schedule, and refinancings, refundings, reallocations, renewals or extensions of such Indebtedness in a principal amount not in excess of that which is outstanding on the Closing Date (as such amount has been reduced following the Closing Date);

(d) unsecured Indebtedness (i) incurred in the ordinary course of business of the Borrower and its Subsidiaries (including open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of the Borrower or such Subsidiary) and (ii) in respect of performance, surety or appeal bonds provided in the ordinary course of business, but excluding (in each case), Indebtedness incurred through the borrowing of money or Contingent Liabilities of borrowed money;

(e) Indebtedness (i) in respect of industrial revenue bonds or other similar governmental or municipal bonds, (ii) evidencing the deferred purchase price of newly acquired property or incurred to finance the acquisition of equipment of the Borrower and its Subsidiaries (pursuant to purchase money mortgages or otherwise, whether owed to the seller or a third party) used in the ordinary course of business of the Borrower and its Subsidiaries (provided that, such Indebtedness is incurred within 270 days of the acquisition of such property) and (iii) in respect of Capitalized Lease Liabilities; provided that, the aggregate amount of all Indebtedness outstanding pursuant to this clause shall not at any time exceed $150,000,000;

(f) Indebtedness of (i) an Obligor owing to any other Obligor and of (ii) any Subsidiary (other than a Receivables Subsidiary) that is not a Subsidiary Guarantor or any Foreign Supply Chain Entity owing to an Obligor, which Indebtedness (A) shall, if payable to the Borrower or a Subsidiary Guarantor, not be discharged for any consideration other than payment in full or in part in cash or through the conversion of such Indebtedness to equity (provided that only the amount repaid in part shall be discharged); and (B) shall not (when aggregated with the amount of Investments made by the Borrower and the Subsidiary Guarantors in Subsidiaries which are not Subsidiary Guarantors and in Foreign Supply Chain Entities under clause (e)(i) of Section 7.2.5 and Indebtedness converted to equity pursuant to clause (f)(ii)(A)), exceed $275,000,000 at any one time outstanding;

(g) unsecured Indebtedness (not evidenced by a note or other instrument) of an Obligor owing to a Subsidiary that is not a Subsidiary Guarantor and has previously executed and delivered to the Administrative Agent the Interco Subordination Agreement;

(h) Indebtedness of the Obligors incurred pursuant to the terms of the Second Lien Loan Documents in a principal amount not to exceed $450,000,000, as such amount is reduced on or after the Closing Date in accordance with the terms hereof;

(i) Indebtedness of a Person existing at the time such Person became a Subsidiary of the Borrower, but only if such Indebtedness was not created or incurred in contemplation of such Person becoming a Subsidiary and the aggregate outstanding amount of all Indebtedness existing pursuant to this clause does not exceed $100,000,000 at any time;

(j) Indebtedness incurred pursuant to a Permitted Securitization and Standard Securitization Undertakings;

(k) unsecured Indebtedness of the Borrower and its Subsidiaries incurred to (i) finance Permitted Acquisitions (including obligations of the Borrower and its Subsidiaries under indemnification, adjustment of purchase price, earn-out, incentive, non-compete, consulting, deferred compensation or other similar arrangements incurred by such Person in connection therewith) or (ii) refinance any other Indebtedness permitted to be incurred under clauses (a), (b), (e), (i) and (n) of this Section 7.2.2;

(l) Indebtedness in respect of Hedging Obligations entered into in the ordinary course of business and not for speculative purposes;

(m) Indebtedness of any Foreign Subsidiary owing to any other Foreign Subsidiary;

(n) Indebtedness (whether unsecured or secured by Liens) of Foreign Subsidiaries in an aggregate outstanding principal amount not to exceed $150,000,000 at any one time outstanding and Contingent Liabilities of any Obligor in respect thereof;

(o) Indebtedness incurred in the ordinary course of business in connection with cash pooling arrangements, cash management and other Indebtedness incurred in the ordinary course of business in respect of netting services, overdraft protections and similar arrangements in each case in connection with cash management and deposit accounts;

(p) Indebtedness consisting of the financing of insurance premiums in the ordinary course of business;

(q) unsecured Indebtedness of Borrower and its Subsidiaries representing the obligation of such Person to make payments with respect to the cancellation or repurchase of Capital Securities of officers, employees or directors (or their estates) of the Borrower or such Subsidiaries; and

(r) other Indebtedness of the Borrower and its Subsidiaries (other than Indebtedness of Foreign Subsidiaries owing to the Borrower or Subsidiary Guarantors or of a Receivables Subsidiary) in an aggregate amount at any time outstanding not to exceed $100,000,000;

provided that, no Indebtedness otherwise permitted by clauses (c), (e), (f)(ii), (i), (k) or (r) shall be assumed, created or otherwise incurred if an Event of Default has occurred and is then continuing.

SECTION 7.2.3 Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Lien upon any of its property (including Capital Securities of any Person), revenues or assets, whether now owned or hereafter acquired, except the following (collectively "Permitted Liens"):

(a) Liens securing payment of the Obligations;

(b) Liens in connection with a Permitted Securitization;

(c) Liens existing as of the Closing Date and disclosed in Item 7.2.3(c) of the Disclosure Schedule securing Indebtedness described in clause (c) of Section 7.2.2, and refinancings, refundings, reallocations, renewals or extensions of such Indebtedness; provided that, no such Lien shall encumber any additional property (except for accessions to such property and the products and proceeds thereof) and the amount of Indebtedness secured by such Lien is not increased from that existing on the Closing Date;

(d) Liens securing Indebtedness of the type permitted under clause (e) of Section 7.2.2; provided that, (i) such Lien is granted within 270 days after such Indebtedness is incurred, (ii) the Indebtedness secured thereby does not exceed the lesser of the cost or the fair market value of the applicable property, improvements or equipment at the time of such acquisition (or construction) and (iii) such Lien secures only the assets that are the subject of the Indebtedness referred to in such clause;

(e) Liens securing Indebtedness permitted by clause (i) of Section 7.2.2; provided that, such Liens existed prior to such Person becoming a Subsidiary, were not created in anticipation thereof and attach only to specific tangible assets of such Person;

(f) Liens in favor of carriers, warehousemen, mechanics, repairmen, materialmen, customs and revenue authorities and landlords and other similar statutory Liens and Liens in favor of suppliers (including sellers of goods pursuant to customary reservations or retention of title, in each case) granted in the ordinary course of business for amounts not overdue for a period of more than 60 days or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect;

(g) (i) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases, trade contracts or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety and appeal bonds or performance bonds, performance and completion guarantees and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business and (ii) obligations in respect of letters of credit or bank guarantees that have been posted to support payment of the items set forth in the immediately preceding clause (i);

(h) judgment Liens that are being appealed in good faith or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies and which do not otherwise result in an Event of Default under Section 8.1.6;

(i) easements, rights-of-way, covenants, conditions, building codes, restrictions, reservations, minor defects or irregularities in title and other similar encumbrances and matters that would be disavowed by a full survey of real property not interfering in any material respect with the value or use of the affected or encumbered real property to which such Lien is attached;

(j) Liens securing Indebtedness permitted by clause (h) (subject to the Intercreditor Agreement) or (n) of Section 7.2.2;

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution and Liens attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business;

(l) (i) licenses, sublicenses, leases or subleases granted to third Persons in the ordinary course of business not interfering in any material respect with the business of the Borrower or any of its Subsidiaries, (ii) other agreements with respect to the use and occupancy of real property entered into in the ordinary course of business or in connection with a Disposition permitted under the Loan Documents or (iii) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by Borrower or any of its Subsidiaries or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(m) Liens on the property of the Borrower or any of its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, licenses and statutory obligations, (ii) Contingent Obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business;

(n) Liens on Receivables transferred to a Receivables Subsidiary under a Permitted Securitization;

(o) Liens upon specific items or inventory or other goods and proceeds of the Borrower or any of its Subsidiaries securing such Person's obligations in respect of bankers' acceptances or documentary letters of credit issued or created for the account of such Person to facilitate the shipment or storage of such inventory or other goods;

(p) Liens (i) (A) on advances of cash or Cash Equivalent Investments in favor of the seller of any property to be acquired in an Investment permitted pursuant to Section 7.2.5 to be applied against the purchase price for such Investment and (B) consisting of an agreement to Dispose of any property in a Disposition permitted under Section 7.2.11, in each case under this clause (i), solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien and (ii) on earnest money deposits of cash or Cash Equivalent Investments

made by the Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(q) Liens arising from precautionary Uniform Commercial Code financing statement filings (or similar filings under other applicable Law) regarding leases entered into by the Borrower or any of its Subsidiaries in the ordinary course of business;

(r) Liens (i) arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods (including under Article 2 of the UCC) and Liens that are contractual rights of set-off relating to purchase orders and other similar agreements entered into by the Borrower or any of its Subsidiaries and (ii) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness and (iii) relating to pooled deposit or sweep accounts of the Borrower or any Subsidiary to permit satisfaction of overdraft or similar obligations in each case in the ordinary course of business and not prohibited by this Agreement;

(s) other Liens securing Indebtedness or other obligations permitted under this Agreement and outstanding in an aggregate principal amount not to exceed $75,000,000;

(t) ground leases in respect of real property on which facilities owned or leased by the Borrower or any of its Subsidiaries are located or any Liens senior to any lease, sub-lease or other agreement under which the Borrower or any of its Subsidiaries uses or occupies any real property;

(u) Liens constituting security given to a public or private utility or any Governmental Authority as required in the ordinary course of business;

(v) pledges or deposits of cash and Cash Equivalent Investments securing deductibles, self-insurance, co-payment, co-insurance, retentions and similar obligations to providers of insurance in the ordinary course of business;

(w) Liens on (A) incurred premiums, dividends and rebates which may become payable under insurance policies and loss payments which reduce the incurred premiums on such insurance policies and (B) rights which may arise under State insurance guarantee funds relating to any such insurance policy, in each case securing Indebtedness permitted to be incurred pursuant to clause (p) of Section 7.2.2; and

(x) Liens for Taxes not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.2.4 Financial Condition and Operations. The Borrower will not permit any of the events set forth below to occur.

(a) The Borrower will not permit the Leverage Ratio as of the last day of any Fiscal Quarter occurring during any period set forth below to be greater than the ratio set forth opposite such period:

| Period | Leverage Ratio |
|---|---|
| Each Fiscal Quarter ending between December 15, 2006 and April 15, 2007 | 5.50:1.00 |
| Each Fiscal Quarter ending between April 16, 2007 and July 15, 2007 | 5.00:1.00 |
| Each Fiscal Quarter ending between July 16, 2007 and October 15, 2007 | 4.75:1.00 |
| Each Fiscal Quarter ending between October 16, 2007 and April 15, 2008 | 4.50:1.00 |
| Each Fiscal Quarter ending between April 16, 2008 and July 15, 2008 | 4.25:1.00 |
| Each Fiscal Quarter ending between July 16, 2008 and October 15, 2008 | 4.00:1.00 |
| Each Fiscal Quarter ending between October 16, 2008 and April 15, 2009 | 3.75:1.00 |
| Each Fiscal Quarter ending between April 16, 2009 and July 15, 2009 | 3.50:1.00 |
| Each Fiscal Quarter ending between July 16, 2009 and October 15, 2009 | 3.25:1.00 |
| Each Fiscal Quarter thereafter | 3.00:1.00 |

(b) The Borrower will not permit the Interest Coverage Ratio as of the last day of any Fiscal Quarter occurring during any period set forth below to be less than the ratio set forth opposite such period:

| Period | Interest Coverage Ratio |
|---|---|
| Each Fiscal Quarter ending between December 15, 2006 and July 15, 2007 | 2.00:1.00 |
| Each Fiscal Quarter ending between July 16, 2007 and January 15, 2008 | 2.25:1.00 |
| Each Fiscal Quarter ending between January 16, 2008 and October 15, 2008 | 2.50:1.00 |
| Each Fiscal Quarter ending between October 16, 2008 and April 15, 2009 | 2.75:1.00 |
| Each Fiscal Quarter ending between April 16, 2009 and October 15, 2009 | 3.00:1.00 |
| Each Fiscal Quarter thereafter | 3.25:1.00 |

SECTION 7.2.5 Investments. The Borrower will not, and will not permit any of its Subsidiaries to, purchase, make, incur, assume or permit to exist any Investment in any other Person, except:

(a) Investments existing on the Closing Date and identified in Item 7.2.5(a) of the Disclosure Schedule;

(b) Cash Equivalent Investments;

(c) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(d) Investments consisting of any deferred portion (including promissory notes and non-cash consideration) of the sales price received by the Borrower or any Subsidiary in connection with any Disposition permitted under Section 7.2.11;

(e) Investments by way of contributions to capital or purchases of Capital Securities (i) by the Borrower in any Subsidiaries or by any Subsidiary in other Subsidiaries or by the Borrower or any Subsidiary in any Foreign Supply Chain Entity; provided that, the aggregate amount of intercompany loans made pursuant to clause (f)(ii) of Section 7.2.2, Indebtedness converted into equity pursuant to clause (f)(ii)(A) of Section 7.2.2 and Investments under this clause made by the Borrower and Subsidiary Guarantors in (x) Subsidiaries that are not Subsidiary Guarantors or (y) any Foreign Supply Chain Entity shall not exceed the amount set forth in clause (f)(ii) of Section 7.2.2 at any one time outstanding, or (ii) by any Subsidiary in the Borrower;

(f) Investments constituting (i) accounts receivable arising or acquired, (ii) trade debt granted, or (iii) deposits made in connection with the purchase price of goods or services, in each case in the ordinary course of business;

(g) Investments by way of the acquisition of Capital Securities or the purchase or other acquisition of all or substantially all of the assets or business of any Person, or of assets constituting a business unit, or line of business or division of, such Person, in each case constituting Permitted Acquisitions in an amount, when aggregated with the amount expended under clause (b) of Section 7.2.10, does not exceed the amount set forth in clause (b) of Section 7.2.10 in any Fiscal Year;

(h) Investments constituting Capital Expenditures permitted pursuant to Section 7.2.7;

(i) Investments in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person under a Permitted Securitization; provided that any Investment in a Receivables Subsidiary is in the form of a Purchase Money Note, contribution of additional receivables and related assets or any equity interests;

(j) Investments constituting loans or advances to officers, directors or employees made in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount not to exceed $10,000,000;

(k) Investments by any Foreign Subsidiary in any other Foreign Subsidiary;

(l) Investments in the ordinary course of business consisting of (i) endorsements for collection or deposit, (ii) customary arrangements with customers or (iii) Hedging Obligations not for speculative purposes;

(m) advances of payroll payments to employees in the ordinary course of business; and

(n) other Investments in an amount not to exceed $100,000,000 over the term of this Agreement;

provided that (I) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; and (II) no Investment otherwise permitted by clauses (e)(i) (to the extent such Investment relates to an Investment in a Foreign Subsidiary or a Foreign Supply Chain Entity), (g) or (n) shall be permitted to be made if any Event of Default has occurred and is continuing.

SECTION 7.2.6 Restricted Payments, etc. The Borrower will not, and will not permit any of its Subsidiaries (other than a Receivables Subsidiary) to, declare or make a Restricted Payment, or make any deposit for any Restricted Payment, other than (a) Restricted Payments made by Subsidiaries to the Borrower or wholly owned Subsidiaries, (b) the Dividend, (c) cashless exercises of stock options, (d) cash payments by Borrower in lieu of the issuance of fractional shares upon exercise or conversion of Equity Equivalents, (e) Restricted Payments in connection with the share repurchases required by the employee stock ownership programs or required under employee agreements, (f) so long as (i) no Specified Default has occurred and is continuing or would result therefrom, and (ii) both before and after giving effect to such Restricted Payment, the Borrower is in pro forma compliance with Section 7.2.4, Permitted Additional Restricted Payments and (g) Restricted Payments made by a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary, to the Persons owning such Foreign Subsidiary's Capital Securities.

SECTION 7.2.7 Capital Expenditures.

(a) Subject (in the case of Capitalized Lease Liabilities), to clause (e) of Section 7.2.2, the Borrower will not, and will not permit any of its Subsidiaries to, make or commit to make Capital Expenditures except Capital Expenditures in an aggregate amount not to exceed $130,000,000 in any Fiscal Year; provided that, to the extent that the amount of Capital Expenditures made by the Borrower and its Subsidiaries during any Fiscal Year is less than the aggregate amount permitted (including after giving effect to this proviso) for such Fiscal Year, then such unutilized amount may be carried forward and utilized by the Borrower and its Subsidiaries to make Capital Expenditures in any succeeding Fiscal Year. Notwithstanding anything to the contrary with respect to any Fiscal Year of the Borrower during which a Permitted Acquisition is consummated and for each Fiscal Year subsequent thereto, the amount of Capital Expenditures permitted under the preceding sentence applicable to each such Fiscal Year shall be increased by an amount equal to 5% of the purchase price of each Permitted Acquisition (the "Acquired Permitted Capital Expenditure Amount"); provided, however, with respect to the Fiscal Year during which any such Permitted Acquisition occurs, the amount of additional Capital Expenditures permitted as a result of this sentence shall be an amount equal to the product of (x) the Acquired Permitted Capital Expenditure Amount and (y) a fraction, the numerator of which is the number of days remaining in such Fiscal Year after the date such Permitted Acquisition is consummated and the denominator of which is the actual number of days in such Fiscal Year.

(b) Notwithstanding anything to the contrary contained in clause (a) above, for any Fiscal Year, the amount of Capital Expenditures that would otherwise be permitted in such Fiscal Year pursuant to this Section 7.2.7 (including as a result of the carry-forward

described in the proviso to the first sentence of clause (a) above) may be increased by an amount not to exceed $10,000,000 (the "CapEx Pull-Forward Amount"). The actual CapEx Pull-Forward Amount in respect of any such Fiscal Year shall reduce, on a dollar-for-dollar basis, the amount of Capital Expenditures that would have been permitted to be made in the immediately succeeding Fiscal Year (provided that the Borrower and its Subsidiaries may apply the CapEx Pull-Forward Amount in such immediately succeeding Fiscal Year).

SECTION 7.2.8 Payments With Respect to Certain Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to,

(a) make any payment or prepayment of principal of, or premium or interest on, any Indebtedness incurred under the Second Lien Loan Documents, the Bridge Loan Documents or the Senior Note Documents (including any redemption or retirement thereof) (i) other than on (or after) the stated, scheduled date for payment of interest set forth in the applicable Second Lien Loan Documents, Bridge Loan Documents or Senior Note Documents, respectively, or (ii) which would violate the terms of this Agreement, the Intercreditor Agreement or the applicable Second Lien Loan Documents, Bridge Loan Documents or Senior Note Documents;

(b) except as otherwise permitted by clause (a) above, prior to the Termination Date, redeem, retire, purchase, defease or otherwise acquire any Indebtedness under the Second Lien Loan Documents, the Bridge Loan Documents or the Senior Note Documents (other than with proceeds from the issuance of the Borrower's Capital Securities (to the extent not otherwise required to be used to repay Loans pursuant to clause (e) of Section 3.1.1) permitted to be used to redeem Senior Notes in accordance with the terms of the Senior Note Documents);

(c) make any deposit (including the payment of amounts into a sinking fund or other similar fund) for any of the foregoing purposes; or

(d) make any payment or prepayment of principal of, or premium or interest on, any Indebtedness that is by its express written terms subordinated to the payment of the Obligations at any time when an Event of Default has occurred and is continuing.

Notwithstanding anything to the contrary contained in this Section, the Borrower shall be permitted to refinance, in whole or in part, the Indebtedness under the Bridge Loan Documentation with the proceeds from the issuance of Senior Notes.

SECTION 7.2.9 Issuance of Capital Securities. The Borrower will not permit any of its Subsidiaries (other than a Receivables Subsidiary and any Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary) to issue any Capital Securities (whether for value or otherwise) to any Person other than to the Borrower or another wholly owned Subsidiary (other than any director's qualifying shares or investments by foreign nationals mandated by applicable laws).

SECTION 7.2.10 Consolidation, Merger; Permitted Acquisitions, etc. The Borrower will not, and will not permit any of its Subsidiaries to, liquidate or dissolve, consolidate with, or

merge into or with, any other Person, or purchase or otherwise acquire all or substantially all of the assets of any Person (or any division or line of business thereof), except

(a) any Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any other Subsidiary (provided that a Subsidiary Guarantor may only liquidate or dissolve into, or merge with and into, the Borrower or another Subsidiary Guarantor), and the assets or Capital Securities of any Subsidiary may be purchased or otherwise acquired by the Borrower or any other Subsidiary (provided that the assets or Capital Securities of any Subsidiary Guarantor may only be purchased or otherwise acquired by the Borrower or another Subsidiary Guarantor); provided, further, that in no event shall any Subsidiary consolidate with or merge with and into any other Subsidiary unless after giving effect thereto, the Collateral Agent shall have a perfected pledge of, and security interest in and to, at least the same percentage of the issued and outstanding interests of Capital Securities (on a fully diluted basis) and other assets of the surviving Person as the Collateral Agent had immediately prior to such merger or consolidation in form and substance reasonably satisfactory to the Agents, pursuant to such documentation and opinions as shall be necessary in the opinion of the Agents to create, perfect or maintain the collateral position of the Secured Parties therein; and

(b) so long as no Event of Default has occurred and is continuing or would occur after giving effect thereto, the Borrower or any of its Subsidiaries may purchase the Capital Securities, all or substantially all of the assets of any Person (or any division or line of business thereof), or acquire such Person by merger, in each case, if such purchase or acquisition constitutes a Permitted Acquisition, and the amount expended in connection with such transaction, when aggregated with the amount expended under clause (g) of Section 7.2.5, does not exceed $100,000,000 per Fiscal Year plus the amount of Net Disposition Proceeds the Borrower is not required to repay pursuant to Section 3.1.1 and not otherwise reinvested hereunder (so long as such proceeds are actually used for such purpose) and the Excluded Equity Proceeds Amount (so long as such proceeds are actually used for such purpose); provided that any Capital Securities of the Borrower issued to the seller in connection with any Permitted Acquisition shall not result in a deduction of amounts available to consummate Permitted Acquisitions hereunder.

SECTION 7.2.11 Permitted Dispositions. The Borrower will not, and will not permit any of its Subsidiaries to, Dispose of any of the Borrower's or such Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any Person in one transaction or series of transactions unless such Disposition is:

(a) inventory or obsolete, no longer used or useful, damaged, worn out or surplus property Disposed of in the ordinary course of its business (including, the abandonment of intellectual property which is obsolete, no longer used or useful or that in the Borrower's good faith judgment is no longer material in the conduct of the Borrower and is Subsidiaries' business taken as a whole):

(b) permitted by Section 7.2.10;

(c) accounts receivable or any related asset Disposed of pursuant to a Permitted Securitization;

(d) of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(e) of property by the Borrower or any Subsidiary; provided that if the transferor of such property is an Obligor (i) the transferee must be an Obligor or (ii) to the extent such transaction constitutes an Investment such transaction is permitted under Section 7.2.5;

(f) of cash or Cash Equivalent Investments;

(g) of accounts receivable in connection with compromise, write down or collection thereof in the ordinary course of business;

(h) constituting leases, subleases, licenses or sublicenses of property (including intellectual property) in the ordinary course of business and which do not materially interfere with the business of the Borrower and its Subsidiaries;

(i) constituting a transfer of property subject to a Casualty Event (i) upon receipt of Net Casualty Proceeds of such Casualty Event or (ii) to a Governmental Authority as a result of condemnation;

(j) sales of a non-core assets acquired in connection with a Permitted Acquisition which are not used or useful or are duplicative in the business of the Borrower or its Subsidiaries;

(k) a grant of options to purchase, lease or acquire real or personal property in the ordinary course of business, so long as the Disposition resulting from the exercise of such option would otherwise be permitted under this Section 7.2.11;

(l) Dispositions of Investments in Foreign Supply Chain Entities (or a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary), to the extent required by, or made pursuant to buy/sell arrangements between the Foreign Supply Chain Entity parties forth in, the contracts applicable to such Foreign Supply Chain Entity (or a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary);

(m) Dispositions of the property described on Item 7.2.11(m) of the Disclosure Schedule; or

(n) a Disposition of assets not otherwise permitted pursuant to preceding clauses (a)-(m) and (i) is for fair market value and the consideration received consists of no less than 75% in cash and Cash Equivalent Investments, (ii) the Net Disposition Proceeds received from such Disposition, together with the Net Disposition Proceeds of all other assets Disposed of pursuant to this clause since the Closing Date, does not

exceed (individually or in the aggregate) $100,000,000 and (iii) the Net Disposition Proceeds from such Disposition are applied pursuant to Sections 3.1.1 and 3.1.2.

SECTION 7.2.12 Modification of Certain Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, consent to any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to the terms or provisions contained in,

(a) the Second Lien Loan Documents, except in accordance with the Intercreditor Agreement;

(b) any of the other Transaction Documents other than any amendment, supplement, waiver or modification which would not be materially adverse to the Secured Parties; or

(c) the Organic Documents of the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary) other than any amendment, supplement, waiver or modification which would not be materially adverse to the Secured Parties.

SECTION 7.2.13 Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, enter into or cause or permit to exist any arrangement, transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any of its other Affiliates, unless such arrangement, transaction or contract is on fair and reasonable terms no less favorable to the Borrower or such Subsidiary than it could obtain in an arm's-length transaction with a Person that is not an Affiliate other than arrangements, transactions or contracts (a) between or among the Borrower and any Subsidiaries, (b) in connection with the cash management of the Borrower and its Subsidiaries in the ordinary course of business, (c) in connection with a Permitted Securitization including Standard Securitization Undertakings or (d) that is a Transaction Document.

SECTION 7.2.14 Restrictive Agreements, etc. The Borrower will not, and will not permit any of its Subsidiaries (other than a Receivables Subsidiary) to, enter into any agreement prohibiting

(a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired;

(b) the ability of any Obligor to amend or otherwise modify any Loan Document; or

(c) the ability of any Subsidiary (other than a Receivables Subsidiary) to make any payments, directly or indirectly, to the Borrower, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments.

The foregoing prohibitions shall not apply to restrictions contained (i) in any Loan Document or in any Second Lien Loan Document (subject to the terms of the Intercreditor Agreement), (iii) in the cases of clause (a) and (c), in any Bridge Loan Document or Senior Note Document, (iv) in

the case of clause (a), any agreement governing any Indebtedness permitted by clause (n) of Section 7.2.2 as to the assets financed with the proceeds of such Indebtedness, (v) in the case of clauses (a) and (c), any agreement of a Foreign Subsidiary governing the Indebtedness permitted to be incurred or permitted to exist hereunder, (vi) with respect to any Receivables Subsidiary, in the case of clauses (a) and (c), the documentation governing any Securitization permitted hereunder, (vii) solely with respect to clause (a), any arrangement or agreement arising in connection with a Disposition permitted under this Agreement (but then only with respect to the assets being so Disposed), (viii) solely with respect to clause (a) and (c), are already binding on a Subsidiary when it is acquired, (ix) solely with respect to clause (a), customary restrictions in leases, subleases, licenses and sublicenses and (x) solely with respect to clause (a) and (c), any agreement of a Foreign Supply Chain Entity that was redesignated as a Foreign Subsidiary.

SECTION 7.2.15 Sale and Leaseback. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly enter into any agreement or arrangement providing for the sale or transfer by it of any property (now owned or hereafter acquired) to a Person and the subsequent lease or rental of such property or other similar property from such Person, except for agreements and arrangements with respect to property the fair market value (as determined in good faith by the Board of Directors of the Borrower) of which does not exceed $100,000,000 in the aggregate following the Closing Date and the Net Disposition Proceeds of which are applied pursuant to Sections 3.1.1 and 3.1.2.

SECTION 7.2.16 Investments in European TM SPV. Notwithstanding anything else set forth herein, the Borrower will not, and will not permit any of its Subsidiaries to make any additional Investment in European TM SPV or transfer any of their respective assets to European TM SPV.

## ARTICLE VIII
## EVENTS OF DEFAULT

SECTION 8.1 Listing of Events of Default. Each of the following events or occurrences described in this Article shall constitute an “Event of Default”.

SECTION 8.1.1 Non-Payment of Obligations. The Borrower shall default in the payment or prepayment when due of

(a) any principal of any Loan, or any Reimbursement Obligation or any deposit of cash for collateral purposes pursuant to Section 2.6.4;

(b) any interest on any Loan or any fee described in Article III, and such default shall continue unremedied for a period of three days after such interest or fee was due; or

(c) any other monetary Obligation, and such default shall continue unremedied for a period of 10 Business Days after such amount was due.

SECTION 8.1.2 Breach of Warranty. Any representation or warranty of any Obligor made or deemed to be made in any Loan Document (including any certificates delivered

pursuant to Article V) is or shall be incorrect in any material respect when made or deemed to have been made.

SECTION 8.1.3 Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance or observance of any of its obligations under Section 7.1.1, Section 7.1.7, Section 7.1.11 or Section 7.2.

SECTION 8.1.4 Non-Performance of Other Covenants and Obligations. Any Obligor shall default in the due performance and observance of any other agreement contained in any Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after the earlier to occur of (a) notice thereof given to the Borrower by any Agent or any Lender or (b) the date on which any Obligor has knowledge of such default.

SECTION 8.1.5 Default on Other Indebtedness. A default shall occur in the payment of any amount when due (subject to any applicable grace period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Indebtedness (other than Indebtedness described in Section 8.1.1) of the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary) or any other Obligor having a principal or stated amount, individually or in the aggregate, in excess of $50,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause or declare such Indebtedness to become due and payable or to require such Indebtedness to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity.

SECTION 8.1.6 Judgments. Any (a) judgment or order for the payment of money individually or in the aggregate in excess of $50,000,000 (exclusive of any amounts fully covered by insurance (less any applicable deductible) or an indemnity by any other third party Person and as to which the insurer or such Person has acknowledged its responsibility to cover such judgment or order not denied in writing) shall be rendered against the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary) and such judgment shall not have been vacated or discharged or stayed or bonded pending appeal within 45 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (b) non-monetary judgment or order that has had, or could reasonably be expected to have, a Material Adverse Effect.

SECTION 8.1.7 Pension Plans. Any of the following events shall occur with respect to any Pension Plan

(a) the institution of any steps by the Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrower or any such member could be required to make a contribution to such Pension Plan, or could reasonably expect to incur a liability or obligation to such Pension Plan, in excess of $50,000,000; or

(b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA.

SECTION 8.1.8 Change in Control. Any Change in Control shall occur.

SECTION 8.1.9 Bankruptcy, Insolvency, etc. The Borrower, any of its Subsidiaries (other than a Receivables Subsidiary) or any other Obligor shall

(a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(b) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, sequestrator or other custodian for any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors;

(c) in the absence of such application, consent or acquiescence in or permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged, stayed, vacated or bonded pending appeal within 60 days; provided that, the Borrower, each Subsidiary and each other Obligor hereby expressly authorizes each Secured Party to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

(d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Borrower, any Subsidiary or any Obligor, such case or proceeding shall be consented to or acquiesced in by the Borrower, such Subsidiary or such Obligor, as the case may be, or shall result in the entry of an order for relief or shall remain for 60 days undismissed, undischarged, unstayed or unbonded pending appeal; provided that, the Borrower, each Subsidiary and each Obligor hereby expressly authorizes each Secured Party to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or

(e) take any action authorizing, or in furtherance of, any of the foregoing.

SECTION 8.1.10 Impairment of Security, etc. Any Loan Document or any Lien granted thereunder (effecting a material portion of the Collateral, taken as a whole) shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto (other than pursuant to a failure of the Administrative Agent, any collateral agent appointed by the Administrative Agent or the Lenders to take any action within the sole control of such Person); any Obligor or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or, except as permitted under any Loan Document, any Lien securing any Obligation shall, in whole or in part, cease to be a perfected first priority Lien or any Obligor shall so assert (other than, in each case, pursuant to a failure of

the Administrative Agent, any collateral agent appointed by the Administrative Agent or the Lenders to take any action within the sole control of such Person).

SECTION 8.2 Action if Bankruptcy. If any Event of Default described in clauses (a) through (d) of Section 8.1.9 with respect to the Borrower shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other Obligations (including Reimbursement Obligations) shall automatically be and become immediately due and payable, without notice or demand to any Person and each Obligor shall automatically and immediately be obligated to Cash Collateralize all Letter of Credit Outstandings.

SECTION 8.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (a) through (d) of Section 8.1.9 with respect to the Borrower) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Administrative Agent, upon the direction of the Required Lenders, shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations (including Reimbursement Obligations) to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, and/or, as the case may be, the Commitments shall terminate and the Borrower shall automatically and immediately be obligated to Cash Collateralize all Letter of Credit Outstandings.

## ARTICLE IX
## THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT; THE LEAD ARRANGERS, THE SYNDICATION AGENT AND THE DOCUMENTATION AGENT

SECTION 9.1 Actions. Each Lender hereby appoints Citicorp USA as its Administrative Agent and CitiNA, as its collateral agent, under and for purposes of each Loan Document. Each Lender authorizes each Agent to act on behalf of such Lender under each Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by such Agent (with respect to which each Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel in order to avoid contravention of applicable law), to exercise such powers hereunder and thereunder as are specifically delegated to or required of such Agent by the terms hereof and thereof, together with such powers as may be incidental thereto (including the release of Liens on assets Disposed of in accordance with the terms of the Loan Documents). Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) each Agent, pro rata according to such Lender's proportionate Total Exposure Amount, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, such Agent in any way relating to or arising out of any Loan Document (including reasonable attorneys' fees and expenses), and as to which such Agent is not reimbursed by the Borrower (and without limiting its obligation to do so); provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted from such Agent's gross negligence or willful misconduct. No Agent shall be required to take any action under any Loan Document,

or to prosecute or defend any suit in respect of any Loan Document, unless it is indemnified hereunder to its reasonable satisfaction. If any indemnity in favor of any Agent shall be or become, in such Agent's determination, inadequate, such Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 9.2 Funding Reliance, etc. Unless the Administrative Agent shall have been notified in writing by any Lender by 3:00 p.m. on the Business Day prior to a Borrowing that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Administrative Agent, such Lender and the Borrower severally agree to repay the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Administrative Agent made such amount available to the Borrower to the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to Loans comprising such Borrowing (in the case of the Borrower) and (in the case of a Lender), at the Federal Funds Rate (for the first two Business Days after which such amount has not been repaid), and thereafter at the interest rate applicable to Loans comprising such Borrowing.

SECTION 9.3 Exculpation. Neither any Lead Arranger, any Agent nor any of its directors, officers, employees, agents or Affiliates shall be liable to any Secured Party for any action taken or omitted to be taken by it under any Loan Document, or in connection therewith, except for its own willful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of any Loan Document, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by any Obligor of its Obligations. Any such inquiry which may be made by a Lead Arranger or an Agent shall not obligate it to make any further inquiry or to take any action. Each Lead Arranger and each Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which such Lead Arranger or such Agent believes to be genuine and to have been presented by a proper Person.

SECTION 9.4 Successor. Any Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If any Agent at any time shall resign, the Required Lenders may appoint (subject to, so long as no Event of Default has occurred and is continuing, the reasonable consent of the Borrower not to be unreasonably withheld or delayed) another Lender as such Person's successor Agent which shall thereupon become the applicable Agent hereunder. If no successor Agent shall have been so appointed by the Required Lenders (and consented to by the Borrower), and shall have accepted such appointment, within 30 days after the retiring such Agent's giving notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the United States (or any State thereof) or a United States branch or agency of a commercial banking institution, and having a combined capital and surplus of at least $250,000,000; provided that, if, such retiring Agent is unable to find a commercial banking institution which is willing to accept such appointment and

which meets the qualifications set forth in above, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of such Agent hereunder until such time, if any, as the Required Lenders appoint a successor as provided for above. Upon the acceptance of any appointment as an Agent hereunder by any successor Agent, such successor Agent shall be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Agent's resignation hereunder as an Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under the Loan Documents, and Section 10.3 and Section 10.4 shall continue to inure to its benefit.

SECTION 9.5 Loans by Citibank. Citibank shall have the same rights and powers with respect to (a) the Credit Extensions made by it or any of its Affiliates, and (b) the Notes held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not an Agent. Citibank and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if Citibank were not an Agent hereunder.

SECTION 9.6 Credit Decisions. Each Lender acknowledges that it has, independently of the Administrative Agent and each other Lender, and based on such Lender's review of the financial information of the Borrower, the Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitments. Each Lender also acknowledges that it will, independently of the Administrative Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under the Loan Documents.

SECTION 9.7 Copies, etc. Each Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to such Agent by the Borrower pursuant to the terms of the Loan Documents (unless concurrently delivered to the Lenders by the Borrower). Each Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by such Agent from the Borrower for distribution to the Lenders by such Agent in accordance with the terms of the Loan Documents. No Agent shall, except as expressly set forth in the Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by any Agent or any of its Affiliates in any capacity.

SECTION 9.8 Reliance by Agents. The Agents shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telecopy, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person, and upon advice and statements of legal counsel, independent accountants and other experts selected by such Agent. As to any matters not expressly provided for by the Loan Documents, the Agents shall in all cases be fully protected in acting, or in

refraining from acting, thereunder in accordance with instructions given by the Required Lenders or all of the Lenders as is required in such circumstance, and such instructions of such Lenders and any action taken or failure to act pursuant thereto shall be binding on all Secured Parties. For purposes of applying amounts in accordance with this Section, the Agents shall be entitled to rely upon any Secured Party that has entered into a Rate Protection Agreement with any Obligor for a determination (which such Secured Party agrees to provide or cause to be provided upon request of any Agent) of the outstanding Obligations owed to such Secured Party under any Rate Protection Agreement. Unless it has actual knowledge evidenced by way of written notice from any such Secured Party and the Borrower to the contrary, the Agents, in acting in such capacity under the Loan Documents, shall be entitled to assume that no Rate Protection Agreements or Obligations in respect thereof are in existence or outstanding between any Secured Party and any Obligor.

SECTION 9.9 Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default (other than a Default under Section 8.1.1) unless the Administrative Agent has received a written notice from a Lender or the Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall (subject to Section 10.1) take such action with respect to such Default as shall be directed by the Required Lenders; provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Secured Parties except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Required Lenders or all Lenders.

SECTION 9.10 Lead Arrangers, Syndication Agents and Documentation Agents. Notwithstanding anything else to the contrary contained in this Agreement or any other Loan Document, the Lead Arrangers, the Syndication Agents and the Documentation Agents, in their respective capacities as such, each in such capacity, shall have no duties or responsibilities under this Agreement or any other Loan Document nor any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against such Person in such capacity. Each Lead Arranger shall at all times have the right to receive current copies of the Register and any other information relating to the Lenders and the Loans that they may request from the Administrative Agent. Each Lead Arranger shall at all times have the right to receive a current copy of the Register and any other information relating to the Lenders and the Loans that they may request from the Administrative Agent.

SECTION 9.11 Posting of Approved Electronic Communications.

(a) The Borrower hereby agrees, unless directed otherwise by the Administrative Agent or unless the electronic mail address referred to below has not been provided by the Administrative Agent to the Borrower, that it will, or will cause its Subsidiaries to, provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan

Documents or to the Lenders under Section 7.1.1, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) is or relates to a Borrowing Request, a Continuation/Conversion Notice or an Issuance Request, (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor and (iii) provides notice of any Default (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium that is properly identified in a format reasonably acceptable to the Administrative Agent to an electronic mail address as directed by the Administrative Agent; provided for the avoidance of doubt the items described in clauses (i) and (iii) above may be delivered via facsimile transmissions. In addition, the Borrower agrees, and agrees to cause its Subsidiaries, to continue to provide the Communications to the Administrative Agent or the Lenders, as the case may be, in the manner specified in the Loan Documents but only to the extent requested by the Administrative Agent.

(b) The Borrower further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar secure electronic transmission system (the "Platform").

(c) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE INDEMNIFIED PARTIES DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS IS MADE BY THE INDEMNIFIED PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL ANY PARTY HERETO HAVE ANY LIABILITY TO ANY OBLIGOR, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES OF ANY KIND, WHETHER OR NOT BASED ON STRICT LIABILITY AND INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY OBLIGOR'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF SUCH PERSON IS FOUND IN A FINAL RULING BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH INDEMNIFIED PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at the e-mail address set forth on Schedule II shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that receipt of notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall

constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and that the foregoing notice may be sent to such e-mail address.

(e) Nothing herein shall prejudice the right of any Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

## ARTICLE X
## MISCELLANEOUS PROVISIONS

SECTION 10.1 Waivers, Amendments, etc. The provisions of each Loan Document (other than Rate Protection Agreements, Letters of Credit or the Fee Letter, which shall be modified only in accordance with their respective terms) may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; provided that, no such amendment, modification or waiver shall:

(a) modify Section 4.7, Section 4.8 (as it relates to sharing of payments) or this Section, in each case, without the consent of all Lenders;

(b) increase the aggregate amount of any Loans required to be made by a Lender pursuant to its Commitments, extend the final Commitment Termination Date of Loans made (or participated in) by a Lender or extend the final Stated Maturity Date for any Lender's Loan, in each case without the consent of such Lender (it being agreed, however, that any vote to rescind any acceleration made pursuant to Section 8.2 and Section 8.3 of amounts owing with respect to the Loans and other Obligations shall only require the vote of the Required Lenders);

(c) reduce (by way of forgiveness), the principal amount of or reduce the rate of interest on any Lender's Loan, reduce any fees described in Article III payable to any Lender or extend the date on which interest, principal or fees are payable in respect of such Lender's Loans, in each case without the consent of such Lender (provided that, the vote of Required Lenders shall be sufficient to waive the payment, or reduce the increased portion, of interest accruing under Section 3.2.2 and such waiver shall not constitute a reduction of the rate of interest hereunder);

(d) reduce the percentage set forth in the definition of "Required Lenders" or modify any requirement hereunder that any particular action be taken by all Lenders without the consent of all Lenders;

(e) increase the Stated Amount of any Letter of Credit unless consented to by the Issuer of such Letter of Credit;

(f) except as otherwise expressly provided in a Loan Document, release (i) the Borrower from its Obligations under the Loan Documents or any Subsidiary

Guarantor from its obligations under the Guaranty or (ii) all or substantially all of the collateral under the Loan Documents, in each case without the consent of all Lenders; or

(g) affect adversely the interests, rights or obligations of the Administrative Agent (in its capacity as the Administrative Agent), the Collateral Agent (in its capacity as the Collateral Agent) any Issuer (in its capacity as Issuer), or the Swing Line Lender (in its capacity as Swing Line Lender) unless consented to by such Agent or such Issuer, as the case may be.

No failure or delay on the part of any Secured Party in exercising any power or right under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on any Obligor in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by any Secured Party under any Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Obligations and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

Further, notwithstanding anything to the contrary contained in Section 10.1, if within sixty days following the Closing Date, the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders within five Business Days following receipt of notice thereof.

SECTION 10.2 Notices; Time. All notices and other communications provided under each Loan Document shall be in writing or by facsimile (except to the extent provided below in this Section 10.2 with respect to Issuance Requests and financial information) and addressed, delivered or transmitted, if to the Borrower, an Agent, a Lender or an Issuer, to the applicable Person at its address or facsimile number set forth on the signature pages hereto, Schedule II hereto or set forth in the Lender Assignment Agreement, or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter. Except as set forth in Section 9.11 and below, electronic mail and Internet and intranet websites may be used only to distribute routine communications by the Administrative

Agent to the Lender, such as financial statements and other information as provided in Section 7.1.1 , for the distribution and execution of Loan Documents for execution by the parties thereto and (to the extent provided herein, for the delivery of each Issuance Request) and may not be used for any other purpose. Notwithstanding the foregoing, the parties hereto agree that delivery of an executed counterpart of a signature page to this Agreement and each other Loan Document by facsimile (or other electronic) transmission shall be effective as delivery of an original executed counterpart of this Agreement or such other Loan Document. Unless otherwise indicated, all references to the time of a day in a Loan Document shall refer to New York time.

SECTION 10.3 Payment of Costs and Expenses. The Borrower agrees to pay within 20 days of demand (to the extent invoiced together with reasonably detailed supporting documentation) all reasonable out-of-pocket expenses of each Lead Arranger and each Agent (including the reasonable fees and reasonable out-of-pocket expenses of Mayer, Brown, Rowe & Maw LLP, counsel to the Lead Arrangers and Agents and of local counsel, if any, who may be retained by or on behalf of the Lead Arrangers and Agents) and each Issuer in connection with

(a) the negotiation, preparation, execution and delivery of each Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to any Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated; and

(b) the filing or recording of any Loan Document (including any Filing Statements) and all amendments, supplements, amendment and restatements and other modifications to any thereof, searches made following the Closing Date in jurisdictions where Filing Statements (or other documents evidencing Liens in favor of the Secured Parties) have been recorded and any and all other documents or instruments of further assurance required to be filed or recorded by the terms of any Loan Document; and

(c) the preparation and review of the form of any document or instrument relevant to any Loan Document.

The Borrower further agrees to pay, and to save each Secured Party harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of each Loan Document, the Credit Extensions or the issuance of the Notes. The Borrower also agrees to reimburse the Agents and the Secured Parties upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and legal out of pocket expenses of counsel to the Agents and the Secured Parties) incurred by the Agents and the Secured Parties in connection with (A) the negotiation of any restructuring or "work-out" with the Borrower, whether or not consummated, of any Obligations and (B) the enforcement of any Obligations; provided that the Borrower shall not be required to reimburse the legal fees and expenses of more than one outside counsel (in addition to any local counsel) for all Persons indemnified under this Section 10.3 unless, as reasonably determined by such Person seeking indemnification hereunder or its counsel, representation of all such indemnified persons by the same counsel would be inappropriate due to actual or potential differing interests between them.

SECTION 10.4 Indemnification. In consideration of the execution and delivery of this Agreement by each Secured Party, the Borrower hereby indemnifies, exonerates and holds each Secured Party, each Syndication Agent, each Documentation Agent and each of their respective officers, directors, employees, agents, trustees, fund advisors and Affiliates (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements, whether incurred in connection with actions between or among the parties hereto or the parties hereto and third parties (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Credit Extension, including all Indemnified Liabilities arising in connection with the Transaction;

(b) the entering into and performance of any Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of the Borrower as the result of any determination by the Required Lenders pursuant to Article V not to fund any Credit Extension, provided that, any such action is resolved in favor of such Indemnified Party);

(c) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by any Obligor or any Subsidiary thereof of all or any portion of the Capital Securities or assets of any Person, whether or not an Indemnified Party is party thereto;

(d) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by any Obligor or any Subsidiary thereof of any Hazardous Material;

(e) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by any Obligor or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, such Obligor or Subsidiary; or

(f) each Lender's Environmental Liability (the indemnification herein shall survive repayment of the Obligations and any transfer of the property of any Obligor or its Subsidiaries by foreclosure or by a deed in lieu of foreclosure for any Lender's Environmental Liability, regardless of whether caused by, or within the control of, such Obligor or such Subsidiary);

except for (i) Indemnified Liabilities arising for the account of any Indemnified Party by reason of any Indemnified Party's gross negligence, bad faith or willful misconduct as finally determined by a court of competent jurisdiction, (ii) Indemnified Liabilities arising out of any

action, suit, proceeding or claim against an Indemnified Party by any other Indemnified Party not involving the Borrower or any of its Subsidiaries. The Borrower shall not be required to reimburse the legal fees and expenses of more than one outside counsel for all Indemnified Parties with respect to any matter for which indemnification is sought unless, as reasonably determined by any such Indemnified Party or its counsel, representation of all such Indemnified Parties would create an actual conflict of interest. Each Obligor and its successors and assigns hereby waive, release and agree not to make any claim or bring any cost recovery action against, any Indemnified Party under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted. It is expressly understood and agreed that to the extent that any Indemnified Party is strictly liable under any Environmental Laws, each Obligor's obligation to such Indemnified Party under this indemnity shall likewise be without regard to fault on the part of any Obligor with respect to the violation or condition which results in liability of an Indemnified Party. If and to the extent that the foregoing undertaking may be unenforceable for any reason, each Obligor agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. To the extent that the Borrower fails to pay an amount required to be paid by it to an Issuer under Section 10.3 or 10.4, each Revolving Loan Lender severally agrees to pay to such Issuer such Revolving Loan Lender's Revolving Loan Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that such unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Issuer in its capacity as such.

SECTION 10.5 Survival. The obligations of the Borrower under Sections 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4, and the obligations of the Lenders under Section 9.1, shall in each case survive any assignment from one Lender to another (in the case of Sections 10.3 and 10.4) and the occurrence of the Termination Date. The representations and warranties made by each Obligor in each Loan Document shall survive the execution and delivery of such Loan Document.

SECTION 10.6 Severability. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 Headings. The various headings of each Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of such Loan Document or any provisions thereof.

SECTION 10.8 Execution in Counterparts, Effectiveness, etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower, each Agent and each Lender (or notice thereof satisfactory to the Administrative Agent), shall have been received by the Administrative Agent.

SECTION 10.9 Governing Law; Entire Agreement. EACH LOAN DOCUMENT (OTHER THAN THE LETTERS OF CREDIT, TO THE EXTENT SPECIFIED BELOW AND EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN A LOAN DOCUMENT) WILL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). EACH LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OR RULES DESIGNATED IN SUCH LETTER OF CREDIT, OR IF NO LAWS OR RULES ARE DESIGNATED, THE INTERNATIONAL STANDBY PRACTICES (ISP98—INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NUMBER 590 (THE "ISP RULES")) AND, AS TO MATTERS NOT GOVERNED BY THE ISP RULES, THE INTERNAL LAWS OF THE STATE OF NEW YORK. The Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.10 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that, the Borrower may not assign or transfer its rights or obligations hereunder without the consent of all Lenders. Each Affiliate of HSBC or any other Lender that has issued a Letter of Credit hereunder shall be an express third party beneficiary of this Agreement and entitled to enforce its rights hereunder (and under any other applicable Loan Documents) to the same extent as if an Issuer party hereto.

SECTION 10.11 Sale and Transfer of Credit Extensions; Participations in Credit Extensions; Notes. Each Lender may assign, or sell participations in, its Loans, Letters of Credit and Commitments to one or more other Persons in accordance with the terms set forth below.

(a) Subject to clause (b), any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under the Loan Documents (including all or a portion of its Commitments and the Loans at the time owing to it); provided that:

(i) except in the case of (A) an assignment of the entire remaining amount of the assigning Lender's Commitments and the Loans at the time owing to it or (B) an assignment to a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitments (which for this purpose includes Loans outstanding thereunder) or principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Lender Assignment Agreement with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000, unless the Administrative Agent and the Borrower, otherwise consent (which consent shall not be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans and the Commitments assigned except that this clause (a)(ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations

among separate tranches of Revolving Loans and Term Loans on a non-pro rata basis; and

(iii) the parties to each assignment shall execute and deliver to the Administrative Agent a Lender Assignment Agreement, together with, if the Eligible Assignee is not already Lender, administrative details information with respect to such Eligible Assignee and applicable tax forms.

(b) Any assignment proposed pursuant to clause (a) to any Person (other than a Lender, an Approved Fund or an Affiliate of any Lender) shall be subject to the prior written approval of (i) the Administrative Agent (not to be unreasonably withheld or delayed) and (ii) in the case of any assignment of any Revolving Loan Commitment, the Swing Line Lender and each Issuer (in each case not to be unreasonably withheld or delayed). If the consent of the Borrower to an assignment or to an Eligible Assignee is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified in this Section), the Borrower shall be deemed to have given its consent seven Business Days after the date notice thereof has been delivered by the assigning Lender (through the Administrative Agent) to the Borrower, unless such consent is expressly refused by the Borrower prior to such seventh Business Day.

(c) Subject to acceptance and recording thereof by the Administrative Agent pursuant to clause (d), from and after the effective date specified in each Lender Assignment Agreement, (i) the Eligible Assignee thereunder shall (if not already a Lender) be a party hereto and, to the extent of the interest assigned by such Lender Assignment Agreement, have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender thereunder shall (subject to Section 10.5) be released from its obligations under the Loan Documents, to the extent of the interest assigned by such Lender Assignment Agreement (and, in the case of a Lender Assignment Agreement covering all of the assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party hereto, but shall (as to matters arising prior to the effectiveness of the Lender Assignment Agreement) continue to be entitled to the benefits of any provisions of the Loan Documents which by their terms survive the termination of this Agreement). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with the terms of this Section shall be treated for purposes of the Loan Documents as a sale by such Lender of a participation in such rights and obligations in accordance with clause (e).

(d) The Administrative Agent shall record each assignment made in accordance with this Section in the Register pursuant to clause (a) of Section 2.7. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time upon reasonable prior notice to the Administrative Agent.

(e) Any Lender may, without the consent of, or notice to, any Person, sell participations to one or more Persons (other than individuals) (a "Participant") in all or a portion of such Lender's rights or obligations under the Loan Documents (including all or a portion of its Commitments or the Loans owing to it); provided that, (i) such Lender's obligations under the Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent

and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. Any agreement or instrument pursuant to which a Lender sells a participation shall provide that such Lender shall retain the sole right to enforce the rights and remedies of a Lender under the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that, such agreement or instrument may provide that such Lender will not, without the consent of the Participant, take any action of the type described in clauses (a) through (d) or clause (f) of Section 10.1 with respect to Obligations participated in by that Participant. Subject to clause (f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.3, 4.4, 4.5, 4.6, 7.1.1, 10.3 and 10.4 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (c). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4.9 as though it were a Lender, but only if such Participant agrees to be subject to Section 4.8 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 4.3, 4.4, 4.5, 4.6, 10.3 or 10.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 4.6 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with the requirements set forth in Section 4.6 as though it were a Lender. Any Lender that sells a participating interest in any Loan, Commitment or other interest to a Participant under this Section shall indemnify and hold harmless the Borrower and the Administrative Agent from and against any taxes, penalties, interest or other costs or losses (including reasonable attorneys' fees and expenses) incurred or payable by the Borrower or the Administrative Agent as a result of the failure of the Borrower or the Administrative Agent to comply with its obligations to deduct or withhold any Taxes from any payments made pursuant to this Agreement to such Lender or the Administrative Agent, as the case may be, which Taxes would not have been incurred or payable if such Participant had been a Non-U.S. Lender that was entitled to deliver to the Borrower, the Administrative Agent or such Lender, and did in fact so deliver, a duly completed and valid Form W-8BEN or W-8ECI (or applicable successor form) entitling such Participant to receive payments under this Agreement without deduction or withholding of any United States federal taxes.

(g) Any Lender may, without the consent of any other Person, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.12 Other Transactions. Nothing contained herein shall preclude any Agent, any Issuer or any other Lender from engaging in any transaction, in addition to those contemplated by the Loan Documents, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.13 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE AGENTS, THE LENDERS, ANY ISSUER OR THE BORROWER IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT, ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 10.2. EACH PERSON PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY PERSON PARTY HERETO HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH PERSON HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 10.14 Waiver of Jury Trial. EACH AGENT, EACH LENDER, EACH ISSUER AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF SUCH AGENT, SUCH LENDER, SUCH ISSUER OR THE BORROWER IN CONNECTION THEREWITH. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH AGENT, EACH LENDER AND EACH ISSUER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 10.15 Patriot Act. Each Lender that is subject to Section 326 of the Patriot Act and/or the Agents and/or the Lead Arrangers (each of the foregoing acting for themselves and not acting on behalf of any of the Lenders) hereby notify the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and

other information that will allow such Lender, the Agents or the Lead Arrangers, as the case may be, to identify the Borrower in accordance with the Patriot Act.

SECTION 10.16 Judgment Currency. The Obligations of each Obligor in respect of any sum due to any Secured Party under or in respect of any Loan Document shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum was originally denominated (the "Original Currency"), be discharged only to the extent that on the Business Day following receipt by such Secured Party or any sum adjudged to be so due in the Judgment Currency, such Secured Party, in accordance with normal banking procedures, purchases the Original Currency with the Judgment Currency. If the amount of Original Currency so purchased is less than the sum originally due to such Secured Party, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender, such Secured Party, as the case may be, against such loss, and if the amount of Original Currency so purchased exceeds the sum originally due to such Secured Party, as the case may be, such Secured Party, as the case may be, agrees to remit such excess to the Borrower.

SECTION 10.17 Counsel Representation. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT IT HAS BEEN REPRESENTED BY COMPETENT COUNSEL IN THE NEGOTIATION OF THIS AGREEMENT, AND THAT ANY RULE OR CONSTRUCTION OF LAW ENABLING SUCH PERSON TO ASSERT THAT ANY AMBIGUITIES OR INCONSISTENCIES IN THE DRAFTING OR PREPARATION OF THE TERMS OF THIS AGREEMENT SHOULD DIMINISH ANY RIGHTS OR REMEDIES OF ANY OTHER PERSON ARE HEREBY WAIVED.

SECTION 10.18 Confidentiality. Each Secured Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (provided that except to the extent prohibited by such subpoena or similar legal process, such Secured Party shall notify the Borrower of such request or disclosure), (d) to any other party hereto, (e) to the extent reasonably necessary, in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the written consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section (or any other confidentiality obligation owed to the Borrower or any Subsidiary or their Affiliates) or (ii) becomes available to any Secured Party or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower or any Subsidiary and not in violation of any confidentiality obligation owed to the Borrower or any

Subsidiary by any Secured Party or any Affiliate thereof. For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to any Secured Party on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information and in accordance with applicable law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

HANESBRANDS INC.

By: /s/ Richard Moss
Name: Richard Moss
Title: Treasurer

Address: 1000 East Hanes Mills Road
Winston-Salem, NC 27105

Facsimile No.: 336-519-5212
Attention: Treasurer

CITICORP USA, INC.,
Individually and as the Administrative Agent and as a Lender

By: /s/ John Coons
Name: John Coons
Title: Managing Director

CITIBANK, N.A.,
as Collateral Agent

By: /s/ Patricia Gallagher
Name: Patricia Gallagher
Title: Vice President

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as Co-Syndication Agent and Joint Lead Arranger

By: /s/ Nancy Meadows
Name: Nancy Meadows
Title: Vice President

MERRILL LYNCH CAPITAL CORPORATION,
as a Lender

By: /s/ Nancy Meadows
Name: Nancy Meadows
Title: Vice President

MORGAN STANLEY SENIOR FUNDING, INC.,
Individually, as Co-Syndication Agent,
Joint Lead Arranger and as a Lender

By: /s/ Jaap L. Tonckens
Name: Jaap L. Tonckens
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION,
as Co-Documentation Agent, an Issuer and as a Lender

By: /s/ Robert J. Devir
Name: Robert J. Devir
Title: Senior Vice President

LASALLE BANK NATIONAL ASSOCIATION,
as Co-Documentation Agent and as a Lender

By: /s/ Terrence Wervel
Name: Terrence Wervel
Title: Senior Vice President

BARCLAYS BANK PLC,
as Co-Documentation Agent and as a Lender

By: /s/ David Barton
Name: David Barton
Title: Associate Director

BAYERISCHE LANDESBANK, NEW YORK BRANCH,
as a Lender

By: /s/ Stuart Schulman
Name: Stuart Schulman
Title: Senior Vice President

By: /s/ Norman McCleve
Name: Norman McCleve
Title: First Vice President

BNP PARIBAS,
as a Lender

By: /s/ Nuala Marley
Name: Nuala Marley
Title: Managing Director

By: /s/ Angela B. Arnold
Name: Angela B. Arnold
Title: Director

BRANCH BANKING & TRUST COMPANY,
as a Lender

By: /s/ Michael P. Gwyn
Name: Michael P. Gwyn
Title: Senior Vice President

COMMERZBANK AG, NEW YORK AND GRAND CAYMAN BRANCHES,
as a Lender

By: /s/ Maritine I. Medora
Name: Maritine I. Medora
Title: Senior Vice President

By: /s/ Charles W. Polet
Name: Charles W. Polet
Title: Assistant Treasurer

ISRAEL DISCOUNT BANK OF NEW YORK,
as a Lender

By: /s/ Andy Balita
Name: Andy Balita
Title: First Vice President

By: /s/ Ronald Bongiovanni
Name: Ronald Bongiovanni
Title: Senior Vice President

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ James A Knight
Name: James A. Knight
Title: Vice President

MIZUHO CORPORATE BANK, LTD.,
as a Lender

By: /s/ Makoto Murata
Name: Makoto Murata
Title: Deputy General Manager

NATIONAL CITY BANK,
as a Lender

By: /s/ Michael S. Pearl
Name: Michael S. Pearl
Title: Account Officer

NORTH FORK BUSINESS CAPITAL CORP.,
as a Lender

By: /s/ Ron Walker
Name: Ron Walker
Title: Vice President

SUMITOMO MITSUI BANKING CORPORATION, NEW YORK,
as a Lender

By: /s/ Shigeru Tsuru
Name: Shigeru Tsuru
Title: Joint General Manager

THE NORTHERN TRUST COMPANY,
as a Lender

By: /s/ Peter J. Hallan
Name: Peter J. Hallan
Title: Vice President

THE ROYAL BANK OF SCOTLAND, PLC
as a Lender

By: /s/ Belinda Wheeler
Name: Belinda Wheeler
Title: Senior Vice President
Global Banking & Markets

UNITED OVERSEAS BANK LIMITED, NEW YORK AGENCY,
as a Lender

By: /s/ George Lim / Mario Sheng
Name: George Lim/Mario Sheng
Title: FVP & GM / AVP

**SCHEDULE I**

**DISCLOSURE SCHEDULES**

**TO**

FIRST LIEN CREDIT AGREEMENT

**dated as of September 5, 2006,**

**among**

**HANESBRANDS INC.,**
**as the Borrower,**

**VARIOUS FINANCIAL INSTITUTIONS AND**

**OTHER PERSONS FROM TIME TO TIME**
**PARTY HERETO,**
**as the Lenders,**

**HSBC BANK USA, NATIONAL ASSOCIATION,**
**LASALLE BANK NATIONAL ASSOCIATION, and**
**BARCLAYS BANK PLC,**
**as the Co-Documentation Agents,**

**MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**

**and**

**MORGAN STANLEY SENIOR FUNDING, INC.,**
**as the Co-Syndication Agents,**

**CITICORP USA, INC.,**
**as the Administrative Agent,**

**and**

**CITIBANK, N.A., as the Collateral Agent.**

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**MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**

**and**

**MORGAN STANLEY SENIOR FUNDING, INC.,**
**as the Joint Lead Arrangers and Joint Bookrunners**

**SCHEDULE I**

| | |
|---|---|
| ITEM 1.1. | Foreign Supply Chain Entities |
| ITEM 1.2. | Excluded Contracts |
| ITEM 6.8. | Existing Subsidiaries |
| ITEM 6.9. | Mortgaged Property |
| ITEM 7.2.2(c) | Ongoing Indebtedness |
| ITEM 7.2.3(c) | Ongoing Liens |
| ITEM 7.2.5(a) | Ongoing Investments |
| ITEM 7.2.11(m) | Permitted Dispositions |

**SCHEDULE II** **Percentages, Libor Office, Domestic Office**

**SCHEDULE III** **Existing Letters of Credit**

**ITEM 1.1. Foreign Supply Chain Entities**

None.

**ITEM 1.2. Excluded Contracts**

| | Vendor | Nature of Agreement |
|---|---|---|
| 1. | [*****] | Trademark License Agmt. [*****] |
| 2. | [*****] | Trademark License Agmt. [*****] |
| 3. | [*****] | Trademark License Agmt. [*****] |
| 4. | [*****] | Trademark License Agmt. [*****] |
| 5. | [*****] | Trademark License Agmt. [*****] |
| 6. | [*****] | Trademark License Agmt. [*****] |
| 7. | [*****] | Trademark License Agmt. [*****] |
| 8. | [*****] | License Agmt. |
| 9. | [*****] | Trademark License Agmt. [*****] |
| 10. | [*****] | License Agmt. [*****] |
| 11. | [*****] | Trademark License Agreement [*****] |
| 12. | [*****] | |
| 13. | [*****] | IT Agreement — software license and maintenance |
| 14. | [*****] | IT Agreement — software license and maintenance |
| 15. | [*****] | IT Agreement — supply chain software license and maintenance |
| 16. | [*****] | Compensation/Benefits Agreement |
| 17. | [*****] | Real Property Lease [*****] |
| 18. | [*****] | Supplier Services [*****] |
| 19. | [*****] | Supplier Goods [*****] |
| 20. | [*****] | Real Property Lease [*****] |
| 21. | [*****] | Real Property Lease [*****] |
| 22. | [*****] | Real Property Lease [*****] |
| 23. | [*****] | Real Property Lease [*****] |
| 24. | [*****] | Real Property Lease [*****] |
| 25. | [*****] | Real Property Lease [*****] |
| 26. | [*****] | Real Property Lease [*****] |
| 27. | [*****] | Real Property Lease |
| 28. | [*****] | Real Property Lease |
| 29. | [*****] | Real Property Lease [*****] |

**ITEM 6.8. Existing Subsidiaries**

**Domestic Subsidiaries**
BA International, L.L.C.
Caribesock, Inc.
Caribetex, Inc.
CASA International, LLC
Ceibena Del, Inc.
Hanes Menswear, LLC
Hanes Puerto Rico, Inc.
Hanesbrands Direct, LLC
Hanesbrands Distribution, Inc.
HbI International, LLC
HBI Branded Apparel Enterprises, LLC
HBI Branded Apparel Limited, Inc.
HBI Sourcing, LLC
Inner Self LLC
Jasper-Costa Rica, L.L.C.
National Textiles, L.L.C.
NT Investment Company, Inc.
Playtex Dorado, LLC
Playtex Industries, Inc.
Seamless Textiles, LLC
UPCR, Inc.
UPEL, Inc.

**Foreign Subsidiaries**
Allende Internacional S. de R.L. de C.V.
Bali Domincana, Inc.
Bali Dominicana Textiles, S.A.
Bal-Mex S. de R.L de C.V.
Canadelle Holdings Corporation Ltd.
Canadelle LP
Cartex Manufacturera S. A.
Caysock, Inc.
Caytex, Inc.
Caywear, Inc.
Ceiba Industrial, S. de R.L.
Champion Products S. de R.L. de C.V.
Choloma, Inc.
Confecciones Atlantida S. de R.L.
Confecciones de Nueva Rosita S. de R.L. de C.V.
Confecciones El Pedregal Inc.
Confecciones El Pedregal S.A. de C.V.
Confecciones Jiboa S.A. de C.V.
Confecciones La Caleta, Inc.
Confecciones La Herradura S.A. de C.V.
Confecciones La Libertad, S.A. de C.V.
DFK International Ltd.
Dos Rios Enterprises, Inc.
Hanes Caribe, Inc.
Hanes Choloma, S. de R. L.
Hanes Colombia, S.A.
Hanes de Centro America S.A.

**Foreign Subsidiaries**
Hanes de El Salvador, S.A. de C.V.
Hanes de Honduras S. de R.L. de C.V.
Hanes Dominican, Inc.
Hanes Panama Ltd.
Hanes Brands Incorporated de Costa Rica, S.A.
Hanesbrands Argentina S.A.
Hanesbrands Brasil Textil Ltda.
Hanesbrands Dominicana, Inc.
Hanesbrands (HK) Limited
HBI Alpha Holdings, Inc.
HBI Beta Holdings, Inc.
HBI Compania de Servicios, S.A. de C.V.
HBI Servicios Administrativos de Costa Rica, S.A.
HBI Socks de Honduras, S. de R.L. de C.V.
Indumentaria Andina S.A.
Industria Textileras del Este, S. de R.L.
Industrias Internacionales de San Pedro S. de R.L. de C.V.
J.E. Morgan de Honduras, S.A.
Jasper Honduras, S.A.
Jogbra Honduras, S.A.
Madero Internacional S. de R.L. de C.V.
Manufacturera Ceibena S. de R.L.
Manufacturera Comalapa S.A. de C.V.
Manufacturera de Cartago, S.R.L.
Manufacturera San Pedro Sula, S. de R.L.
Monclova Internacional S. de R.L. de C.V.
PT SL Sourcing Indonesia (to be named PT HBI Sourcing Indonesia)
PTX (D.R.), Inc.
Rinplay S. de R.L. de C.V.
Santiago Internacional Textil Limitada (in liquidation)
Sara Lee of Canada NSULC (to be renamed Hanesbrands Canada NSULC)
Sara Lee Intimates, S. de R.L. (to be renamed Confecciones del Valle, S. de R.L. de C.V.)
Sara Lee Japan Ltd. (to be renamed Hanesbrands Japan Inc.)
Sara Lee Knit Products Mexico S.A. de C.V. (to be renamed Inmobilaria Rinplay S. de R.L. de C.V.)
Sara Lee Moda Femenina, S.A. de C.V. (to be renamed Servicios Rinplay, S. de R.L de C.V.)
Sara Lee Printables GmbH (to be renamed HBI Europe GmbH)
Servicios de Soporte Intimate Apparel, S de RL
Socks Dominicana S.A.
Texlee El Salvador, S.A. de C.V.
The Harwood Honduras Companies, S. de R.L.
TOS Dominicana, Inc.
HBI Sourcing Asia Limited*
Sara Lee Apparel International (Shanghai) Co. Ltd. (to be renamed Hanesbrands International (Shanghai) Co. Ltd.)*
Sara Lee Apparel India Private Limited (to be renamed Hanesbrands India Private Limited)*
SL Sourcing India Private Ltd. (to be renamed HBI Sourcing India Private Ltd.)*
Hanesbrands (Thailand) Ltd.*
Hanesbrands Philippines Inc.*

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* These companies are Foreign Subsidiaries subject to the completion of the post closing obligations set forth in Section 7.1.11 of the Credit Agreement.

**ITEM 6.9. Mortgaged Property**

| Facility Name | Address | Estimated Value |
| --- | --- | --- |
| Clarksville | Cline & Clark Rd<br>Clarksville, AR | $2.4 million |
| Weeks | 401 Hanes Mill Rd<br>W-S, NC | $15.1 million |
| Stratford Rd. | 700 South Stratford Road<br>W-S, NC | $5.7 million |
| Commerce (Cleveland) | 219 Commerce Blvd<br>Kings Mountain, NC | $11.0 million |
| Eden | Gant Road<br>Eden, North Carolina | $3.0 million |
| Oak Summit | 1000 Hanes Mill Road<br>W-S, NC | $70.2 million |
| Canterbury | 705 Canterbury Rd<br>Gastonia, NC | $2.1 million |
| Annapolis | 2655 Annapolis<br>W-S, NC | $7.9 million |
| Kernersville | 700 North Main Street<br>Kernersville, NC | $3.9 million |
| Laurel Hill | 18400 Fieldcrest Road<br>Laurel Hill, NC | $4.6 million |
| Sanford | 2652 Dalrymple Street<br>Sanford, NC | $2.4 million |
| Advance | 2016 Cornatzer Road<br>Advance NC | $2.1 million |
| Crawford | 328 Crawford Rd<br>Statesville, NC | $2.6 million |
| 480 Office | 480, W. Hanes Mill Road<br>Winston-Salem, NC | $3.3 million |
| Tamaqua Hometown DC | 143 Mahonoy Ave<br>Tamaqua, PA | $3.8 million |
| Martinsville VSC | 380 Beaver Creek Road<br>Martinsville, VA | $3.7 million |
| Northridge | 521 Northridge Park Dr.<br>Rural Hall, NC | $14.8 million |

**ITEM 7.2.2(c) Ongoing Indebtedness**

HANESBRANDS INC. - CAPITAL LEASE LISTING

| Lease # | | Interest | FY06 Principal | Total |
|---|---|---|---|---|
| BALI95 | Xerox | 182.68 | 5,985.32 | 6,168.00 |
| BALI138 | Pitney Bowes | 175.11 | 2,176.89 | 2,352.00 |
| BALI139 | Pitney Bowes | 175.32 | 2,176.67 | 2,351.99 |
| BALI140 | Pitney Bowes | | | 4,680.00 |
| BALI147 | Carolina Tractor | 2,599.99 | 4,263.05 | 6,863.04 |
| BALI148 | Carolina Tractor | 2,625.05 | 4,305.67 | 6,930.72 |
| BALI150 | Carolina Tractor | 2,294.59 | 4,169.45 | 6,464.04 |
| BALI151 | Carolina Tractor | 125.38 | 3,894.62 | 4,020.00 |
| BALI152 | Konica | 4.71 | 515.29 | 520.00 |
| BALI153 | Bassett Office Supply | 648.80 | 4,262.33 | 4,911.13 |
| BALI157 | Konica | 11.37 | 1,296.63 | 1,308.00 |
| BALI160 | De Lage Landem Financial Services | 625.71 | 3,907.65 | 4,533.36 |
| PLAY115 | Citi Capital | 1,922.30 | 9,177.70 | 11,100.00 |
| US97 | Citi Capital | 478.71 | 8,993.65 | 9,472.36 |
| 727 | Pitney Bowes | 11.98 | 180.52 | 192.50 |
| 729 | Xerox | 419.87 | 6,856.19 | 7,276.06 |
| 738 | Gill Security Systems | 0.00 | 0.00 | 3,000.00 |
| 739 | Gill Security Systems | 0.00 | 0.00 | 2,160.00 |
| 2 trailers | Salem Leasing | 171.50 | 3,428.50 | 3,600.00 |
| OB40 | Outerbanks land and building | 30,244.38 | 183,702.54 | 213,946.92 |
| 13639 tr | Salem Leasing | 17,235.75 | 344,564.25 | 361,800.00 |
| 4400 tr | Salem Leasing | 11,703.39 | 3,686.61 | 15,390.00 |
| 4750 tr | Salem Leasing | 2,950.22 | 1,389.78 | 4,340.00 |
| 7399 tr | Salem Leasing | 1,939.46 | 2,380.54 | 4,320.00 |
| 9904 tr | Salem Leasing | 9,658.89 | 29,221.11 | 38,880.00 |
| 11887 tr | Salem Leasing | 886.36 | 7,753.64 | 8,640.00 |
| 6 | Simplex Grinnell | 174.31 | 4,853.69 | 5,028.00 |
| 7 | Telimagine, Inc. | 2,552.32 | 17,355.68 | 19,908.00 |
| 7420 tr | Salem Leasing | 29,330.28 | 121,869.72 | 151,200.00 |
| 15201 tr | Salem Leasing | 202.78 | 7,097.22 | 7,300.00 |
| 82638 tr | Salem Leasing | 5,882.15 | 13,041.85 | 18,924.00 |
| 13639 tr | Salem Leasing | 14,320.25 | 286,279.75 | 300,600.00 |
| 13639 tr | Salem Leasing | 1,886.50 | 37,713.50 | 39,600.00 |
| 3121 | Highwoods Realty Ltd Partnership | 77,175.96 | 319,286.05 | 396,462.00 |

HANESBRANDS INC. - CAPITAL LEASE LISTING

| Lease # | | Interest | FY06 Principal | Total |
|---|---|---|---|---|
| 3129 | Zona Franca De Exportacion el Pedregal | 13,442.26 | 200,973.74 | 214,416.00 |
| 13639 tr | Salem Leasing | 16,635.50 | 332,564.50 | 349,200.00 |
| 86728 tr | Salem Leasing | 5,749.89 | 16,762.11 | 22,512.00 |
| 1 | Xerox | 267.00 | 681.00 | 948.00 |
| 2 | Xerox | 351.79 | 596.21 | 948.00 |
| 3 | Xerox | 142.82 | 1,045.18 | 1,188.00 |
| 4 | Xerox | 226.26 | 3,061.74 | 3,288.00 |
| 5 | Xerox | 2,316.96 | 29,651.04 | 31,968.00 |
| 6 | Xerox | 93.04 | 1,682.96 | 1,776.00 |
| 7 | Xerox | 937.40 | 17,062.60 | 18,000.00 |
| 8 | Xerox | 1,059.04 | 5,324.96 | 6,384.00 |
| 9 | Xerox | 180.87 | 2,447.13 | 2,628.00 |
| 10 | Xerox | 2,824.29 | 38,215.71 | 41,040.00 |
| 11 | Xerox | 215.38 | 4,123.34 | 4,338.72 |
| 12 | Xerox | 1,498.80 | 28,693.80 | 30,192.60 |
| 13 | Xerox | 692.60 | 13,259.32 | 13,951.92 |
| 14 | Xerox | 1,356.00 | 19,158.00 | 20,514.00 |
| 15 | Xerox | 3,390.00 | 64,990.00 | 68,380.00 |
| 16 | Xerox | 1,244.16 | 19,270.08 | 20,514.24 |
| 17 | Xerox | 335.50 | 6,422.66 | 6,758.16 |
| 18 | Xerox | 4,478.32 | 6,237.68 | 10,716.00 |
| 19 | Xerox | 3,256.65 | 8,035.35 | 11,292.00 |
| 20 | Xerox | 580.00 | 8,576.00 | 9,156.00 |
| 21 | Xerox | 530.00 | 8,626.00 | 9,156.00 |
| 22 | Xerox | 920.56 | 8,815.72 | 9,736.28 |
| 23 | Xerox | 1,261.96 | 24,159.08 | 25,421.04 |
| IBM | IBM | 156,321.59 | 369,278.41 | 525,600.00 |
| PHH Leases | PHH - automobiles from SLC | 104,574.00 | 1,207,923.00 | 1,312,497.00 |
| TOTAL | | | | 4,446,762.08 |

**ITEM 7.2.3(c) Ongoing Liens**

**1.** Lien on the shares of SN Fibers (an Israeli company owned by HBI International, LLC) pursuant to the SN Fibers Memorandum of Articles.

**2.** Mortages as listed below[1]

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| 4185 W. 5th Street Lumberton North Carolina<br>Robeson County | Robeson County Committee of 100, Inc., a NC non-profit corporation | Sara Lee Corporation, a Maryland corporation (formerly SL Outer Banks, LLC) | North Carolina Deed of Trust recorded in Book 623, Page 37 dated 3/26/87 executed by Robeson County Committee of 100, Inc.<br>Loan Amount — $115,170.00 | Douglas B. Mills, Nicky D. Carter, (Successor Trustee) and John C. Hasty, Trustees of the Cape Fear Construction Company, Inc. |
| 933 Meacham Road Statesville North Carolina<br>Iredell County | Flexnit Company, Inc., a Delaware Corporation | Bali Company, a Delaware corporation<br>**(Dissolved)** | Deed of Trust dated 12/27/1974 recorded in Book 447, Page 200 (missing pages 3-7) and Deed of Trust and Security Agreement dated 12/26/ 1979 recorded in Book 509, Page 436 (missing pages 438 and 440-451)<br>Loan Amount – originally secured $1,7000,000 and then modified to secure up to $4,000,000 | Irving Trust Company, a New York Corporation |
| 645 West Pine Street Mount Airy North Carolina<br>Surry County | The Surry County Industrial Facilities and Pollution Control Financing Authority | The Surry County Industrial Facilities and Pollution Control Financing Authority | Deed of Trust dated 4/1/1979 and recorded in Book 348, Page 606<br>Loan Amount secured — $4,000,000 | Prudential Reinsurance Company, a Delaware corporation |
| 143 Mahanoy Avenue | Schuylkill County | Greater Tamaqua | Supplemental Mortgage recorded in Mortgage Book | American Bank |

1 Please note that for all mortgages listed, there is no outstanding indebtedness in connection with the mortgage, however a mortgage release has not been recorded. These releases are a post-closing item.

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| Tamaqua Pennsylvania<br><br>Schuylkill County | Industrial Development Authority | Industrial Development Enterprises (originally leased to J.E. Morgan Knitting Mills, Inc.) | 34-P, Page 782, dated 10/24/1984<br><br>Loan Amount secured originally $650,000 | and Trust Co. of PA. |
| 480 Hanes Mill Road Winston-Salem, NC 27105 (336) 714-8400<br><br>Forsyth County | National Textiles, LLC | National Textiles, L.L.C., a Delaware limited liability company | 1. Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases from National Textiles, L.L.C., a Delaware limited liability company, to The Fidelity Company, Trustee for The First National Bank of Chicago, dated as of December 22, 1997 and recorded December 23, 1997 in Book 1978, Page 3969, Forsyth County Registry, securing an original amount of 210,000,000.00. (Also covers additional property)<br><br>2. Deed of Trust Modification and Reaffirmation Agreement by and between National Textiles, L.L.C., a Delaware limited liability company, and Bank One, NA f/k/a The First National Bank of Chicago, dated as of December 22, 2000 and recorded January 16, 2001 in Book 2150, Page 2439, Forsyth County Registry, **regarding** the Deed of Trust recorded in Book 1978, Page 3969, Forsyth County Registry.<br>Loan Amount $210,000,000 but linked to $300,000,000<br><br>Loan matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| 308 East Thom Street<br>China Grove, NC 2802<br><br><br>Rowan County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of trust, security Agreement, Financing Statement and Assignment of Rents and Leases recorded in Book 879, Page 692, dated 4/28/2000 as modified by that Deed of Trust Modification and reaffirmation recorded in Book 898, Page 124, dated 12/22/2000<br><br>Loan Amount secured– up to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| 6295 Clementine Dr. #4 Clemmons, NC 27012<br><br>Forsyth County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | 1. Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases from National Textiles, L.L.C., a Delaware limited liability company, to The Fidelity Company, Trustee for The First National Bank of Chicago, dated as of December 22, 1997 and recorded December 23, 1997 in Book 1978, Page 3969, Forsyth County Registry, securing an original amount of 210,000,000.00. (Also covers additional property)<br><br>2. Deed of Trust Modification and Reaffirmation Agreement by and between National Textiles, L.L.C., a Delaware limited liability company, and Bank One, NA f/k/a The First National Bank of Chicago, dated as of December 22, 2000 and recorded January 16, 2001 in Book 2150, Page 2439, Forsyth County Registry, **regarding** the Deed of Trust recorded in Book 1978, Page 3969, Forsyth County Registry.<br><br>Loan Amount $210,000,000 but linked to $300,000,000<br><br>Loan matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |
| 136 Gant Road Eden, NC 27288-7935 (336) 635-1354<br><br>Rockingham County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases recorded in Book 972, Page 2267, dated 12/22/1997<br><br>Loan amount secured – up to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |
| 328 Gant Road<br>Eden, NC 27288-7935 | Eden Yarns, Inc., a Delaware | Sara Lee Corporation, a | Deed of Trust recorded in Book 804, Page 1004, dated 11/30/1987 as modified by that; | 1. Wachovia Bank |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
| --- | --- | --- | --- | --- |
| Rockingham County | corporation | Maryland corporation | First Amendment to Deed of Trust, Assignment of rents and security Agreement recorded in Book 842, Page 44, dated 12/31/1987 as modified by that;<br><br>Amendment to Deed of Trust recorded in Book 836, Page 1533, dated 5/15/1990 as modified by that;<br><br>Third Amendment to deed of Trust recorded in Book 842, Page 66, dated 10/24/1990 as modified by that;<br><br>Fourth Amendment to Deed of Trust recorded in Book 871, Page 2321, dated 9/17/1992 as modified by that;<br><br>Fifth Amendment to Deed of Trust recorded in Book 906, Page 1959, dated 7/27/1994 as modified by that;<br><br>Sixth Amendment to Deed of Trust recorded in Book 941, Page 1268, dated 7/23/1996 as modified by that;<br><br>Seventh Amendment to Deed of Trust recorded in Book 989, Page 1624, dated 7/29/1998<br><br>Loan amount secured — $66,000,000 ($33,000,000 to Wachovia Bank and $33,000,000 to Suntrust Bank)<br><br>matures 11/30/2009 | of North Carolina<br><br>2. Suntrust Bank |
| 1311 West Main Street<br>Forest City, NC 28043<br><br>Rutherford County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases recorded in Book 524, Page 383 as modified by that;<br><br>Deed of Trust Modification and Reaffirmation Agreement recorded in Book 768, Page 334, dated 12/22/2000 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| | | | Loan amount secured $210,000,000.00, but linked to $300,000,000 in future advance section. | |
| 1012 Glendale Drive<br>Galax, VA 24333<br><br>Carroll County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust Security Agreement, Financing Statement and Assignment of Rents and Leases, dated December 22, 1997, recorded on December 23, 1997 in Book 523, Page 283, Clerk's Office of Carroll County, Virginia;<br><br>This is a credit line deed of trust in the amount of $2,250,000.00, but linked to secure the $210,000,000 in the recitals | Bank One, NA f/k/a The First National Bank of Chicago |
| 501 Brown Street (P.O. Box 12500)<br>Gastonia, NC 28053<br><br>Gaston County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust Security Agreement, Financing Statement and Assignment of Rents and Leases, recorded in Book 3091, Page 284, dated 5/30/2000<br><br>Loan Amount $210,000,000 but linked to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |
| 1925 West Poplar Street<br>Gastonia, NC 28052<br><br>Gaston County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases recorded in Book 3079, Page 737, dated 4/28/2000<br><br>Loan Amount $210,000,000 but linked to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |
| 100 Reep Drive<br>Morganton, NC 28655<br><br>Burke County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases recorded in Book 892, Page 1011, dated 12/22/1997 as modified by that;<br><br>Deed of Trust Modification and Reaffirmation Agreement Book 979, Page 557, dated 12/22/2000<br><br>Matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| | | | Loan Amount — $210,000,000.00 but secures up to $300,000,000 in future advances section | |
| 3916 Highway 421 South Mountain City, TN 37683 (423) 727-5270<br><br>Johnson Co | National Textiles, LLC | The Industrial Development Board of the County of Johnson County, Tennessee, a Tennessee public, not-for-profit corporation | Leasehold Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases dated 12/22/1997 TD Book 135, Page 578 as modified byLeasehold Deed of trust Modification and Reaffirmation Agreement dated 12/22/2000 TD Book 157, Page 288<br><br>First National Bank of Chicago | Bank One, NA f/k/a The First National Bank of Chicago |
| | | | Loan Amount — $15,418,929.00 but linked to $300,000,000 in the recitals | |
| 815 John Beck Dockins Road<br><br>Rabun County | National Textiles, LLC | Development Authority of Rabun County, Georgia, a public body corporate and politic of the State of Georgia | Deed to Secure debt, Security Agreement, and Assignment of Rents and Leases from National Textiles, LLC (as grantor) and Development Authority of Rabun County, Georgia (solely for purpose of consenting), recorded in Book O-17/1, dated 12/22/1997, as modified by that Deed to Secure Debt Modification and Reaffirmation Agreement Agreement recorded in Book K-20/306, dated 12/22/2000 | Bank One, NA f/k/a The First National Bank of Chicago |
| | | | Loan Amount - $8,500,000.00<br><br>matures 6/22/2007 | |
| 2652 Dalrymple Street Sanford, NC 27330<br><br>Lee Co. | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases recorded in Book 625, Page 330, dated 12/22/1997 | Bank One, NA f/k/a The First National Bank of Chicago |
| | | | Loan Amount — $210,000,000.00 but secures up to $300,000,000 in future advances section | |

**3.** Equipment Leases as listed below

| Debtor | Jurisdiction | Filing Type | Through Date | Secured Party | File Number and Date | Collateral Description |
|---|---|---|---|---|---|---|
| National Textiles, L.L.C. 480 E. Hanes Mill Road Winston-Salem, NC 27105 | Secretary of State, Delaware | UCC | 8/4/2006 | LaSalle National Leasing Corporation One West Pennsylvania Avenue Towson, MD 21204 | 2031537-8 1/14/2002 | Leased equipment pursuant to Master Lease Agreement dated 6/13/2001. |
| National Textiles, L.L.C. 480 E. Hanes Mill Road Winston-Salem, NC 27105 **Additional Debtors:** National Textiles Services I, L.L.C. 480 E. Hanes Mill Road Winston-Salem, NC 27105<br><br>National Textiles Services II, L.L.C. 480 E. Hanes Mill Road Winston-Salem, NC 27105<br><br>National Textiles Services III, L.L.C. 480 E. Hanes Mill Road Winston-Salem, NC 27105 | Secretary of State, Delaware | UCC | 8/4/2006 | LaSalle National Leasing Corporation One West Pennsylvania Avenue Towson, MD 21204 | 3055776-2 3/7/2003 | Leased manufacturing equipment. |

**ITEM 7.2.5(a) Ongoing Investments**

**1.** Subsidiaries as listed in ITEM 6.8 above along with the below listed companies.

(a) SN Fibers (49% interest)
(b) Playtex Marketing Corporation (50% interest)*

* This company is an investment subject to the completion of the post closing obligations set forth in Section 7.1.11 of the Credit Agreement.

**2.** Deposit and Securities accounts

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Parent | Bank of America | Hanesbrands PR Checks | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | Hanesbrands Direct Deposit | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | HanesbrandsTravel Adv. E-cash | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | Hanesbrands PR E-cash | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | Hanesbrands PR funding | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands AP Checks | Business Checking | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Tax Clearing | Clearing | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands AP ACH | Clearing | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Master | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Casualwear Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Direct Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Eden Yarns Inc. Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Leggs Products Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Playtex Apparel Note | Concentration | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Parent | Chase | Hanesbrands Outer Banks LLC Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Sock Company Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Printables Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Jogbra Inc Notes | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Champion Products Inc Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | JE Morgan (Harwood Companies) Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Host Apparel Note Account Harwood Industries | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Knit Products Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | The Harwood Companies Note Account | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Pacific Rim Note C/O Hanesbrands Export | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HBI LEASING WYOMING INC | Other | **[*****]** |
| Hanesbrands Parent | Chase | CAYWEAR | Other | **[*****]** |
| Hanesbrands Parent | Chase | ROOT CONSULTING INC UPEL | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY CUSTOMER EFT RECEIPTS | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY REFUNDS GUARANTEE DISBURSEMENTS | Business Checking | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY CONCENTRATION | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY CONCENTRATION | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | PLAYTEX DORADO HANESBRANDS INC | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Parent | Chase | BALI FDN INC | Business Checking | **[*****]** |
| Hanesbrands Parent | Chase | PLAYTEX CONCENTRATION(HANESBRANDS INTIMATES & HOSIERY CON ACCT P) | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS INTIMATES & HOSIERY CO-OP ADVERTISING | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS PRINTABLES CONCENTRATION | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS SPORTSWEAR | Other | **[*****]** |
| Hanesbrands Parent | Chase | CHAMPION CUSTOMS | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS KNIT PRODUCTS HANES MENSWEAR ACCT | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS UNDERWEAR GENERAL ACCOUNT | General | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS UNDERWEAR CUSTOMS ACH | Other | **[*****]** |
| Hanesbrands Parent | Chase | HARWOOD COMPANIES, INC | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS UNDERWEAR/CASUALWEAR LOCKBOX | Other | **[*****]** |
| Hanesbrands Parent | Wachovia | HANEBRANDS SOCK | Lock Box | **[*****]** |
| Hanesbrands Parent | Wachovia | JE Morgan | Depository | **[*****]** |
| Hanesbrands Parent | Wachovia | JE Morgan | Depository | **[*****]** |
| Hanesbrands Parent | Wachovia | Export | Depository | **[*****]** |
| Hanesbrands Parent | Wachovia | Outer Banks | Lock Box | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| BA International LLC | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Caribesock, Inc. | Chase | Caribesock, Inc. | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Caribetex, Inc. | Chase | Caribetex | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| CASA International, LLC | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Ceibena Del Inc. | Chase | CEIBENA DEL INC | Other | **[*****]** |
| Ceibena Del Inc. | Chase | MANUFACTURERS CEIBENA | General | **[*****]** |
| Ceibena Del Inc. | Banco Mercantil | Manufacturera Ceibena | Operating | **[*****]** |
| Ceibena Del Inc. | Banco Mercantil | Manufacturera Ceibena | Operating | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Concentration | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Business Checking | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Business Checking | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Business Checking | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | General | **[*****]** |
| Hanes Menswear, LLC | Chase | Hanes Menswear | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Hanes Puerto Rico, Inc. | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Chase | Direct Note | Concentration | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Costumer Refund | Disbursement — non payroll | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Costumer Refund | Disbursement — non payroll | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Security Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Alliance Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | American National Bank of TX | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Americana Community Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Amsouth Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | BancorpSouth | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | BancorpSouth | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of Clarendon | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Bank of New York | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of Ocean City | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of Odessa | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of Petaluma | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of the Cascades | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of the West | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | BB&T | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Borrego Springs Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Centura Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Centura Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Chittenden Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Citizens Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Citizens Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Citizens National Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | City National Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | City National Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Columbia State Bank | Direct Store Deposits | Depository/Collection | [*****] |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Commerce Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Community Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Community Bank of Homestead | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Community National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Compass Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Covenant Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Dalton Whitfield Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | F&M Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Farmers Bank & Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Farmers Trust & Savings | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Farmers Trust & Savings | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First American Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank of Douglas City | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank of the Lake | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | First Banking Center | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Century | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Citizens | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of (unspec) | Direct Store Deposits | Depository/Collection | **[***** ]** |
| Hanesbrands Direct, LLC | First National Bank of (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of Gwinnett | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of NE | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of Olathe | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of TX | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First State Bank of Gainesville | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Frost National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Gibsland Bank and Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Glens Falls National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Harris Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | HSBC Bank USA | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Huntington National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Irwin Union Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Legacy Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Legacy Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | M&T Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | McIntosh State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Mid State Bank and Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Montgomery Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Five Star Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National Penn | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Old Second National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Ozark Mountain Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Ozark Mountain Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Park Avenue Bank (GA, FL) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Pinnacle Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | PNC Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | PNC Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Premier Bank (Missouri) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Premier Banks (Minnesota) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Queenstown Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Regions Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Regions Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Security National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Security State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Skagit State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Skagit State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Sky Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Somerset Trust Co | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | South Carolina Bank and Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Southeastern Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Southeastern Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Susquehanna Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Trustmark National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Tuscola National | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Hanesbrands Direct, LLC | US Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | US Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | US Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Washington Mutual | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Washington Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wells Fargo | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wilmington Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wilson Bank & Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wrentham Cooperative Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| HBI Branded Apparel Enterprises. LLC | None | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Distribution, Inc. | Chase | Hanesbrands Distribution | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| HBI Branded Apparel Limited Inc | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| HBI International, LLC | Chase | HBI International LLC | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| HBI Sourcing, LLC | Chase | HBI Sourcing LLC | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Inner Self, LLC | Chase | Inner Self, LLC | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Jasper-Costa Rica, L.L.C. | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| National Textiles, LLC | Chase | NATIONAL TEXTILES NOTE | Concentration | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES A/P | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES HOURLY PAYROLL | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES SALARY PAYROLL | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES MEDICAL/DENTAL | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | EDEN YARNS NOTE | Concentration | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| NT Investment Company | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Playtex Dorado, LLC | BANCO POPULAR | PLAYTEX DORADO CORPORATION | Business Checking | **[*****]** |
| Playtex Dorado, LLC | BANCO POPULAR | PLAYTEX DORADO CORPORATION | Business Checking | **[*****]** |
| Playtex Dorado, LLC | Chase | PLAYTEX DORADO CORPORATION | Depository | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Playtex Industries Inc | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Seamless Textiles LLC | Banco Popular | SEAMLESS TEXTILES, INC. | Business Checking | **[*****]** |
| Seamless Textiles LLC | Banco Popular | SEAMLESS TEXTILES, INC. | Business Checking | **[*****]** |
| Seamless Textiles LLC | Chase | SEAMLESS TEXTILES, INC. | Depository | **[*****]** |
| Seamless Textiles LLC | Banco Popular | Seamless MMIA Short Term | Cert of Deposit | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| UPCR Inc | CHASE | UPCR INC | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| UPEL Inc | CHASE | UPEL Inc | Other | **[*****]** |

BA International, L.L.C.
Caribesock, Inc.
Caribetex, Inc.
CASA International, LLC
Ceibena Del, Inc.
Hanes Menswear, LLC
Hanes Puerto Rico, Inc.
Hanesbrands Direct, LLC
Hanesbrands Distribution, Inc.
HBI Branded Apparel
Enterprises, LLC
HBI Branded Apparel Limited, Inc.
HbI International, LLC
HBI Sourcing, LLC
Inner Self LLC
National Textiles, L.L.C.
NT Investment Company, Inc.
Playtex Dorado, LLC
Playtex Industries, Inc.
Seamless Textiles, LLC
UPCR, Inc.
UPEL, Inc.

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**ITEM 7.2.11(m) Permitted Dispositions**

| Location of property | Description |
| --- | --- |
| **[*****]** | Approximately 4.93 acres [*****] |
| **[*****]** | Approximately 54,524 square foot building located on approximately 5.47 acres |
| **[*****]** | Property currently leased to third party |
| **[*****]** | [*****] |
| **[*****]** | Approximately 267 acres [*****] |
| **[*****]** | Approximately 173,805 square foot building |
| **[*****]** | Approximately 28,000 square foot building |
| **[*****]** | Several buildings aggregating approximately 47,802 square feet |
| **[*****]** | Approximately 43,859 square foot building |
| **[*****]** | Approximately 56,505 square foot building |
| **[*****]** | Approximately 148,477 square foot building |
| **[*****]** | Approximately 48,653 square foot building |
| **[*****]** | Approximately 24,326 square foot building |
| **[*****]** | Approximately 97,546 square foot building |
| **[*****]** | Approximately 22,539 square foot building located on approximately 112,816 square feet of land |
| **[*****]** | Approximately 603,338 square foot building located on approximately 13.9 acres |

SCHEDULE II

PERCENTAGES;
LIBOR OFFICE;
DOMESTIC OFFICE

| NAME AND NOTICE ADDRESS OF LENDER | LIBOR OFFICE | DOMESTIC OFFICE | REVOLVING LOAN COMMITMENT | TERM A COMMITMENT | TERM B COMMITMENT |
|---|---|---|---|---|---|
| Merrill Lynch Capital Corporation | Merrill Lynch Capital Corporation<br>4 World Financial Center<br>22nd Floor<br>New York, NY 10080<br>Attn: Nancy Meadows<br>Tel: (212) 449-2879<br>Fax: (212) 738-1186<br>Email: Nancy_Meadows@ml.com | Merrill Lynch Capital Corporation<br>4 World Financial Center<br>22nd Floor<br>New York, NY 10080<br>Attn: Nancy Meadows<br>Tel: (212) 449-2879<br>Fax: (212) 738-1186<br>Email: Nancy_Meadows@ml.com | 11.6548% | 4.8096% | 50.0000% |
| Morgan Stanley Senior Funding, Inc. | Morgan Stanley Senior Funding, Inc.<br>1585 Broadway<br>New York, NY 10036 | Morgan Stanley Senior Funding, Inc.<br>1585 Broadway<br>New York, NY 10036 | 11.6548% | 4.8096% | 50.0000% |
| LaSalle Bank National Association | To be provided. | To be provided. | 8.9726% | 8.7452% | 0.0000% |
| Barclays Bank PLC | | | 8.9726% | 8.7452% | 0.0000% |

| NAME AND NOTICE ADDRESS OF LENDER | LIBOR OFFICE | DOMESTIC OFFICE | REVOLVING LOAN COMMITMENT | TERM A COMMITMENT | TERM B COMMITMENT |
|---|---|---|---|---|---|
| HSBC Bank UCA, National Association | To be provided. | To be provided. | 8.9726% | 8.7452% | 0.0000% |
| Citicorp USA, Inc. | To be provided. | To be provided. | 8.9726% | 8.7452% | 0.0000% |
| The Northern Trust Company | To be provided. | To be provided. | 1.8000% | 2.4000% | 0.0000% |
| Branch Banking & Trust Company | Branch Banking & Trust Company<br>110 South Stratford Road<br>Winston Salem, NC 27104<br>Attn: Michael P. Gwyn<br>Tel: (336) 733-1119<br>Fax: (336) 733-1134<br>Email: mgwyn@bbandt.com | Branch Banking & Trust Company<br>110 South Stratford Road<br>Winston Salem, NC 27104<br>Attn: Michael P. Gwyn<br>Tel: (336) 733-1119<br>Fax: (336) 733-1134<br>Email: mgwyn@bbandt.com | 6.0000% | 8.0000% | 0.0000% |
| National City Bank | To be provided. | To be provided. | 1.5000% | 2.0000% | 0.0000% |
| The Royal Bank of Scotland plc | The Royal Bank of Scotland<br>101 Park Avenue, 6th Floor<br>New York, NY 10178<br>Attn: Charlotte Sohn<br>101 Park Avenue, 12th Floor<br>New York, NY 10178<br>Tel: (212) 401-3703<br>Fax: (212) 401-3456<br>Email: Charlotte.Sohn@rbos.com | The Royal Bank of Scotland<br>101 Park Avenue, 6th Floor<br>New York, NY 10178<br>Attn: Charlotte Sohn<br>101 Park Avenue, 12th Floor<br>New York, NY 10178<br>Tel: (212) 401-3703<br>Fax: (212) 401-3456<br>Email: Charlotte.Sohn@rbos.com | 6.0000% | 8.0000% | 0.0000% |

| NAME AND NOTICE ADDRESS OF LENDER | LIBOR OFFICE | DOMESTIC OFFICE | REVOLVING LOAN COMMITMENT | TERM A COMMITMENT | TERM B COMMITMENT |
|---|---|---|---|---|---|
| Commerzbank AG, New York and Grand Cayman Branches | Commberzbank AG, New York and Grand Cayman Branches<br>2 World Financial Center<br>New York, NY 10281<br>Attn: Marianne Medora<br>Tel: (212) 266-7326<br>Fax: (212) 266-7374 Email: mmedora@cbkna.com | Commberzbank AG, New York and Grand Cayman Branches<br>2 World Financial Center<br>New York, NY 10281<br>Attn: Marianne Medora<br>Tel: (212) 266-7326<br>Fax: (212) 266-7374<br>Email: mmedora@cbkna.com | 1.2000% | 1.6000% | 0.0000% |
| JPMorgan Chase Bank, N.A. | JPMorgan Chase Bank, N.A.<br>1 Chase Manhattan Plaza<br>14th Floor<br>New York, NY 10005<br>Tel: (212) 552-0789<br>Fax: (212) 383-0698<br>Email: virginia.r.conway@ jpmorgan.com | JPMorgan Chase Bank, N.A.<br>1 Chase Manhattan Plaza<br>14th Floor<br>New York, NY 10005<br>Tel: (212) 552-0789<br>Fax: (212) 383-0698<br>Email: virginia.r.conway@ jpmorgan.com | 3.0000% | 0.0000% | 0.0000% |
| United Overseas Bank Limited, New York Agency | To be provided. | To be provided. | 3.0000% | 4.0000% | 0.0000% |

| NAME AND NOTICE ADDRESS OF LENDER | LIBOR OFFICE | DOMESTIC OFFICE | REVOLVING LOAN COMMITMENT | TERM A COMMITMENT | TERM B COMMITMENT |
|---|---|---|---|---|---|
| Sumitomo Mitsui Banking Corporation, New York | To be provided. | To be provided. | 6.0000% | 8.0000% | 0.0000% |
| Israel Discount Bank of New York | To be provided. | To be provided. | 1.5000% | 3.0000% | 0.0000% |
| BNP Paribas | BNP Paribas<br>787 Seventh Avenue<br>New York, NY 10019<br>Attn: Simone Vinocour<br>Tel: 212-841-2205<br>Fax: 212-841-3049<br>Email:simone.vinocour@ americas.bnpparibas.com | BNP Paribas<br>787 Seventh Avenue<br>New York, NY 10019<br>Attn: Simone Vinocour<br>Tel: 212-841-2205<br>Fax: 212-841-3049<br>Email:simone.vinocour@ americas.bnpparibas.com | 3.0000% | 4.0000% | 0.0000% |
| Mizuho Corporate Bank, Ltd. | To be provided. | To be provided. | 3.0000% | 4.0000% | 0.0000% |
| North Fork Business Capital Corp. | North Fork Business Capital Corp.<br>275 Broadhollow Road<br>Melville, New York 11747<br>Attn: Jose L. Gutierrez<br>Tel: (631) 531-2781<br>Fax: (631) 501-5524 | North Fork Business Capital Corp.<br>275 Broadhollow Road<br>Melville, New York 11747<br>Attn: Jose L. Gutierrez<br>Tel: (631) 531-2781<br>Fax: (631) 501-5524 | 0.0000% | 4.0000% | 0.0000% |

| NAME AND NOTICE ADDRESS OF LENDER | LIBOR OFFICE | DOMESTIC OFFICE | REVOLVING LOAN COMMITMENT | TERM A COMMITMENT | TERM B COMMITMENT |
|---|---|---|---|---|---|
| Banco Bilbao Vizcaya Argentaria S.A. | To be provided. | To be provided. | 1.8000% | 2.4000% | 0.0000% |
| Bayerische Landesbank, New York Branch | To be provided. | To be provided. | 3.0000% | 4.0000% | 0.0000% |

**NOTICE ADDRESS FOR ADMINISTRATIVE AGENT**:

Citicorp USA, Inc.
2 Penns Way
Suite 100
New Castle, De 19720
Attention: Carin Seals
Fax: (302) 894-6076
Phone: (212) 994-0967
E-mail: carin.seals@citigroup.com

**NOTICE ADDRESS FOR THE BORROWER:**

Hanesbrands Inc.
1000 East Hanes Mill Rd
Winston Salem, NC 27105
Attn: General Counsel

SCHEDULE III

**Existing Letters of Credit**

**HSBC Bank**

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| DFK INTERNATIONAL LIMITED | HKH254935 | 20060719 | USD | 60,124.49 | 20060828 |
| DFK INTERNATIONAL LIMITED | HKH255059 | 20060814 | USD | 78,540.00 | 20060916 |
| DFK INTERNATIONAL LIMITED | HKH255100 | 20060824 | USD | 36,844.50 | 20060923 |
| DFK INTERNATIONAL LIMITED | HKH255058 | 20060814 | USD | 84,464.10 | 20060928 |
| DFK INTERNATIONAL LIMITED | HKH255112 | 20060829 | USD | 45,570.00 | 20060930 |
| DFK INTERNATIONAL LIMITED | HKH254940 | 20060720 | USD | 262,462.03 | 20061016 |
| DFK INTERNATIONAL LIMITED | HKH255120 | 20060830 | USD | 168,968.63 | 20061109 |
| SARA LEE PRINTABLES GMBH | HKH705166 | 20060213 | USD | 1,359.71 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705199 | 20060601 | USD | 106,362.81 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705173 | 20060216 | USD | 72,066.67 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705174 | 20060302 | USD | 10,332.16 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705177 | 20060314 | USD | 29,242.62 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705181 | 20060321 | USD | 14,322.83 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705198 | 20060601 | USD | 23,495.91 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705195 | 20060519 | USD | 6,371.57 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705194 | 20060519 | USD | 6,944.72 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705192 | 20060517 | USD | 26,601.47 | 20060830 |

**HSBC Bank**

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE PRINTABLES GMBH | HKH705193 | 20060517 | USD | 39,156.00 | 20060830 |
| SARA LEE PRINTABLES GMBH | HKH705200 | 20060601 | USD | 63,054.96 | 20060920 |
| SARA LEE PRINTABLES GMBH | HKH705191 | 20060427 | USD | 95,588.70 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705196 | 20060523 | USD | 235,403.51 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705188 | 20060420 | USD | 16,176.12 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705183 | 20060413 | USD | 447,104.76 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705182 | 20060413 | USD | 78,759.93 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705172 | 20060216 | USD | 12,911.56 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705204 | 20060620 | USD | 80,983.36 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705205 | 20060620 | USD | 881,820.72 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705206 | 20060620 | USD | 649,516.99 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705207 | 20060620 | USD | 513,687.78 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705208 | 20060620 | USD | 180,848.64 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705209 | 20060622 | USD | 46,981.44 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705210 | 20060622 | USD | 123,078.00 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705211 | 20060628 | USD | 187,666.29 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705212 | 20060628 | USD | 273,957.60 | 20060930 |
| SARA LEE PRINTABLES GMBH | HKH705213 | 20060707 | USD | 56,376.18 | 20061030 |
| SARA LEE PRINTABLES GMBH | HKH705223 | 20060721 | USD | 293,224.60 | 20061030 |
| SARA LEE PRINTABLES GMBH | HKH705215 | 20060714 | USD | 725,338.99 | 20061030 |

**HSBC Bank**

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE PRINTABLES GMBH | HKH705216 | 20060714 | USD | 730,421.54 | 20061030 |
| SARA LEE PRINTABLES GMBH | HKH705217 | 20060721 | USD | 279,970.32 | 20061030 |
| SARA LEE PRINTABLES GMBH | HKH705218 | 20060721 | USD | 730,690.41 | 20061030 |
| SARA LEE PRINTABLES GMBH | HKH705219 | 20060721 | USD | 343,921.34 | 20061030 |
| SARA LEE PRINTABLES GMBH | HKH705220 | 20060721 | USD | 78,985.62 | 20061030 |
| SARA LEE PRINTABLES GMBH | HKH705221 | 20060721 | USD | 46,256.24 | 20061030 |
| SARA LEE PRINTABLES GMBH | HKH705222 | 20060721 | USD | 68,709.72 | 20061030 |
| SARA LEE PRINTABLES GMBH | HKH705214 | 20060707 | USD | 142,701.30 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705235 | 20060815 | USD | 807,790.20 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705234 | 20060815 | USD | 428,685.96 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705226 | 20060815 | USD | 332,868.44 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705227 | 20060815 | USD | 337,013.07 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705228 | 20060815 | USD | 118,847.04 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705229 | 20060815 | USD | 11,642.40 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705230 | 20060815 | USD | 795,656.74 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705231 | 20060815 | USD | 65,175.71 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705232 | 20060815 | USD | 88,288.52 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705233 | 20060815 | USD | 78,008.99 | 20061130 |
| SARA LEE PRINTABLES GMBH | HKH705236 | 20060825 | USD | 21,197.21 | 20061210 |
| SARA LEE PRINTABLES GMBH | HKH705224 | 20060807 | USD | 557,884.11 | 20061215 |

**HSBC Bank**

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE PRINTABLES GMBH | HKH705225 | 20060811 | USD | 2,367,240.96 | 20070530 |
| CANADELLE A DIVISION OF THE | HKH692114 | 20060327 | USD | 889.07 | 20060825 |
| CANADELLE A DIVISION OF THE | HKH692120 | 20060404 | USD | 299.38 | 20060905 |
| CANADELLE A DIVISION OF THE | HKH692122 | 20060421 | USD | 292.57 | 20060908 |
| CANADELLE A DIVISION OF THE | HKH692146 | 20060801 | USD | 10,758.14 | 20060915 |
| CANADELLE A DIVISION OF THE | HKH692125 | 20060525 | USD | 10,898.92 | 20060915 |
| CANADELLE A DIVISION OF THE | HKH692123 | 20060508 | USD | 13,571.90 | 20060915 |
| CANADELLE A DIVISION OF THE | HKH685496 | 20051212 | USD | 43,810.64 | 20060915 |
| CANADELLE A DIVISION OF THE | HKH685493 | 20051125 | USD | 62,883.97 | 20060915 |
| CANADELLE A DIVISION OF THE | HKH692137 | 20060630 | USD | 180,869.92 | 20060922 |
| CANADELLE A DIVISION OF THE | HKH692130 | 20060605 | USD | 82,116.24 | 20060922 |
| CANADELLE A DIVISION OF THE | HKH692145 | 20060725 | USD | 28,953.30 | 20060922 |
| CANADELLE A DIVISION OF THE | HKH692126 | 20060525 | USD | 16,091.98 | 20061006 |
| CANADELLE A DIVISION OF THE | HKH692147 | 20060801 | USD | 95,256.41 | 20061020 |
| CANADELLE A DIVISION OF THE | HKH692102 | 20060203 | USD | 106,577.81 | 20061020 |
| CANADELLE A DIVISION OF THE | HKH692135 | 20060609 | USD | 12,283.99 | 20061020 |
| CANADELLE A DIVISION OF THE | HKH692134 | 20060609 | USD | 18,911.91 | 20061020 |
| CANADELLE A DIVISION OF THE | HKH692155 | 20060821 | USD | 4,264.20 | 20061023 |
| CANADELLE A DIVISION OF THE | HKH692138 | 20060703 | USD | 7,679.27 | 20061110 |
| CANADELLE A DIVISION OF THE | HKH692139 | 20060703 | USD | 8,004.95 | 20061117 |

**HSBC Bank**

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| CANADELLE A DIVISION OF THE | HKH692152 | 20060821 | USD | 47,146.48 | 20061117 |
| CANADELLE A DIVISION OF THE | HKH692124 | 20060508 | USD | 110,372.95 | 20061117 |
| CANADELLE A DIVISION OF THE | HKH692133 | 20060609 | USD | 129,474.09 | 20061117 |
| CANADELLE A DIVISION OF THE | HKH692143 | 20060725 | USD | 92,966.04 | 20061117 |
| CANADELLE A DIVISION OF THE | HKH692142 | 20060725 | USD | 3,933.45 | 20061208 |
| CANADELLE A DIVISION OF THE | HKH692140 | 20060703 | USD | 5,141.76 | 20061221 |
| CANADELLE A DIVISION OF THE | HKH692150 | 20060814 | USD | 58,349.09 | 20061222 |
| CANADELLE A DIVISION OF THE | HKH692149 | 20060814 | USD | 28,530.84 | 20061222 |
| CANADELLE A DIVISION OF THE | HKH692141 | 20060725 | USD | 21,789.69 | 20061222 |
| CANADELLE A DIVISION OF THE | HKH692153 | 20060821 | USD | 32,612.60 | 20061222 |
| CANADELLE A DIVISION OF THE | HKH692154 | 20060821 | USD | 126,163.16 | 20061222 |
| CANADELLE A DIVISION OF THE | HKH692151 | 20060821 | USD | 24,511.73 | 20061222 |
| CANADELLE A DIVISION OF THE | HKH692144 | 20060725 | USD | 50,585.88 | 20061222 |
| CANADELLE A DIVISION OF THE | HKH692148 | 20060807 | USD | 5,870.51 | 20061229 |
| CANADELLE A DIVISION OF THE | HKH692156 | 20060821 | USD | 10,044.97 | 20070105 |
| CHAMPION ATHLETICWEAR | HKH691324 | 20060613 | USD | 15,230.90 | 20060823 |
| CHAMPION ATHLETICWEAR | HKH691244 | 20060411 | USD | 217.06 | 20060823 |
| CHAMPION ATHLETICWEAR | HKH691423 | 20060718 | USD | 535,381.11 | 20060824 |
| CHAMPION ATHLETICWEAR | HKH691402 | 20060711 | USD | 90,756.63 | 20060824 |
| CHAMPION ATHLETICWEAR | HKH691449 | 20060807 | USD | 590,748.45 | 20060824 |

**HSBC Bank**

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| CHAMPION ATHLETICWEAR | HKH691392 | 20060704 | USD | 56,813.61 | 20060824 |
| CHAMPION ATHLETICWEAR | HKH691448 | 20060807 | USD | 167,556.10 | 20060824 |
| CHAMPION ATHLETICWEAR | HKH691427 | 20060721 | USD | 599,994.50 | 20060824 |
| CHAMPION ATHLETICWEAR | HKH691383 | 20060704 | USD | 356,707.45 | 20060825 |
| CHAMPION ATHLETICWEAR | HKH691311 | 20060601 | USD | 11,547.47 | 20060825 |
| CHAMPION ATHLETICWEAR | HKH691259 | 20060424 | USD | 10,606.95 | 20060825 |
| CHAMPION ATHLETICWEAR | HKH691341 | 20060615 | USD | 5,555.88 | 20060825 |
| CHAMPION ATHLETICWEAR | HKH691243 | 20060411 | USD | 414,517.32 | 20060825 |
| CHAMPION ATHLETICWEAR | HKH691384 | 20060704 | USD | 63,002.57 | 20060826 |
| CHAMPION ATHLETICWEAR | HKH691406 | 20060712 | USD | 2,287.80 | 20060826 |
| CHAMPION ATHLETICWEAR | HKH691304 | 20060526 | USD | 391.38 | 20060826 |
| CHAMPION ATHLETICWEAR | HKH691381 | 20060704 | USD | 444,433.28 | 20060826 |
| CHAMPION ATHLETICWEAR | HKH691380 | 20060704 | USD | 134,924.20 | 20060826 |
| CHAMPION ATHLETICWEAR | HKH691436 | 20060727 | USD | 20,755.56 | 20060826 |
| CHAMPION ATHLETICWEAR | HKH691385 | 20060704 | USD | 11,262.70 | 20060828 |
| CHAMPION ATHLETICWEAR | HKH691350 | 20060621 | USD | 15,706.94 | 20060828 |
| CHAMPION ATHLETICWEAR | HKH691416 | 20060714 | USD | 638,919.58 | 20060828 |
| CHAMPION ATHLETICWEAR | HKH691415 | 20060714 | USD | 4,158.22 | 20060830 |
| CHAMPION ATHLETICWEAR | HKH691428 | 20060721 | USD | 608,481.44 | 20060831 |
| CHAMPION ATHLETICWEAR | HKH691412 | 20060714 | USD | 678,840.50 | 20060831 |

HSBC Bank

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| CHAMPION ATHLETICWEAR | HKH691407 | 20060712 | USD | 342,445.41 | 20060831 |
| CHAMPION ATHLETICWEAR | HKH691444 | 20060807 | USD | 452,867.31 | 20060831 |
| CHAMPION ATHLETICWEAR | HKH691312 | 20060601 | USD | 19,849.14 | 20060901 |
| CHAMPION ATHLETICWEAR | HKH691303 | 20060526 | USD | 10,659.45 | 20060901 |
| CHAMPION ATHLETICWEAR | HKH691267 | 20060425 | USD | (155.65) | 20060901 |
| CHAMPION ATHLETICWEAR | HKH691457 | 20060816 | USD | 21,030.54 | 20060902 |
| CHAMPION ATHLETICWEAR | HKH691458 | 20060816 | USD | 122,927.62 | 20060902 |
| CHAMPION ATHLETICWEAR | HKH691287 | 20060516 | USD | 83,446.69 | 20060902 |
| CHAMPION ATHLETICWEAR | HKH691285 | 20060516 | USD | 10,837.87 | 20060902 |
| CHAMPION ATHLETICWEAR | HKH691349 | 20060621 | USD | 18,796.37 | 20060904 |
| CHAMPION ATHLETICWEAR | HKH691389 | 20060704 | USD | 167,774.06 | 20060906 |
| CHAMPION ATHLETICWEAR | HKH691390 | 20060704 | USD | 204,829.41 | 20060906 |
| CHAMPION ATHLETICWEAR | HKH691442 | 20060804 | USD | 735,990.00 | 20060907 |
| CHAMPION ATHLETICWEAR | HKH691429 | 20060720 | USD | 660,782.66 | 20060907 |
| CHAMPION ATHLETICWEAR | HKH691374 | 20060703 | USD | 330,196.25 | 20060907 |
| CHAMPION ATHLETICWEAR | HKH691306 | 20060529 | USD | 368,342.83 | 20060907 |
| CHAMPION ATHLETICWEAR | HKH691470 | 20060822 | USD | 113,648.22 | 20060910 |
| CHAMPION ATHLETICWEAR | HKH691443 | 20060807 | USD | 729,817.96 | 20060910 |
| CHAMPION ATHLETICWEAR | HKH691445 | 20060807 | USD | 331,042.82 | 20060910 |
| CHAMPION ATHLETICWEAR | HKH691411 | 20060714 | USD | 8,180.95 | 20060911 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| CHAMPION ATHLETICWEAR | HKH691450 | 20060807 | USD | 733,286.66 | 20060914 |
| CHAMPION ATHLETICWEAR | HKH691413 | 20060714 | USD | 696,668.14 | 20060914 |
| CHAMPION ATHLETICWEAR | HKH691302 | 20060526 | USD | 1,270.20 | 20060915 |
| CHAMPION ATHLETICWEAR | HKH691286 | 20060516 | USD | 65,826.27 | 20060916 |
| CHAMPION ATHLETICWEAR | HKH691277 | 20060508 | USD | 4,550.51 | 20060917 |
| CHAMPION ATHLETICWEAR | HKH691459 | 20060816 | USD | 49,304.79 | 20060918 |
| CHAMPION ATHLETICWEAR | HKH691319 | 20060606 | USD | 34,949.01 | 20060918 |
| CHAMPION ATHLETICWEAR | HKH691373 | 20060703 | USD | 164,935.59 | 20060920 |
| CHAMPION ATHLETICWEAR | HKH691417 | 20060714 | USD | 145,197.31 | 20060920 |
| CHAMPION ATHLETICWEAR | HKH691465 | 20060821 | USD | 656,835.97 | 20060921 |
| CHAMPION ATHLETICWEAR | HKH691478 | 20060831 | USD | 61,199.80 | 20060921 |
| CHAMPION ATHLETICWEAR | HKH691456 | 20060815 | USD | 35,754.39 | 20060921 |
| CHAMPION ATHLETICWEAR | HKH691441 | 20060804 | USD | 665,962.51 | 20060922 |
| CHAMPION ATHLETICWEAR | HKH691331 | 20060613 | USD | 85,041.82 | 20060922 |
| CHAMPION ATHLETICWEAR | HKH691473 | 20060823 | USD | 118,997.96 | 20060923 |
| CHAMPION ATHLETICWEAR | HKH691378 | 20060704 | USD | 105,761.23 | 20060923 |
| CHAMPION ATHLETICWEAR | HKH691394 | 20060705 | USD | 453,528.63 | 20060923 |
| CHAMPION ATHLETICWEAR | HKH691472 | 20060824 | USD | 276,673.45 | 20060923 |
| CHAMPION ATHLETICWEAR | HKH691372 | 20060704 | USD | 162,724.64 | 20060923 |
| CHAMPION ATHLETICWEAR | HKH691439 | 20060727 | USD | 52,900.80 | 20060925 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| CHAMPION ATHLETICWEAR | HKH691352 | 20060621 | USD | 8,349.78 | 20060926 |
| CHAMPION ATHLETICWEAR | HKH691453 | 20060808 | USD | 46,201.68 | 20060928 |
| CHAMPION ATHLETICWEAR | HKH691464 | 20060821 | USD | 649,099.97 | 20060928 |
| CHAMPION ATHLETICWEAR | HKH691463 | 20060821 | USD | 698,467.13 | 20060928 |
| CHAMPION ATHLETICWEAR | HKH691419 | 20060718 | USD | 299,935.30 | 20060928 |
| CHAMPION ATHLETICWEAR | HKH691288 | 20060516 | USD | 82,161.86 | 20060929 |
| CHAMPION ATHLETICWEAR | HKH691468 | 20060821 | USD | 180,473.18 | 20060930 |
| CHAMPION ATHLETICWEAR | HKH691371 | 20060703 | USD | 148,751.98 | 20060930 |
| CHAMPION ATHLETICWEAR | HKH691477 | 20060831 | USD | 347,494.30 | 20061001 |
| CHAMPION ATHLETICWEAR | HKH691309 | 20060529 | USD | 1,784,033.64 | 20061005 |
| CHAMPION ATHLETICWEAR | HKH691451 | 20060807 | USD | 269,049.39 | 20061005 |
| CHAMPION ATHLETICWEAR | HKH691479 | 20060831 | USD | 70,405.03 | 20061007 |
| CHAMPION ATHLETICWEAR | HKH691401 | 20060711 | USD | 102.77 | 20061007 |
| CHAMPION ATHLETICWEAR | HKH691425 | 20060720 | USD | 566,923.97 | 20061008 |
| CHAMPION ATHLETICWEAR | HKH691424 | 20060720 | USD | 487,217.39 | 20061008 |
| CHAMPION ATHLETICWEAR | HKH691452 | 20060808 | USD | 5,049.92 | 20061009 |
| CHAMPION ATHLETICWEAR | HKH691481 | 20060831 | USD | 232,397.05 | 20061011 |
| CHAMPION ATHLETICWEAR | HKH691354 | 20060626 | USD | 303,053.73 | 20061014 |
| CHAMPION ATHLETICWEAR | HKH691355 | 20060626 | USD | 127,918.50 | 20061014 |
| CHAMPION ATHLETICWEAR | HKH691399 | 20060711 | USD | 57,071.68 | 20061014 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| CHAMPION ATHLETICWEAR | HKH691422 | 20060718 | USD | 607,392.17 | 20061015 |
| CHAMPION ATHLETICWEAR | HKH691434 | 20060720 | USD | 574,087.64 | 20061015 |
| CHAMPION ATHLETICWEAR | HKH691421 | 20060718 | USD | 513,071.04 | 20061015 |
| CHAMPION ATHLETICWEAR | HKH691454 | 20060815 | USD | 275,631.17 | 20061017 |
| CHAMPION ATHLETICWEAR | HKH691420 | 20060718 | USD | 75,089.20 | 20061017 |
| CHAMPION ATHLETICWEAR | HKH691455 | 20060815 | USD | 251,340.11 | 20061022 |
| CHAMPION ATHLETICWEAR | HKH691474 | 20060825 | USD | 128,108.47 | 20061026 |
| CHAMPION ATHLETICWEAR | HKH691430 | 20060720 | USD | 23,533.44 | 20061028 |
| CHAMPION ATHLETICWEAR | HKH691440 | 20060804 | USD | 18,947.88 | 20061028 |
| CHAMPION ATHLETICWEAR | HKH691467 | 20060822 | USD | 123,487.52 | 20061030 |
| CHAMPION ATHLETICWEAR | HKH691471 | 20060822 | USD | 92,700.00 | 20061104 |
| CHAMPION ATHLETICWEAR | HKH691356 | 20060626 | USD | 188,547.97 | 20061111 |
| CHAMPION ATHLETICWEAR | HKH691461 | 20060816 | USD | 488,251.89 | 20061112 |
| CHAMPION ATHLETICWEAR | HKH691462 | 20060816 | USD | 318,767.80 | 20061112 |
| CHAMPION ATHLETICWEAR | HKH691366 | 20060630 | USD | 24,843.60 | 20061114 |
| CHAMPION ATHLETICWEAR | HKH691398 | 20060711 | USD | 25,340.47 | 20061114 |
| CHAMPION ATHLETICWEAR | HKH691460 | 20060816 | USD | 428,581.02 | 20061118 |
| CHAMPION ATHLETICWEAR | HKH691409 | 20060714 | USD | 24,843.60 | 20061202 |
| CHAMPION ATHLETICWEAR | HKH691446 | 20060807 | USD | 444,861.49 | 20061209 |
| CHAMPION ATHLETICWEAR | HKH691476 | 20060831 | USD | 140,162.40 | 20061215 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| CHAMPION ATHLETICWEAR | HKH691480 | 20060831 | USD | 42,475.26 | 20061224 |
| CHAMPION ATHLETICWEAR | HKH691466 | 20060821 | USD | 17,407.33 | 20061230 |
| CHAMPION ATHLETICWEAR | HKH691447 | 20060807 | USD | 258,316.09 | 20061230 |
| CHAMPION ATHLETICWEAR | HKH691475 | 20060825 | USD | 67,222.58 | 20070106 |
| CHAMPION JOGBRA | HKH682730 | 20060725 | USD | 26,324.33 | 20060916 |
| CHAMPION JOGBRA | HKH682729 | 20060630 | USD | 269,222.54 | 20061105 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684146 | 20060502 | USD | 25,105.15 | 20060920 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684149 | 20060522 | USD | 18,288.47 | 20060922 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684148 | 20060516 | USD | 18,231.00 | 20060922 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684152 | 20060613 | USD | 318,190.06 | 20060928 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684153 | 20060613 | USD | 561,488.10 | 20061005 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684155 | 20060704 | USD | 270,951.96 | 20061015 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684160 | 20060807 | USD | 580,179.02 | 20061025 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684151 | 20060613 | USD | 47,255.37 | 20061105 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684157 | 20060718 | USD | 222,965.87 | 20061109 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684158 | 20060726 | USD | 26,574.00 | 20061120 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684159 | 20060727 | USD | 37,762.89 | 20061205 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684163 | 20060831 | USD | 527,097.02 | 20061210 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684161 | 20060811 | USD | 60,873.00 | 20061225 |
| HANES PRINTABLES, OUTER BANKS GROUP | HKH684162 | 20060816 | USD | 33,897.92 | 20061225 |
| J.E. MORGAN KNITTING MILLS INC. | HKH688544 | 20060502 | USD | 7,938.11 | 20060830 |
| J.E. MORGAN KNITTING MILLS INC. | HKH688553 | 20060804 | USD | 108,579.44 | 20060830 |
| J.E. MORGAN KNITTING MILLS INC. | HKH688539 | 20060307 | USD | 208,752.52 | 20060901 |
| J.E. MORGAN KNITTING MILLS INC. | HKH688540 | 20060307 | USD | 257,575.48 | 20060901 |
| J.E. MORGAN KNITTING MILLS INC. | HKH688551 | 20060623 | USD | 112,051.82 | 20060915 |
| J.E. MORGAN KNITTING MILLS INC. | HKH688547 | 20060605 | USD | 28.81 | 20060915 |
| J.E. MORGAN KNITTING MILLS INC. | HKH688555 | 20060831 | USD | 26,442.84 | 20061001 |
| J.E. MORGAN KNITTING MILLS INC. | HKH688552 | 20060714 | USD | 78,048.19 | 20061022 |
| J.E. MORGAN KNITTING MILLS INC. | HKH688554 | 20060824 | USD | 20,637.03 | 20061022 |
| SARA LEE CASUALWEAR | HKH680244 | 20060519 | USD | 1,822,383.63 | 20060904 |
| SARA LEE CASUALWEAR | HKH680248 | 20060512 | USD | 175,257.11 | 20060910 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE CASUALWEAR | HKH680245 | 20060515 | USD | 1,353,619.00 | 20060910 |
| SARA LEE CASUALWEAR | HKH680246 | 20060512 | USD | 1,315,824.59 | 20060918 |
| SARA LEE CASUALWEAR | HKH680254 | 20060630 | USD | 32,120.55 | 20060919 |
| SARA LEE CASUALWEAR | HKH680250 | 20060606 | USD | 58,073.78 | 20060920 |
| SARA LEE CASUALWEAR | HKH691300 | 20060621 | USD | 282,873.53 | 20060922 |
| SARA LEE CASUALWEAR | HKH680255 | 20060727 | USD | 158,724.65 | 20060923 |
| SARA LEE CASUALWEAR | HKH691400 | 20060727 | USD | 30,815.79 | 20060930 |
| SARA LEE CASUALWEAR | HKH691437 | 20060823 | USD | 60,764.48 | 20060930 |
| SARA LEE CASUALWEAR | HKH691339 | 20060713 | USD | 59,626.91 | 20061006 |
| SARA LEE CASUALWEAR | HKH680253 | 20060630 | USD | 1,468,979.82 | 20061017 |
| SARA LEE CASUALWEAR | HKH680247 | 20060515 | USD | 1,670,602.32 | 20061023 |
| SARA LEE CASUALWEAR | HKH680252 | 20060630 | USD | 2,129,501.93 | 20061024 |
| SARA LEE CASUALWEAR | HKH680243 | 20060512 | USD | 912,620.38 | 20061106 |
| SARA LEE HOSIERY | HKH681369 | 20060612 | USD | 687.42 | 20060830 |
| SARA LEE HOSIERY | HKH681371 | 20060613 | USD | 3,621.78 | 20060907 |
| SARA LEE HOSIERY | HKH681364 | 20060418 | USD | 7,797.55 | 20060914 |
| SARA LEE HOSIERY | HKH681370 | 20060613 | USD | 77,140.35 | 20060914 |
| SARA LEE HOSIERY | HKH681368 | 20060612 | USD | 2,164.50 | 20060928 |
| SARA LEE INTIMATES AND HOSIERY | HKH689496 | 20060410 | USD | 60,255.51 | 20060831 |
| SARA LEE INTIMATES AND HOSIERY | HKH689497 | 20060410 | USD | 166,831.35 | 20060831 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE INTIMATES AND HOSIERY | HKH689499 | 20060410 | USD | 211,935.60 | 20060831 |
| SARA LEE INTIMATES AND HOSIERY | HKH689500 | 20060410 | USD | 202,640.52 | 20060831 |
| SARA LEE INTIMATES AND HOSIERY | HKH689501 | 20060410 | USD | 664.91 | 20060831 |
| SARA LEE INTIMATES AND HOSIERY | HKH689502 | 20060410 | USD | 184.79 | 20060831 |
| SARA LEE INTIMATES AND HOSIERY | HKH689503 | 20060411 | USD | 23,633.75 | 20060831 |
| SARA LEE INTIMATES AND HOSIERY | HKH689504 | 20060410 | USD | 2,036.08 | 20060831 |
| SARA LEE INTIMATES AND HOSIERY | HKH689506 | 20060410 | USD | 40,541.52 | 20060831 |
| SARA LEE INTIMATES AND HOSIERY | HKH689507 | 20060410 | USD | 23,711.23 | 20060831 |
| SARA LEE INTIMATES AND HOSIERY | HKH689495 | 20060410 | USD | 4,741.95 | 20060902 |
| SARA LEE INTIMATES AND HOSIERY | HKH689508 | 20060511 | USD | 19,770.46 | 20060904 |
| SARA LEE INTIMATES AND HOSIERY | HKH689505 | 20060410 | USD | 189,189.43 | 20060928 |
| SARA LEE INTIMATES AND HOSIERY | HKH689518 | 20060511 | USD | 504,625.53 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689519 | 20060511 | USD | 25,782.45 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689520 | 20060511 | USD | 43,906.09 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689521 | 20060511 | USD | 7,558.64 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689509 | 20060511 | USD | 284,763.52 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689510 | 20060511 | USD | 3,996.89 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689511 | 20060511 | USD | 2,373.58 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689512 | 20060511 | USD | 267,122.25 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689513 | 20060511 | USD | 348,147.31 | 20060930 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE INTIMATES AND HOSIERY | HKH689514 | 20060511 | USD | 7,779.92 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689515 | 20060511 | USD | 12,400.78 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689516 | 20060511 | USD | 55,319.23 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689517 | 20060511 | USD | 3,303.39 | 20060930 |
| SARA LEE INTIMATES AND HOSIERY | HKH689522 | 20060612 | USD | 521,741.93 | 20061002 |
| SARA LEE INTIMATES AND HOSIERY | HKH689523 | 20060612 | USD | 14,607.69 | 20061002 |
| SARA LEE INTIMATES AND HOSIERY | HKH689534 | 20060612 | USD | 303,450.80 | 20061002 |
| SARA LEE INTIMATES AND HOSIERY | HKH689537 | 20060707 | USD | 100,709.28 | 20061025 |
| SARA LEE INTIMATES AND HOSIERY | HKH689554 | 20060711 | USD | 185,890.69 | 20061026 |
| SARA LEE INTIMATES AND HOSIERY | HKH689539 | 20060711 | USD | 36,404.58 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689540 | 20060711 | USD | 973,509.16 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689541 | 20060711 | USD | 305,174.16 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689542 | 20060711 | USD | 8,343.00 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689543 | 20060814 | USD | 58,241.56 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689544 | 20060711 | USD | 3,950,148.22 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689545 | 20060711 | USD | 1,208,184.03 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689546 | 20060711 | USD | 52,261.79 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689547 | 20060711 | USD | 1,263,968.09 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689548 | 20060711 | USD | 1,598,046.07 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689549 | 20060711 | USD | 82,038.49 | 20061030 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE INTIMATES AND HOSIERY | HKH689550 | 20060711 | USD | 411,097.06 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689551 | 20060711 | USD | 596,514.21 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689552 | 20060711 | USD | 295,685.35 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689553 | 20060711 | USD | 559,054.25 | 20061030 |
| SARA LEE INTIMATES AND HOSIERY | HKH689529 | 20060612 | USD | 61,099.06 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689524 | 20060612 | USD | 81,082.84 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689525 | 20060612 | USD | 828,630.00 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689526 | 20060612 | USD | 24,102.00 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689527 | 20060612 | USD | 1,950,309.96 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689528 | 20060612 | USD | 799,577.19 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689536 | 20060612 | USD | 16,974.36 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689530 | 20060612 | USD | 235,981.69 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689531 | 20060612 | USD | 439,687.27 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689532 | 20060612 | USD | 60,821.09 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689533 | 20060612 | USD | 319,956.32 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689538 | 20060612 | USD | 299,074.77 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689535 | 20060612 | USD | 246,933.53 | 20061102 |
| SARA LEE INTIMATES AND HOSIERY | HKH689569 | 20060809 | USD | 454,894.72 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689555 | 20060809 | USD | 154,258.18 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689556 | 20060809 | USD | 115,367.75 | 20061204 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE INTIMATES AND HOSIERY | HKH689557 | 20060810 | USD | 56,641.18 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689558 | 20060809 | USD | 1,242,315.96 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689559 | 20060809 | USD | 1,632,435.40 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689560 | 20060809 | USD | 161,858.40 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689561 | 20060809 | USD | 237,720.13 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689562 | 20060809 | USD | 464,936.85 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689563 | 20060809 | USD | 18,490.56 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689564 | 20060809 | USD | 1,032,667.99 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689565 | 20060809 | USD | 495,260.46 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689566 | 20060809 | USD | 379,632.52 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689567 | 20060809 | USD | 52,060.32 | 20061204 |
| SARA LEE INTIMATES AND HOSIERY | HKH689568 | 20060809 | USD | 109,701.18 | 20061204 |
| SARA LEE UNDERWEAR | HKH682031 | 20060719 | USD | 33,623.84 | 20060827 |
| SARA LEE UNDERWEAR | HKH682029 | 20060719 | USD | 1,650.49 | 20060827 |
| SARA LEE UNDERWEAR | HKH681954 | 20060510 | USD | 406,784.52 | 20060827 |
| SARA LEE UNDERWEAR | HKH681965 | 20060522 | USD | 52,600.80 | 20060830 |
| SARA LEE UNDERWEAR | HKH681938 | 20060427 | USD | 58,765.58 | 20060830 |
| SARA LEE UNDERWEAR | HKH682014 | 20060626 | USD | 15,965.91 | 20060831 |
| SARA LEE UNDERWEAR | HKH681994 | 20060613 | USD | 27,903.75 | 20060904 |
| SARA LEE UNDERWEAR | HKH681976 | 20060602 | USD | 660,541.27 | 20060905 |

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| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE UNDERWEAR | HKH682053 | 20060807 | USD | 136,223.93 | 20060907 |
| SARA LEE UNDERWEAR | HKH681988 | 20060613 | USD | 545,081.24 | 20060909 |
| SARA LEE UNDERWEAR | HKH681987 | 20060613 | USD | 131,056.14 | 20060909 |
| SARA LEE UNDERWEAR | HKH682001 | 20060711 | USD | 54,652.72 | 20060909 |
| SARA LEE UNDERWEAR | HKH682074 | 20060815 | USD | 73,812.10 | 20060910 |
| SARA LEE UNDERWEAR | HKH682073 | 20060815 | USD | 90,762.05 | 20060910 |
| SARA LEE UNDERWEAR | HKH682043 | 20060719 | USD | 59,317.30 | 20060913 |
| SARA LEE UNDERWEAR | HKH682008 | 20060623 | USD | 187,445.80 | 20060913 |
| SARA LEE UNDERWEAR | HKH682011 | 20060623 | USD | 44,414.98 | 20060913 |
| SARA LEE UNDERWEAR | HKH681993 | 20060613 | USD | 16,240.80 | 20060913 |
| SARA LEE UNDERWEAR | HKH682013 | 20060623 | USD | 241,568.57 | 20060913 |
| SARA LEE UNDERWEAR | HKH682006 | 20060623 | USD | 40,937.46 | 20060914 |
| SARA LEE UNDERWEAR | HKH681983 | 20060605 | USD | 36,125.68 | 20060916 |
| SARA LEE UNDERWEAR | HKH682032 | 20060719 | USD | 162,197.87 | 20060917 |
| SARA LEE UNDERWEAR | HKH682065 | 20060814 | USD | 87,300.99 | 20060917 |
| SARA LEE UNDERWEAR | HKH681997 | 20060619 | USD | 127,664.00 | 20060919 |
| SARA LEE UNDERWEAR | HKH682066 | 20060814 | USD | 346,212.48 | 20060924 |
| SARA LEE UNDERWEAR | HKH681996 | 20060613 | USD | 74,294.39 | 20060924 |
| SARA LEE UNDERWEAR | HKH682067 | 20060814 | USD | 184,689.36 | 20060924 |
| SARA LEE UNDERWEAR | HKH681992 | 20060613 | USD | 243,607.93 | 20060925 |

**HSBC Bank**

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE UNDERWEAR | HKH682035 | 20060719 | USD | 355,747.25 | 20060925 |
| SARA LEE UNDERWEAR | HKH681961 | 20060522 | USD | 311,080.00 | 20060926 |
| SARA LEE UNDERWEAR | HKH682012 | 20060623 | USD | 36,790.87 | 20060927 |
| SARA LEE UNDERWEAR | HKH682039 | 20060719 | USD | 240,876.15 | 20060930 |
| SARA LEE UNDERWEAR | HKH682062 | 20060809 | USD | 68,882.00 | 20060930 |
| SARA LEE UNDERWEAR | HKH682077 | 20060821 | USD | 100,713.98 | 20061001 |
| SARA LEE UNDERWEAR | HKH682076 | 20060821 | USD | 105,420.67 | 20061001 |
| SARA LEE UNDERWEAR | HKH682078 | 20060821 | USD | 57,155.90 | 20061001 |
| SARA LEE UNDERWEAR | HKH682093 | 20060831 | USD | 119,388.96 | 20061008 |
| SARA LEE UNDERWEAR | HKH682094 | 20060831 | USD | 123,075.65 | 20061008 |
| SARA LEE UNDERWEAR | HKH682034 | 20060719 | USD | 277,783.13 | 20061010 |
| SARA LEE UNDERWEAR | HKH682018 | 20060703 | USD | 65,513.45 | 20061010 |
| SARA LEE UNDERWEAR | HKH682042 | 20060719 | USD | 389,891.61 | 20061011 |
| SARA LEE UNDERWEAR | HKH682070 | 20060815 | USD | 248,434.55 | 20061011 |
| SARA LEE UNDERWEAR | HKH682057 | 20060804 | USD | 62,453.75 | 20061011 |
| SARA LEE UNDERWEAR | HKH682037 | 20060719 | USD | 191,893.39 | 20061011 |
| SARA LEE UNDERWEAR | HKH682055 | 20060804 | USD | 539,138.00 | 20061011 |
| SARA LEE UNDERWEAR | HKH682040 | 20060719 | USD | 91,289.90 | 20061011 |
| SARA LEE UNDERWEAR | HKH682060 | 20060804 | USD | 378,578.30 | 20061011 |
| SARA LEE UNDERWEAR | HKH682036 | 20060719 | USD | 49,025.40 | 20061011 |

HSBC Bank

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE UNDERWEAR | HKH682051 | 20060728 | USD | 235,016.31 | 20061014 |
| SARA LEE UNDERWEAR | HKH682019 | 20060703 | USD | 33,936.00 | 20061015 |
| SARA LEE UNDERWEAR | HKH682007 | 20060623 | USD | 344,935.98 | 20061015 |
| SARA LEE UNDERWEAR | HKH682026 | 20060719 | USD | 33,936.00 | 20061015 |
| SARA LEE UNDERWEAR | HKH682085 | 20060824 | USD | 79,378.43 | 20061015 |
| SARA LEE UNDERWEAR | HKH682010 | 20060623 | USD | 259,840.43 | 20061019 |
| SARA LEE UNDERWEAR | HKH682095 | 20060831 | USD | 56,764.02 | 20061022 |
| SARA LEE UNDERWEAR | HKH682052 | 20060807 | USD | 522,063.14 | 20061025 |
| SARA LEE UNDERWEAR | HKH682041 | 20060719 | USD | 106,134.84 | 20061027 |
| SARA LEE UNDERWEAR | HKH682023 | 20060707 | USD | 300,170.71 | 20061030 |
| SARA LEE UNDERWEAR | HKH682021 | 20060707 | USD | 418,498.51 | 20061030 |
| SARA LEE UNDERWEAR | HKH682020 | 20060707 | USD | 488,772.21 | 20061030 |
| SARA LEE UNDERWEAR | HKH682027 | 20060719 | USD | 111,820.64 | 20061030 |
| SARA LEE UNDERWEAR | HKH682024 | 20060707 | USD | 469,981.60 | 20061030 |
| SARA LEE UNDERWEAR | HKH682033 | 20060719 | USD | 144,213.91 | 20061104 |
| SARA LEE UNDERWEAR | HKH681803 | 20051115 | USD | 1,467.04 | 20061104 |
| SARA LEE UNDERWEAR | HKH682069 | 20060815 | USD | 245,869.35 | 20061108 |
| SARA LEE UNDERWEAR | HKH682091 | 20060829 | USD | 234,825.00 | 20061108 |
| SARA LEE UNDERWEAR | HKH682081 | 20060824 | USD | 242,779.72 | 20061108 |
| SARA LEE UNDERWEAR | HKH682068 | 20060815 | USD | 53,610.80 | 20061108 |

**HSBC Bank**

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE UNDERWEAR | HKH682083 | 20060824 | USD | 418,792.82 | 20061108 |
| SARA LEE UNDERWEAR | HKH682092 | 20060829 | USD | 6,590.25 | 20061111 |
| SARA LEE UNDERWEAR | HKH682090 | 20060829 | USD | 351,609.89 | 20061111 |
| SARA LEE UNDERWEAR | HKH682088 | 20060829 | USD | 553,908.60 | 20061111 |
| SARA LEE UNDERWEAR | HKH682059 | 20060804 | USD | 46,413.54 | 20061114 |
| SARA LEE UNDERWEAR | HKH682058 | 20060804 | USD | 119,360.97 | 20061114 |
| SARA LEE UNDERWEAR | HKH682048 | 20060728 | USD | 385,076.16 | 20061114 |
| SARA LEE UNDERWEAR | HKH682049 | 20060728 | USD | 453,635.36 | 20061114 |
| SARA LEE UNDERWEAR | HKH682075 | 20060821 | USD | 468,416.05 | 20061115 |
| SARA LEE UNDERWEAR | HKH682072 | 20060815 | USD | 366,772.92 | 20061115 |
| SARA LEE UNDERWEAR | HKH682086 | 20060824 | USD | 27,955.14 | 20061115 |
| SARA LEE UNDERWEAR | HKH682063 | 20060809 | USD | 10,049.00 | 20061115 |
| SARA LEE UNDERWEAR | HKH682054 | 20060804 | USD | 325,453.41 | 20061116 |
| SARA LEE UNDERWEAR | HKH682038 | 20060719 | USD | 201,776.29 | 20061118 |
| SARA LEE UNDERWEAR | HKH682084 | 20060824 | USD | 550,937.63 | 20061119 |
| SARA LEE UNDERWEAR | HKH682082 | 20060824 | USD | 223,011.64 | 20061125 |
| SARA LEE UNDERWEAR | HKH682071 | 20060815 | USD | 318,683.28 | 20061126 |
| SARA LEE UNDERWEAR | HKH682064 | 20060809 | USD | 30,722.38 | 20061126 |
| SARA LEE UNDERWEAR | HKH682047 | 20060728 | USD | 688,626.16 | 20061130 |
| SARA LEE UNDERWEAR | HKH682056 | 20060804 | USD | 210,188.07 | 20061203 |

**HSBC Bank**

| Applicant Name | DC number | Issue date | DC outstanding amount | | Expiry date |
|---|---|---|---|---|---|
| SARA LEE UNDERWEAR | HKH682096 | 20060831 | USD | 103,488.64 | 20061212 |
| SARA LEE UNDERWEAR | HKH682089 | 20060829 | USD | 430,184.25 | 20061215 |
| SARA LEE UNDERWEAR | HKH682044 | 20060728 | USD | 385,076.16 | 20061215 |
| SARA LEE UNDERWEAR | HKH682045 | 20060731 | USD | 453,635.36 | 20061215 |
| SARA LEE UNDERWEAR | HKH682098 | 20060831 | USD | 43,777.44 | 20061217 |
| SARA LEE UNDERWEAR | HKH682080 | 20060824 | USD | 185,232.99 | 20061219 |
| SARA LEE UNDERWEAR | HKH682087 | 20060829 | USD | 525,769.14 | 20061225 |
| SARA LEE UNDERWEAR | HKH682046 | 20060728 | USD | 535,161.51 | 20061230 |
| SARA LEE UNDERWEAR | HKH682097 | 20060831 | USD | 219,281.71 | 20061230 |
| SARA LEE UNDERWEAR | HKH682050 | 20060728 | USD | 453,635.36 | 20061230 |
| SARA LEE UNDERWEAR | HKH682079 | 20060824 | USD | 162,862.50 | 20070109 |
| | | | | | Beneficiary |
| **Hanesbrands Inc.** | | 20070701 | USD | 5,000,000.00 | National Union Insurance |
| **JP Morgan** | | | | | |
| HBI JE Morgan | 628808 | 20070630 | USD | 700,000.00 | Safety National Casualty |
| HBI JE Morgan | 635146 | 20070631 | USD | 3,000,000.00 | Bureau of Workers Comp |
| National Textiles | 636174 | 20070110 | USD | 658,000.00 | Royal Indemnity Co |
| National Textiles | 635186 | 20061130 | USD | 2,650,000.00 | Travelers Indemnity Co |

EXHIBIT A-1

[FORM OF] REVOLVING NOTE

$__________ [DATE]

FOR VALUE RECEIVED, HANESBRANDS INC., a Maryland corporation (the "Borrower"), promises to pay to the order of [Name of Lender] (the "Lender") on the Stated Maturity Date the principal sum of up to [____________________] ($[__________]) or, if less, the aggregate unpaid principal amount of all Revolving Loans shown on the schedule attached hereto (and any continuation thereof) made (or continued) by the Lender pursuant to that certain First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used in this Revolving Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made pursuant to the terms of the Credit Agreement.

This Revolving Note is one of the Revolving Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this Revolving Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Revolving Note and on which such Indebtedness may be declared to be immediately due and payable.

All parties hereto, to the extent permitted by applicable law, whether as makers, endorsers or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

**THIS REVOLVING NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).**

**HANESBRANDS INC.**

By: ________________________________
Name:
Title:

REVOLVING LOANS AND PRINCIPAL PAYMENTS

| Date | Amount of Loan Made | | Interest Period | Amount of Principal Repaid | | Unpaid Principal Balance | | Total | Notation Made By |
|---|---|---|---|---|---|---|---|---|---|
| | Alternate Base Rate | LIBO Rate | | Alternate Base Rate | LIBO Rate | Alternate Base Rate | LIBO Rate | | |

EXHIBIT A-2

[FORM OF] FIRST LIEN TERM A NOTE

$__________ [DATE]

FOR VALUE RECEIVED, HANESBRANDS INC., a Maryland corporation (the "Borrower"), promises to pay to the order of **[**NAME OF LENDER**]** (the "Lender") on the Stated Maturity Date the principal sum of__________ DOLLARS ($__________) or, if less, the aggregate unpaid principal amount of all Term A Loans shown on the schedule attached hereto (and any continuation thereof) made (or continued) by the Lender pursuant to that certain First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used in this First Lien Term A Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made pursuant to the terms of the Credit Agreement.

This First Lien Term A Note is one of the Term A Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this First Lien Term A Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this First Lien Term A Note and on which such Indebtedness may be declared to be immediately due and payable.

All parties hereto, to the extent permitted by applicable law, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

**THIS FIRST LIEN TERM A NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).**

HANESBRANDS INC.

By ________________________________________
Name:
Title:

TERM A LOANS AND PRINCIPAL PAYMENTS

| Date | Amount of Term A Loan Made | | Interest Period | Amount of Principal Repaid | | Unpaid Principal Balance | | Total | Notation Made By |
|---|---|---|---|---|---|---|---|---|---|
| | Alternate Base Rate | LIBO Rate | | Alternate Base Rate | LIBO Rate | Alternate Base Rate | LIBO Rate | | |

EXHIBIT A-3

[FORM OF] FIRST LIEN TERM B NOTE

$__________ [DATE]

FOR VALUE RECEIVED, HANESBRANDS INC., a Maryland corporation (the "Borrower"), promises to pay to the order of **[**NAME OF LENDER**]** (the "Lender") on the Stated Maturity Date the principal sum of __________ DOLLARS ($__________) or, if less, the aggregate unpaid principal amount of all Term B Loans shown on the schedule attached hereto (and any continuation thereof) made (or continued) by the Lender pursuant to that certain First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used in this First Lien Term B Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made pursuant to the terms of the Credit Agreement.

This First Lien Term B Note is one of the Term B Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this First Lien Term B Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this First Lien Term B Note and on which such Indebtedness may be declared to be immediately due and payable.

All parties hereto, to the extent permitted by applicable law, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

**THIS FIRST LIEN TERM B NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).**

HANESBRANDS INC.

By ______________________________
Name:
Title:

TERM B LOANS AND PRINCIPAL PAYMENTS

| Date | Amount of Term B Loan Made | | Interest Period | Amount of Principal Repaid | | Unpaid Principal Balance | | Total | Notation Made By |
|---|---|---|---|---|---|---|---|---|---|
| | Alternate Base Rate | LIBO Rate | | Alternate Base Rate | LIBO Rate | Alternate Base Rate | LIBO Rate | | |

EXHIBIT A-4

[FORM OF] FIRST LIEN SWING LINE NOTE

$__________ [DATE]

FOR VALUE RECEIVED, the undersigned, HANESBRANDS INC., a Maryland corporation (the "Borrower"), promises to pay to the order of [NAME OF LENDER] (the "Lender") on the Stated Maturity Date for Swing Line Loans the principal sum of __________ DOLLARS ($__________) or, if less, the aggregate unpaid principal amount of all Swing Line Loans made by the Lender pursuant to the First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated, or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used in this Swing Line Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made pursuant to the terms of the Credit Agreement.

This Swing Line Note is the Swing Line Note referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this Swing Line Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Swing Line Note and on which such Indebtedness may be declared to be immediately due and payable.

All parties hereto, to the extent permitted by applicable law, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

**THIS SWING LINE NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.**

HANESBRANDS INC.

By ________________________________
Name:
Title:

SWING LINE LOANS AND PRINCIPAL PAYMENTS

| Date | Amount of Swing Line Loan | Amount of Principal Payment | Outstanding Principal Balance | Notation Made By |
|---|---|---|---|---|

[FORM OF] BORROWING REQUEST

Citicorp USA, Inc.,
as Administrative Agent
2 Penns Way
Suite 100
New Castle, De 19720
Attention: Carin Seals
Fax: (302) 894-6076
Phone: (212) 994-0967
E-mail: carin.seals@citigroup.com

HANESBRANDS INC.

Ladies and Gentlemen:

This Borrowing Request is delivered to you pursuant to Section 2.3 of the First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among Hanesbrands Inc. (the "Borrower"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that a **[**Revolving Loan**]** **[**Term A Loan**]** **[**Term B Loan**]** **[**Swing Line Loan**]** be made in the aggregate principal amount of [$__________] [€__________] on __________ ___, ___as a **[**Base Rate Loan**]** **[**LIBO Rate Loan having an Interest Period of ___ [months] [weeks]**]**.

The Borrower hereby acknowledges that, pursuant to Section 5.2.2 of the Credit Agreement, each of the delivery of this Borrowing Request and the acceptance by the Borrower of the proceeds of the Loans requested hereby constitutes a representation and warranty by the Borrower that, on the date of the making of such Loans, and both before and after giving effect thereto, all statements set forth in Section 5.2.1 of the Credit Agreement are true and correct.

The Borrower agrees that if prior to the time of the Borrowing requested hereby any matter certified to herein by it will not be true and correct to the extent set forth in Section 5.2.1 of the Credit Agreement at such time as if then made, it will promptly so notify the Administrative Agent. Except to the extent, if any, that prior to the time of the Borrowing

requested hereby the Administrative Agent shall receive written notice to the contrary from the Borrower, each matter certified to herein shall be deemed once again to be certified as true and correct to the extent set forth in Section 5.2.1 of the Credit Agreement at the date of such Borrowing as if then made.

Please wire transfer the proceeds of the Borrowing to the accounts of the following persons at the financial institutions indicated respectively:

| Amount to be Transferred | Person to be Paid | | Name, Address, etc. Of Transferee Lender |
|---|---|---|---|
| | Name | Account No. | |
| $__________ | __________ | __________ | __________<br>__________<br>Attention: __________ |
| $__________ | __________ | __________ | __________<br>__________<br>Attention: __________ |
| $__________ | __________ | __________ | __________<br>__________<br>Attention: __________ |
| Balance of such proceeds | The Borrower | | __________<br>__________<br>Attention: __________ |

IN WITNESS WHEREOF, the Borrower has caused this Borrowing Request to be executed and delivered, and the certifications and warranties contained herein to be made, by its duly Authorized Officer, solely in such capacity and not as an individual, this ___ day of __________, ___.

HANESBRANDS INC.

By ______________________________

Name:

Title:

EXHIBIT B-2

[FORM OF] ISSUANCE REQUEST

Citicorp USA, Inc.,
as the Administrative Agent
2 Penns Way
Suite 100
New Castle, De 19720
Attention: Carin Seals
Fax: (302) 894-6076
Phone: (212) 994-0967
E-mail: carin.seals@citigroup.com

[HSBC,
as the Issuer
Address
Attention:
Fax:
Phone:
Email:]

[NAME OF ANY ADDITIONAL ISSUER,
as an Issuer
Address
Attention:
Fax:
Phone:
Email:]

HANESBRANDS INC.

Ladies and Gentlemen:

This Issuance Request is delivered to you pursuant to Section 2.6 of that certain First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among Hanesbrands Inc. (the "Borrower"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan

Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that on __________ ___, ___ (the "Date of Issuance")[1] **[**HSBC Bank USA, National Association**]** (the "Issuer") **[**issue a [Standby] [Commercial] Letter of Credit in the initial Stated Amount of $__________ with a Stated Expiry Date (as defined therein) of __________ ___, ___**]** **[**extend the Stated Expiry Date[2, 3] (as defined under Letter of Credit No. ___, issued on __________ ___, ___, in the initial Stated Amount of $__________) to a revised Stated Expiry Date (as defined therein) of __________ ___, ___**]**.

The beneficiary of the requested Letter of Credit will be ____________________, and such Letter of Credit will be in support of ____________________.

The Borrower hereby acknowledges that, pursuant to Section 5.2.2 of the Credit Agreement, each of the delivery of this Issuance Request and the acceptance by the Borrower of the **[**issuance**]** **[**extension**]** of the Letter of Credit requested hereby constitutes a representation and warranty by the Borrower that, on the date of such **[**issuance**]** **[**extension**]**, and both before and after giving effect thereto, all statements set forth in Section 5.2.1 of the Credit Agreement are true and correct in all material respects (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

The Borrower agrees that if prior to the time of the **[**issuance**]** **[**extension**]** of the Letter of Credit requested hereby any matter certified to herein by it will not be true and correct in all material respects at such time as if then made, it will promptly so notify the Administrative Agent. Except to the extent, if any, that prior to the time of the **[**issuance**]** **[**extension**]** of the Letter of Credit requested hereby the Administrative Agent shall receive written notice to the contrary from the Borrower, each matter certified to herein shall be deemed once again to be certified as true and correct in all material respects at the date of such **[**issuance**]** **[**extension**]** as if then made.

---

1 Insert date of Issuance Request which shall be on or before 10:00 a.m. on a Business Day, not less than three nor more than ten Business Days' notice, in the case of an initial issuance of a Letter of Credit and not less than three Business Days' prior notice, in the case of a request for the extension of the Stated Expiry Date of a Standby Letter of Credit (in each case, unless a shorter notice period is agreed to by the relevant Issuer, in its sole discretion)

2 Each Standby Letter of Credit shall by its terms be stated to expire no later than the earlier to occur of (i) five Business Days prior to the Revolving Loan Commitment Termination Date or (ii) unless otherwise agreed to by the Issuer, in its sole discretion, one year from the date of issuance (provided that each Standby Letter of Credit may, with the consent of the Issuer in its sole discretion, provide for automatic renewals for one year periods (which in no event shall extend beyond the Revolving Loan Commitment Termination Date).

3 Each Commercial Letter of Credit shall by its terms be stated to expire on a date no later than the earlier to occur of (i) five Business Days prior to the Revolving Loan Commitment Termination Date or (ii) unless otherwise agreed to by the Issuer, in its sole discretion, 180 days from the date of its issuance.

IN WITNESS WHEREOF, the Borrower has caused this Issuance Request to be executed and delivered, and the certifications and warranties contained herein to be made, by its duly Authorized Officer, solely in such capacity and not as an individual, this ___ day of __________, ___.

HANESBRANDS INC.

By ____________________________________________
Name:
Title:

EXHIBIT C

CONTINUATION/CONVERSION NOTICE

Citicorp USA, Inc.,
as Administrative Agent
2 Penns Way
Suite 100
New Castle, DE 19720
Attention: Carin Seals
Fax: (302) 894-6076
Phone: (212) 994-0967
E-mail: carin.seals@citigroup.com

**HANESBRANDS INC.**

Ladies and Gentlemen:

This Continuation/Conversion Notice is delivered to you pursuant to Section 2.4 of the First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among Hanesbrands Inc., a Maryland corporation (the "Borrower"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that on __________ ___, ___[1],

(1) $__________ [2] of the presently outstanding principal amount of the **[**Revolving Loans**]** **[**Term A Loans**]** **[**Term B Loans**]** originally made on __________ ___, ___, presently being maintained as **[**Base Rate Loans**]** **[**LIBO Rate Loans**]**,

---

1 Insert date of Continuation/Conversion Notice which shall be on or before 10:00 a.m. on a Business Day (i) and not less than three nor more than five Business Days' notice, (A) to convert any Base Rate Loan into one or more LIBO Rate Loans denominated in Dollars or (B) before the last day of the then current Interest Period with respect thereto, to continue any LIBO Rate Loan denominated in Dollars as a LIBO Rate Loan so denominated; and (ii) on not less than five nor more than ten Business Days' notice before the last day of the then current Interest Period with respect thereto, to convert or continue any LIBO Rate Loan denominated in Euros as a LIBO Rate Loan denominated in Euros; provided that in the absence of prior notice as required above (which notice may be delivered telephonically followed by written confirmation within 24 hours thereafter by delivery of a Continuation/Conversion Notice), with respect to any LIBO Rate Loan denominated in Dollars at least three Business Days (or, with respect to any LIBO Rate Loan denominated in Euros, at least five Business Days) before the last day of the then current Interest Period with respect thereto, such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan.

2 Minimum of $1,000,000 and integral multiples of $1,000,000.

(2) be **[**converted into**]** **[**continued as**]**,

(3) **[**LIBO Rate Loans having an Interest Period of ___ [ weeks] [months]**]**[3] **[**Base Rate Loans**]**.

[The undersigned hereby certifies that no Event of Default has occurred and is continuing on the date of the proposed [conversion] [continuation]][4]

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3 Insert appropriate interest rate option and, if applicable, the number of weeks (one or two) if available, or months (one, two, three or six, or if available nine or twelve) with respect to LIBO Rate Loans.

4 Insert this sentence only in the event of a conversion from a Base Rate Loan to a LIBO Rate Loan or a continuation of a LIBO Rate Loan.

IN WITNESS WHEREOF, the Borrower has caused this Continuation/Conversion Notice to be executed and delivered by its duly Authorized Officer, solely in such capacity and not as an individual, this ___ day of __________, ___.

HANESBRANDS INC.

By ____________________________________

Name:

Title:

EXHIBIT D

[FORM OF] LENDER ASSIGNMENT AGREEMENT

__________ ___, _____

To: HANESBRANDS INC.,
as the Borrower
1000 East Hanes Mill Rd
Winston Salem, NC 27105
Attn: General Counsel

CITICORP USA, INC.,
as the Administrative Agent
2 Penns Way
Suite 100
New Castle, De 19720
Attention: Carin Seals
Fax: (302) 894-6076
Phone: (212) 994-0967
E-mail: carin.seals@citigroup.com

HANESBRANDS INC.

Gentlemen and Ladies:

This Lender Assignment Agreement (this "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the "Standard Terms and Conditions") are hereby agreed to be incorporated herein by reference and made a part of this Assignment and Acceptance.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent (as defined below) as contemplated below (i) all of the Assignor's rights, benefits, obligations, liabilities and indemnities in its capacity as a Lender under (and in connection with) the Credit Agreement and any other Loan Documents to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any Letter of Credit Outstandings and Swing Line Loans) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of

action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, the other Loan Documents or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by the Assignor.

This Assignment and Acceptance shall be effective as of the Effective Date [upon the written consent of the Administrative Agent][1] [, each Issuer, the Swing Line Lender][2] [and the Borrower (as defined below); provided that the Borrower shall be deemed to have given its consent seven Business Days after the date notice thereof has been delivered by the Assignor (through the Administrative Agent) to the Borrower, unless such consent is expressly refused by the Borrower prior to such seventh Business Day][3] being subscribed in the space indicated below.

| | | |
|---|---|---|
| 1. | Assignor: | ______________________________ |
| 2. | Assignee: | ______________________________<br>[and is an Affiliate/Approved Fund of [*identify Lender*][4]] |
| 3. | Borrower: | HANESBRANDS INC. (the "Borrower") |
| 4. | Administrative Agent: | CITICORP USA, INC., as the administrative agent under the Credit Agreement (the "Administrative Agent") |
| 5. | Credit Agreement: | The First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley |

[1] Administrative Agent consent required for assignments (i) to an Eligible Assignee that is not a Lender, an Approved Fund or an Affiliate of a Lender and (ii) pursuant to clause (a)(i) of Section 10.11 of the Credit Agreement.

[2] Consent of each Issuer and the Swing Line Lender is required for assignments of Revolving Loan Commitments to an Eligible Assignee that is not a Lender, an Approved Fund or an Affiliate of a Lender.

[3] Borrower consent required (i) pursuant to clause (a)(i) of Section 10.11 of the Credit Agreement and (ii) so long as no Event of Default has occurred and is continuing, for assignments of Revolving Loan Commitments, Revolving Loans and Term A Loans to an Eligible Assignee that is not a Lender, an Approved Fund or an Affiliate of a Lender.

[4] Select as applicable.

Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers").

6. Assigned Interest:

| Facility Assigned | Aggregate Amount of Commitment/Loans for all Lenders | Amount of Commitment/Loans Assigned | Percentage Assigned of Commitment/Loans |
|---|---|---|---|
| [Revolving Loan Commitment/Revolving Loans] | $ | $ | % |
| [Term A Loan] | $ | $ | % |
| [Term B Loan] | $ | $ | % |

Effective Date: [MONTH] ___, 20___

The terms set forth in this Assignment and Acceptance are hereby agreed to as of the Effective Date:

ASSIGNOR
[NAME OF ASSIGNOR]

By: ____________________________
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: ____________________________
Name:
Title:

[Consented to and] Accepted:
CITICORP USA, INC.,
as the Administrative Agent [and the Swing Line Lender]

By: ______________________________
Name:
Title:

[Consented to:
HANESBRANDS INC.,
as the Borrower

By: ______________________________
Name:
Title:]

[Consented to:
HSBC Bank USA, National Association,
as an Issuer

By: ______________________________
Name:
Title:

[NAME OF ANY ADDITIONAL ISSUER],
as an Issuer

By: ______________________________
Name:
Title:]

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) except as provided in clause (a) above, assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower or any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower or any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it is an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1.6 or 7.1.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Non-U.S. Lender, attached to this Assignment and Acceptance is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Collateral Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2 Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but

excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by telecopy or facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be deemed to be a contract made under, governed by, and construed in accordance with, the laws of the State of New York (including for such purposes Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York) without regard to conflicts of laws principles.

EXHIBIT E

COMPLIANCE CERTIFICATE (FIRST LIEN)

HANESBRANDS INC.

This Compliance Certificate is delivered pursuant to clause (c) of Section 7.1.1 of the First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among Hanesbrands Inc. (the "Borrower"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used herein that are defined in the Credit Agreement, unless otherwise defined herein, have the meanings provided (or incorporated by reference) in the Credit Agreement.

The Borrower hereby certifies, represents and warrants as follows in respect of the period (the "Computation Period") commencing on __________ ___, ___ and ending on __________ ___, ___ (such latter date being the "Computation Date") and with respect to the Computation Date:

1. Defaults. As of the Computation Date, no Default had occurred and was continuing. [1]

2. Financial Covenants.

a. Leverage Ratio. The Leverage Ratio on the Computation Date was __________, as computed on Attachment 1 hereto. The maximum Leverage Ratio permitted pursuant to clause (a) of Section 7.2.4 of the Credit Agreement on the Computation Date was __________.

b. Interest Coverage Ratio. The Interest Coverage Ratio for the Computation Period was __________, as computed on Attachment 2 hereto. The minimum Interest Coverage Ratio permitted pursuant to clause (b) of Section 7.2.4 of the Credit Agreement for the Computation Period was __________.

3. [2][Excess Cash Flow: The Excess Cash Flow was $__________, as computed on Attachment 3 hereto.] Such amount multiplied by the Applicable Percentage (which is ___% based on the Leverage Ratio set forth above) is $__________. Such amount minus the

---

[1] If a Default has occurred, specify the details of such default and the action that the Borrower or other Obligor has taken or proposes to take with respect thereto.

[2] Use in the case of a Compliance Certificate delivered concurrently with the financial information pursuant to clause (b) of Section 7.1.1 of the Credit Agreement if applicable.

aggregate amount of all voluntary prepayments of Loans (but including Revolving Loans and Swing Line Loans only to the extent there was a corresponding reduction of the Revolving Loan Commitment Amount pursuant to Section 2.2.1 of the Credit Agreement) made during the Computation Period (which was $__________) is equal to $__________. As a result, [3][we are required to make a mandatory prepayment in such amount] [4][we are not required to make a mandatory prepayment of Excess Cash Flow]

4. Subsidiaries: Except as set forth below, no Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate. The formation and/or acquisition of such Subsidiary was in compliance with Section 7.1.8 of the Credit Agreement.

[Insert names of any new entities.]

5. Neither the Borrower nor any Obligor has changed its legal name or jurisdiction of organization, during the Computation Period, except as indicated on Attachment 4 hereto.

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3 Use if amount is positive.

4 Use if amount is zero or less.

IN WITNESS WHEREOF, the Borrower has caused this Compliance Certificate to be executed and delivered, and the certification and warranties contained herein to be made, by the treasurer, chief financial or accounting Authorized Officer of the Borrower, solely in such capacity and not as an individual, as of ___, 200_.

HANESBRANDS INC.

By ____________________

Name:
Title:

Attachment 1

(to __/__/__ Compliance
Certificate)

LEVERAGE RATIO
on ___________
(the “Computation Date”)

**Leverage Ratio:**

1. Total Debt: on the Computation Date, in each case exclusive of intercompany Indebtedness between the Borrower and its Subsidiaries and any Contingent Liability in respect of any of the following, the outstanding principal amount of all Indebtedness of the Borrower and its Subsidiaries (other than a Receivables Subsidiary), comprised of:

| | | |
|---|---|---|
| (a) | all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments[1] | $__________ |
| (b) | all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker’s acceptances issued for the account of such Person[2] | $__________ |
| (c) | all Capitalized Lease Liabilities of such Person | $__________ |
| (d) | monetary obligations arising under Synthetic Leases | $__________ |
| (e) | TOTAL DEBT: The sum of Item 1(a) through 1(d) | $__________ |

2. Net Income (the aggregate of all amounts which would be included as net income on the consolidated financial statements of the Borrower and its Subsidiaries for the Computation Period)[3] $__________

3. to the extent deducted in determining Net Income, amounts

---

1 In the case of the Loans, this amount shall be deemed to equal the Dollar Equivalent (determined as of the most recent Revaluation Date) for any Loans denominated in Euros.

2 In the case of Letter of Credit Outstandings, this amount shall be deemed to equal the Dollar Equivalent (determined as of the most recent Revaluation Date) for any Letter of Credit Outstandings denominated in Euros.

3 The calculation of Net Income shall not include any net income of any Foreign Supply Chain Entity, except to the extent cash is distributed by such Foreign Supply Chain Entity during such period to the Borrower or any other Subsidiary as a dividend or other distribution.

| | | |
|---|---|---|
| | attributable to amortization (including amortization of goodwill and other intangible assets) | $__________ |
| 4. | to the extent deducted in determining Net Income, Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Tax expense | $__________ |
| 5. | to the extent deducted in determining Net Income, Interest Expense (the aggregate interest expense (both, without duplication, when accrued or paid and net of interest income paid during such period to the Borrower and its Subsidiaries) of the Borrower and its Subsidiaries for such applicable period, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense) | $__________ |
| 6. | to the extent deducted in determining Net Income, depreciation of assets | $__________ |
| 7. | to the extent deducted in determining Net Income, all non-cash charges, including all non-cash charges associated with announced restructurings, whether announced previously or in the future | $__________ |
| 8. | to the extent deducted in determining Net Income, net cash charges associated with or related to any contemplated restructurings in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Restructuring Charge[4] Amount for such Fiscal Year | $__________ |
| 9. | to the extent deducted in determining Net Income, net cash restructuring charges associated with or related to the Spin-Off in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Spin-Off Charge Amount for such Fiscal Year[5] | $__________ |
| 10. | to the extent deducted in determining Net Income, all amounts in respect of extraordinary losses | $__________ |
| 11. | to the extent deducted in determining Net Income, non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements) | $__________ |

[4] The Permitted Cash Restructuring Charge Amount shall be $120,000,000 in the aggregate for the Fiscal Year 2006 and all Fiscal Years ending after the Closing Date.

[5] The Permitted Cash Spin-Off Charge Amount for the Fiscal Year 2006 shall be $20,000,000 and for the Fiscal Year 2007 shall be $55,000,000.

| | | |
|---|---|---|
| 12. | to the extent included in determining Net Income, any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early retirement of Indebtedness, and related out-of-pocket expenses incurred by the Borrower or any of its Subsidiaries as a result of the Transaction, including fees and expenses in connection with the issuance, redemption or exchange of the Bridge Loans, all determined in accordance with GAAP | $__________ |
| 13. | to the extent included in determining Net Income, non-cash or unrealized losses on agreements with respect to Hedging Obligations | $__________ |
| 14. | to the extent included in determining Net Income and to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of the Borrower and its Subsidiaries incurred as a result of Permitted Acquisitions, Investments, Dispositions permitted under the Credit Agreement and the issuance of Capital Securities or Indebtedness permitted under the Credit Agreement, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Permitted Acquisition or Dispositions | $__________ |
| 15. | to the extent included in determining Net Income, and to the extent the related loss in not added back pursuant to Item 21, all proceeds of business interruption insurance policies | $__________ |
| 16. | to the extent included in determining Net Income, expenses incurred by the Borrower or any Subsidiary to the extent reimbursed in cash by a third party | $__________ |
| 17. | to the extent included in determining Net Income, extraordinary, unusual or non-recurring cash charges not to exceed $10,000,000 in any Fiscal Year | $__________ |
| 18. | to the extent included in determining Net Income, all amounts in respect of extraordinary gains or extraordinary losses | $__________ |
| 19. | to the extent included in determining Net Income, non-cash gains on agreements with respect to Hedging Obligations | $__________ |
| 20. | to the extent included in determining Net Income, reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period | $__________ |

| | | |
|---|---|---|
| 21. | to the extent included in determining Net Income, non-cash items increasing such Net Income for such period, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period. | $__________ |
| 22. | EBITDA[6]: The sum of Items 2 through 17 minus Items 18 through 21 | $__________ |
| 23. | LEVERAGE RATIO: ratio of Item 1 to Item 22 | :1 |

6 For purposes of calculating the Leverage Ratio with respect to the four consecutive Fiscal Quarter period ending (i) nearest to December 31, 2006, EBITDA shall be actual EBITDA for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four; (ii) nearest to March 31, 2007, EBITDA shall be actual EBITDA for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two; and (iii) nearest to June 30, 2007, EBITDA shall be actual EBITDA for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third.

Attachment 2
(to __/__/__ Compliance
Certificate)

INTEREST COVERAGE RATIO
on ___________
(the "Computation Date")

**Interest Coverage Ratio:**

| | | |
|---|---|---|
| 1. | EBITDA (see Item 22 of Attachment 1) | $__________ |
| 2. | Interest Expense of the Borrower and its Subsidiaries (see Item 5 of Attachment 1)[1] | $__________ |
| 3. | INTEREST COVERAGE RATIO: ratio of Item 1 to Item 2 | :1 |

[1] For purposes of calculating Interest Expense with respect to the calculation of the Interest Coverage Ratio with respect to the four consecutive Fiscal Quarter period ending (i) nearest to December 31, 2006, Interest Expense shall be actual Interest Expense for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four; (ii) nearest to March 31, 2007, Interest Expense shall be actual Interest Expense for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two; and (iii) nearest to June 30, 2007, Interest Expense shall be actual Interest Expense for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third.

Attachment 3
(to __/__/__ Compliance
Certificate)

EXCESS CASH FLOW[1]
on the Computation Date

| | |
|---|---|
| 1. EBITDA (see Item 22 of Attachment 1) | $ ________ |
| 2. Interest Expense actually paid in cash by the Borrower and its Subsidiaries | $ ________ |
| 3. scheduled principal repayments with respect to the permanent reduction of Indebtedness, to the extent actually made and permitted to be made under the Credit Agreement | $ ________ |
| 4. all Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Taxes actually paid in cash or payable (only to the extent related to Taxes associated with such Fiscal Year) by the Borrower and its Subsidiaries | $ ________ |
| 5. Capital Expenditures to the extent (x) actually made by the Borrower and its Subsidiaries in such Fiscal Year or (y) committed to be made by the Borrower and its Subsidiaries and that are permitted to be carried forward to the next succeeding Fiscal Year pursuant to Section 7.2.7 of the Credit Agreement[2] | $ ________ |
| 6. the portion of the purchase price paid in cash with respect to Permitted Acquisitions to the extent such Permitted Acquisition was made in connection with the Borrower's offshore migration of its supply chain | $ ________ |
| 7. cash Investments permitted to be made in Foreign Supply Chain Entities | $ ________ |
| 8. to the extent permitted to be included in the calculation of EBITDA for such Fiscal Year, the amount of Cash Restructuring Charges and Cash Spin-Off Charges actually so included in such calculation | $ ________ |
| 9. without duplication to any amounts deducted in preceding Item 2 | |

1 Use in the case of a Compliance Certificate delivered concurrently with the financial information pursuant to clause (b) of Section 7.1.1 of the Credit Agreement.

2 The amounts deducted from Excess Cash Flow pursuant to clause (y) of Item 5 shall not thereafter be deducted in the determination of Excess Cash Flow for the Fiscal Year during which such payments were actually made.

through Item 8, all items added back to EBITDA pursuant to clause (b) of the definition of EBITDA in the Credit Agreement that represent amounts actually paid in cash $ __________

10. The sum of Items 2 through 9 $ __________

11. EXCESS CASH FLOW: Item 1 less Item 10 $ __________

Attachment 4
(to __/__/__ Compliance
Certificate)

CHANGE OF LEGAL NAME OR JURISDICTION OF INCORPORATION

| Name of Borrower or Other Obligor | New Legal Name or Jurisdiction of Incorporation |
| --- | --- |
| | |
| | |
| | |

# GUARANTY

This GUARANTY (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Guaranty"), dated as of September 5, 2006, is made by HANESBRANDS INC., a Maryland corporation (the "Borrower") and each U.S. Subsidiary of the Borrower, from time to time party to this Guaranty (each individually, a "Subsidiary Guarantor" and, together with the Borrower, each individually, a "Guarantor" and collectively, the "Guarantors"), in favor of CITICORP USA, INC., as administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Secured Parties (capitalized terms used herein have the meanings set forth in or incorporated by reference in Article I).

W I T N E S S E T H:

WHEREAS, pursuant to a First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"), the Lenders and Issuers have extended Commitments to make Credit Extensions to the Borrower; and

WHEREAS, as a condition precedent to the making of the Credit Extensions under the Credit Agreement, each Guarantor is required to execute and deliver this Guaranty;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor agrees, for the benefit of each Secured Party, as follows:

## ARTICLE I

## DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Borrower" is defined in the preamble.

"Credit Agreement" is defined in the first recital.

"Guarantor" and "Guarantors" are defined in the preamble.

"Guaranty" is defined in the preamble.

"Non-USD Currency" means a currency other than U.S. Dollars.

"Secured Obligations" means, collectively, the Obligations, the Cash Management Obligations and all Indebtedness of the Borrower and its Subsidiaries permitted under clause (n) of Section 7.2.2 of the Credit Agreement owing to a Foreign Working Capital Lender.

SECTION 1.2. Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Credit Agreement.

ARTICLE II

GUARANTY PROVISIONS

SECTION 2.1. Guaranty. Each Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably

(a) guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Secured Obligations of the Borrower and its Subsidiaries now or hereafter existing, whether for principal, interest (including interest accruing at the then applicable rate provided in the Credit Agreement after the occurrence of any Event of Default set forth in Section 8.1.9 of the Credit Agreement, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws), fees, Reimbursement Obligations, expenses or otherwise (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. §502(b) and §506(b)); and

(b) indemnifies and holds harmless each Secured Party for any and all costs and reasonable out-of-pocket expenses (including reasonable attorneys' fees) incurred by such Secured Party in enforcing any rights under this Guaranty (in each case to the same extent the Secured Parties are indemnified and held harmless pursuant to Sections 10.3 and 10.4 of the Credit Agreement);

provided, however, that each Guarantor shall only be liable under this Guaranty for the maximum amount of such liability that can be hereby incurred without rendering this Guaranty, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount. This Guaranty constitutes a guaranty of payment when due and not of collection, and each Guarantor specifically agrees that to the extent permitted by applicable law it shall not be necessary or required that any Secured Party exercise any right, assert any claim or demand or enforce any remedy whatsoever against the Borrower or

any of its Subsidiaries or any other Person before or as a condition to the obligations of such Guarantor hereunder.

SECTION 2.2. Reinstatement, etc. Each Guarantor hereby jointly and severally agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Secured Obligations is invalidated, declared to be fraudulent or preferential, set aside, rescinded or must otherwise be restored by any Secured Party, including upon the occurrence of any Default set forth in Section 8.1.9 of the Credit Agreement or otherwise, all as though such payment had not been made.

SECTION 2.3. Guaranty Absolute, etc. To the extent permitted by applicable law, this Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment, and shall remain in full force and effect until the Termination Date has occurred. Each Guarantor jointly and severally guarantees that the Secured Obligations will be paid strictly in accordance with the terms of each Loan Document or other applicable agreement under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The liability of each Guarantor under this Guaranty shall be joint and several, absolute, unconditional and irrevocable to the extent permitted by applicable law irrespective of:

(a) any lack of validity, legality or enforceability of any Loan Document or other applicable agreement under which such Secured Obligations arise;

(b) the failure of any Secured Party

(i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any of its Subsidiaries or any other Person (including any other guarantor) under the provisions of any Loan Document or other applicable agreement under which such Secured Obligations arise or otherwise, or

(ii) to exercise any right or remedy against any other guarantor (including any Guarantor) of, or collateral securing, any Secured Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Secured Obligations, or any other extension, compromise or renewal of any Secured Obligation;

(d) any reduction, limitation, impairment or termination of any Secured Obligations for any reason (other than the occurrence of the Termination Date), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Guarantor hereby waives to the extent permitted by law, any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Secured Obligations or otherwise (other than the occurrence of the Termination Date);

(e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document or other applicable agreement under which such Secured Obligations arise;

(f) any addition, exchange or release of any collateral or of any Person that is (or will become) a guarantor (including a Guarantor hereunder) of the Secured Obligations, or any surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Secured Party securing any of the Secured Obligations;

(g) any law, regulation, decree or order of any jurisdiction, or any other event, affecting any term of any Secured Obligation or any Secured Party's rights with respect thereto, including (i) the application of any such law, regulation, decree or order, including any prior approval, which would prevent the exchange of Non-USD Currency for Dollars or the remittance of funds outside of such jurisdiction or the unavailability of Dollars in any legal exchange market in such jurisdiction in accordance with normal commercial practice, (ii) a declaration of banking moratorium or any suspension of payments by banks in such jurisdiction or the imposition by such jurisdiction or any Governmental Authority thereof of any moratorium on, the required rescheduling or restructuring of, or required approval of payments on, any indebtedness in such jurisdiction, (iii) any expropriation, confiscation, nationalization or requisition by such country or any Governmental Authority that directly or indirectly deprives any Guarantor of any assets or their use or of the ability to operate its business or a material part thereof, or (iv) any war (whether or not declared), insurrection, revolution, hostile act, civil strife or similar events occurring in such jurisdiction which has the same effect as the events described in clause (i), (ii) or (iii) above (in each of the cases contemplated in clauses (i) through (iv) above, to the extent occurring or existing on or at any time after the date of this Guaranty); or

(h) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Borrower or any of its Subsidiaries, any surety or any guarantor (other than payment or performance of the Secured Obligations, in each case in full and, with respect to payments, in cash).

SECTION 2.4. Setoff. Each Secured Party shall, upon the occurrence and during the continuance of any Event of Default described in clauses (a) through (d) of Section 8.1.9 of the Credit Agreement or, with the consent of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default, have the right to appropriate and apply to the payment of the Secured Obligations owing to it (if then due and payable), any and all balances, credits, deposits, accounts or moneys of such Guarantor then or thereafter maintained with such Secured Party (other than payroll, trust or tax accounts); provided that, any such appropriation and application shall be subject to the provisions of Section 4.8 of the Credit Agreement. Each Secured Party agrees promptly to notify the applicable Guarantor and the Administrative Agent after any such appropriation and application made by such Secured Party; provided that, the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Secured Party may have.

SECTION 2.5. Waiver, etc. Each Guarantor hereby waives, to the extent permitted by law, promptness, diligence, notice of acceptance and any other notice with respect to any of the Secured Obligations and this Guaranty and any requirement that any Secured Party protect, secure, perfect or insure any Lien, or any property subject thereto, or exhaust any right or take any action against the Borrower or any of its Subsidiaries or any other Person (including any other guarantor) or entity or any collateral securing the Secured Obligations, as the case may be.

SECTION 2.6. Postponement of Subrogation, etc. Each Guarantor agrees that it will, to the extent permitted by law, not exercise any rights which it may acquire by way of rights of subrogation under any Loan Document or other applicable agreement under which such Secured Obligations arise to which it is a party, nor shall any Guarantor seek any contribution or reimbursement from the Borrower or any of its Subsidiaries in respect of any payment made under any Loan Document or other applicable agreement under which such Secured Obligations arise or otherwise, until following the Termination Date. Any amount paid to any Guarantor on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Secured Parties and shall immediately be paid and turned over to the Administrative Agent for the benefit of the Secured Parties in the exact form received by such Guarantor (duly endorsed in favor of the Administrative Agent, if required), to be credited and applied against the outstanding Secured Obligations, in accordance with Section 2.7; provided, however, that if any Guarantor has made payment to the Secured Parties of all or any part of the Secured Obligations and the Termination Date has occurred, then at such Guarantor's request, the Administrative Agent (on behalf of the Secured Parties) will, at the expense of such Guarantor, execute and deliver to such Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Secured Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, each Guarantor shall refrain from taking any action or commencing any proceeding against the Borrower or any of its Subsidiaries (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Guaranty to any Secured Party other than as required by applicable law to preserve such rights.

SECTION 2.7. Payments; Application. Each Guarantor hereby agrees with each Secured Party as follows to the extent permitted by applicable law:

(a) Each Guarantor agrees that all payments made by such Guarantor hereunder will be made in the applicable Currency to the Administrative Agent, without set-off, counterclaim or other defense (other than the defense of payment or performance) and in accordance with Sections 4.6 and 4.7 of the Credit Agreement, free and clear of and without deduction for any Taxes, each Guarantor hereby agreeing to comply with and be bound by the provisions of Sections 4.6 and 4.7 of the Credit Agreement in respect of all payments made by it hereunder and the provisions of which Sections are hereby incorporated into and made a part of this Guaranty by this reference as if set forth herein; provided, that references to the "Borrower" in such Sections shall also be deemed to be references to each Subsidiary Guarantor, and references to "this Agreement" in such Sections shall be deemed to be references to this Guaranty.

(b) All payments made hereunder shall be applied upon receipt as set forth in Section 4.7 of the Credit Agreement.

SECTION 2.8. Place and Currency of Payment. If any Secured Obligation is payable in Dollars, such Guarantor will make payment hereunder to the Administrative Agent in Dollars at 399 Park Avenue, New York, New York. If any Secured Obligation is payable in a Non-USD Currency and/or at a place other than the United States, and such payment is not made as and when agreed, such Guarantor will, at the Administrative Agent's option, either (a) make payment in such Non-USD Currency and at the place where such Secured Obligation is payable, or (b) pay the Administrative Agent in Dollars at 399 Park Avenue, New York, New York. In the event of a payment pursuant to clause (a) above, such Guarantor will pay the Administrative Agent the equivalent of the amount of such Secured Obligation in Dollars calculated at Spot Rate; provided, however, that the foregoing provisions of this sentence shall not apply to any payments hereunder in respect of Secured Obligations that have been re-denominated into a Non-USD Currency as a result of the application of any law, order, decree or regulation in any jurisdiction other than the United States, which Secured Obligations shall, for purposes of this Guaranty, be deemed to remain denominated in Dollars and payable to Administrative Agent in accordance with the first sentence of this Section 2.8.

## ARTICLE III

## REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into the Credit Agreement and make Credit Extensions thereunder, and to induce Secured Parties to enter into Rate Protection Agreements, each Guarantor represents and warrants to each Secured Party as set forth below.

SECTION 3.1. Credit Agreement Representations and Warranties. The representations and warranties contained in Article VI of the Credit Agreement, insofar as the representations and warranties contained therein are applicable to any Guarantor and its properties, are true and correct in all material respects, each such representation and warranty set forth in such Article (insofar as applicable as aforesaid) and all other terms of the Credit Agreement to which reference is made therein, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

SECTION 3.2. Financial Condition, etc. Each Guarantor has knowledge of each other Obligor's financial condition and affairs and that it has adequate means to obtain from each such Obligor on an ongoing basis information relating thereto and to such Obligor's ability to pay and perform the Secured Obligations, and agrees to assume the responsibility for keeping, and to keep, so informed for so long as this Guaranty is in effect. Each Guarantor acknowledges and agrees that the Secured Parties shall have no obligation to investigate the financial condition or affairs of any Obligor for the benefit of such Guarantor nor to advise such Guarantor of any fact respecting, or any change in, the financial condition or affairs of any other Obligor that might become known to any Secured Party at any time, whether or not such Secured Party knows or believes or has reason to know or believe that any such fact or change is unknown to such Guarantor, or might (or does) materially increase the risk of such Guarantor as guarantor, or

might (or would) affect the willingness of such Guarantor to continue as a guarantor of the Secured Obligations.

SECTION 3.3. Best Interests. It is in the best interests of each Guarantor (other than the Borrower) to execute this Guaranty inasmuch as such Guarantor will, as a result of being a Subsidiary of the Borrower, derive substantial direct and indirect benefits from the Credit Extensions made from time to time to the Borrower by the Lenders and the Issuers pursuant to the Credit Agreement and the execution and delivery of Rate Protection Agreements between the Borrower, other Obligors and certain Secured Parties, and each Guarantor agrees that the Secured Parties are relying on this representation in agreeing to make Credit Extensions to the Borrower.

## ARTICLE IV

## COVENANTS, ETC.

Each Guarantor covenants and agrees that, at all times prior to the Termination Date, it will perform, comply with and be bound by all of the agreements to which it is a party, covenants and obligations contained in the Credit Agreement which are applicable to such Guarantor or its properties, each such agreement, covenant and obligation contained in the Credit Agreement and all other terms of the Credit Agreement to which reference is made in this Article, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

## ARTICLE V

## MISCELLANEOUS PROVISIONS

SECTION 5.1. Loan Document. This Guaranty is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 5.2. Binding on Successors, Transferees and Assigns; Assignment. This Guaranty shall remain in full force and effect until the Termination Date has occurred, shall be jointly and severally binding upon each Guarantor and its successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors, transferees and permitted assigns; provided, however, that no Guarantor may (unless otherwise permitted under the terms of the Credit Agreement) assign any of its obligations hereunder without the prior written consent of all Lenders.

SECTION 5.3. Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by any Guarantor from its obligations under this Guaranty, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent (on behalf of the Lenders or the Required Lenders, as the case may be, pursuant to Section 10.1 of the Credit Agreement) and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.4. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party (in the case of any Subsidiary Guarantor, in care of the Borrower) set forth on Schedule II to the Credit Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter.

SECTION 5.5. Additional Guarantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such Person shall become a "Guarantor" hereunder with the same force and effect as if it were originally a party to this Guaranty and named as a "Guarantor" hereunder. The execution and delivery of such supplement shall not require the consent of any other Guarantor hereunder (except to the extent a consent has been obtained), and the rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Guaranty.

SECTION 5.6. Release of Guarantor. Upon the occurrence of the Termination Date, this Guaranty and all obligations of each Guarantor hereunder shall terminate, without delivery of any instrument or performance of any act by any party. In addition, at the request of the Borrower, and at the sole expense of the Borrower, a Subsidiary Guarantor shall be automatically released from its obligations hereunder in the event that the Capital Securities of such Subsidiary Guarantor are Disposed of in a transaction permitted by the Credit Agreement; provided, that the Borrower shall have delivered to the Administrative Agent, prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor. The Administrative Agent agrees to deliver to the Borrower, at the Borrower's sole expense, such documents as the Borrower may reasonably request to evidence such termination and release.

SECTION 5.7. No Waiver; Remedies. In addition to, and not in limitation of, Sections 2.3 and 2.5, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.8. Section Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 5.9. Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 5.10. Judgment Currency. The Secured Obligations of each Guarantor in respect of any sum due to any Secured Party under or in respect of this Guaranty shall,

notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum was originally denominated (the "Original Currency"), be discharged only to the extent that on the Business Day following receipt by such Secured Party of any sum adjudged to be so due in the Judgment Currency, such Secured Party, in accordance with normal banking procedures, purchases the Original Currency with the Judgment Currency. If the amount of Original Currency so purchased is less than the sum originally due to such Secured Party, such Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Secured Party against such loss, and if the amount of Original Currency so purchased exceeds the sum originally due to such Secured Party, such Secured Party agrees to remit such excess to such Guarantor.

SECTION 5.11. Governing Law, Entire Agreement, etc. THIS GUARANTY WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 5.12. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE LENDERS, THE ISSUER OR ANY GUARANTOR IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED FOR THE BORROWER IN SECTION 10.2 OF THE CREDIT AGREEMENT. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH GUARANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 5.13. Waiver of Jury Trial. THE ADMINISTRATIVE AGENT (ON BEHALF OF ITSELF AND EACH OTHER SECURED PARTY) AND EACH GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, SUCH LENDER, THE ISSUER OR SUCH GUARANTOR IN CONNECTION THEREWITH. EACH GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT, EACH LENDER AND THE ISSUER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 5.14. Counterparts. This Guaranty may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Guaranty by facsimile (or other electronic transmission) shall be effective as delivery of a manually executed counterpart of this Guaranty.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

HANESBRANDS INC.

By: ____________________
Name:
Title:

HBI BRANDED APPAREL LIMITED, INC.

By: ____________________
Name:
Title:

HANESBRANDS DIRECT, LLC

By: ____________________
Name:
Title:

UPEL, INC.

By: ____________________
Name:
Title:

CARIBETEX, INC.

By: ____________________
Name:
Title:

SEAMLESS TEXTILES, LLC

By: ____________________
Name:
Title:

BA INTERNATIONAL, L.L.C.

By: ____________________________
Name:
Title:

HBI INTERNATIONAL, LLC

By: ____________________________
Name:
Title:

HBI BRANDED APPAREL ENTERPRISES, LLC

By: ____________________________
Name:
Title:

CASA INTERNATIONAL, LLC

By: ____________________________
Name:
Title:

UPCR, INC.

By: ____________________________
Name:
Title:

HBI SOURCING, LLC

By: ____________________________
Name:
Title:

CEIBENA DEL, INC.

By: ____________________________
Name:
Title:

NT INVESTMENT COMPANY, INC.

By: ______________________________
Name:
Title:

HANESBRANDS DISTRIBUTION, INC.

By: ______________________________
Name:
Title:

CARIBESOCK, INC.

By: ______________________________
Name:
Title:

NATIONAL TEXTILES, L.L.C.

By: ______________________________
Name:
Title:

HANES PUERTO RICO, INC.

By: ______________________________
Name:
Title:

PLAYTEX INDUSTRIES, INC.

By: ______________________________
Name:
Title:

INNER SELF LLC

By: ______________________________
Name:
Title:

PLAYTEX DORADO, LLC

By: ______________________________
Name:
Title:

HANES MENSWEAR, LLC

By: ______________________________
Name:
Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

CITICORP USA, INC.,
as Administrative Agent

By: ______________________________
Name:
Title:

THIS SUPPLEMENT, dated as of __________ __________, __________ (this "Supplement"), is to the Guaranty, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Guaranty"), among the Guarantors (such capitalized term, and other terms used in this Supplement, to have the meanings set forth or incorporated by reference in Article I of the Guaranty) from time to time party thereto, in favor of CITICORP USA, INC., as administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Secured Parties.

W I T N E S S E T H :

WHEREAS, pursuant to the provisions of Section 5.5 of the Guaranty, each of the undersigned is becoming a Subsidiary Guarantor under the Guaranty; and

WHEREAS, each of the undersigned desires to become a "Guarantor" under the Guaranty in order to induce the Secured Parties to continue to extend Credit Extensions under the Credit Agreement;

NOW, THEREFORE, in consideration of the premises, and for other consideration (the receipt and sufficiency of which is hereby acknowledged), each of the undersigned agrees, for the benefit of each Secured Party, as follows.

SECTION 1. Party to Guaranty, etc. In accordance with the terms of the Guaranty, by its signature below, each of the undersigned hereby irrevocably agrees to become a Subsidiary Guarantor under the Guaranty with the same force and effect as if it were an original signatory thereto and each of the undersigned hereby (a) agrees to be bound by and comply with all of the terms and provisions of the Guaranty applicable to it as a Subsidiary Guarantor and (b) represents and warrants that the representations and warranties made by it as a Subsidiary Guarantor thereunder are true and correct in all material respects as of the date hereof. In furtherance of the foregoing, each reference to a "Guarantor" and/or "Guarantors" in the Guaranty shall be deemed to include each of the undersigned.

SECTION 2. Representations. Each of the undersigned hereby represents and warrants that this Supplement has been duly authorized, executed and delivered by it and that this Supplement and the Guaranty constitute the legal, valid and binding obligation of each of the undersigned, enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) against it in accordance with its terms.

SECTION 3. Full Force of Guaranty. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect in accordance with its terms.

SECTION 4. Severability. Wherever possible each provision of this Supplement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Supplement shall be prohibited by or invalid under such law, such provision

shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Supplement or the Guaranty.

SECTION 5. Indemnity; Fees and Expenses, etc. Without limiting the provisions of any other Loan Document, each of the undersigned agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses incurred in connection with this Supplement, including reasonable attorney's fees and out-of-pocket expenses of the Administrative Agent's counsel.

SECTION 6. Governing Law, Entire Agreement, etc. THIS SUPPLEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Supplement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 7. Counterparts. This Supplement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Supplement by facsimile (or other electronic transmission) shall be effective as delivery of a manually executed counterpart of this Supplement.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be duly executed and delivered by its Authorized Officer as of the date first above written.

[NAME OF ADDITIONAL SUBSIDIARY]

By: ____________________________
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: ____________________________
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: ____________________________
Name:
Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

CITICORP USA, INC.,
as Administrative Agent

By: ____________________________
Name:
Title:

EXHIBIT G

EXECUTION COPY

# PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Security Agreement"), is made by HANESBRANDS INC., a Maryland corporation (the "Borrower"), and each Subsidiary Guarantor (terms used in the preamble and the recitals have the definitions set forth in or incorporated by reference in Article I) from time to time a party to this Security Agreement (each individually a "Grantor" and collectively, the "Grantors"), in favor of CITIBANK, N.A., a national banking association organized under the laws of the United States, as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties and CITICORP USA, INC., as the administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Secured Parties.

W I T N E S S E T H :

WHEREAS, pursuant to a First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower; and

WHEREAS, as a condition precedent to the making of the Credit Extensions under the Credit Agreement, each Grantor is required to execute and deliver this Security Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees, for the benefit of each Secured Party, as follows:

## ARTICLE I

## DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not underscored) when used in this Security Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Borrower" is defined in the preamble.

"Collateral" is defined in Section 2.1.

"Collateral Account" is defined in clause (b) of Section 4.3.

"Collateral Agent" is defined in the preamble.

"Computer Hardware and Software Collateral" means all of the Grantors' right, title and interest in and to:

(a) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware, including all operating system software, utilities and application programs in whatsoever form;

(b) all software programs (including both source code, object code and all related applications and data files), designed for use on the computers and electronic data processing hardware described in clause (a) above;

(c) all firmware associated therewith;

(d) all documentation (including flow charts, logic diagrams, manuals, guides, specifications, training materials, charts and pseudo codes) with respect to such hardware, software and firmware described in the preceding clauses (a) through (c); and

(e) all rights with respect to all of the foregoing, including copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, improvements, error corrections, updates, additions or model conversions of any of the foregoing;

provided that the foregoing shall not include Excluded Collateral.

"Control Agreement" means an authenticated record in form and substance reasonably satisfactory to the Collateral Agent, that provides for the Collateral Agent to have "control" (as defined in the UCC) over certain Collateral as provided herein.

"Copyright Collateral" means all of the Grantors' right, title and interest in and to:

(a) all U.S. copyrights, registered or unregistered and whether published or unpublished, now or hereafter in force including copyrights registered or applied for in the United States Copyright Office, and registrations and recordings thereof and all applications for registration thereof, whether pending or in preparation and all extensions and renewals of the foregoing ("Copyrights"), including the Copyrights which are the subject of a registration or application referred to in Item A of Schedule V;

(b) all express or implied Copyright licenses and other agreements for the grant by or to such Grantor of any right to use any items of the type referred to in clause (a) above (each a "Copyright License"), including each Copyright License referred to in Item B of Schedule V;

(c) the right to sue for past, present and future infringements of any of the Copyrights owned by such Grantor, and for breach or enforcement of any Copyright License; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

"Credit Agreement" is defined in the first recital.

"Distributions" means all dividends paid on Capital Securities, liquidating dividends paid on Capital Securities, shares (or other designations) of Capital Securities resulting from (or in connection with the exercise of) stock splits, reclassifications, warrants, options, non cash dividends, mergers, consolidations, and all other distributions on or with respect to any Capital Securities constituting Collateral.

"Excluded Accounts" means payroll accounts, petty cash accounts, pension fund accounts, 401(k) accounts, zero-balance accounts and other accounts that any Grantor may hold in trust for others.

"Excluded Collateral" is defined in Section 2.1.

"General Intangibles" means all "general intangibles" and all "payment intangibles", each as defined in the UCC, and shall include all interest rate or currency protection or hedging arrangements, all tax refunds, all licenses, permits, concessions and authorizations and all Intellectual Property Collateral (in each case, regardless of whether characterized as general intangibles under the UCC).

"Grantor" and "Grantors" are defined in the preamble.

"Intellectual Property" means Trademarks, Patents, Copyrights, Trade Secrets and all other similar types of intellectual property under any law, statutory provision or common law doctrine in the United States.

"Intellectual Property Collateral" means, collectively, the Computer Hardware and Software Collateral, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral.

"Owned Intellectual Property Collateral" means all Intellectual Property Collateral that is owned by the Grantors.

"Patent Collateral" means all of the Grantors' right, title and interest in and to:

(a) inventions and discoveries, whether patentable or not, all letters patent and applications for United States letters patent, including all United States patent applications in preparation for filing, including all reissues, divisions, continuations, continuations in part, extensions, renewals and reexaminations of any of the foregoing, including all patents issued by, or patent applications filed with, the United States Patent and Trademark Office ("Patents"), including each Patent and Patent application referred to in Item A of Schedule III;

(b) all Patent licenses, and other agreements for the grant by or to such Grantor of any right to use any items of the type referred to in clause (a) above (each a "Patent License"), including each Patent License referred to in Item B of Schedule III;

(c) the right to sue third parties for past, present and future infringements of any Patent or Patent application, and for breach or enforcement of any Patent License; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

"Permitted Liens" means all Liens permitted by Section 7.2.3 of the Credit Agreement or any other Loan Document.

"Secured Obligations" means, collectively, the Obligations, the Cash Management Obligations and all Indebtedness of any Foreign Subsidiary or Obligor, as applicable, permitted under clause (n) of Section 7.2.2 of the Credit Agreement owing to a Foreign Working Capital Lender.

"Securities Act" is defined in clause (a) of Section 6.2.

"Security Agreement" is defined in the preamble.

"Trademark Collateral" means all of the Grantors' right, title and interest in and to:

(a) (i) all United States trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office, and all common law rights relating to the foregoing, and (ii) the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as "Trademarks"), including those Trademarks referred to in Item A of Schedule IV;

(b) all Trademark licenses and other agreements for the grant by or to such Grantor of any right to use any Trademark (each a "Trademark License"), including each Trademark License referred to in Item B of Schedule IV; and

(c) all of the goodwill of the business connected with the use of, and symbolized by the Trademarks described in clause (a) and, to the extent applicable, clause (b);

(d) the right to sue third parties for past, present and future infringements or dilution of the Trademarks described in clause (a) and, to the extent applicable, clause (b) or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark License; and

(e) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

"Trade Secrets Collateral" means all of the Grantors' right, title and interest throughout the world in and to (a) all common law and statutory trade secrets and all other confidential, proprietary or useful information and all know how (collectively referred to as "Trade Secrets") obtained by or used in or contemplated at any time for use in the business of a Grantor, whether or not such Trade Secret has been reduced to a writing or other tangible form, including all Documents and things embodying, incorporating or referring in any way to such Trade Secret, (b) all Trade Secret licenses and other agreements for the grant by or to such Grantor of any right to use any Trade Secret (each a "Trade Secret License") including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret License, and (d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

SECTION 1.2. Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Security Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement.

SECTION 1.3. UCC Definitions. When used herein the terms Account, Certificate of Title, Certificated Securities, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Deposit Account, Document, Electronic Chattel Paper, Equipment, Goods, Instrument, Inventory, Investment Property, Letter-of-Credit Rights, Payment Intangibles, Proceeds, Promissory Notes, Securities Account, Security Entitlement, Supporting Obligations and Uncertificated Securities have the meaning provided in Article 8 or Article 9, as applicable, of the UCC. Letters of Credit has the meaning provided in Section 5-102 of the UCC.

## ARTICLE II

## SECURITY INTEREST

SECTION 2.1. Grant of Security Interest. Each Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of such Grantor's right, title and interest in and to the following property, whether now or hereafter existing, owned or acquired by such Grantor, and wherever located, (collectively, the "Collateral"):

(a) Accounts;

(b) Chattel Paper;

(c) Commercial Tort Claims listed on Item I of Schedule II (as such schedule may be amended or supplemented from time to time);

(d) Deposit Accounts;

(e) Documents;

(f) General Intangibles;

(g) Goods;

(h) Instruments;

(i) Investment Property;

(j) Letter-of-Credit Rights and Letters of Credit;

(k) Supporting Obligations;

(l) all books, records, writings, databases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to, any of the foregoing in this Section;

(m) all Proceeds and products of the foregoing and, to the extent not otherwise included, all payments under insurance (whether or not the Collateral Agent is the loss payee thereof); and

(n) all other property and rights of every kind and description and interests therein.

Notwithstanding the foregoing, the term "Collateral" shall not include the following (collectively, the "Excluded Collateral"):

(i) such Grantor's real property interests (including fee real estate, leasehold interests and fixtures);

(ii) any General Intangibles, healthcare insurance receivables or other rights arising under any contracts, instruments, licenses or other documents as to which the grant of a security interest would (A) constitute a violation of a valid and enforceable

restriction in favor of a third party on such grant, unless any required consent shall have been obtained, (B) give any other party to such contract, instrument, license or other document the right to terminate its obligations thereunder, or (C) otherwise cause such Grantor to lose material rights thereunder;

(iii) Investment Property consisting of Capital Securities of a direct Foreign Subsidiary of such Grantor, in excess of 65% of the total combined voting power of all Capital Securities of each such direct Foreign Subsidiary, except that such 65% limitation shall not apply to a direct Foreign Subsidiary that (x) is treated as a partnership under the Code or (y) is not treated as an entity that is separate from (A) such Grantor; (B) any Person that is treated as a partnership under the Code or (C) any "United States person" (as defined in Section 7701(a)(30) of the Code);

(iv) any Investment Property (other than Equity Interests of a Subsidiary) of any of the Grantors to the extent that applicable law or the organizational documents or other applicable agreements among the investors of such Person with respect to any such Investment Property (A) does not permit the grant of a security interest in such interest or an assignment of such interest or requires the consent of any third party to permit such grant of a security interest or assignment or (B) would, following the grant of a security interest or assignment hereunder, would cause any other Person (other than the Borrower or any of its Subsidiaries) to have the right to purchase such Investment Property;

(v) any real or personal property, the granting of a security interest in which would be void or illegal under any applicable governmental law, rule or regulation, or pursuant thereto would result in, or permit the termination of, such asset;

(vi) any real or personal property subject to a Permitted Lien (other than Liens in favor of the Collateral Agent) to the extent that the grant of other Liens on such asset (A) would result in a breach or violation of, or constitute a default under, the agreement or instrument governing such Permitted Lien, (B) would result in the loss of use of such asset, (C) would permit the holder of such Permitted Lien to terminate such Grantor's use of such asset or (D) would otherwise result in a loss of material rights of such Grantor in such asset;

(vii) any Excluded Accounts;

(viii) any Excluded Contracts to the extent any third party consent required to grant a security interest in such rights, contracts, licenses, leases and other agreements has not been obtained by the applicable Grantor; provided that any such rights, contracts, licenses, leases and other agreements shall constitute Collateral and a security interest shall attach immediately to any such rights, contracts, licenses, leases and other agreements at the time the applicable Grantor obtains the applicable required consent; or

(ix) any applications for United States trademark registration pursuant to IS U.S.L. §1051(b) (i.e., an intent-to-use application), until such time as such registration is granted or, if earlier, the date of first use of the trademark, at which point such application or registration shall constitute Collateral.

SECTION 2.2. Security for Secured Obligations. This Security Agreement and the Collateral in which the Collateral Agent for the benefit of the Secured Parties is granted a security interest hereunder by the Grantors secure the payment and performance of all of the Secured Obligations.

SECTION 2.3. Grantors Remain Liable. Anything herein to the contrary notwithstanding, to the extent permitted by applicable law:

(a) the Grantors will remain liable under the contracts and agreements included in the Collateral to the extent set forth therein, and will perform all of their duties and obligations under such contracts and agreements to the same extent as if this Security Agreement had not been executed;

(b) the exercise by the Collateral Agent of any of its rights hereunder will not release any Grantor from any of its duties or obligations under any such contracts or agreements included in the Collateral; and

(c) no Secured Party will have any obligation or liability under any contracts or agreements included in the Collateral by reason of this Security Agreement, nor will any Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 2.4. Distributions on Pledged Shares. In the event that any Distribution with respect to any Capital Securities pledged hereunder is permitted to be paid (in accordance with Section 7.2.6 of the Credit Agreement), such Distribution or payment may be paid directly to the applicable Grantor. If any Distribution is made in contravention of Section 7.2.6 of the Credit Agreement, such Grantor shall hold the same segregated and for the benefit of the Collateral Agent until paid to the Collateral Agent in accordance with Section 4.1.5.

SECTION 2.5. Security Interest Absolute, etc. To the extent permitted by applicable law, this Security Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable grant of security interest, and shall remain in full force and effect until the Termination Date. To the extent permitted by applicable law, all rights of the Secured Parties and the security interests granted to the Collateral Agent (for its benefit and the ratable benefit of each other Secured Party) hereunder, and all obligations of the Grantors hereunder, shall, in each case, be absolute, unconditional and irrevocable irrespective of:

(a) any lack of validity, legality or enforceability of any Loan Document or other applicable agreement under which such Secured Obligations arise;

(b) the failure of any Secured Party (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any of its Subsidiaries or any other Person (including any other Grantor) under the provisions of any Loan Document or other applicable agreement under which such Secured Obligations arise or otherwise, or (ii) to exercise any right or remedy against any other guarantor (including any other Grantor) of, or Collateral securing, any Secured Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Secured Obligations, or any other extension, compromise or renewal of any Secured Obligations;

(d) any reduction, limitation, impairment or termination of any Secured Obligations for any reason (other than the occurrence of the Termination Date), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Grantor hereby waives (to the extent permitted by law) any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Secured Obligations or otherwise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document or other applicable agreement under which such Secured Obligations arise;

(f) any addition, exchange or release of any Collateral or of any Person that is (or will become) a Grantor (including the Grantors hereunder) of the Secured Obligations, or any surrender or non-perfection of any Collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Secured Party securing any of the Secured Obligations; or

(g) any other circumstance (other than payment or performance of the Secured Obligations, in each case in full and, with respect to payments, in cash) which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Borrower or any of its Subsidiaries, any surety or any guarantor.

SECTION 2.6. Postponement of Subrogation. Each Grantor agrees that it will not exercise any rights against another Grantor which it may acquire by way of rights of subrogation under any Loan Document or other applicable agreement under which such Secured Obligations arise to which it is a party until the Termination Date. No Grantor shall seek any contribution or reimbursement from the Borrower or any of its Subsidiaries, in respect of any payment made under any Loan Document or other applicable agreement under which such Secured Obligations arise or otherwise, until following the Termination Date. Any amount paid to such Grantor on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Secured Parties and shall immediately be paid and turned over to the Collateral Agent for the benefit of the Secured Parties in the exact form received by such Grantor (duly endorsed in favor of the Collateral Agent, if required), to be credited and applied against the outstanding Secured Obligations in accordance with Section 6.1; provided that if such Grantor has made payment to the Secured Parties of all or any part of the Secured Obligations and the Termination Date has occurred, then upon such Grantor's notice to the Collateral Agent of such payment and request, the Collateral Agent (on behalf of the Secured Parties) will, at the expense of such Grantor, execute and deliver to such Grantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Grantor of an interest in the Secured Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, such Grantor shall refrain from taking

any action or commencing any proceeding against the Borrower or any of its Subsidiaries (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Security Agreement to any Secured Party.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into the Credit Agreement and make Credit Extensions thereunder, and to induce the Secured Parties to enter into Rate Protection Agreements, after giving effect to the consummation of the IP Purchase and the Spin-Off, the Grantors represent and warrant to each Secured Party as set forth below.

SECTION 3.1. As to Capital Securities of the Subsidiaries, Investment Property.

(a) With respect to any direct U.S. Subsidiary of any Grantor that is

(i) a corporation, business trust, joint stock company or similar Person, all Capital Securities issued by such Subsidiary is duly authorized and validly issued, fully paid and non assessable; and

(ii) a partnership or limited liability company, no Capital Securities issued by such Subsidiary (A) is dealt in or traded on securities exchanges or in securities markets, (B) expressly provides that such Capital Securities is a security governed by Article 8 of the UCC or (C) is held in a Securities Account, except, with respect to this clause (a)(ii), Capital Securities (x) for which the Administrative Agent or the Collateral Agent is the registered owner or (y) with respect to which the issuer has agreed in an authenticated record with such Grantor and the Collateral Agent (at the written instruction of the Administrative Agent) to comply with any written instructions of the Collateral Agent (at the written instruction of the Administrative Agent) without the consent of such Grantor; provided that the Grantor shall have the right to provide instructions to such issuer until such issuer receives notice of sole control from the Collateral Agent (at the written instruction of the Administrative Agent) during the continuance of an Event of Default; provided further that upon the cure or waiver of all Events of Default, the Grantor shall have the right to give instructions to the issuer.

(b) Subject to Section 7.1.11 of the Credit Agreement, each Grantor has delivered all Certificated Securities constituting Collateral held by such Grantor on the Closing Date to the Collateral Agent, together with duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Collateral Agent.

(c) With respect to Uncertificated Securities constituting Collateral owned by any Grantor (other than any Capital Securities in a Foreign Subsidiary which are uncertificated), such Grantor has caused the issuer thereof either to (i) register the

Collateral Agent as the registered owner of such security or (ii) agree in an authenticated record with such Grantor and the Collateral Agent that such issuer will comply with instructions with respect to such security originated by the Collateral Agent without further consent of such Grantor.

(d) Subject to the permitted update to Schedule I pursuant to Section 7.1.11 of the Credit Agreement, as of the Closing Date, the percentage of the issued and outstanding Capital Securities of each Subsidiary pledged by each Grantor hereunder is as set forth on Schedule I.

SECTION 3.2. Grantor Name, Location, etc.

(a) As of the Closing Date, the jurisdiction in which each Grantor is located for purposes of Sections 9–301 and 9–307 of the UCC is set forth in Item A of Schedule II.

(b) As of the Closing Date, each Grantor's organizational identification number is set forth in Item B of Schedule II.

(c) During the four months preceding the date hereof, no Grantor has been known by any legal name different from the one set forth on the signature page hereto, nor has such Grantor been the subject of any merger or other corporate reorganization, except as set forth in Item C of Schedule II hereto.

(d) As of the Closing Date, each Grantor's federal taxpayer identification number is (and, during the four months preceding the date hereof, such Grantor has not had a federal taxpayer identification number different from that) set forth in Item D of Schedule II hereto.

(e) As of the Closing Date, no Grantor is a party to any federal, state or local government contract with a value individually in excess of $2,000,000, except as set forth in Item E of Schedule II hereto.

(f) As of the Closing Date, no Grantor maintains any Deposit Accounts (other than Excluded Accounts), Securities Accounts or Commodity Accounts with any Person, in each case, except as set forth on Item F of Schedule II.

(g) As of the Closing Date, no Grantor is the beneficiary of any Letters of Credit, except as set forth on Item G of Schedule II.

(h) As of the Closing Date, no Grantor has Commercial Tort Claims (x) in which a suit has been filed by such Grantor and (y) where the amount of damages reasonably expected to be claimed individually exceeds $2,000,000, except as set forth on Item H of Schedule II.

(i) As of the Closing Date, the name set forth on the signature page attached hereto is the true and correct legal name (as defined in the UCC) of each Grantor.

SECTION 3.3. Ownership, No Liens, etc. Each Grantor owns its Collateral free and clear of any Lien, except for any security interest (a) created by this Security Agreement and (b) in the case of Collateral other than Certificated Securities, a Permitted Lien. No effective UCC financing statement or other filing similar in effect covering all or any part of the Collateral is on file in any recording office, except those filed in favor of the Collateral Agent relating to this Security Agreement, Permitted Liens, filings which have not been authorized by the applicable Grantor or as to which a duly authorized termination statement relating to such UCC financing statement or other instrument has been delivered to the Collateral Agent on the Closing Date.

SECTION 3.4. Possession of Inventory, Control; etc.

(a) Each Grantor has, and agrees that it will maintain, exclusive possession of its Documents, Instruments, Promissory Notes (not otherwise delivered to the Collateral Agent), Goods, Equipment and Inventory maintained in the U.S., other than (i) Equipment and Inventory in transit or out for repair or refurbishing in the ordinary course of business, (ii) Equipment and Inventory that is in the possession or control of a consignee, warehouseman, bailee agent or other Person (other than an Affiliate of such Grantor) located in the United States in the ordinary course of business; provided that, to the extent the fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) in any U.S. location exceeds $5,000,000 and following notice from the Collateral Agent (at the request of the Required Lenders) following the occurrence and during the continuance of an Event of Default such Grantor shall promptly notify such Persons of the security interest created in favor of the Secured Parties pursuant to this Security Agreement, and such Grantor shall use commercially reasonable efforts to cause such party to authenticate a record acknowledging that it holds possession of such Collateral for the Secured Parties' benefit and waives or subordinates any Lien held by it against such Collateral, (iii) Instruments or Promissory Notes that have been delivered to the Collateral Agent pursuant to Section 3.5 or are not otherwise required to be delivered hereunder and (iv) such other Documents, Instruments, Promissory Notes, Goods, Equipment and Inventory with a fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) of $2,000,000 in the aggregate. To each Grantor's knowledge as of the date hereof, in the case of Equipment or Inventory described in clause (ii) above, no lessor or warehouseman of any premises or warehouse upon or in which such Equipment or Inventory is located has (i) issued any warehouse receipt or other receipt in the nature of a warehouse receipt in respect of any such Equipment or Inventory, (ii) issued any Document for any such Equipment or Inventory, (iii) received notification of any Secured Party's interest (other than the security interest granted hereunder) in any such Equipment or Inventory or (iv) any Lien on any such Equipment or Inventory (other than Permitted Liens).

(b) Each Grantor is the sole entitlement holder of its Accounts and no other Person (other than the Collateral Agent pursuant to this Security Agreement or any other Person with respect to Permitted Liens) has control or possession of, or any other interest in, any of its Accounts or any other securities or property credited thereto.

SECTION 3.5. Negotiable Documents, Instruments and Chattel Paper. Each Grantor has delivered to the Collateral Agent possession of all originals of all Documents, Instruments, Promissory Notes, and tangible Chattel Paper with an individual fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) of at least $2,000,000 owned or held by the Grantor on the Closing Date.

SECTION 3.6. Intellectual Property Collateral.

(a) In respect of the Intellectual Property Collateral as of the Closing Date:

(i) set forth in Item A of Schedule III hereto is a complete and accurate list of all issued and applied-for U.S. Patents owned by the Grantors and set forth in Item B of Schedule III hereto is a complete and accurate list of all Patent Licenses;

(ii) set forth in Item A of Schedule IV hereto is a complete and accurate list all U.S. registered and applied-for U.S. Trademarks owned by the Grantors, including those that are registered, or for which an application for registration has been made, with the United States Patent and Trademark Office and set forth in Item B of Schedule IV hereto is a complete and accurate list all Trademark Licenses; and

(iii) set forth in Item A of Schedule V hereto is a complete and accurate list of all registered and applied-for U.S. Copyrights owned by the Grantors, and set forth in Item B of Schedule V hereto is a complete and accurate list of all Copyright Licenses and a complete and accurate list of all Copyright Licenses that are exclusive licenses granted to the Grantors in respect of any Copyright that is registered with the United States Copyright Office.

(b) Except as disclosed on Schedules III through V, in respect of each Grantor:

(i) the Owned Intellectual Property Collateral is valid, subsisting, unexpired and enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) and has not been abandoned or adjudged invalid or unenforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity), in whole or in part, except where the loss or expiration of such Owned Intellectual Property Collateral would not be expected to have a Material Adverse Effect;

(ii) such Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Owned Intellectual Property Collateral (except for the Permitted Liens) and (A) as of the Closing Date, no written claim, and (B) following the Closing Date, no written claim which has a reasonable likelihood of an adverse determination and if adversely determined

against any Grantor would reasonably be expect to have Material Adverse Effect, in each case has been made that such Grantor is or may be, in conflict with, infringing, misappropriating, diluting, misusing or otherwise violating any of the rights of any third party or that challenges the ownership, use, protectability, registerability, validity, enforceability of any Owned Intellectual Property Collateral or, to such Grantor's knowledge, any other Intellectual Property Collateral and, to such Grantor's knowledge neither such Grantor nor the Intellectual Property Collateral conflict with, infringe, misappropriate or dilute or otherwise violate the rights of any third party;

(iii) such Grantor has made all necessary filings and recordations to protect its interest in any Owned Intellectual Property Collateral that is material to the operations or business of such Grantor, including recordations of all of its interests in the Patent Collateral, the Trademark Collateral and the Copyright Collateral in the United States Patent and Trademark Office, the United States Copyright Office and any patent, trademark or copyright office anywhere in the world, as appropriate, and has used proper statutory notice, as applicable, in connection with its use of any Patent, Trademark or Copyright;

(iv) such Grantor has taken all commercially reasonable steps to safeguard its Trade Secrets and to its knowledge (A) none of the Trade Secrets of such Grantor has been used, divulged, disclosed or appropriated for the benefit of any other Person other than such Grantor which could reasonably be expected to result in a Material Adverse Effect; (B) no employee, independent contractor or agent of such Grantor has misappropriated any Trade Secrets of any other Person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor which could reasonably be expected to result in a Material Adverse Effect; and (C) no employee, independent contractor or agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property Collateral, which could reasonably be expected to result in a Material Adverse Effect;

(v) no action by such Grantor is currently pending or threatened in writing which asserts that any third party is infringing, misappropriating, diluting, misusing or voiding any Owned Intellectual Property Collateral and, to such Grantor's knowledge, no third party is infringing upon, misappropriating, diluting, misusing or voiding any Intellectual Property owned or used by such Grantor in any material respect, or any of its respective licensees, in each case except as would not have a Material Adverse Effect;

(vi) no settlement or consents, covenants not to sue, nonassertion assurances, or releases have been entered into by such Grantor or to which such Grantor is bound that adversely affects its rights to own or use any material Intellectual Property Collateral;

(vii) except for the Permitted Liens, such Grantor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale or transfer of any Intellectual Property Collateral for purposes of granting a security interest or as collateral that has not been terminated or released;

(viii) such Grantor has executed and delivered to the Collateral Agent, Intellectual Property Collateral security agreements for all Copyrights, Patents and Trademarks owned by such Grantor that constitute Collateral, including all Copyrights, Patents and Trademarks on Schedules III, IV or V (as such schedules may be amended or supplemented from time to time);

(ix) such Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with any Trademarks and has taken all commercially reasonable action necessary to ensure that all licensees of any Trademarks owned by such Grantor use such adequate standards of quality, in each case except as would not have a Material Adverse Effect;

(x) the consummation of the transactions contemplated by the Credit Agreement and this Security Agreement will not result in the termination or material impairment of any of the Intellectual Property Collateral necessary for the conduct of such Grantor's business;

(xi) all employees, independent contractors and agents who have contributed to the creation or development of any Owned Intellectual Property Collateral have been a party to an enforceable assignment agreement with such Grantor in accordance with applicable laws, according and granting exclusive ownership of such Owned Intellectual Property Collateral to such Grantor, in each case except as could not reasonably be expected to have a Material Adverse Effect; and

(xii) such Grantor owns directly or is entitled to use by license or otherwise, all Intellectual Property Collateral with respect to any of the foregoing reasonably necessary for such Grantor's business, in each case except as could not reasonably be expected to have a Material Adverse Effect.

Notwithstanding anything contained herein to the contrary, it is understood and agreed that (A) after the consummation of the IP Purchase, the Grantors shall be the owners of all the rights, title and interests in, to and under the Intellectual Property Collateral and (B)the Grantors' interests in such Intellectual Property Collateral will not be recorded at the applicable filing offices as of the Closing Date, but shall be filed in such filing offices no later than five Business Days following the Closing Date.

SECTION 3.7. Validity, etc.

(a) This Security Agreement creates a valid security interest in the Collateral securing the payment of the Secured Obligations.

(b) Each Grantor has filed or caused to be filed all UCC-1 financing statements listing the Collateral Agent as "Secured Party" in the filing office for each Grantor's jurisdiction of organization listed in Item A of Schedule II (collectively, the "Filing Statements") (or has authorized the Administrative Agent to file the Filing Statements suitable for timely and proper filing in such offices) and has taken all other:

(i) actions necessary to obtain control of the Collateral (to the extent required herein or in the Credit Agreement) as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC; and

(ii) actions necessary to perfect the Collateral Agent's security interest with respect to any Collateral with a fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) individually valued in excess of $75,000 evidenced by a Certificate of Title.

(c) Upon the filing of the Filing Statements with the appropriate agencies therefor the security interests created under this Security Agreement shall constitute a perfected security interest in the Collateral described on such Filing Statements in favor of the Collateral Agent on behalf of the Secured Parties to the extent that a security interest therein may be perfected by filing pursuant to the relevant UCC, prior to all other Liens, except for Permitted Liens.

SECTION 3.8. Authorization, Approval, etc. Except as have been obtained or made and are in full force and effect, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or any other third party is required either

(a) for the grant by the Grantors of the security interest granted hereby or for the execution, delivery and performance of this Security Agreement by the Grantors;

(b) for the perfection or maintenance of the security interests hereunder including the first priority (subject to Permitted Liens) nature of such security interest to the extent each Grantor is required to perfect a security interest hereunder in such Collateral (except with respect to the Filing Statements or, with respect to Owned Intellectual Property Collateral, the recordation of any agreements with the United States Patent and Trademark Office or the United States Copyright Office) or the exercise by the Collateral Agent of its rights and remedies hereunder; or

(c) for the exercise by the Collateral Agent of the voting or other rights provided for in this Security Agreement, or, except (i) with respect to any securities issued by a Subsidiary of the Grantors, as may be required in connection with a disposition of such securities by laws affecting the offering and sale of securities generally, the remedies in respect of the Collateral pursuant to this Security Agreement, (ii) any "change of control" or similar filings required by state licensing agencies and (iii) with respect to any interest in a limited liability company, as may be required to become a member and/or vote such interest.

SECTION 3.9. Best Interests. It is in the best interests of each Grantor (other than the Borrower) to execute this Security Agreement inasmuch as such Grantor will, as a result of being

a Subsidiary of the Borrower, derive substantial direct and indirect benefits from the Credit Extensions made from time to time to the Borrower by the Lenders and the Issuer pursuant to the Credit Agreement, and each Grantor acknowledges that the Secured Parties are relying on this representation in agreeing to make such Credit Extensions pursuant to the Credit Agreement to the Borrower.

## ARTICLE IV

## COVENANTS

Each Grantor covenants and agrees that, until the Termination Date, such Grantor will perform, comply with and be bound by the obligations set forth below.

SECTION 4.1. As to Investment Property, etc.

SECTION 4.1.1. Capital Securities of Subsidiaries. No Grantor will allow any of its U.S. Subsidiaries:

(a) that is a corporation, business trust, joint stock company or similar Person, after the date hereof to issue Uncertificated Securities;

(b) that is a partnership or limited liability company, to (i) issue Capital Securities that are to be dealt in or traded on securities exchanges or in securities markets, (ii) expressly provide in its Organic Documents that its Capital Securities are securities governed by Article 8 of the UCC unless such Capital Securities have been delivered to the Collateral Agent on the Closing Date or, to the extent such Organic Documents are modified to provide that such Capital Securities are securities governed by Article 8 of the UCC such Capital Securities, together with duly executed undated blank instruments of transfer reasonably acceptable to the Collateral Agent, are delivered to the Collateral Agent on or prior to the date of such modification, or (iii) place such Subsidiary's Capital Securities in a Securities Account unless such Securities Account is subject to a Control Agreement; and

(c) to issue Capital Securities in addition to or in substitution for the Capital Securities pledged hereunder, except to such Grantor (and such Capital Securities are immediately pledged and delivered to the Collateral Agent pursuant to the terms of this Security Agreement).

SECTION 4.1.2. Investment Property (other than Certificated Securities).

(a) Other than Excluded Accounts, with respect to any Deposit Accounts, Securities Accounts, Commodity Accounts, Commodity Contracts or Security Entitlements constituting Investment Property owned or held by any Grantor with an intermediary who is not a Secured Party, such Grantor will, upon notice from the Collateral Agent (at the request of the Required Lenders) following the occurrence and during the continuance of an Event of Default, take commercially reasonable efforts to cause the intermediary maintaining such Investment Property to execute a Control Agreement relating to such Investment Property pursuant to which such intermediary agrees to comply with the Collateral Agent's instructions with respect to such Investment

Property upon the Collateral Agent's notice of sole control following the occurrence and during the continuance of an Event of Default; provided that the Administrative Agent agrees to instruct the Collateral Agent to promptly rescind such notice upon the cure or waiver of all Events of Default.

(b) With respect to any Uncertificated Securities (other than Uncertificated Securities credited to a Securities Account and any Capital Securities in a Foreign Subsidiary which are uncertificated) constituting Investment Property owned or held by any Grantor, such Grantor will take commercially reasonable efforts to cause the issuer of such securities to either (i) register the Collateral Agent as the registered owner thereof on the books and records of the issuer or (ii) execute a Control Agreement relating to such Investment Property pursuant to which the issuer agrees to comply with the Collateral Agent's instructions with respect to such Uncertificated Securities upon notice of sole control following the occurrence and during the continuance of an Event of Default; provided that the Administrative Agent agrees to instruct the Collateral Agent to promptly rescind such notice upon the cure or waiver of all Events of Default.

SECTION 4.1.3. Certificated Securities (Stock Powers). Subject to Section 7.1.11 of the Credit Agreement and applicable local law regarding the retention of certificates representing Equity Interests in the appropriate jurisdiction, each Grantor agrees that all Certificated Securities, including the Capital Securities delivered by such Grantor pursuant to this Security Agreement, will be accompanied by duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Collateral Agent.

SECTION 4.1.4. Continuous Pledge. Subject to Section 7.1.11 of the Credit Agreement and applicable local law regarding the retention of certificates representing Equity Interests in the appropriate jurisdiction, each Grantor will (subject to the terms of the Credit Agreement and the requirements hereunder) deliver to the Collateral Agent and at all times keep pledged to the Collateral Agent pursuant hereto, on a first priority, perfected basis (subject to Permitted Liens) in accordance with all applicable U.S. laws, all Investment Property, all Dividends and Distributions with respect thereto, all Payment Intangibles to the extent they are evidenced by a Document, Instrument, Promissory Note or Chattel Paper, and all interest and principal with respect to such Payment Intangibles, and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing, in each case to the extent such asset constitutes Collateral. Each Grantor agrees that it will, promptly following receipt thereof, deliver to the Collateral Agent possession of all originals of negotiable Documents, Instruments, Promissory Notes and Chattel Paper that it acquires following the Closing Date to the extent otherwise required hereunder.

SECTION 4.1.5. Voting Rights; Dividends, etc. Each Grantor agrees promptly upon receipt of notice from the Administrative Agent of the Administrative Agent's or Collateral Agent's intent to seek remedies under this Section 4.1.5 after the occurrence and continuance of a Specified Default:

(a) so long as such Specified Default shall continue, to deliver (properly endorsed where required hereby or requested by the Administrative Agent) to the Collateral Agent all Dividends and Distributions with respect to Investment Property

constituting Collateral, all interest, principal, other cash payments on Payment Intangibles, and all Proceeds of the Collateral, in each case thereafter received by such Grantor, all of which shall be held by the Collateral Agent as additional Collateral; and

(b) with respect to Collateral consisting of general partner interests or limited liability company interests, upon the occurrence and continuance of a Specified Default and so long as the Collateral Agent has notified such Grantor of the Collateral Agent's intention to exercise its voting power (pursuant to the written direction of the Administrative Agent) under this clause,

(i) that the Collateral Agent may exercise (to the exclusion of such Grantor) the voting power and all other incidental rights of ownership with respect to any Investment Property constituting Collateral and such Grantor hereby grants the Collateral Agent an irrevocable proxy, exercisable under such circumstances, to vote such Investment Property; and

(ii) to promptly deliver to the Collateral Agent such additional proxies and other documents as may be necessary to allow the Collateral Agent to exercise such voting power.

All dividends, Distributions, interest, principal, cash payments, Payment Intangibles and Proceeds that may at any time and from time to time be held by such Grantor, but which such Grantor is then obligated to deliver to the Collateral Agent, shall, until delivery to the Collateral Agent, be held by such Grantor separate and apart from its other property for the benefit of the Collateral Agent. The Collateral Agent agrees that unless a Specified Default shall have occurred and be continuing and the Collateral Agent shall have given the notice referred to in clause (b), such Grantor will have the exclusive voting power with respect to any Investment Property constituting Collateral and the Collateral Agent will, upon the written request of such Grantor, promptly deliver such proxies and other documents, if any, as shall be reasonably requested by such Grantor which are necessary to allow such Grantor to exercise that voting power; provided that no vote shall be cast, or consent, waiver, or ratification given, or action taken by such Grantor that would impair any such Collateral (except to the extent expressly permitted by the Credit Agreement) or be inconsistent with or violate any provision of any Loan Document. After any and all Events of Default have been cured or waived, (i) each Grantor shall have the right to exercise the voting, managerial and other consensual rights and powers that it would otherwise be entitled to pursuant to this Section 4.1.5 and receive the payments, proceeds, dividends, distributions, monies, compensation, property, assets, instruments or rights which it would be authorized to receive and retain pursuant to this Section 4.1.5 and (ii) within ten Business Days after notice of such cure or waiver, the Collateral Agent shall repay and deliver to each Grantor all cash and monies that such Grantor is entitled to retain pursuant to this Section 4.1.5 which was not applied in repayment of the Secured Obligations.

SECTION 4.2. Change of Name, etc. No Grantor will change its legal name, place of incorporation or organization, federal taxpayer identification number or organizational identification number except upon 15 days' prior written notice to the Collateral Agent.

SECTION 4.3. As to Accounts.

(a) Each Grantor shall have the right to collect all Accounts so long as (i) no Specified Default shall have occurred and be continuing and (ii) notice pursuant to clause (b) has not been delivered.

(b) Upon (i) the occurrence and continuance of a Specified Default and (ii) the delivery of notice by the Collateral Agent (at the direction of the Administrative Agent) to each Grantor, all Proceeds of Collateral received by such Grantor shall be delivered in kind to the Collateral Agent for deposit in a Deposit Account of such Grantor maintained with the Collateral Agent (together with any other Accounts pursuant to which any portion of the Collateral is deposited with the Collateral Agent, the "Collateral Accounts"), and such Grantor shall not commingle any such Proceeds, and shall hold separate and apart from all other property, all such Proceeds for the benefit of the Collateral Agent until delivery thereof is made to the Collateral Agent.

(c) Following the delivery of notice pursuant to clause (b)(ii), the Collateral Agent shall apply any amount in the Collateral Account in accordance with Section 4.7 of the Credit Agreement.

(d) With respect to each of the Collateral Accounts, it is hereby confirmed and agreed that (i) deposits in such Collateral Account are subject to a security interest as contemplated hereby, (ii) such Collateral Account shall be under the control of the Collateral Agent and (iii) the Collateral Agent shall have the sole right of withdrawal over such Collateral Account.

SECTION 4.4. As to Grantors Use of Collateral.

(a) Subject to clause (b), each Grantor (i) may in the ordinary course of its business, at its own expense, subject to Section 7.2.11 of the Credit Agreement, dispose of and use any Collateral, (ii) subject to the applicable terms of the Credit Agreement, will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, including the taking of such action with respect to such collection as the Collateral Agent may reasonably request following the occurrence and continuance of a Specified Default or, in the absence of such request, as such Grantor may deem advisable, and (iii) may grant, in the ordinary course of business, to any party obligated on any of the Collateral, any rebate, refund, set off or allowance to which such party may be lawfully entitled or which may lawfully be allowed by such Grantor.

(b) At any time following the occurrence and during the continuance of a Specified Default, whether before or after the maturity of any of the Secured Obligations, the Collateral Agent may, acting at the direction of the Required Lenders, (i) revoke any or all of the rights of each Grantor set forth in clause (a), (ii) with two Business Days prior notice to the applicable Grantor, notify any parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder and (iii) with two Business Days prior notice to the applicable Grantor, enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period

(whether or not longer than the original period) any indebtedness thereunder or evidenced thereby.

(c) Upon the reasonable request of the Administrative Agent following the occurrence and during the continuance of a Specified Default, each Grantor will, at its own expense, promptly notify any parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder.

(d) At any time following the occurrence and during the continuation of a Specified Default, the Collateral Agent may endorse, in the name of such Grantor, any item, howsoever received by the Collateral Agent, representing any payment on or other Proceeds of any of the Collateral.

SECTION 4.5. As to Intellectual Property Collateral. Each Grantor covenants and agrees to comply with the following provisions as such provisions relate to any Intellectual Property Collateral (except for the tangible components of the Computer Hardware and Software Collateral) material to the operations or business of such Grantor:

(a) such Grantor will not, and will not knowingly permit any third party or licensee to, (i) do or permit any act or knowingly omit to do any act whereby any of the Patent Collateral may lapse or become abandoned or dedicated to the public or unenforceable except upon expiration of the end of an unrenewable term of a registration thereof or as otherwise permitted by the Credit Agreement, (ii) fail to maintain as in the past the quality of products and services offered under the Trademark Collateral, (iii) fail to employ the Trademark Collateral registered with any federal or state or foreign authority with an appropriate notice of such registration, (iv) do or permit any act or knowingly omit to do any act whereby any of the Trademark Collateral may lapse or become invalid or unenforceable, or (v) do or permit any act or knowingly omit to do any act whereby any of the Copyright Collateral or any of the Trade Secrets Collateral may lapse or become invalid or unenforceable or placed in the public domain except upon expiration of the end of an unrenewable term of a registration thereof, unless, in the case of any of the foregoing requirements in clauses (i) through (v), (x) such Grantor shall reasonably and in good faith determine that any of such Intellectual Property Collateral is of negligible economic value to such Grantor or (y) the loss of such Intellectual Property Collateral would not have a Material Adverse Effect;

(b) such Grantor shall not permit any third party or licensee to adopt or use any other Trademark which is confusingly similar or a colorable imitation of any of the Trademark Collateral unless, (x) such Grantor shall reasonably and in good faith determine that any of such Intellectual Property Collateral is of negligible economic value to such Grantor or (y) the loss of such Intellectual Property Collateral would not have a Material Adverse Effect;

(c) unless otherwise permitted by the Credit Agreement, such Grantor shall promptly notify the Collateral Agent if it knows that any application or registration relating to any material item of the Intellectual Property Collateral (except for the tangible components of the Computer Hardware and Software Collateral) has a

reasonable likelihood of becoming abandoned or dedicated to the public or placed in the public domain or invalid or unenforceable, or of any adverse determination (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office) regarding such Grantor's ownership of any Intellectual Property Collateral, its right to register the same or to keep and maintain and enforce the same;

(d) concurrently with the delivery of a Compliance Certificate pursuant to clause (c) of Section 7.1.1 of the Credit Agreement, each Grantor that has, since the date the Compliance Certificate was last delivered, (i) filed an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or (ii) received, as owner or exclusive licensee, a Copyright registration with the United States Copyright, in each case to the extent such Intellectual Property constitutes Collateral, shall inform the Administrative Agent, and upon request of the Administrative Agent, promptly execute and deliver an Intellectual Property Security Agreement substantially in the form set forth as Exhibits A, B and C hereto and other documents as the Administrative Agent may reasonably request to evidence the Collateral Agent's security interest in such Intellectual Property Collateral;

(e) such Grantor will take all commercially reasonable steps, including in any proceeding before the United States Patent and Trademark Office the United States Copyright Office, to maintain and pursue any application (and to obtain the relevant registration) filed with respect to, and to maintain any registration of, the Owned Intellectual Property Collateral, including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings and the payment of fees and taxes (except to the extent that dedication, abandonment or invalidation is permitted under the Credit Agreement or under the foregoing clause (a) or (b)); and

(f) concurrently with the delivery of a Compliance Certificate pursuant to clause (c) of Section 7.1.1 of the Credit Agreement, each Grantor that has obtained, since the date the Compliance Certificate was last delivered, an ownership interest in any Patent, Copyright or Trademark, in each case to the extent such Intellectual Property constitutes Collateral, shall execute and deliver to the Collateral Agent a Patent Security Agreement, Copyright Security Agreement or a Trademark Security Agreement in the form of Exhibit A, Exhibit B or Exhibit C, as applicable, and in each case such Grantor shall execute and deliver to the Collateral Agent any other document required to acknowledge or register, record or perfect the Collateral Agent's security interest in any part of such item of Intellectual Property unless such Grantor shall otherwise determine in good faith using its commercially reasonable business judgment that any such Intellectual Property is not material.

SECTION 4.6. As to Letter-of-Credit Rights.

(a) Each Grantor, by granting a security interest in its Letter-of-Credit Rights to the Collateral Agent, intends to (and hereby does) collaterally assign to the Collateral Agent its rights (including its contingent rights ) to the Proceeds of all individual Letter-of-Credit

Rights in excess of $2,000,000 of which it is or hereafter becomes a beneficiary or assignee. Such Grantor will promptly use its commercially reasonable efforts to cause the issuer of each such Letter of Credit and each nominated person (if any) with respect thereto to consent to such assignment of the Proceeds thereof in a consent agreement in form and substance reasonably satisfactory to the Collateral Agent and deliver written evidence of such consent to the Collateral Agent.

(b) Upon the occurrence and during the continuance of a Specified Default, such Grantor will, promptly upon request by the Administrative Agent, (i) notify (and such Grantor hereby authorizes the Administrative Agent to notify) the issuer and each nominated person with respect to each of the Letters of Credit that the Proceeds thereof have been assigned to the Collateral Agent hereunder and any payments due or to become due in respect thereof are to be made directly to the Collateral Agent and (ii) use commercially reasonable effort to arrange for the Collateral Agent to become the transferee beneficiary Letter of Credit.

SECTION 4.7. As to Commercial Tort Claims. Each Grantor covenants and agrees that, until the occurrence of the Termination Date, with respect to any Commercial Tort Claim in excess of $2,000,000 individually hereafter arising, it shall promptly deliver to the Collateral Agent a revised Item H of Schedule II identifying such new Commercial Tort Claims.

SECTION 4.8. Electronic Chattel Paper and Transferable Records. If any Grantor at any time holds or acquires an interest in any electronic chattel paper or any “transferable record,” as that term is defined in Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the U.S. Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, with a value in excess of $2,000,000, such Grantor shall promptly notify the Administrative Agent thereof and, at the reasonable request of the Administrative Agent, shall take such action as the Administrative Agent may request to vest in the Collateral Agent control under Section 9-105 of the UCC of such electronic chattel paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with such Grantor that the Collateral Agent will allow, pursuant to procedures reasonably satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent’s loss of control, the Grantor to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the U.S. Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such electronic chattel paper or transferable record.

SECTION 4.9. Further Assurances, etc. Each Grantor agrees that, from time to time at its own expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that is necessary, in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise

and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, such Grantor will

(a) from time to time upon the reasonable request of the Administrative Agent or the Collateral Agent, (i) promptly deliver to the Collateral Agent such stock powers, instruments and similar documents, reasonably satisfactory in form and substance to the Administrative Agent, with respect to such Collateral as the Administrative Agent may request and (ii) after the occurrence and during the continuance of any Specified Default, transfer any securities constituting Collateral into the name of any nominee designated by the Collateral Agent; if any Collateral shall be evidenced by an Instrument, negotiable Document, Promissory Note or tangible Chattel Paper and such Collateral, individually, has a fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) in excess of $2,000,000, promptly deliver and pledge to the Collateral Agent hereunder such Instrument, negotiable Document, Promissory Note or tangible Chattel Paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to the Collateral Agent;

(b) file (and hereby authorize the Administrative Agent to file) such Filing Statements or continuation statements, or amendments thereto, and such other instruments or notices (including any assignment of claim form under or pursuant to the federal assignment of claims statute, 31 U.S.C. § 3726, any successor or amended version thereof or any regulation promulgated under or pursuant to any version thereof), as shall be necessary that the Administrative Agent may reasonably request in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Collateral Agent hereby;

(c) promptly deliver to the Collateral Agent and at all times keep pledged to the Collateral Agent pursuant hereto, on a first priority, perfected basis (subject to Permitted Liens), at the request of the Administrative Agent, all Investment Property constituting Collateral, all Dividends and Distributions with respect thereto, and all interest and principal with respect to Promissory Notes, and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing Collateral;

(d) not take or omit to take any action the taking or the omission of which would result in any impairment or alteration of any obligation of the maker of any Payment Intangible or other Instrument constituting Collateral, except as provided in Section 4.4 or in the Credit Agreement;

(e) upon the reasonable request of the Administrative Agent, place a legend reasonably acceptable to the Administrative Agent indicating that the Collateral Agent has a security interest in any tangible Chattel Paper;

(f) furnish to the Collateral Agent, from time to time at the Administrative Agent's reasonable request, statements and schedules further identifying and describing

the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail; and

(g) comply with the reasonable requests of the Collateral Agent and the Administrative Agent in accordance with this Security Agreement in order to enable the Collateral Agent to have and maintain control over the Collateral consisting of Investment Property, Deposit Accounts, Letter-of-Credit-Rights and Electronic Chattel Paper to the extent required herein.

With respect to the foregoing and the grant of the security interest hereunder, each Grantor hereby authorizes the Administrative Agent or Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral; and to make all relevant filings with the United States Patent and Trademark Office and the United States Copyright Office in respect of the Intellectual Property Collateral, in each case naming the Collateral Agent as "Secured Party" (or other similar term). Each Grantor agrees that a carbon, photographic or other reproduction of this Security Agreement or any UCC financing statement covering the Collateral or any part thereof shall be sufficient as a UCC financing statement where permitted by law. Each Grantor hereby authorizes the Administrative Agent to file financing statements describing as the collateral covered thereby "all of the debtor's personal property or assets", "all assets", "all personal property" or words to that effect, notwithstanding that such wording may be broader in scope than the Collateral described in this Security Agreement.

SECTION 4.10. Deposit Accounts. Promptly following the occurrence and during the continuance of a Specified Default, at the request of the Collateral Agent (at the direction of the Administrative Agent), such Grantor will maintain all of its Deposit Accounts only with the Collateral Agent or with any depositary institution that has entered into a Control Agreement in favor of the Collateral Agent. Such Control Agreements shall permit the Collateral Agent (at the written instructions of the Administrative Agent) to deliver a notice of sole exclusive control during the continuance of an Event of Default. To the extent the Collateral Agent (at the written instructions of the Administrative Agent) has delivered a notice of sole control with respect to any such Deposit Accounts pursuant to a Control Agreement, the Administrative Agent agrees promptly to notify (no later than 2 Business Days) all such depository banks that the notice of exclusive control has been rescinded and the applicable Grantor shall have the right to withdraw funds from such Deposit Account(s) following the cure or waiver of all Specified Defaults.

## ARTICLE V

## THE COLLATERAL AGENT

SECTION 5.1. Collateral Agent Appointed Attorney in Fact. Until the Termination Date, each Grantor hereby irrevocably appoints the Collateral Agent as its attorney in fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time as directed by the Administrative Agent, following the occurrence and during the continuance of a Specified Default, to take any action and to execute any instrument which is necessary to accomplish the purposes of this Security Agreement, including:

(a) with two Business Days prior notice to the applicable Grantor, to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other Instruments, Documents and Chattel Paper, in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings which the Administrative Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral; and

(d) to perform the affirmative obligations of such Grantor hereunder.

Each Grantor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable and coupled with an interest.

SECTION 5.2. Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein and the Administrative Agent provides prior notice to such Grantor of such failure, within three days of such notice, the Grantor shall perform, cause to be performed or agree to perform (and thereafter actually perform within seven days after such notice) such agreement, the Collateral Agent may (but shall have not obligation to) itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor pursuant to Section 10.3 of the Credit Agreement.

SECTION 5.3. Collateral Agent Has No Duty. The powers conferred on the Collateral Agent hereunder are solely to protect its interest (on behalf of the Secured Parties) in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession, the accounting for moneys actually received by it hereunder and, except to the extent of the gross negligence, bad faith or willful misconduct of the Collateral Agent or any of its respective officers, directors, employees or agents, the Collateral Agent shall have no duty as to any Collateral or responsibility for

(a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Investment Property, whether or not the Collateral Agent has or is deemed to have knowledge of such matters, or

(b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 5.4. Reasonable Care. The Collateral Agent is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession; provided that the Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral, if (i) such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property or (ii) it takes such action for that purpose as each Grantor reasonably requests in writing at times other than upon the occurrence and during the continuance of any Specified Default, but failure of the

Collateral Agent to comply with any such request at any time shall not in itself be deemed a failure to exercise reasonable care.

SECTION 5.5. Liability.

(a) No provision of this Security Agreement shall require the Collateral Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers and the Collateral Agent shall not be liable or responsible for any loss or diminution in the value of any of the Collateral.

(b) In no event shall the Collateral Agent be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Collateral Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 5.6. Force Majeure. In no event shall the Collateral Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Collateral Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

## ARTICLE VI

## REMEDIES

SECTION 6.1. Certain Remedies. If any Specified Default shall have occurred and be continuing and the Administrative Agent shall have given written notice to the relevant Grantor of the Collateral Agent's intent to exercise its corresponding rights pursuant to this Section:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a Secured Party on default under the UCC (whether or not the UCC applies to the affected Collateral) and also may to the extent permitted by applicable law:

(i) take possession of any Collateral not already in its possession without demand and without legal process;

(ii) require each Grantor to, and each Grantor hereby agrees that it will, at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties;

(iii) enter onto the property where any Collateral is located and take possession thereof without demand and without legal process; and

(iv) without notice except as specified below and to the extent permitted by applicable law, lease, or license, sell or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent, at the direction of the Administrative Agent, may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' prior notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash Proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral shall be applied by the Collateral Agent in accordance with Section 4.7 of the Credit Agreement.

(c) The Collateral Agent may

(i) transfer all or any part of the Collateral into the name of the Collateral Agent or its nominee, with or without disclosing that such Collateral is subject to the Lien hereunder;

(ii) with two Business Days prior notice to the applicable Grantor, notify the parties obligated on any of the Collateral to make payment to the Collateral Agent of any amount due or to become due thereunder;

(iii) withdraw, or cause or direct the withdrawal, of all funds with respect to the Collateral Account to repay the Secured Obligations or otherwise apply such funds in accordance with Section 4.7 of the Credit Agreement;

(iv) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto;

(v) endorse any checks, drafts, or other writings in any Grantor's name to allow collection of the Collateral;

(vi) take control of any Proceeds of the Collateral; and

(vii) execute (in the name, place and stead of any Grantor) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral;

(d) Without limiting the foregoing, in respect of the Intellectual Property Collateral:

(i) upon the request of the Administrative Agent, such Grantor shall execute and deliver to the Collateral Agent an assignment or assignments of the Intellectual Property Collateral, subject (in the case of any licenses thereunder) to any valid and enforceable requirements to obtain consents from any third parties, and such other documents as are necessary or appropriate to carry out the intent and purposes hereof;

(ii) the Administrative Agent shall have the right, in its sole discretion, (which right shall take precedence over any right or action of any Grantor) to file applications and maintain registrations for the protection of the Intellectual Property Collateral and/or bring suit in the name of such Grantor, the Collateral Agent or any Secured Party to enforce the Intellectual Property Collateral and any licenses thereunder and, upon the request of the Administrative Agent, such Grantor shall use all commercially reasonable efforts to assist with such filing or enforcement (including the execution of relevant documents); and

(iii) in the event that the Collateral Agent elects not to make any filing or bring any suit as set forth in clause (ii), such Grantor shall, upon the request of Collateral Agent, use all commercially reasonable efforts, whether through making appropriate filings or bringing suit or otherwise, to protect, enforce and prevent the infringement, misappropriation, dilution, unauthorized use or other violation of the Intellectual Property Collateral.

Notwithstanding the foregoing provisions of this Section 6.1, for the purposes of this Section 6.1, "Collateral" and "Intellectual Property Collateral" shall include any "intent to use" trademark application only to the extent (i) that the business of such Grantor, or portion thereof, to which that mark pertains is also included in the Collateral and (ii) that such business is ongoing and existing.

SECTION 6.2. Securities Laws. If the Collateral Agent, at the direction of the Administrative Agent, shall determine to exercise its right to sell all or any of the Collateral that are Capital Securities pursuant to Section 6.1, each Grantor agrees that, upon request of the Administrative Agent, each Grantor will, at its own expense:

(a) use commercially reasonable efforts to execute and deliver, and cause (or, with respect to any issuer which is not a Subsidiary of such Grantor, use its commercially reasonable efforts to cause) each issuer of the Collateral contemplated to be sold and the directors and officers thereof to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or, in the opinion of the Administrative Agent, advisable to register such Collateral under the provisions of the Securities Act of 1933, as from time to time amended (the "Securities Act"), and use commercially reasonable efforts to cause the registration statement relating thereto to become effective and to remain effective for such period as prospectuses are required by law to be furnished, and to make all amendments and

supplements thereto and to the related prospectus which, in the opinion of the Administrative Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the SEC applicable thereto;

(b) use its commercially reasonable efforts to exempt the Collateral under the state securities or "Blue Sky" laws and to obtain all necessary governmental approvals for the sale of the Collateral, as requested by the Administrative Agent;

(c) cause (or, with respect to any issuer that is not a Subsidiary of such Grantor, use its commercially reasonable efforts to cause) each such issuer to make available to its security holders, as soon as practicable, an earnings statement that will satisfy the provisions of Section 11(a) of the Securities Act; and

(d) do or use commercially reasonable efforts to cause to be done all such other acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

Each Grantor acknowledges the impossibility of ascertaining the amount of damages that would be suffered by the Collateral Agent or the Secured Parties by reason of the failure by such Grantor to perform any of the covenants contained in this Section and consequently agrees that, if such Grantor shall fail to perform any of such covenants, it shall pay, as liquidated damages and not as a penalty, an amount equal to the value (as determined by the Collateral Agent) of such Collateral on the date the Collateral Agent shall demand compliance with this Section.

SECTION 6.3. Compliance with Restrictions. Each Grantor agrees that in any sale of any of the Collateral whenever a Specified Default shall have occurred and be continuing, the Collateral Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any Governmental Authority or official, and such Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Collateral Agent be liable nor accountable to such Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

SECTION 6.4. Protection of Collateral. The Collateral Agent may from time to time, at the direction of the Administrative Agent, perform any act which any Grantor fails, within three days following the request by the Collateral Agent, to perform or agree to perform (and thereafter actually perform within seven days following notice of requested performance) (it being understood that no such request need be given after the occurrence and during the continuance of a Specified Default) and the Collateral Agent may from time to time take any other action which the Administrative Agent deems necessary for the maintenance, preservation or protection of any of the Collateral or of its security interest therein.

## ARTICLE VII

## MISCELLANEOUS PROVISIONS

SECTION 7.1. Loan Document. This Security Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7.2. Binding on Successors, Transferees and Assigns; Assignment. This Security Agreement shall remain in full force and effect until the Termination Date has occurred, shall be binding upon the Grantors and their successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors, transferees and assigns; provided that no Grantor may (unless otherwise permitted under the terms of the Credit Agreement or this Security Agreement) assign any of its obligations hereunder without the prior written consent of all Lenders.

SECTION 7.3. Amendments, etc. No amendment to or waiver of any provision of this Security Agreement, nor consent to any departure by any Grantor from its obligations under this Security Agreement, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent (at the direction of the Administrative Agent) and the Administrative Agent (on behalf of the Lenders or the Required Lenders, as the case may be, pursuant to Section 10.1 of the Credit Agreement) and the Grantors and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.4. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party specified in the Credit Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice or other communication, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice or other communication, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed.

SECTION 7.5. Release of Liens. Upon (a) the Disposition of Collateral in accordance with the Credit Agreement or (b) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (i) such Collateral (in the case of clause (a)) or (ii) all Collateral (in the case of clause (b)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantors' sole expense, promptly deliver to the Grantors, without any representations, warranties or recourse of any kind whatsoever, all Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantors such documents as the Grantors shall reasonably request to evidence such termination.

SECTION 7.6. Additional Grantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such U.S. Person shall become a "Grantor" hereunder with the same force and effect as if it were originally a party to this Security Agreement and named as a "Grantor" hereunder. The execution and delivery of such

supplement shall not require the consent of any other Grantor hereunder (except to the extent already obtained), and the rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

SECTION 7.7. No Waiver; Remedies. In addition to, and not in limitation of Section 2.4, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 7.8. Headings. The various headings of this Security Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provisions thereof.

SECTION 7.9. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Security Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 7.10. Governing Law, Entire Agreement, etc. THIS SECURITY AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5 1401 AND 5 1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. This Security Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 7.11. Counterparts. This Security Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Security Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Security Agreement.

SECTION 7.12. Foreign Pledge Agreements. Without limiting any of the rights, remedies, privileges or benefits provided hereunder to the Collateral Agent for its benefit and the ratable benefit of the other Secured Parties, each Grantor and the Collateral Agent hereby agree that the terms and provisions of this Security Agreement in respect of any Collateral subject to the pledge or other Lien of a Foreign Pledge Agreement are, and shall be deemed to be, supplemental and in addition to the rights, remedies, privileges and benefits provided to the Collateral Agent and the other Secured Parties under such Foreign Pledge Agreement and under

applicable law to the extent consistent with applicable law; provided that, in the event that the terms of this Security Agreement conflict or are inconsistent with the applicable Foreign Pledge Agreement or applicable law governing such Foreign Pledge Agreement, (i) to the extent that the provisions of such Foreign Pledge Agreement or applicable foreign law are, under applicable foreign law, necessary for the creation, perfection or priority of the security interests in the Collateral subject to such Foreign Pledge Agreement, the terms of such Foreign Pledge Agreement or such applicable law shall be controlling and (ii) otherwise, the terms hereof shall be controlling.

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

HANESBRANDS INC.

By: ______________________________
Name:
Title:

HBI BRANDED APPAREL LIMITED, INC.

By: ______________________________
Name:
Title:

HANESBRANDS DIRECT, LLC

By: ______________________________
Name:
Title:

UPEL, INC.

By: ______________________________
Name:
Title:

CARIBETEX, INC.

By: ______________________________
Name:
Title:

SEAMLESS TEXTILES, LLC

By: ______________________________
Name:
Title:

BA INTERNATIONAL, L.L.C.

By: ______________________________
Name:
Title:

HBI INTERNATIONAL, LLC

By: ______________________________
Name:
Title:

HBI BRANDED APPAREL ENTERPRISES, LLC

By: ______________________________
Name:
Title:

CASA INTERNATIONAL, LLC

By: ______________________________
Name:
Title:

UPCR, INC.

By: ______________________________
Name:
Title:

HBI SOURCING, LLC

By: ______________________________
Name:
Title:

CEIBENA DEL, INC.

By: ______________________________
Name:
Title:

NT INVESTMENT COMPANY, INC.

By: ______________________________
Name:
Title:

HANESBRANDS DISTRIBUTION, INC.

By: ______________________________
Name:
Title:

CARIBESOCK, INC.

By: ____________________________
Name:
Title:

NATIONAL TEXTILES, L.L.C.

By: ____________________________
Name:
Title:

HANES PUERTO RICO, INC.

By: ____________________________
Name:
Title:

PLAYTEX INDUSTRIES, INC.

By: ____________________________
Name:
Title:

INNER SELF LLC

By: ____________________________
Name:
Title:

PLAYTEX DORADO, LLC

By: ____________________________
Name:
Title:

HANES MENSWEAR, LLC

By: ______________________________
Name:
Title:

CITIBANK, N.A.,

as Collateral Agent

By: ______________________________
Name:
Title:

CITICORP USA, INC.

as Administrative Agent

By: ______________________________
Name:
Title:

SCHEDULE I
to Security Agreement

Name of Grantor:

| Issuer (corporate) | Cert. # | # of Shares | Common Stock | | |
|---|---|---|---|---|---|
| | | | Authorized Shares | Outstanding Shares | % of Shares Pledged |

| Issuer (limited liability company) | Limited Liability Company Interests | |
|---|---|---|
| | % of Limited Liability Company Interests Pledged | Type of Limited Liability Company Interests Pledged |

| Issuer (partnership) | Partnership Interests | |
|---|---|---|
| | % of Partnership Interests Owned | % of Partnership Interests Pledged |

SCHEDULE II
to Security Agreement

Item A. Location of each Grantor.

| Name of Grantor: | Location for purposes of UCC: |
| --- | --- |
| [GRANTOR] | |

Item B. Organizational identification number.

Name of Grantor:

[GRANTOR]

Item C. Merger or other corporate reorganization.

| Name of Grantor: | Merger or other corporate reorganization: |
| --- | --- |
| [GRANTOR] | |

Item D. Taxpayer ID numbers.

| Name of Grantor: | Taxpayer ID numbers: |
| --- | --- |
| [GRANTOR] | |

Item E. Government Contracts.

| Name of Grantor: | Description of Contract: |
| --- | --- |
| [GRANTOR] | |

Item F. Deposit Accounts and Securities Accounts.

| Name of Grantor: | Description of Deposit Accounts and Securities Accounts: |
| --- | --- |
| [GRANTOR] | |

Item G. Letter of Credit Rights.

| Name of Grantor: | Description of Letter of Credit Rights: |
| --- | --- |
| [GRANTOR] | |

Item H. Commercial Tort Claims.

| Name of Grantor: | Description of Commercial Tort Claims: |
| --- | --- |
| [GRANTOR] | |

SCHEDULE III
to Security Agreement

**Item A. Patents**

**ISSUED PATENTS**

| PATENT NO. | ISSUE DATE | TITLE |
| --- | --- | --- |

Pending Patent Applications

| SERIAL NO. | FILING DATE | TITLE |
| --- | --- | --- |

**Item B. Patent Licenses**

| PATENT | LICENSOR | LICENSEE | Effective DATE | Expiration DATE |
| --- | --- | --- | --- | --- |

SCHEDULE IV
to Security Agreement

**Item A. Trademarks**

Registered Trademarks

| TRADEMARK | REGISTRATION NO. | REGISTRATION DATE |
| --- | --- | --- |

Pending Trademark Applications

| TRADEMARK | SERIAL NO. | FILING DATE |
| --- | --- | --- |

**Item B. Trademark Licenses**

| TRADEMARK | LICENSOR | LICENSEE | Effective DATE | Expiration DATE |
| --- | --- | --- | --- | --- |

SCHEDULE V
to Security Agreement

**Item A. Copyrights/Mask Works**

Registered Copyrights/Mask Works

| REGISTRATION NO. | REGISTRATION DATE TITLE | AUTHOR(S) |
| --- | --- | --- |

Copyright/Mask Work Pending Registration Applications

**SERIAL NO.**

**Item B. Copyright/Mask Work Licenses (including an all exclusive Copyright Licenses for U.S. registered Copyrights)**

| Copyright | Licensor | Licensee | Effective Date | Expiration Date |
| --- | --- | --- | --- | --- |

PATENT SECURITY AGREEMENT (FIRST LIEN)

This PATENT SECURITY AGREEMENT, dated as of __________ ___, 200___ (this "Agreement"), is made by [NAME OF GRANTOR], a __________ __________ (the "Grantor"), in favor of CITIBANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

W I T N E S S E T H:

WHEREAS, pursuant to a First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered a Pledge and Security Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Credit Agreement and pursuant to Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Collateral Agent a continuing security interest in all of the Patent Collateral (as defined below) to secure all Secured Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of

the Grantor's right, title and interest, whether now or hereafter existing or acquired by the Grantor, in and to the following ("Patent Collateral"):

(a) inventions and discoveries, whether patentable or not, all letters patent and applications for letters patent, including all patent applications in preparation for filing, including all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the foregoing, including all patents issued by, or patent applications filed with, the United States Patent and Trademark Office ("Patents"), including each Patent and Patent application referred to in Item A of Schedule I;

(b) all United States Patent licenses, and other agreements for the grant by or to the Grantor of any right to use any items of the type referred to in clause (a) above (each a "Patent License"), including each Patent License referred to in Item B of Schedule I;

(c) the right to sue third parties for past, present and future infringements of any Patent or Patent application, and for breach or enforcement of any Patent License; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

Notwithstanding the foregoing, Patent Collateral shall not include any Excluded Collateral.

SECTION 3. Security Agreement. This Agreement has been executed and delivered by the Grantor for the purpose of registering the security interest of the Collateral Agent in the Patent Collateral with the United States Patent and Trademark Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Collateral Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Collateral Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Release of Liens. Upon (i) the Disposition of Patent Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (A) such Patent Collateral (in the case of clause (i)) or (B) all Patent Collateral (in the case of clause (ii)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantor's sole expense, deliver to the Grantor, without any representations, warranties or recourse of any kind whatsoever, all Patent Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantor such Documents as the Grantor shall reasonably request to evidence such termination.

SECTION 5. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

SECTION 6. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF GRANTOR]

By: ____________________________
Name:
Title:

CITIBANK, N.A.,
as Collateral Agent

By: ____________________________
Name:
Title:

*Pledge and Security Agreement*
*(First Lien)*

SCHEDULE I
to Patent Security Agreement

**Item A. Patents**

Issued Patents

| Patent No. | Issue Date | Title |
| --- | --- | --- |

Pending Patent Applications

| Serial No. | Filing Date | Title |
| --- | --- | --- |

**Item B. Patent Licenses**

| Patent | Licensor | Licensee | Effective Date | Expiration Date |
| --- | --- | --- | --- | --- |

# TRADEMARK SECURITY AGREEMENT (FIRST LIEN)

This TRADEMARK SECURITY AGREEMENT, dated as of __________ ___, 200___ (this "Agreement"), is made by [NAME OF GRANTOR], a __________ __________ (the "Grantor"), in favor of CITIBANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

W I T N E S S E T H:

WHEREAS, pursuant to a First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered a Pledge and Security Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Credit Agreement and pursuant to Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Collateral Agent a continuing security interest in all of the Trademark Collateral (as defined below) to secure all Secured Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of

the Grantor's right, title and interest, whether now or hereafter existing or acquired by the Grantor, in and to the following (the "Trademark Collateral"):

(a) (i) all United States trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications (except for any such applications filed pursuant to 15 U.S.C. § 1051(b)) in the United States Patent and Trademark Office, and all common-law rights relating to the foregoing, and (ii) the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as "Trademarks"), including those Trademarks referred to in Item A of Schedule I;

(b) all Trademark licenses and other agreements for the grant by or to the Grantor of any right to use any Trademark (each a "Trademark License"), including each Trademark License referred to in Item B of Schedule I;

(c) all of the goodwill of the business connected with the use of, and symbolized by the Trademarks described in clause (a) and, to the extent applicable, clause (b);

(d) the right to sue third parties for past, present and future infringements or dilution of the Trademarks described in clause (a) and, to the extent applicable, clause (b) or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark License; and

(e) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

Notwithstanding the foregoing, Trademark Collateral shall not include any Excluded Collateral.

SECTION 3. Security Agreement. This Agreement has been executed and delivered by the Grantor for the purpose of registering the security interest of the Collateral Agent in the Trademark Collateral with the United States Patent and Trademark Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Collateral Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Collateral Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Release of Liens. Upon (i) the Disposition of Trademark Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (A) such Trademark Collateral (in the case of clause (i)) or (B) all Trademark Collateral (in the case of clause (ii)). Upon any such

Disposition or termination, the Collateral Agent will, at the Grantor's sole expense, deliver to the Grantor, without any representations, warranties or recourse of any kind whatsoever, all Trademark Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantor such Documents as the Grantor shall reasonably request to evidence such termination.

SECTION 5. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

SECTION 6. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF GRANTOR]

By: ______________________________
Name:
Title:

CITIBANK, N.A.,
as Collateral Agent

By: ______________________________
Name:
Title:

SCHEDULE I
to Trademark Security Agreement

**Item A. Trademarks**

Registered Trademarks

| Trademark | Registration No. | Registration Date |
| --- | --- | --- |

Pending Trademark Applications

| Trademark | Serial No. | Filing Date |
| --- | --- | --- |

**Item B. Trademark Licenses**

| Trademark | Licensor | Licensee | Effective Date | Expiration Date |
| --- | --- | --- | --- | --- |

COPYRIGHT SECURITY AGREEMENT (FIRST LIEN)

This COPYRIGHT SECURITY AGREEMENT, dated as of __________ ___, 200___ (this "Agreement"), is made by [NAME OF GRANTOR], a __________ __________ (the "Grantor"), in favor of CITIBANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

W I T N E S S E T H:

WHEREAS, pursuant to a First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered a Pledge and Security Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Credit Agreement and pursuant to Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Collateral Agent a continuing security interest in all of the Copyright Collateral (as defined below) to secure all Secured Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of the Grantor's right, title and interest, whether now or hereafter existing or acquired by the Grantor, in and to the following (the "Copyright Collateral"):

(a) all United States copyrights, registered or unregistered and whether published or unpublished, now or hereafter in force including copyrights registered or applied for in the United States Copyright Office, and registrations and recordings thereof and all applications for registration thereof, whether pending or in preparation and all extensions and renewals of the foregoing ("Copyrights"), including the Copyrights which are the subject of a registration or application referred to in Item A of Schedule I;

(b) all express or implied Copyright licenses and other agreements for the grant by or to the Grantor of any right to use any items of the type referred to in clause (a) above (each a "Copyright License"), including each Copyright License referred to in Item B of Schedule I;

(c) the right to sue for past, present and future infringements of any of the Copyrights owned by the Grantor, and for breach or enforcement of any Copyright License and all extensions and renewals of any thereof; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

Notwithstanding the foregoing, Copyright Collateral shall not include any Excluded Collateral.

SECTION 3. Security Agreement. This Agreement has been executed and delivered by the Grantor for the purpose of registering the security interest of the Collateral Agent in the Copyright Collateral with the United States Copyright Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Collateral Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Collateral Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Release of Liens. Upon (i) the Disposition of Copyright Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (A) such Copyright Collateral (in the case of clause (i)) or (B) all Copyright Collateral (in the case of clause (ii)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantor's sole expense, deliver to the Grantor, without any representations, warranties or recourse of any kind whatsoever, all

Copyright Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantor such Documents as the Grantor shall reasonably request to evidence such termination.

SECTION 5. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the security interest in the Copyright Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

SECTION 6. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF GRANTOR]

By: ______________________________
Name:
Title:

CITIBANK, N.A.,
as Collateral Agent

By: ______________________________
Name:
Title:

SCHEDULE I
to Copyright Security Agreement

**Item A. Copyrights/Mask Works**

Registered Copyrights/Mask Works

| Registration No. | Registration Date | Title |
| --- | --- | --- |

**Item B. Copyright/Mask Work Licenses (including an all exclusive Copyright Licenses for U.S. registered Copyrights)**

| Copyright | Licensor | Licensee | Effective Date | Expiration Date |
| --- | --- | --- | --- | --- |

SUPPLEMENT TO
PLEDGE AND SECURITY AGREEMENT (FIRST LIEN)

This SUPPLEMENT, dated as of ____________________ ___, __________ (this "Supplement"), is to the Pledge and Security Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement"), among the Grantors (such term, and other terms used in this Supplement, to have the meanings set forth in or incorporated by reference in Article I of the Security Agreement) from time to time party thereto, in favor of CITIBANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

W I T N E S S E T H :

WHEREAS, pursuant to a First Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders and the Issuers have extended Commitments to make Credit Extensions to the Borrower; and

WHEREAS, pursuant to the provisions of Section 7.6 of the Security Agreement, each of the undersigned is becoming a Grantor under the Security Agreement; and

WHEREAS, each of the undersigned desires to become a "Grantor" under the Security Agreement in order to induce the Secured Parties to continue to extend Loans and issue Letters of Credit under the Credit Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the undersigned agrees, for the benefit of each Secured Party, as follows.

SECTION 1. Party to Security Agreement, etc. In accordance with the terms of the Security Agreement, by its signature below each of the undersigned hereby irrevocably agrees to become a Grantor under the Security Agreement with the same force and effect as if it were an original signatory thereto and each of the undersigned hereby (a) agrees to be bound by and comply with all of the terms and provisions of the Security Agreement applicable to it as a Grantor and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct in all material respects as of the date hereof, unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date. In furtherance of the foregoing, each reference to a "Grantor" and/or "Grantors" in the Security Agreement shall be deemed to include each of the undersigned.

SECTION 2. Representations. Each of the undersigned Grantor hereby represents and warrants that this Supplement has been duly authorized, executed and delivered by it and that this Supplement and the Security Agreement constitute the legal, valid and binding obligation of each of the undersigned, enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) against it in accordance with its terms.

SECTION 3. Full Force of Security Agreement. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect in accordance with its terms.

SECTION 4. Severability. Wherever possible each provision of this Supplement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Supplement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Supplement or the Security Agreement.

SECTION 5. Governing Law, Entire Agreement, etc. THIS SUPPLEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Supplement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 6. Counterparts. This Supplement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Supplement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Supplement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF ADDITIONAL SUBSIDIARY]

By: ______________________________
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: ______________________________
Name:
Title:

**ACCEPTED AND AGREED FOR ITSELF**
**AND ON BEHALF OF THE SECURED PARTIES:**

**CITIBANK, N.A.,**
**as Collateral Agent**

**By:** ______________________________
**Name:**
**Title:**

[COPY SCHEDULES FROM SECURITY AGREEMENT]

# INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT, dated as of September 5, 2006, is entered into among CITIBANK, N.A., as First Lien Agent (as defined below), CITIBANK, N.A., as Second Lien Agent (as defined below), CITIBANK, N.A., as Control Agent (as defined below), the First Lien Borrower, the First Lien Guarantors, the Second Lien Borrower and the Second Lien Guarantors (each as defined below) from time to time a party hereto.

## W I T N E S S E T H

WHEREAS, concurrently with the execution and delivery of this Agreement, the First Lien Borrower, certain financial institutions and other Persons (as defined below) as lenders (together with their respective successors and assigns, the "First Lien Lenders"), and Citicorp USA, Inc., as administrative agent for such First Lien Lenders, are entering into a Credit Agreement, dated as of the date hereof (as such agreement may be amended, supplemented, amended and restated or otherwise modified from time to time, the "Initial First Lien Financing Agreement"), pursuant to which such First Lien Lenders have agreed to make loans and extensions of credit to the First Lien Borrower;

WHEREAS, concurrently with the execution and delivery of this Agreement, the Second Lien Borrower, certain financial institutions and other Persons (as defined below) as lenders (together with their respective successors and assigns, the "Second Lien Lenders"), and Citicorp USA, Inc., as administrative agent for such Second Lien Lenders, are entering into a Credit Agreement, dated as of the date hereof (as such agreement may be amended, supplemented, amended and restated or otherwise modified from time to time, the "Initial Second Lien Financing Agreement"), pursuant to which such Second Lien Lenders have agreed to make loans to the Second Lien Borrower;

WHEREAS, the First Lien Borrower and the First Lien Guarantors have granted to the First Lien Agent security interests in the Common Collateral as security for the prompt payment and performance of the First Lien Obligations;

WHEREAS, the Second Lien Borrower and the Second Lien Guarantors have granted to the Second Lien Agent security interests in the Common Collateral as security for the prompt payment and performance of the Second Lien Obligations; and

WHEREAS, the First Lien Agent on behalf of itself and the First Lien Lenders and the Second Lien Agent on behalf of itself and the Second Lien Lenders, and by their acknowledgment hereof, the First Lien Borrower, the First Lien Guarantors, the Second Lien Borrower and the Second Lien Guarantors, have agreed to, among other things, the relative priority of Liens on the Common Collateral as provided herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, and in reliance upon the representations, warranties

and covenants herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

## ARTICLE I
## DEFINITIONS

SECTION 1.1. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

"Agreement" means this Intercreditor Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Cash Management Obligations" means, with respect to the Borrower or any of its Subsidiaries, any direct or indirect liability, contingent or otherwise, of such Person in respect of cash management services (including treasury, depository, overdraft (daylight and temporary), credit or debit card, electronic funds transfer and other cash management arrangements) provided after the Closing Date by a Person who is (or was at the time such Cash Management Obligations were incurred) the First Lien Administrative Agent, any First Lien Lender or any Affiliate thereof, including obligations for the payment of fees, interest, charges, expenses, attorneys' fees and disbursements in connection therewith to the extent provided for in the documents evidencing such cash management services.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. 101 et seq.), as amended from time to time.

"Borrowers" means the First Lien Borrower and the Second Lien Borrower.

"Capital Securities" means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the date hereof.

"Capitalized Lease Liabilities" means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, should be classified as capitalized leases, and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty.

"Common Collateral" means any and all of the assets and property of any Borrower or any Guarantor, now owned or hereafter acquired, whether real, personal or mixed, in or upon which a Lien is granted or purported to be granted to the First Lien Agent pursuant to the First Lien Documents and the Second Lien Agent pursuant to the Second Lien Documents.

"Comparable Second Lien Collateral Document" means in relation to any Common Collateral subject to any First Lien Collateral Document, any Second Lien Collateral Document(s) which create a security interest in the same Common Collateral, granted by the same Borrower or same Guarantor.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set with respect thereto) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"Control Agent" is defined in clause (a) of Section 5.5.

"Control Collateral" means any Common Collateral consisting of any Certificated Security, Investment Property, Deposit Account, cash and any other Collateral as to which a Lien may be perfected through possession or control by the secured party, or any agent therefor.

"Controlled Account" means any deposit accounts of the Borrowers or Guarantors subject to Liens under the terms of the First Lien Collateral Documents or the Second Lien Collateral Documents.

"DIP Financing" is defined in Section 6.1.

"Discharge of First Lien Obligations" means (subject to reinstatement in accordance with Section 6.5), the first date upon which each of the following has occurred: (i) the payment in full in cash of all First Lien Obligations (other than contingent obligations or indemnification obligations for which no claim has been asserted); (ii) the termination of all Hedging Obligations or the cash collateralization (or collateralization with other letters of credit) of all First Lien Obligations, in a manner satisfactory to the applicable Hedging Obligation counterparty owed such obligation; (iii) the expiration, termination or cash collateralization (or collateralization with other letters of credit), in a manner satisfactory to the First Lien Agent, of all Letters of Credit (as defined in the First Lien Financing Agreement); (iv) the termination of all commitments to extend credit under the First Lien Financing Agreement; and (v) the delivery by the First Lien Agent to the Second Lien Agent of a written notice confirming that the conditions set forth in clauses (i), (ii), (iii) and (iv) have been satisfied.

"First Lien Administrative Agent" means the "Administrative Agent" under, and as defined in, the First Lien Financing Agreement.

"First Lien Agent" means Citibank, N.A., in its capacity as collateral agent under the First Lien Collateral Documents, and any successor thereto exercising substantially the same rights and powers.

"First Lien Borrower" means Hanesbrands Inc., a Maryland corporation, as borrower under the First Lien Financing Agreement.

"First Lien Collateral" means all of the assets and properties of the First Lien Borrower or any First Lien Guarantor, now owned or hereafter acquired, whether real, personal or mixed, in or upon which a Lien is granted or purported to be granted to the First Lien Lenders or the First Lien Agent as security for any First Lien Obligation pursuant to the First Lien Documents.

"First Lien Collateral Documents" means, collectively, the security agreements, pledge agreements, collateral assignments, control agreements, mortgages, deeds of trust and other documents or agreements, if any, providing for grants or transfers for security executed and delivered by the First Lien Borrower, any First Lien Guarantor or any of their respective Subsidiaries creating a Lien upon property owned or to be acquired by the First Lien Borrower, such First Lien Guarantor or such Subsidiary in favor of any holder of First Lien Obligations or the First Lien Agent, in each case as security for any First Lien Obligations.

"First Lien Documents" means, collectively, the First Lien Financing Agreement, the First Lien Collateral Documents, all Hedge Agreements evidencing Hedging Obligations and all agreements evidencing Cash Management Obligations that, in each case, constitute First Lien Obligations and all other agreements, documents and instruments executed or delivered pursuant to or in connection with any of the foregoing at any time evidencing any First Lien Obligations.

"First Lien Financing Agreement" means, collectively, (i) the Initial First Lien Financing Agreement, and (ii) any other credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Indebtedness or other financial accommodation that has been incurred to extend, increase (subject to the limitations set forth herein), replace, refinance or refund in whole or in part the Indebtedness and other obligations outstanding under the Initial First Lien Financing Agreement or any other agreement or instrument referred to in this clause unless such agreement or instrument expressly provides that it is not intended to be and is not a First Lien Financing Agreement; provided, that if and to the extent that any amendment, modification, increase, replacement, refinancing or refunding of the Initial First Lien Financing Agreement or any other agreement referred to in this clause (in each case other than a DIP Financing provided in accordance with Section 6) provides for revolving credit commitments, revolving credit loans, term loans, bonds, debentures, notes or similar instruments having a principal amount in excess of the Maximum First Lien Principal Debt Amount, then only that portion of such principal amount in excess of the Maximum First Lien Principal Debt Amount shall not constitute First Lien Obligations for purposes of this Agreement. Any reference to the First Lien Financing Agreement hereunder shall be deemed a reference to any First Lien Financing Agreement then in existence.

“First Lien Guarantor” means each Person that is (or hereafter becomes) a guarantor of the First Lien Obligations pursuant to the First Lien Documents. Upon becoming a guarantor thereunder such Person shall automatically be deemed to be a First Lien Guarantor for all purposes hereunder.

“First Lien Lenders” is defined in the recitals and in addition shall include the First Lien Agent and any Person from time to time holding (or committed to provide) First Lien Obligations.

“First Lien Obligations” means, collectively, (i) subject, in the case of principal only, to the proviso in the definition of First Lien Financing Agreement, all Indebtedness outstanding under or with respect to one or more of the First Lien Documents, and (ii) all other Obligations owing by the First Lien Borrower or any First Lien Guarantor under or with respect to the First Lien Financing Agreement or any other First Lien Document, including all claims under the First Lien Documents for interest, fees, expense reimbursements, indemnification and other similar claims, and all claims with respect to Cash Management Obligations and Hedging Obligations (other than those owing to the Second Lien Agent). First Lien Obligations shall include all interest accrued or accruing (or which would accrue absent the commencement of an Insolvency or Liquidation Proceeding) after the commencement of an Insolvency or Liquidation Proceeding in accordance with and at the rate specified in the First Lien Financing Agreement, whether or not the claim for such interest is allowed or allowable in any Insolvency or Liquidation Proceeding. To the extent any payment with respect to the First Lien Obligations (whether by or on behalf of the First Lien Borrower or any First Lien Guarantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference or in any respect set aside or required to be paid to a debtor in possession, the Second Lien Agent, a receiver or similar Person, then the Obligation or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred, all as more fully set forth in Section 6.5.

“First Lien Required Lenders” means with respect to any amendment or modification of the First Lien Financing Agreement or this Agreement, or any termination or waiver of any provision of the First Lien Financing Agreement or this Agreement, or any consent or departure by the First Lien Borrower or the First Lien Guarantors, as the case may be, therefrom (in each case exclusive of any such modification, waiver, consent, etc., which is permitted to be effected by the First Lien Administrative Agent and the First Lien Borrower without further approval or consent of any First Lien Lenders), those First Lien Lenders, the approval of which is required pursuant to the First Lien Financing Agreement to approve such amendment or modification, termination or waiver or consent or departure.

“GAAP” means United States generally accepted accounting principles and policies as in effect from time to time.

“Guarantors” means the First Lien Guarantors and the Second Lien Guarantors.

“Governmental Authority” means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority,

instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hedge Agreement" means any interest rate, foreign currency, commodity or equity swap, collar, cap, floor or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements), and any confirmation executed in connection with any such agreement or arrangement.

"Hedging Obligations" means obligations of any Borrower, any Guarantor or any of their respective Subsidiaries under any Hedge Agreement entered into with any counterparty that is (or at the time of its delivery, was) the First Lien Agent, a First Lien Lender or an Affiliate of the First Lien Agent or any First Lien Lender.

"including" means "including, without limitation".

"Indebtedness" of any Person means, (i) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (ii) all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, (iii) all Capitalized Lease Liabilities of such Person, (iv) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable and accrued expenses in the ordinary course of business which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), (v) indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse (provided that in the event such indebtedness is limited in recourse solely to the property subject to such Lien, for the purposes of this Agreement the amount of such indebtedness shall not exceed the greater of the book value or the fair market value (as determined in good faith by such Person's board of directors or other managing body) of the property subject to such Lien), (vi) monetary obligations arising under Synthetic Leases, (vii) the full outstanding balance of trade receivables, notes or other instruments sold with full recourse (and the portion thereof subject to potential recourse, if sold with limited recourse), other than in any such case any thereof sold solely for purposes of collection of delinquent accounts and other than in connection with any Permitted Securitization (as defined in the First Lien Financing Agreement and the Second Lien Financing Agreement), (viii) all obligations (other than intercompany obligations) of such Person pursuant to any Permitted Securitization (other than Standard Securitization Undertakings (as defined in the First Lien Financing Agreement and the Second Lien Financing Agreement)), and (ix) all Contingent Liabilities of such Person in respect of any of the foregoing. The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent

such Person is liable therefore as a result of such Person's ownership interest in or other relationship with such Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefore.

"Initial First Lien Financing Agreement" is defined in the recitals.

"Initial Second Lien Financing Agreement" is defined in the recitals.

"Insolvency or Liquidation Proceeding" means (i) any voluntary or involuntary case or proceeding under the Bankruptcy Code with respect to any Borrower or any Guarantor, (ii) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to any Borrower or any Guarantor or with respect to any of their respective assets, (iii) any liquidation, dissolution, reorganization or winding up of any Borrower or any Guarantor whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (iv) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of any Borrower or any Guarantor.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing).

"Maximum First Lien Principal Debt Amount" means $2,600,000,000.

"Obligations" means any principal, interest, penalties, fees, indemnities, reimbursement obligations, guarantee obligations, costs, expenses (including fees and disbursements of counsel), damages and other liabilities and obligations, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with the documentation governing, or made, delivered or given in connection with, any Indebtedness (including interest accruing at the then applicable rate provided in such documentation after the maturity of such Indebtedness and interest accruing at the then applicable rate provided in such documentation after the commencement of an Insolvency or Liquidation Proceeding (or which would, absent the commencement of an Insolvency or Liquidation proceeding, accrue)), relating to any Borrower or any Guarantor, whether or not a claim for such post-filing or post-petition interest is allowed or allowable in such Insolvency or Liquidation Proceeding.

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

"Recovery" is defined in Section 6.5.

"Second Lien Administrative Agent" means the "Administrative Agent" under, and as defined in, the Second Lien Financing Agreement.

"Second Lien Agent" means Citibank, N.A., in its capacity as collateral agent under the Second Lien Collateral Documents, and any successor thereto exercising substantially the same rights and powers.

"Second Lien Borrower" means HBI Branded Apparel Limited, Inc., a Delaware corporation, as borrower under the Second Lien Financing Agreement.

"Second Lien Collateral" means all of the assets and properties of the Second Lien Borrower or any Second Lien Guarantor, now owned or hereafter acquired, whether real, personal or mixed, in or upon which a Lien is granted or purported to be granted to the Second Lien Agent or the Second Lien Lenders as security for any Second Lien Obligation pursuant to the Second Lien Documents.

"Second Lien Collateral Documents" means, collectively, the security agreements, pledge agreements, collateral assignments, control agreements, mortgages, deeds of trust and other documents or agreements, if any, providing for grants or transfers for security executed and delivered by the Second Lien Borrower, any Second Lien Guarantor or any of their respective Subsidiaries creating a Lien upon property owned or to be acquired by the Second Lien Borrower, such Second Lien Guarantor or such Subsidiary in favor of any holder of Second Lien Obligations or the Second Lien Agent, in each case as security for any Second Lien Obligations.

"Second Lien Documents" means, collectively, the Second Lien Financing Agreement, the Second Lien Collateral Documents and any other related document or instrument executed or delivered pursuant to any of the foregoing at any time or otherwise evidencing any Second Lien Obligations.

"Second Lien Enforcement Date" means the date which is 180 days following the date upon which the First Lien Agent receives a notice from the Second Lien Agent certifying that (i) an Event of Default (under and as defined in the Second Lien Financing Agreement) has occurred and is continuing, and (ii) Second Lien Lenders holding the requisite amount of Second Lien Obligations (or the Second Lien Agent on their behalf) have declared the Second Lien Obligations to be due and payable prior to their stated maturity in accordance with the Second Lien Financing Agreement; provided, that the Second Lien Enforcement Date shall be stayed and shall not occur and shall be deemed not to have occurred (w) at any time the First Lien Agent or the First Lien Lenders have commenced, and are diligently pursuing, any enforcement action with respect to the Common Collateral, (x) the First Lien Agent (or the First Lien Lenders holding the requisite amount of First Lien Obligations) has declared the First Lien Obligations to be due and payable prior to their stated maturity, (y) at any time any Borrower or any Guarantor is then a debtor under or with respect to (or otherwise subject to) any Insolvency or Liquidation Proceeding or (z) if the acceleration of the Second Lien Obligations is rescinded in accordance with the terms of the Second Lien Financing Agreement.

"Second Lien Financing Agreement" means, collectively, (i) the Initial Second Lien Financing Agreement, and (ii) any other credit agreement, loan agreement, note agreement, promissory note, indenture, or other agreement or instrument evidencing or

governing the terms of any Indebtedness or other financial accommodation that has been incurred to extend, increase (subject to the limitations set forth herein), replace, refinance or refund in whole or in part the Indebtedness and other obligations outstanding under the Initial Second Lien Financing Agreement or other agreement or instrument referred to in this clause. Any reference to the Second Lien Financing Agreement hereunder shall be deemed a reference to any Second Lien Financing Agreement then in existence.

"Second Lien Guarantor" means each Person that is (or hereafter becomes) a guarantor of the Second Lien Obligations pursuant to the Second Lien Documents. Upon becoming a guarantor thereunder such Person shall automatically be deemed to be a Second Lien Guarantor for all purposes hereunder.

"Second Lien Lender" is defined in the recitals and in addition shall include any Person holding Second Lien Obligations.

"Second Lien Obligations" means, collectively, (i) all Indebtedness outstanding under or with respect to the Second Lien Documents, and (ii) all other Obligations owing by the Second Lien Borrower or any Second Lien Guarantor under or with respect to the Second Lien Financing Agreement or any other Second Lien Documents, including all claims under the Second Lien Documents for interest, fees, expense reimbursements, indemnification and other similar claims. Second Lien Obligations shall include all interest accrued or accruing (or which would, absent the commencement of an Insolvency or Liquidation Proceeding, accrue) after the commencement of an Insolvency or Liquidation Proceeding in accordance with and at the rate specified in the Second Lien Financing Agreement whether or not the claim for such interest is allowed as a claim in such Insolvency or Liquidation Proceeding. To the extent any payment with respect to the Second Lien Obligations (whether by or on behalf of the Second Lien Borrower or any Second Lien Guarantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, First Lien Agent, receiver or similar Person, then the Obligation or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

"Second Lien Required Lenders" means with respect to any amendment or modification of the Second Lien Financing Agreement or this Agreement, or any termination or waiver of any provision of the Second Lien Financing Agreement or this Agreement, or any consent or departure by the Second Lien Borrower or the Second Lien Guarantors, as the case may be, therefrom (in each case exclusive of any such modification, waiver, consent, etc., which is permitted to be effected by the Second Lien Administrative Agent and the Second Lien Borrower without further approval or consent of any Second Lien Lenders), those Second Lien Lenders, the approval of which is required pursuant to the Second Lien Financing Agreement to approve such amendment or modification, termination or waiver or consent or departure.

"Second Lien Security Agreement" means, collectively, the security agreements, pledge agreements or similar collateral documents by which the Second Lien Agent obtains a Lien or security interest in the Common Collateral for the benefit of the Second Lien Lenders.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

"Synthetic Lease" means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with GAAP and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which that Person is the lessor.

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or any other applicable jurisdiction.

"United States" means the United States of America, its fifty states and the District of Columbia.

"Voting Securities" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

SECTION 1.2. UCC Defined Terms. In addition, the following terms which are defined in the Uniform Commercial Code are used herein as so defined: Certificated Security, Deposit Account, Instrument and Investment Property.

SECTION 1.3. Definitions (Generally). The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document (including this Agreement) herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, extended, supplemented, restated, replaced or otherwise modified (subject to any restrictions on such amendments, extensions, supplements, restatements, replacements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision thereof, (iv) all references herein to Sections shall be construed to refer to Sections of this Agreement, (v) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contracts, and (vi) any reference to any law, rule, regulation, statute, code, ordinance or treaty shall include any statutory or regulatory provisions consolidating, amending, replacing, supplementing or interpreting any of the foregoing.

## ARTICLE II
## LIEN PRIORITIES

SECTION 2.1. Lien Priority.

(a) Priority. Notwithstanding (i) the date, time, method, manner or order of grant, attachment or perfection (or failure to perfect) of any Liens granted to the Second Lien Agent or the Second Lien Lenders on all or any portion of the Common Collateral or of any Liens granted to the First Lien Agent or the First Lien Lenders on all or any portion of the Common Collateral, and regardless of how such Lien was acquired (whether by grant, statute, operation of law, subrogation or otherwise), (ii) the order or time of filing or recordation of any document or instrument for perfecting the Liens in favor of the First Lien Agent or the Second Lien Agent (or any First Lien Lender or Second Lien Lender) in any Common Collateral, (iii) any provision of the UCC, the Bankruptcy Code or any applicable law, the First Lien Documents or the Second Lien Documents, (iv) whether the First Lien Agent or the Second Lien Agent, in each case, either directly or through agents, holds possession of, or has control over, all or any part of the Common Collateral, (v) the fact that any Liens in favor of the First Lien Agent or the First Lien Lenders securing any of the First Lien Obligations are (A) subordinated to any Lien securing any obligation of any Borrower or any Guarantor other than the First Lien Obligations or (B) otherwise subordinated, voided, avoided, invalidated, or lapsed, or (vi) any other circumstance whatsoever, the Second Lien Agent, on behalf of itself and the Second Lien Lenders, hereby agrees that: (x) any Lien on any Common Collateral securing the First Lien Obligations now or hereafter held by the First Lien Agent or the First Lien Lenders shall be senior in priority to all Liens on any Common Collateral securing the Second Lien Obligations; and (y) any Lien on any Common Collateral now or hereafter held by the Second Lien Agent or the Second Lien Lenders shall be and are expressly junior and subordinate in priority to any and all Liens on any Common Collateral securing the First Lien Obligations.

(b) Effect of Perfection or Failure to Perfect. Notwithstanding any failure by the First Lien Agent, any First Lien Lender, the Second Lien Agent or any Second Lien Lender to perfect its security interests in any Common Collateral or any avoidance, invalidation or subordination by any third party or court of the security interests in any Common Collateral granted to any such Person, the priority and rights as between the First Lien Agent and the First Lien Lenders on the one hand and the Second Lien Agent and the Second Lien Lenders on the other hand with respect to any Common Collateral shall be as set forth in this Agreement.

(c) Nature of First Lien Obligations. The Second Lien Agent on behalf of itself and the Second Lien Lenders acknowledges that a portion of the First Lien Obligations are revolving in nature and that the amount thereof that may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed, and that the terms of the First Lien Obligations may be modified, extended or amended from time to time, and (subject to the proviso in the definition of First Lien Financing Agreement) the aggregate amount of the First Lien Obligations may be increased, replaced or refinanced, in each event, without notice to or consent by the Second Lien

Agent or any Second Lien Lender and without affecting the provisions hereof. The lien priorities provided in this Section shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or refinancing of either the First Lien Obligations or the Second Lien Obligations, or any portion thereof.

SECTION 2.2. Prohibition on Contesting Liens. The Second Lien Agent, for itself and on behalf of each Second Lien Lender, and the First Lien Agent, for itself and on behalf of each First Lien Lender, each agrees that it shall not (and hereby waives any right to) directly or indirectly contest or support any other Person in contesting, or objecting to, in any proceeding (including any Insolvency or Liquidation Proceeding), the priority, perfection, validity or enforceability of any Lien in any Common Collateral granted to the other, or the provisions of this Agreement.

SECTION 2.3. No New Liens.

(a) Limitation on other Collateral for First Lien Lenders. So long as any Second Lien Obligations remain outstanding, and subject to Section 6 hereof, (i) the First Lien Agent agrees that, after the date hereof, neither the First Lien Agent nor any First Lien Lender shall acquire or hold any Lien (other than cash collateralization of any First Lien Obligation consisting of letters of credit, Hedging Obligations or Bank Product Obligations) on any assets of any Borrower, any Guarantor or any of their respective Subsidiaries securing any First Lien Obligations which assets are not also subject to the second-priority Lien of the Second Lien Agent under the Second Lien Documents, and (ii) each Borrower and each Guarantor agrees not to grant any Lien on any of its assets, or permit any of its Subsidiaries to grant a Lien (other than cash collateralization of any First Lien Obligation consisting of letters of credit, Hedging Obligations or Bank Product Obligations) on any of its assets, in favor of the First Lien Agent or the First Lien Lenders securing the First Lien Obligations unless it, or such Subsidiary, has granted a similar Lien on such assets in favor of the Second Lien Agent or the Second Lien Lenders securing the Second Lien Obligations. If the First Lien Agent or any First Lien Lender shall acquire any Lien (other than cash collateralization of any First Lien Obligation consisting of letters of credit, Hedging Obligations or Bank Product Obligations) on any assets of any Borrower, any Guarantor or any of their respective Subsidiaries securing any First Lien Obligations which assets are not also subject to the second-priority Lien of the Second Lien Agent under the Second Lien Documents, then the First Lien Agent (or the relevant First Lien Lender), shall, without the need for any further consent of any other Person and notwithstanding anything to the contrary in any other First Lien Document (A) be deemed to hold and have held such Lien for the benefit of the Second Lien Agent as security for the Second Lien Obligations subject to the priorities and other terms set forth herein or (B) release such Lien.

(b) Limitation on other Collateral for Second Lien Lenders. Until the date upon which the Discharge of First Lien Obligations shall have occurred, (i) the Second Lien Agent agrees that, after the date hereof, neither the Second Lien Agent nor any Second Lien Lender shall acquire or hold any Lien on any assets of any Borrower, any Guarantor or any of their respective Subsidiaries securing any Second Lien

Obligations which assets are not also subject to the first-priority Lien of the First Lien Agent securing the First Lien Obligations, and (ii) each Borrower and each Guarantor agrees not to grant any Lien on any of its assets, or permit any of its Subsidiaries to grant a Lien on any of its assets, in favor of the Second Lien Agent or the Second Lien Lenders securing the Second Lien Obligations unless it, or such Subsidiary, has granted a similar Lien on such assets in favor of the First Lien Agent or the First Lien Lenders. If the Second Lien Agent or any Second Lien Lender shall acquire any Lien on any assets of any Borrower, any Guarantor or any of their respective Subsidiaries securing any Second Lien Obligations which assets are not also subject to the first-priority Lien of the First Lien Agent securing the First Lien Obligations, then the Second Lien Agent (or the relevant Second Lien Lender), shall, without the need for any further consent of any other Person and notwithstanding anything to the contrary in any other Second Lien Document (A) be deemed to hold and have held such Lien for the benefit of the First Lien Agent as security for the First Lien Obligations subject to the priorities and other terms set forth herein or (B) release such Lien.

SECTION 2.4. Similar Liens and Agreements. The parties hereto agree that it is their intention that the First Lien Collateral and the Second Lien Collateral be identical. In furtherance of the foregoing, the parties hereto agree:

(a) upon request of the First Lien Agent or the Second Lien Agent, to cooperate in good faith (and to direct their counsel and agents to cooperate in good faith) from time to time in order to determine the specific items included in the First Lien Collateral and the Second Lien Collateral and the steps taken to perfect their respective Liens thereon and the identity of the respective grantors with respect thereto; and

(b) that the terms and provisions contained in the documents and agreements creating or evidencing the First Lien Collateral and the Second Lien Collateral shall be in all material respects be the same forms of documents other than with respect to the priority of the Liens thereunder.

## ARTICLE III
## ENFORCEMENT, STANDSTILL, WAIVERS

SECTION 3.1. Standstill and Waivers. Until the earlier of (i) the date upon which the Discharge of First Lien Obligations shall have occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Borrower, any Guarantor or any of their respective Subsidiaries, or (ii) the Second Lien Enforcement Date, neither the Second Lien Agent nor the Second Lien Lenders:

(a) will oppose, object to or contest in any manner, any foreclosure, sale, lease, exchange, transfer or other disposition of any Common Collateral by the First Lien Agent or any First Lien Lender, or any other exercise of any rights or remedies by or on behalf of the First Lien Agent or any First Lien Lender in respect of any Common Collateral, including the commencement or prosecution of any enforcement action under applicable law or the First Lien Documents;

(b) shall have any right to (1) direct either the First Lien Agent or any First Lien Lender to exercise any right, remedy or power with respect to any Common Collateral or pursuant to the First Lien Documents or (2) contest or object to the exercise by the First Lien Agent or any First Lien Lender of any right, remedy or power with respect to any Common Collateral or pursuant to the First Lien Documents or to the timing or manner in which any such right is exercised or not exercised (and, to the extent they may have any such right described in this clause, whether as a junior lien creditor or otherwise, they hereby irrevocably waive such right);

(c) will institute any suit or other proceeding or assert in any suit, Insolvency or Liquidation Proceeding or other proceeding any claim against the First Lien Agent or any First Lien Lender seeking damages from or other relief by way of specific performance, instructions or otherwise, with respect to, and none of the First Lien Agent nor any First Lien Lender shall be liable for, any action taken or omitted to be taken by the First Lien Agent or any First Lien Lender with respect to any Common Collateral or pursuant to the First Lien Documents; provided, that this provision shall not prevent the Second Lien Agent on behalf of the Second Lien Lenders from asserting claims against the First Lien Agent for damages arising from its gross negligence or willful misconduct in performing its duties and obligations hereunder;

(d) will take, receive or accept any Common Collateral or any proceeds of any Common Collateral, except in accordance with the provisions of this Agreement;

(e) will commence judicial or nonjudicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of any Common Collateral, exercise any right, remedy or power with respect to, or otherwise take any action to enforce their interest in or realize upon, any Common Collateral or pursuant to the Second Lien Documents; or

(f) will seek, and hereby waive any right, to have the Common Collateral or any part thereof marshaled upon any foreclosure or other disposition of any Common Collateral.

SECTION 3.2. Exclusive Enforcement; Nature of Rights.

(a) Limitation on Action by Second Lien Lenders. Until the earlier of (i) the date upon which the Discharge of First Lien Obligations shall have occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Borrower, any Guarantor or any of their respective Subsidiaries, or (ii) the Second Lien Enforcement Date, the Second Lien Agent agrees, on behalf of itself and the Second Lien Lenders, that the First Lien Agent and the First Lien Lenders shall have the exclusive right to enforce rights, exercise remedies (including setoff) and make determinations regarding release (in connection with any such enforcement of rights or exercise of remedies), disposition, or restrictions with respect to any Common Collateral without any consultation with or the consent of the Second Lien Agent or any Second Lien Lender; provided, that in each case (subject to the provisions of Section 6), (A)

in any Insolvency or Liquidation Proceeding commenced by or against the Second Lien Borrower or any Second Lien Guarantor, the Second Lien Agent may file a claim or statement of interest with respect to the Second Lien Obligations, (B) the Second Lien Agent may take any action (not adverse to the senior Liens on any Common Collateral securing the First Lien Obligations or the rights of the First Lien Agent to exercise remedies in respect thereof) in order to preserve or protect its Lien on any Common Collateral, (C) the Second Lien Agent shall be entitled to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Second Lien Lenders or the Second Lien Agent, including any claims secured by any Common Collateral, in each case in accordance with the terms of this Agreement, (D) the Second Lien Agent and the Second Lien Lenders shall be entitled to file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Second Lien Borrower and the Second Lien Guarantors arising under either bankruptcy or non-bankruptcy law, except as specifically prohibited herein, (E) the Second Lien Lenders and the Second Lien Agent shall be entitled to file any proof of claim and other filings and make any agreements and motions that are, in each case, in accordance with the terms of this Agreement, and (F) the Second Lien Lenders and the Second Lien Agent may exercise any of their rights and remedies with respect to any Common Collateral after the Second Lien Enforcement Date and so long as the Second Lien Enforcement Date has not been suspended pursuant to the definition thereof.

In exercising rights and remedies with respect to any Common Collateral, the First Lien Agent and the First Lien Lenders may enforce the provisions of the First Lien Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of Common Collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured party under the Uniform Commercial Code of any applicable jurisdiction and of a secured creditor under bankruptcy or similar laws of any applicable jurisdiction.

(b) Permitted Action by Second Lien Lenders. Without limiting the generality of the foregoing provisions of this Section, until the earlier of (i) the date upon which the Discharge of First Lien Obligations shall have occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Borrower, any Guarantor or any of their respective Subsidiaries, or (ii) the Second Lien Enforcement Date, and subject to any other rights set forth herein, the sole right of the Second Lien Agent and the Second Lien Lenders with respect to any Common Collateral is to hold a Lien on any Common Collateral pursuant to the Second Lien Documents for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, as set forth herein.

SECTION 3.3. No Additional Rights For the Borrower Hereunder. Except as provided in Section 3.4, if the First Lien Agent or any

First Lien Lender or Second Lien Agent or any Second Lien Lender enforces its rights or remedies in violation of the terms of this Agreement, neither any Borrower nor any Guarantor shall be entitled to use such violation as a defense to any action by the First Lien Agent or any First Lien Lender or Second Lien Agent or any Second Lien Lender, nor to assert such violation as a counterclaim or basis for set off or recoupment against the First Lien Agent or any First Lien Lender or Second Lien Agent or any Second Lien Lender.

SECTION 3.4. Actions Upon Breach.

(a) If any Second Lien Lender or Second Lien Agent or First Lien Lender or First Lien Agent, contrary to this Agreement, commences or participates in any action or proceeding against any Borrower or any Guarantor or the Common Collateral, such Borrower or Guarantor, with the prior written consent of the First Lien Agent or the Second Lien Agent, as applicable, may interpose as a defense or dilatory plea the making of this Agreement, and any First Lien Lender or the First Lien Agent or Second Lien Lender or the Second Lien Agent, as applicable, may intervene and interpose such defense or plea in its or their name or in the name of such Borrower or Guarantor.

(b) Should any Second Lien Lender or the Second Lien Agent, contrary to this Agreement, in any way take, attempt to or threaten to take any action with respect to the Common Collateral (including, without limitation, any attempt to realize upon or enforce any remedy with respect to this Agreement), or fail to take any action required by this Agreement, any First Lien Lender or First Lien Agent (in its own name or in the name of the relevant Borrower or Guarantor) or the relevant Borrower or Guarantor may obtain relief against such Second Lien Lender or the Second Lien Agent, as applicable, by injunction, specific performance and/or other appropriate equitable relief, it being understood and agreed by the Second Lien Agent on behalf of each Second Lien Lender and itself that (i) the First Lien Lenders' or the First Lien Agent's damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) each Second Lien Lender and the Second Lien Agent waive any defense that the Borrowers or Guarantors and/or the First Lien Lenders or the First Lien Agent cannot demonstrate damage and/or be made whole by the awarding of damages.

(c) Should any First Lien Lender or First Lien Agent, contrary to this Agreement, in any way take, attempt to or threaten to take any action with respect to the Common Collateral (including, without limitation, any attempt to realize upon or enforce any remedy with respect to this Agreement), or fail to take any action required by this Agreement, any Second Lien Lender or the Second Lien Agent (in its own name or in the name of the relevant Borrower or Guarantor) or the relevant Borrower or Guarantor may obtain relief against such First Lien Lender or the First Lien Agent, as applicable, by injunction, specific performance and/or other appropriate equitable relief, it being understood and agreed by the First Lien Agent on behalf of each First Lien Lender and itself that (i) the Second Lien Lender's and the Second Lien Agent's damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) each First Lien Lender and the First Lien Agent waive any defense that the Borrowers or Guarantors and/or the Second Lien Lenders or the Second Lien Agent cannot demonstrate damage and/or be made whole by the awarding of damages.

## ARTICLE IV
## PAYMENTS

SECTION 4.1. Application of Proceeds. Until the date upon which the Discharge of First Lien Obligations shall have occurred (except as specifically provided in the First Lien Documents and in the Second Lien Documents), the cash proceeds of Common Collateral received in connection with the sale or disposition of, or collection on, such Common Collateral and whether or not pursuant to any exercise of remedies or any Insolvency or Liquidation Proceeding, shall be applied by the First Lien Agent to the First Lien Obligations and, to the extent applicable, to the Second Lien Agent for application to the Second Lien Obligations in such order as specified in the First Lien Documents. Upon the Discharge of First Lien Obligations, the First Lien Agent shall deliver to the Second Lien Agent any proceeds of Common Collateral held by it in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. Upon the Discharge of the Second Lien Obligations, the Second Lien Agent shall deliver to the applicable Borrower or Guarantor any proceeds of Common Collateral held by it in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct.

SECTION 4.2. Payments Over. Until the date upon which the Discharge of First Lien Obligations has occurred, any Common Collateral or proceeds thereof received by the Second Lien Agent or any Second Lien Lender in contravention of this Agreement shall be segregated and held in trust and forthwith paid over to the First Lien Agent for the benefit of the First Lien Lenders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. Until the date upon which the Discharge of First Lien Obligations shall have occurred, the First Lien Agent is hereby authorized to make any such endorsements as agent for the Second Lien Agent or such Second Lien Lender.

## ARTICLE V
## OTHER AGREEMENTS

SECTION 5.1. Releases.

(a) Until the date upon which the Discharge of First Lien Obligations shall have occurred, if:

(i) the First Lien Agent exercises any of its remedies in respect of any Common Collateral in accordance with the terms of this Agreement, including any sale, lease, exchange, transfer or other disposition of such Common Collateral;

(ii) there occurs any sale, lease, exchange, transfer or other disposition of Common Collateral to a Person other than a Borrower or a Guarantor in a transaction that is permitted under the terms of the First Lien Financing Agreement and the Second Lien Financing Agreement (whether or not in either case an event of default under, and as defined therein, has occurred and is continuing) at the time of such transaction; or

(iii) the Common Collateral to be released consists of the assets of a Subsidiary of a Borrower or a Guarantor all of the Capital Securities of which is being released pursuant to any other provision of this clause;

and if, in connection therewith, the First Lien Agent, for itself or on behalf of any of the First Lien Lenders, releases any of its Liens on any part of the Common Collateral, or releases any Guarantor from its obligations under its guaranty of the First Lien Obligations (other than in connection with the Discharge of First Lien Obligations), the Liens, if any, of the Second Lien Agent, for itself or for the benefit of the Second Lien Lenders, on such Common Collateral, and the obligations of such Guarantor under its guaranty of the Second Lien Obligations, shall be automatically, unconditionally and simultaneously released with no further consent or action of any Person, and the Second Lien Agent, for itself or on behalf of any such Second Lien Lender, promptly shall execute and deliver to the First Lien Agent and the Borrowers such termination statements, releases and other documents and shall take such further actions as the First Lien Agent, the Borrowers or such Guarantor may reasonably request to effectively confirm such release.

(b) The Second Lien Agent, for itself and on behalf of the Second Lien Lenders, hereby irrevocably constitutes and appoints the First Lien Agent and any officer or agent of the First Lien Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Second Lien Agent or such Second Lien Lender or in the First Lien Agent's own name, from time to time, in the First Lien Agent's discretion, for the purpose of carrying out the terms of this Section, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Section including, without limitation, any financing statements, endorsements or other instruments or transfer or release. This appointment is coupled with an interest.

SECTION 5.2. Insurance. To the extent provided in the relevant First Lien Collateral Documents or the Second Lien Collateral Documents, as the case may be, the First Lien Agent and the Second Lien Agent shall be named as additional insureds and the Control Agent shall be named as loss payee (on behalf of the First Lien Agent, the First Lien Lenders, the Second Lien Agent and the Second Lien Lenders) under any insurance policies maintained from time to time by the Borrower or Guarantors. Until the date upon which the Discharge of First Lien Obligations shall have occurred, as between the First Lien Agent and the First Lien Lenders, on the one hand, and the Second Lien Agent and the Second Lien Lenders on the other, the First Lien Agent and the First Lien Lenders shall have the sole and exclusive right to the extent provided for in the First Lien Documents (i) to adjust or settle any insurance policy or claim covering any Common Collateral in the event of any loss thereunder; and (ii) to approve any award granted in any condemnation or similar proceeding affecting any Common Collateral. Until the date upon which the Discharge of First Lien Obligations shall have occurred, all proceeds of any such policy and any such award in respect of any Common Collateral that are payable to the First Lien Agent and the Second Lien Agent shall be paid to the First Lien Agent for the benefit of the First Lien Lenders to the extent required under the First Lien Documents and, thereafter, to the Second Lien Agent for the benefit of the Second Lien Lenders to the extent required under the applicable Second Lien Documents and then to the applicable Borrower or Guarantor or as a court of competent jurisdiction may otherwise direct. If the Second Lien Agent or any Second Lien Lender shall, at any time, receive any proceeds of any such insurance policy or any such award in contravention of this Agreement, it shall pay such proceeds over to the First Lien Agent in accordance with the terms of Section 4.2.

SECTION 5.3. Amendments to Second Lien Collateral Documents.

(a) Until the date upon which the Discharge of First Lien Obligations shall have occurred, without the prior written consent of the First Lien Agent, no Second Lien Collateral Document may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification, or the terms of any new Second Lien Financing Agreement or Second Lien Collateral Document, would contravene any of the terms of this Agreement. The Second Lien Agent agrees that each Second Lien Collateral Document shall include the following language:

"Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the provisions of the Intercreditor Agreement, dated as of the date hereof, as the same may be amended, restated, supplemented, modified or replaced from time to time (the "Intercreditor Agreement") among Citibank, N.A., as First Lien Agent, Citibank, N.A., as Second Lien Agent, Citibank, N.A., as Control Agent, the First Lien Borrower, the First Lien Guarantors, the Second Lien Borrower and the Second Lien Guarantors (each as defined therein) from time to time a party thereto. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern."

In addition, the Second Lien Agent agrees that each Second Lien Collateral Document under which any Lien on real property owned by the Second Lien Borrower or any Second Lien Guarantor is granted to secure the Second Lien Obligations covering any Common Collateral shall contain such other language as the First Lien Agent may reasonably request to reflect the priority of the First Lien Collateral Document covering such Common Collateral over such Second Lien Collateral Document.

(b) Without the prior written consent of the First Lien Agent (and any required consent of the First Lien Lenders), no Second Lien Document may be amended, supplemented or otherwise modified to the extent such amendment, supplement or modification would (i) increase the then outstanding aggregate principal amount of the loans under the Second Lien Financing Agreement to an amount exceeding $450,000,000, (ii) contravene the provisions of this Agreement, (iii) increase the "Applicable Margin" or similar component of the interest on the loans thereunder by more than 3.0% per annum (exclusive, for the avoidance of doubt, of any imposition of up to 2.0% of "default" interest), (iv) provide for dates for payment of principal, interest, premium (if any) or fees which are earlier than such dates under the Second Lien Financing Agreement, (v) provide for covenants, events of default or remedies which are more restrictive on any Guarantor than those set forth in the Second Lien Financing Agreement, (vi) provide for redemption, prepayment or defeasance provisions that are more burdensome on any Guarantor than those set forth in the Second Lien Financing Agreement, (vii) provide for collateral securing Indebtedness thereunder which is more extensive than the collateral provided with respect to the First Lien Financing Agreement or (viii) increase the obligations of any Guarantor (except as set forth herein) or confer

any additional rights on any Second Lien Lender which could reasonably be expected to be adverse to the First Lien Lender.

(c) Without the prior written consent of the Second Lien Agent (and any required consent of the Second Lien Lenders), no First Lien Document may be amended, supplemented or otherwise modified to the extent such amendment, supplement or modification would (i) contravene the provisions of this Agreement, (ii) increase the then outstanding aggregate principal amount of the loans under the First Lien Financing Agreement plus, if any, any undrawn portion of any commitment under the First Lien Financing Agreement in excess of the Maximum First Lien Principal Amount or (iii) increase the “Applicable Margin” or similar component of the interest of the loans thereunder by more than 3.0% per annum from the “Applicable Margin” or similar component of the interest under the First Lien Financing Agreement as in effect as of the date hereof (exclusive, for the avoidance of doubt, of any imposition of up to 2.0% of “default” interest).

SECTION 5.4. Rights as Unsecured Creditors and Judgment Creditors.

(a) Except as otherwise expressly set forth in Section 3.1 and Section 3.2 and subject to Article VI, (i) the Second Lien Agent and the Second Lien Lenders may exercise all rights and remedies as unsecured creditors against the Second Lien Borrower, the Second Lien Guarantors or any of their Subsidiaries in accordance with the terms of the Second Lien Documents and applicable law and this Agreement, and (ii) nothing in this Agreement shall prohibit the acceleration of the obligations under the Second Lien Documents or the receipt of the Second Lien Agent or the Second Lien Lenders of the required payments of principal and interest and other amounts, so long as such receipt is not the direct or indirect result of the exercise of the Second Lien Agent or any Second Lien Lender of rights and remedies as a secured creditor or enforcement in contravention of this Agreement of any Lien held by any of them.

(b) In the event the Second Lien Agent or any Second Lien Lender becomes a judgment lien creditor in respect of Common Collateral as a result of its enforcement of its rights as an unsecured creditor, such judgment lien shall be subject to the terms of this Agreement for all purposes and shall be junior to the Liens securing First Lien Obligations on the same basis as the other Liens securing the Second Lien Obligations are junior to such First Lien Obligations under this Agreement. Nothing in this Agreement modifies any rights or remedies the First Lien Agent or the First Lien Lenders may have with respect to the First Lien Collateral.

SECTION 5.5. Limited Agency of Citibank, N.A. for Perfection.

(a) The First Lien Agent, on behalf of itself and the First Lien Lenders, and the Second Lien Agent, on behalf of itself and the Second Lien Lenders, each hereby appoint Citibank, N.A. as its collateral agent (in such capacity, together with any successor in such capacity appointed by the First Lien Agent and consented to by the Second Lien Agent (such consent not to be unreasonably withheld or delayed), the “Control Agent”) for the limited purpose of acting as the agent on behalf of the First Lien Agent (on behalf of

itself and the First Lien Lenders) and the Second Lien Agent (on behalf of itself and the Second Lien Lenders) with respect to the Control Collateral for purposes of perfecting the Liens of such parties on the Control Collateral. The Control Agent accepts such appointment and agrees to hold the Control Collateral that is part of the Common Collateral in its possession or control (or in the possession or control of its agents or bailees) as Control Agent for the benefit of the First Lien Agent (on behalf of itself and the First Lien Lenders) and the Second Lien Agent (on behalf of itself and the Second Lien Lenders) and any permitted assignee of any thereof solely for the purpose of perfecting the security interest granted to such parties in such Control Collateral, subject to the terms and conditions of this Section. The Control Agent, the First Lien Agent, on behalf of itself and the First Lien Lenders, and the Second Lien Agent, on behalf of itself and the Second Lien Lenders, each hereby agrees that the First Lien Agent shall have the sole and exclusive right and authority to give instructions to, and otherwise direct, the Control Agent in respect of the Control Collateral or any control agreement with respect to any Control Collateral until the earlier of the date upon which the Discharge of First Lien Obligations shall have occurred and the Second Lien Enforcement Date, and neither the Second Lien Agent nor any Second Lien Lender will hinder, delay or interfere with the exercise of such rights by the First Lien Agent in any respect. The First Lien Agent and the Second Lien Agent hereby acknowledge that the Control Agent will obtain "control" under the UCC over each Controlled Account as contemplated by the First Lien Collateral Documents and the Second Lien Collateral Documents for the benefit of both the First Lien Agent (on behalf of itself and the First Lien Lenders) and the Second Lien Agent (on behalf of itself and the Second Lien Lenders) pursuant to the control agreements relating to each respective Controlled Account. The Borrowers hereby agree to pay, reimburse, indemnify and hold harmless the Control Agent to the same extent and on the same terms that the First Lien Borrower is required to do so for the First Lien Agent in accordance with the First Lien Financing Agreement. The First Lien Agent and the Second Lien Agent hereby also acknowledge and agree that the Control Agent, to the extent it receives landlord lien waivers, will receive such landlord lien waivers for the benefit of the Second Lien Agent for the benefit of Second Lien Lenders and the First Lien Agent for the benefit of the First Lien Lenders. Except as set forth below, the Control Agent shall have no obligation whatsoever to the Second Lien Agent or any Second Lien Lender including any obligation to assure that the Control Collateral is genuine or owned by any Borrower, any Guarantor or one of their respective Subsidiaries or to preserve rights or benefits of any Second Lien Lender or the Second Lien Agent except as expressly set forth in this Section. In acting on behalf of the Second Lien Agent and the Second Lien Lenders, the duties or responsibilities of the Control Agent under this Section shall be limited solely (i) to physically holding the Control Collateral delivered to the Control Agent by the Borrowers, Guarantors or any Subsidiary of such Person as agent for the Second Lien Agent (on behalf of itself and the Second Lien Lenders) for purposes of perfecting the Lien held by the Second Lien Agent (on behalf of itself and the Second Lien Lenders) and (ii) delivering such collateral as set forth in clause (d) of Section 5.5.

(b) The rights of the Second Lien Agent shall at all times be subject to the terms of this Agreement and to the First Lien Agent's rights under the First Lien Documents.

(c) The First Lien Agent shall not have by reason of the Second Lien Security Agreement or this Agreement or any other document a fiduciary relationship in respect of the Second Lien Agent or any Second Lien Lender.

(d) Upon the Discharge of First Lien Obligations, the Control Agent shall deliver to the Second Lien Agent the Control Collateral together with any necessary endorsements (or otherwise allow the Second Lien Agent to obtain control of such Control Collateral) or as a court of competent jurisdiction may otherwise direct.

(e) Upon the Discharge of the Second Lien Obligations, the Control Agent shall deliver to the applicable Borrower or Guarantor the Control Collateral together with any necessary endorsements or as a court of competent jurisdiction may otherwise direct.

SECTION 5.6. Inspection Rights. Subject to the First Lien Documents and the Second Lien Documents, and solely between the First Lien Agent and the First Lien Lenders, on the one hand, and the Second Lien Agent and the Second Lien Lenders, on the other hand,

(a) the First Lien Agent and its representatives and invitees may at any time inspect, repossess, remove and otherwise deal with the Common Collateral, and the First Lien Agent may advertise and conduct public auctions or private sales of any Common Collateral, in each case without notice to (except as provided in Section 7.5), the involvement of or interference by the Second Lien Agent or any Second Lien Lender or liability to the Second Lien Agent or any Second Lien Lender.

(b) The Second Lien Agent may inspect the Common Collateral, in accordance with Second Lien Documents, so long as such inspection does not interfere with the rights of the First Lien Agent under Section 3.1 or under the First Lien Documents.

## ARTICLE VI
## INSOLVENCY OR LIQUIDATION PROCEEDINGS

SECTION 6.1. Financing and Sale Issues. If any Borrower or any Guarantor shall be subject to any Insolvency or Liquidation Proceeding and at any time prior to the Discharge of First Lien Obligations the First Lien Agent or the First Lien Lenders shall desire to permit (or not object to) the sale, use or lease of cash collateral or to permit (or not object to) any Borrower to obtain financing under Section 363 or Section 364 of the Bankruptcy Code or to provide such financing (“DIP Financing”), then, so long as the maximum amount of Indebtedness that may be incurred in connection with such DIP Financing shall not exceed an amount equal to the Maximum First Lien Principal Debt Amount, then the Second Lien Agent, on behalf of itself and the Second Lien Lenders, and each Second Lien Lender by becoming a Second Lien Lender, agrees that it will raise no objection to, nor support any other Person objecting to, such sale, use, or lease of cash collateral or DIP Financing and will not request any form of adequate protection or any other relief in connection therewith (except as agreed by the First Lien Agent or to the extent expressly permitted by Section 6.3) and, to the extent the Liens securing the First Lien Obligations are subordinate to or pari passu with such DIP Financing, it (x) will subordinate (and will be deemed hereunder to have subordinated) the Liens securing the Second Lien Obligations (x) to such DIP Financing with, if applicable, the same terms and

conditions as the Liens securing the First Lien Obligations are subordinated thereto (and such subordination will not alter in any manner the terms of this Agreement), (y) to any adequate protection provided to the First Lien Agent and the First Lien Lenders and (z) to any "carve-out" for professionals and United States Trustee fees agreed to by the First Lien Agent or the First Lien Lenders, and (ii) agrees that notice received four (4) calendar days prior to the entry of an order approving such usage of cash collateral or approving such financing shall be adequate notice. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that it will raise no objection to or oppose a sale or other disposition of any Common Collateral free and clear of its Liens or other claims under Section 363 of the Bankruptcy Code (or otherwise) if the First Lien Required Lenders have consented to (or supported) such sale or disposition of such assets so long as the respective interests of the Second Lien Lenders attach to the proceeds thereof, subject to the terms of this Agreement.

SECTION 6.2. Relief from the Automatic Stay. Until the date upon which the Discharge of First Lien Obligations shall have occurred, the Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that none of them shall seek relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of any Common Collateral, without the prior written consent of the First Lien Agent and the First Lien Required Lenders.

SECTION 6.3. Adequate Protection. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that none of them shall object, contest, or support any other Person objecting to or contesting, (i) any request by the First Lien Agent or the First Lien Lenders for adequate protection or (ii) any objection by the First Lien Agent or any First Lien Lender to any motion, relief, action or proceeding based on a claim of a lack of adequate protection or (iii) the payment of interest, fees, expenses or other amounts to the First Lien Agent or any First Lien Lender under Section 506(b) or 506(c) of the Bankruptcy Code or otherwise. Notwithstanding anything contained in this Section and in Section 6.1, in any Insolvency or Liquidation Proceeding, (x) the Second Lien Agent and the Second Lien Lenders, may seek, support, accept or retain adequate protection (A) only if the First Lien Agent and the First Lien Lenders are granted adequate protection that includes replacement liens on additional collateral and superpriority claims and the First Lien Agent and the First Lien Lenders do not object to the adequate protection being provided to the First Lien Agent and the First Lien Lenders and (B) in the form of (1) a replacement Lien on such additional collateral, subordinated to the Liens securing the First Lien Obligations and such DIP Financing on the same basis as the other Liens securing the Second Lien Obligations are so subordinated to the First Lien Obligations under this Agreement and (y) superpriority claims junior in all respects to the superpriority claims granted to the First Lien Agent and the First Lien Lenders, and (2) in the event the Second Lien Agent, on behalf of itself and the Second Lien Lenders, receives adequate protection, including in the form of additional collateral, then the Second Lien Agent, on behalf of itself or any of the Second Lien Lenders, agrees that the First Lien Agent shall have a senior Lien and claim on such adequate protection as security for the First Lien Obligations and that any Lien on any additional collateral securing the Second Lien Obligations shall be subordinated to the Liens on such collateral securing the First Lien Obligations and any DIP Financing (and all Obligations relating thereto) and any other Liens granted to the First Lien Agent and the First Lien Lenders as adequate protection, with such subordination to be on the same terms that the other Liens securing the Second Lien Obligations are subordinated to such First Lien Obligations

under this Agreement. Notwithstanding the foregoing, if the First Lien Lenders are deemed by a court of competent jurisdiction to be fully secured on the petition date, then the Second Lien Lenders shall not be prohibited from seeking adequate protection in the form of interest, fees or other cash payments.

SECTION 6.4. No Waiver. Nothing contained herein shall prohibit or in any way limit the First Lien Agent or any First Lien Lender from objecting in any Insolvency or Liquidation Proceeding or otherwise to any action taken by the Second Lien Agent or any of the Second Lien Lenders, including, without limitation, the seeking by the Second Lien Agent or any Second Lien Lender of adequate protection or the asserting by the Second Lien Agent or any Second Lien Lender of any of its rights and remedies under the Second Lien Documents or otherwise, unless, in each case, such action is consistent with the terms of this Section 6.

SECTION 6.5. Preference Issues. If the First Lien Agent or any First Lien Lender is required in any Insolvency or Liquidation Proceeding or otherwise to turn over or otherwise pay to the estate of the First Lien Borrower or any First Lien Guarantor any amount (whether received by or on behalf of the First Lien Borrower or any First Lien Guarantor, as proceeds of security, enforcement of any right of setoff or otherwise) (a "Recovery"), then the obligation or part thereof originally intended to be satisfied shall be reinstated and outstanding as First Lien Obligations as if such payment had not occurred to the extent of such Recovery and the Discharge of First Lien Obligations shall be deemed to not have occurred. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto from such date of reinstatement. The Second Lien Agent and the Second Lien Lenders agree that none of them shall be entitled to benefit from any avoidance action affecting or otherwise relating to any distribution or allocation made in accordance with this Agreement, whether by preference or otherwise, it being understood and agreed that the benefit of such avoidance action otherwise allocable to them shall instead be allocated and turned over for application in accordance with the priorities set forth in this Agreement. In the event that any such payment with respect to the First Lien Obligations results in a Discharge of First Lien Obligations, the First Lien Agent and the First Lien Lenders agree that the Second Lien Agent and the Second Lien Lenders shall be permitted to act hereunder as though a Discharge of First Lien Obligations had occurred during the period from such payment until the date of such reinstatement of the First Lien Obligations and shall have no liability to the First Lien Agent or the First Lien Lenders for any action taken or omitted to be taken hereunder in accordance therewith, except to the extent such act or omission is found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith or willful misconduct of the Second Lien Agent or Second Lien Lenders.

SECTION 6.6. Separate Grants of Security and Separate Classification. The Second Lien Agent on behalf of itself and the Second Lien Lenders acknowledges and agrees that (i) the grants of Liens pursuant to the First Lien Collateral Documents and the Second Lien Collateral Documents constitute two separate and distinct grants of Liens and (ii) because of, among other things, their differing rights in the Common Collateral, the Second Lien Obligations are fundamentally different from the First Lien Obligations and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency or Liquidation Proceeding. To

further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the First Lien Agent and the First Lien Lenders and the Second Lien Agent and the Second Lien Lenders in respect of the Common Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then the Second Lien Agent on behalf of itself and the Second Lien Lenders hereby acknowledges and agrees that all distributions shall be made as if there were separate classes of senior and junior secured claims against the Borrowers and the Guarantors in respect of the Common Collateral (with the effect being that, to the extent that the aggregate value of the Common Collateral is sufficient (for this purpose ignoring all claims held by the Second Lien Agent and the Second Lien Lenders), the First Lien Agent and the First Lien Lenders shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest before any distribution is made in respect of the claims held by the Second Lien Agent and the Second Lien Lenders, with the Second Lien Agent and the Second Lien Lenders hereby acknowledging and agreeing to turn over to the First Lien Agent and the First Lien Lenders amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Second Lien Agent and the Second Lien Lenders).

SECTION 6.7. Other Matters. To the extent that the Second Lien Agent or any Second Lien Lender has or acquires rights under Section 363 or Section 364 of the Bankruptcy Code with respect to any of the Common Collateral, the Second Lien Agent agrees, on behalf of itself and the Second Lien Lenders not to assert any of such rights without the prior written consent of the First Lien Agent; provided that if requested by the First Lien Agent, the Second Lien Agent shall timely exercise such rights in the manner requested by the First Lien Agent, including any rights to payments in respect of such rights.

SECTION 6.8. Effectiveness in Insolvency or Liquidation Proceedings. This Agreement, which the parties hereto expressly acknowledge is a “subordination agreement” under Section 510(a) of the Bankruptcy Code, shall be effective before, during and after the commencement of an Insolvency or Liquidation Proceeding. All references in this Agreement to any Borrower or any Guarantor shall include such Person as a debtor-in-possession and any receiver or trustee for such Person in any Insolvency or Liquidation Proceeding.

## ARTICLE VII
## RELIANCE; WAIVERS; NOTICES; ETC

SECTION 7.1. Reliance.

(a) The consent by the First Lien Lenders to the execution and delivery of the Second Lien Documents and the grant to the Second Lien Agent on behalf of the Second Lien Lenders of a Lien on the Common Collateral and all loans and other extensions of credit made or deemed made on and after the date hereof by the First Lien Lenders to the First Lien Borrower shall be deemed to have been given and made in reliance upon this Agreement. The Second Lien Agent, on behalf of the Second Lien Lenders, acknowledges that the Second Lien Lenders have, independently and without reliance on the First Lien Agent or any First Lien Lender, and based on documents and information

deemed by them appropriate, made their own credit analysis and decision to enter into the Second Lien Financing Agreement, the other Second Lien Documents, this Agreement and the transactions contemplated hereby and thereby and they will continue to make their own credit decision in taking or not taking any action under the Second Lien Financing Agreement, the other Second Lien Documents or this Agreement.

(b) The consent by the Second Lien Lenders to the execution and delivery of the First Lien Documents and the grant to the First Lien Agent on behalf of the First Lien Lenders of a Lien on the Common Collateral and all loans and other extensions of credit made or deemed made on and after the date hereof by the Second Lien Lenders to the Second Lien Borrower shall be deemed to have been given and made in reliance upon this Agreement. The First Lien Agent, on behalf of the First Lien Lenders, acknowledges that the First Lien Lenders have, independently and without reliance on the Second Lien Agent or any Second Lien Lender, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into the First Lien Financing Agreement, the other First Lien Documents, this Agreement and the transactions contemplated hereby and thereby and they will continue to make their own credit decision in taking or not taking any action under the First Lien Financing Agreement, the other First Lien Documents or this Agreement.

SECTION 7.2. No Warranties or Liability.

(a) The Second Lien Agent, on behalf of itself and the Second Lien Lenders, acknowledges and agrees that each of the First Lien Agent and the First Lien Lenders has made no express or implied representation or warranty, including, without limitation, with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the First Lien Documents. The First Lien Lenders will be entitled to manage and supervise their respective loans and extensions of credit to the First Lien Borrower in accordance with law and as they may otherwise, in their sole discretion, deem appropriate, and the First Lien Lenders may manage their loans and extensions of credit without regard to any rights or interests that the Second Lien Agent or any of the Second Lien Lenders have in the Common Collateral or otherwise, except as otherwise provided in this Agreement. Neither the First Lien Agent nor any First Lien Lender shall have any duty to the Second Lien Agent or any of the Second Lien Lenders to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with any Borrower or any Guarantor (including, without limitation, the Second Lien Documents), regardless of any knowledge thereof which they may have or be charged with.

(b) The First Lien Agent, on behalf of itself and the First Lien Lenders, acknowledges and agrees that each of the Second Lien Agent and the Second Lien Lenders has made no express or implied representation or warranty, including, without limitation, with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the Second Lien Documents. The Second Lien Lenders will be entitled to manage and supervise their respective loans to the Second Lien

Borrower in accordance with law and as they may otherwise, in their sole discretion, deem appropriate, and the Second Lien Lenders may manage their loans and extensions of credit without regard to any rights or interests that the First Lien Agent or any of the First Lien Lenders have in the Common Collateral or otherwise, except as otherwise provided in this Agreement. Neither the Second Lien Agent nor any Second Lien Lender shall have any duty to the First Lien Agent or any of the First Lien Lenders to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with any Borrower or any Guarantor (including, without limitation, the First Lien Documents), regardless of any knowledge thereof which they may have or be charged with.

SECTION 7.3. No Waiver of Lien Priorities.

(a) No right of the First Lien Lenders, the First Lien Agent or any of them to enforce any provision of this Agreement shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the First Lien Borrower or the First Lien Guarantors or by any act or failure to act by any First Lien Lender or the First Lien Agent, or by any noncompliance by any Person with the terms, provisions and covenants of this Agreement, any of the First Lien Documents or any of the Second Lien Documents, regardless of any knowledge thereof which the First Lien Agent or the First Lien Lenders, or any of them, may have or be otherwise charged with.

(b) Without in any way limiting any other provision hereof, (but subject to the rights of the First Lien Borrower and the First Lien Guarantors under the First Lien Documents and the proviso set forth in the definition of the term "First Lien Financing Agreement"), the First Lien Lenders, the First Lien Agent and any of them, may, at any time and from time to time, without the consent of the Second Lien Agent or any Second Lien Lender, without impairing or releasing the lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of the Second Lien Agent or any Second Lien Lender is affected, impaired or extinguished thereby) do any one or more of the following:

(i) make loans and advances to the First Lien Borrower or any First Lien Guarantor or issue, guaranty or obtain letters of credit for the account of any such Person or otherwise extend credit to any such Person, in any amount and on any terms, whether pursuant to a commitment or as a discretionary advance and whether or not any default or event of default or failure of condition is then continuing;

(ii) change the manner, place or terms of payment or change or extend the time of payment of, or renew, exchange, amend, increase or alter, the terms of any of the First Lien Obligations or any Lien on any First Lien Collateral or guaranty thereof or any liability of the First Lien Borrower or any First Lien Guarantor, or any liability incurred directly or indirectly in respect thereof (including, without limitation, any increase in or extension of the First Lien Obligations, without any restriction as to the amount, tenor or terms of any such increase or extension) or otherwise amend; renew, exchange, extend, modify or supplement in any manner any Liens held by the

First Lien Lenders, the First Lien Obligations or any of the First Lien Documents; provided, however, nothing herein shall prohibit the Second Lien Agent and the Second Lien Lenders from enforcing any rights arising under the Second Lien Financing Agreement as a result of Second Lien Borrower's or any Second Lien Guarantors' violation of the terms thereof including any covenant prohibiting the amendment of certain provisions of the First Lien Financing Agreement, subject in each case to this Agreement;

(iii) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the First Lien Collateral or any liability of the First Lien Borrower or any First Lien Guarantor to the First Lien Lenders or the First Lien Agent, or any liability incurred directly or indirectly in respect thereof;

(iv) settle or compromise any First Lien Obligation or any other liability of the First Lien Borrower or any First Lien Guarantor or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including, without limitation, the First Lien Obligations) in any manner or order;

(v) exercise or delay in or refrain from exercising any right or remedy against the First Lien Borrower or any security or any First Lien Guarantor or any other Person, elect any remedy and otherwise deal freely with the First Lien Borrower, any First Lien Guarantor and the First Lien Collateral and any security and any guarantor or any liability of the First Lien Borrower or any First Lien Guarantor to the First Lien Lenders or any liability incurred directly or indirectly in respect thereof;

(vi) release or discharge any First Lien Obligations or any guaranty thereof or any agreement or obligation of the First Lien Borrower or First Lien Guarantor or any other Person or entity with respect thereto;

(vii) take or fail to take any Lien on any First Lien Collateral or any other collateral security for any First Lien Obligations or take or fail to take any action which may be necessary or appropriate to ensure than any Lien on any First Lien Collateral or any other Lien upon any property is duly enforceable or perfected or entitled to priority as against any other Lien or to ensure that any proceeds of any property subject to any Lien are applied to the payment of any First Lien Obligations or any other obligation secured thereby; or

(viii) otherwise release, discharge or permit the lapse of any or all First Lien Obligations or any other Liens upon any property at any time securing any First Lien Obligations.

(c) The Second Lien Agent, on behalf of itself and the Second Lien Lenders, also agrees that the First Lien Lenders and the First Lien Agent shall have no liability to the Second Lien Agent or any Second Lien Lender, and the Second Lien Agent, on behalf of itself and the Second Lien Lenders, hereby waives any claim against any First Lien Lender or the First Lien Agent, arising out of any and all actions which the

First Lien Lenders or the First Lien Agent may take or permit or omit to take with respect to: (i) the First Lien Documents, (ii) the collection of the First Lien Obligations or (iii) the perfection, release, failure to act upon, foreclosure upon, or sale, liquidation or other disposition of, the First Lien Collateral; provided that notwithstanding the foregoing, the First Lien Agent shall be liable for damages resulting from actions taken by it in violation of any provision of this Agreement to the extent such violation is found by a final, non-appealable judgment of a court of competent jurisdiction to arise from its gross negligence, bad faith or willful misconduct. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that the First Lien Lenders and the First Lien Agent have no duty to them in respect of the maintenance or preservation of the First Lien Collateral or the First Lien Obligations.

(d) The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law or any other similar rights a junior secured creditor may have under applicable law.

SECTION 7.4. Obligations Unconditional. All rights, interests, agreements and obligations of the First Lien Agent and the First Lien Lenders and the Second Lien Agent and the Second Lien Lenders, respectively, hereunder shall remain in full force and effect as set forth herein irrespective of:

(a) any lack of validity or enforceability of the First Lien Documents or any Second Lien Documents;

(b) any change in the time, manner or place of payment of, or in any other terms of, all or any of the First Lien Obligations or Second Lien Obligations, or any amendment or waiver or other modification, including, without limitation, any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of the First Lien Financing Agreement or any other First Lien Document or of the terms of the Second Lien Financing Agreement or any other Second Lien Document;

(c) any compromise, surrender, release, non-perfection or exchange of any security interest in any Common Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the First Lien Obligations or Second Lien Obligations or any guarantee thereof;

(d) the commencement of any Insolvency or Liquidation Proceeding in respect of any Borrower or any Guarantor; or

(e) any other circumstances which otherwise might constitute a defense available to, or a discharge of, any Borrower or any Guarantor in respect of the First Lien Obligations or of the Second Lien Agent or any Second Lien Lender or

Second Lien Obligations in respect of this Agreement other than a defense of performance in full, or payment in full in cash, of the First Lien Obligations.

SECTION 7.5. Certain Notices.

(a) Promptly upon the satisfaction of the conditions set forth in clauses (i), (ii), (iii), and (iv) of the definition of Discharge of First Lien Obligations, the First Lien Agent shall deliver the notice contemplated by clause (v) of said definition.

(b) Promptly upon (or as soon as practicable following) the commencement by the First Lien Agent of any enforcement action with respect to any Common Collateral (including by way of a public or private sale of Collateral), the First Lien Agent shall notify the Second Lien Agent of such action; provided that the failure to give any such notice shall not result in any liability of the First Lien Agent hereunder or in the modification, alteration, impairment, or waiver of the rights of any party hereunder.

## ARTICLE VIII
## MISCELLANEOUS

SECTION 8.1. Conflicts. In the event of any conflict between the provisions of this Agreement and the provisions of the First Lien Documents or the Second Lien Documents regarding solely the relative rights and obligations between the First Lien Agent and the First Lien Lenders on the one hand and the Second Lien Agent and the Second Lien Lenders on the other, respectively, the provisions of this Agreement shall govern.

SECTION 8.2. Waiver of Consequential Damages. No party shall be liable for any special, indirect, consequential or punitive damages in connection with this Agreement regardless of whether such damages were contemplated and regardless of the form of action.

SECTION 8.3. Continuing Nature of this Agreement. This Agreement shall continue to be effective notwithstanding the Discharge of the First Lien Obligations. This is a continuing agreement of lien priorities and the First Lien Lenders may continue, at any time and without notice to the Second Lien Agent or any Second Lien Lender, to extend credit and other financial accommodations and lend monies to or for the benefit of the First Lien Borrower and First Lien Guarantors constituting First Lien Obligations on the faith hereof. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, hereby waives any right it may have under applicable law to revoke this Agreement or any of the provisions of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency or Liquidation Proceeding.

SECTION 8.4. Amendments; Waivers. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by any Person from its obligations under this Agreement, shall in any event be effective unless the same shall be in writing and signed by the First Lien Agent and the Second Lien Agent, each acting upon the direction of the First Lien Lenders or Second Lien Lenders as set forth in the applicable Credit Agreement. Each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such

party in any other respect or at any other time. Neither any Borrower nor any Guarantor shall have any right to amend, modify or waive any provision of this Agreement without the consent of the Second Lien Agent then party hereto or the First Lien Agent then party hereto, as applicable, nor shall any consent or signed writing be required of any of them to effect any amendment, modification or waiver of any provision of this Agreement, except that no amendment, modification or waiver affecting any obligation or right of any Borrower or any Guarantor hereunder shall be made without the written consent of the applicable Borrower. The First Lien Agent shall give prompt notice to the First Lien Borrower of each amendment, modification or waiver hereunder that does not require the consent of the First Lien Borrower, but the failure to give such notice shall not affect the validity of each such amendment, modification or waiver.

SECTION 8.5. Information Concerning Financial Condition of the Borrowers, Guarantors and their Subsidiaries.

(a) The First Lien Lenders, on the one hand, and the Second Lien Lenders, on the other hand, shall each be responsible for keeping themselves informed of (i) the financial condition of the Borrowers, Guarantors and their Subsidiaries and all endorsers and/or guarantors of the Second Lien Obligations or the First Lien Obligations and (ii) all other circumstances bearing upon the risk of nonpayment of the Second Lien Obligations or the First Lien Obligations. The First Lien Agent and the First Lien Lenders shall have no duty to advise the Second Lien Agent or any Second Lien Lender of information known to it or them regarding such condition or any such circumstances or otherwise. In the event the First Lien Agent or any of the First Lien Lenders, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to the Second Lien Agent or any Second Lien Lender, it or they shall be under no obligation (x) to provide any additional information or to provide any such information on any subsequent occasion, (y) to undertake any investigation or (z) to disclose any information which, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential.

(b) The Second Lien Agent and the Second Lien Lenders shall have no duty to advise the First Lien Agent or any First Lien Lender of information known to it or them regarding such condition or any such circumstances or otherwise. In the event the Second Lien Agent or any of the Second Lien Lenders, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to the First Lien Agent or any First Lien Lender, it or they shall be under no obligation (i) to provide any additional information or to provide any such information on any subsequent occasion, (ii) to undertake any investigation or (iii) to disclose any information which, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential.

SECTION 8.6. Subrogation. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, hereby waives any rights of subrogation it may acquire as a result of any payment hereunder until the date upon which the Discharge of First Lien Obligations shall have occurred.

SECTION 8.7. Application of Payments. As between the First Lien Lenders and the Second Lien Lenders, all payments received by the First Lien Lenders may be applied, reversed and reapplied, in whole or in part, to such part of the First Lien Obligations as the First Lien Lenders, in their sole discretion, deem appropriate.

SECTION 8.8. Consent to Jurisdiction; Waivers.

(a) ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE PARTIES HERETO IN CONNECTION HEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 8.9. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY PARTY HERETO HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH PARTY HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT.

(b) EACH PARTY HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO IN CONNECTION HEREWITH. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE OTHER PARTIES HERETO ENTERING INTO THIS AGREEMENT.

SECTION 8.9. Notices; Time. All notices and other communications provided under this Agreement shall be in writing or by facsimile and addressed, delivered or transmitted, if to the Borrowers, the First Lien Agent, the Second Lien Agent or the Control Agent at its address or facsimile number set forth on Schedule I hereto or at such other address or facsimile number

as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received. Any notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter. Except as set forth below, electronic mail and Internet and intranet websites may be used only to distribute routine communications among the parties and for the distribution and execution of documentation for execution by the parties thereto, and may not be used for any other purpose. Notwithstanding the foregoing, the parties hereto agree that delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of an original executed counterpart of this Agreement. Unless otherwise indicated, all references herein to the time of a day shall refer to New York time.

SECTION 8.10. Further Assurances. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that each of them shall take such further action and shall execute and deliver to the First Lien Agent and the First Lien Lenders such additional documents and instruments (in recordable form, if requested) as the First Lien Agent or the First Lien Lenders may reasonably determine to be required or appropriate to effectuate the terms of and the lien priorities contemplated by this Agreement; provided that any reasonable and documented out-of-pocket costs and expenses incurred by the Second Lien Agent in connection therewith shall be reimbursable by the Second Lien Borrower or the Second Lien Guarantors to the extent provided under the Second Lien Documents.

SECTION 8.11. Governing Law. THIS AGREEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 8.12. Binding on Successors and Assigns.

(a) This Agreement shall be binding upon the First Lien Agent, the First Lien Lenders, the Second Lien Agent, the Second Lien Lenders and their respective permitted successors and assigns.

(b) Upon a Person becoming the First Lien Agent as described in the definition of “First Lien Agent” hereunder (other than the First Lien Agent referred to in the recitals hereto), such new First Lien Agent shall automatically become the First Lien Agent hereunder with all the rights and powers of such party hereunder, and bound by the provisions hereof, without the need for any further action on the part of any party hereto.

(c) Upon a successor administrative agent, collateral agent or trustee becoming the Second Lien Agent under the Second Lien Financing Agreement or any Second Lien Document, such successor automatically shall become the Second Lien Agent hereunder with all the rights and powers of the Second Lien Agent hereunder, and bound by the provisions hereof, without the need for any further action on the part of any party hereto.

SECTION 8.13. Specific Performance. The First Lien Agent may demand specific performance of this Agreement. The Second Lien Agent, on behalf of itself and the Second Lien Lenders hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance in any action which may be brought by the First Lien Agent.

SECTION 8.14. Section Titles; Time Periods. The various headings contained in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof. In the computation of time periods, unless otherwise specified, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding" and the word "through" means "to and including".

SECTION 8.15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall together constitute one and the same document.

SECTION 8.16. Authorization. By its signature, each Person executing this Agreement on behalf of a party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement.

SECTION 8.17. No Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of the First Lien Agent and the First Lien Lenders and their respective successors (including as a result of a refinancing) and assigns and, to the extent applicable, the Borrowers, the Guarantors, the Second Lien Agent and the Second Lien Lenders and their respective permitted successors (including as a result of a refinancing) and assigns. No other Person, shall have or be entitled to assert rights or benefits hereunder.

SECTION 8.18. Effectiveness. This Agreement shall become effective when executed and delivered by the parties hereto. This Agreement shall be effective both before and after the commencement of any Insolvency or Liquidation Proceeding. All references to any Borrower or any Guarantor shall include such Borrower or such Guarantor as debtor and debtor-in-possession and any receiver or trustee for such Borrower or such Guarantor (as the case may be) in any Insolvency or Liquidation Proceeding.

SECTION 8.19. Rights of Agents. (a) The rights, protections, privileges and immunities, without duplication, including rights of indemnification, compensation and reimbursement, of the First Lien Agent, the Second Lien Agent and the Control Agent, shall be the same as those applicable to the First Lien Agent under the Pledge and Security Agreement, dated as of September 5, 2006, among the First Lien Borrower, the Guarantors named therein and the First Lien Agent, and such provisions are hereby incorporated herein as if specifically set forth herein.

(b) The parties hereto agree that whenever this Agreement requires or otherwise makes reference to the consent, discretion, agreement, approval, judgment, or any other similar term contemplating an act, or omission to act, by the First Lien Agent, the Second Lien Agent or the Control Agent, such Agents will only so act, or omit to act, upon the specific written direction of the First Lien Required Lenders, the First Lien Administrative Agent, the Second Lien Required

Lenders or the Second Lien Administrative, as the case may be, and in the absence of such direction, such Agents shall have no liability whatsoever for their failure to act.

(c) The provisions of this Section 8.19 shall survive the termination of this Agreement.

(Signature Pages Follow)

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

CITIBANK, N.A., as First Lien Agent

388 Greenwich Street
14th Floor
New York, New York 10013
Attn: Agency & Trust
Fax: (212) 657-2762

By: ______________________________
Name:
Title:

CITIBANK, N.A., as Second Lien Agent

388 Greenwich Street
14th Floor
New York, New York 10013
Attn: Agency & Trust
Fax: (212) 657-2762

By: ______________________________
Name:
Title:

CITIBANK, N.A., as Control Agent

388 Greenwich Street
14th Floor
New York, New York 10013
Attn: Agency & Trust
Fax: (212) 657-2762

By: ______________________________
Name:
Title:

HANESBRANDS INC., as the First Lien Borrower
and a Second Lien Guarantor

By: ______________________________
Name:
Title:

HBI BRANDED APPAREL LIMITED, INC., as the
Second Lien Borrower and a First Lien Guarantor

By: ______________________________
Name:
Title:

Guarantors:

**HANESBRANDS DIRECT, LLC**

By: ______________________________
Name:
Title:

**UPEL, INC.**

By: ______________________________
Name:
Title:

**CARIBETEX, INC.**

By: ______________________________
Name:
Title:

**SEAMLESS TEXTILES, LLC**

By: ______________________________
Name:
Title:

**BA INTERNATIONAL, L.L.C.**

By: ______________________________
Name:
Title:

**HBI INTERNATIONAL, LLC**

By: ______________________________
Name:
Title:

**HBI BRANDED APPAREL ENTERPRISES, LLC**

By: ______________________________
Name:
Title:

**CASA INTERNATIONAL, LLC**

By: ______________________________
Name:
Title:

**UPCR, INC.**

By: ______________________________
Name:
Title:

**HBI SOURCING, LLC**

By: ______________________________
Name:
Title:

**HBI PLAYTEX BATH LLC**

By: ______________________________
Name:
Title:

**CEIBENA DEL, INC.**

By: ______________________________
Name:
Title:

**NT INVESTMENT COMPANY, INC.**

By: ______________________________
Name:
Title:

**HANESBRANDS DISTRIBUTION, INC.**

By: ______________________________
Name:
Title:

**CARIBESOCK, INC.**

By: ______________________________
Name:
Title:

**NATIONAL TEXTILES, L.L.C**

By: ______________________________
Name:
Title:

**HANES PUERTO RICO, INC.**

By: ______________________________
Name:
Title:

**PLAYTEX INDUSTRIES, INC.**

By: ______________________________
Name:
Title:

**INNER SELF LLC**

By: ______________________________
Name:
Title:

**PLAYTEX DORADO, LLC**

By: ______________________________
Name:
Title:

**HANES MENSWEAR, LLC**

By: ______________________________
Name:
Title:

SCHEDULE I

Notice Information (Pursuant to Section 8.9)

**NOTICE ADDRESS FOR THE BORROWERS:**

Hanesbrands Inc./ HBI Branded Apparel Limited, Inc.

1000 East Hanes Mill Rd

Winston Salem, NC 27105

Attn: General Counsel

**NOTICE ADDRESS FOR ADMINISTRATIVE AGENT**:

Citicorp USA, Inc.

2 Penns Way

Suite 100

New Castle, De 19720

Attention: Carin Seals

Fax: (302) 894-6076

Phone: (212) 994-0967

E-mail: carin.seals@citigroup.com

EXHIBIT I

CLOSING DATE CERTIFICATE

HANESBRANDS INC.

September 5, 2006

This certificate is delivered pursuant to Section 5.1.2 of the First Lien Credit Agreement, dated as of September 5, 2006 (the "Credit Agreement"), among Hanesbrands Inc. (the "Borrower"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Capitalized terms used herein that are defined in the Credit Agreement, unless otherwise defined herein, have the meanings provided (or incorporated by reference) in the Credit Agreement.

The undersigned Authorized Officer, solely in such capacity and not as an individual, hereby certifies, represents and warrants that, as of the Closing Date:

1. Consummation of Transactions. (a) All actions necessary to consummate the Transaction (other than the entering into of the Senior Note Documents and the issuance of the Senior Notes) have been taken in accordance in all material respects with all applicable law and in accordance with the terms of each applicable Transaction Document, without amendment or waiver of any material provision thereof, unless approved by the Lead Arrangers in their reasonable discretion.

(b) Attached hereto as Annex I are true and correct copies of the material Second Lien Loan Documents which are in full force and effect and pursuant to which HBI Branded Apparel Limited, Inc. will borrow $450,000,000 in loans thereunder on the Closing Date.

(c) Attached hereto as Annex II are true and correct copies of the material Bridge Loan Documents which are in full force and effect and pursuant to which the Borrower will borrow $500,000,000 in loans thereunder on the Closing Date.

2. Litigation, etc. There exists no action, suit, investigation, litigation or proceeding pending or threatened in writing in any court or before any arbitrator or governmental or regulatory agency or authority that could reasonably be expected to have a Material Adverse Effect.

3. Approval. All material and necessary governmental and third party consents and approvals have been obtained (without the imposition of any material and adverse conditions that are not reasonably acceptable to the Lenders) and remain in effect and all applicable waiting periods have expired without any material and adverse action being taken by any competent authority.

4. Debt Ratings. The Borrower has obtained a senior secured debt rating (of any level) in respect of the Loans from each of S&P and Moody's and such ratings (of any level) are in effect as of the date hereof.

5. Form 10. The financial information concerning the Branded Apparel Business and the Borrower and its Subsidiaries contained in the Borrower's Form 10 filed with the Securities and Exchange Commission in connection with the Spin-Off, including all amendments and modifications thereto, is consistent in all material respects with the information previously provided to the Lead Arrangers and the Lenders.

6. Compliance with Warranties, No Default, etc. The following statements are true and correct as of the date hereof (after giving effect to the making of the initial Credit Extension):

(a) the representations and warranties set forth in each Loan Document are, in each case, true and correct in all material respects (unless stated to relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date); and

(b) no Default has occurred and is continuing.

IN WITNESS WHEREOF, the undersigned has caused this Closing Date Certificate to be executed and delivered, and the certification, representations and warranties contained herein, by its Authorized Officer, are made solely in such capacity and not as an individual, as of the date first written above.

HANESBRANDS INC.

By: ______________________________
Name:
Title:

Annex I

Material Second Lien Loan Documents

Annex II

Material Bridge Loan Documents

[EXECUTION COPY]

SECOND LIEN CREDIT AGREEMENT,

dated as of September 5, 2006,

among

HBI BRANDED APPAREL LIMITED, INC.,
as the Borrower,

HANESBRANDS INC.,
as the Company,

VARIOUS FINANCIAL INSTITUTIONS AND
OTHER PERSONS FROM TIME TO TIME
PARTY HERETO,
as the Lenders,

HSBC BANK USA, NATIONAL ASSOCIATION,
LASALLE BANK NATIONAL ASSOCIATION, and
BARCLAYS BANK PLC,
as the Co-Documentation Agents,

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

and

MORGAN STANLEY SENIOR FUNDING, INC.,
as the Co-Syndication Agents,

CITICORP USA, INC.,
as the Administrative Agent,

and

CITIBANK, N.A., as the Collateral Agent.

---

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

and

MORGAN STANLEY SENIOR FUNDING, INC.,
as the Joint Lead Arrangers and Joint Bookrunners

*Portions of this document have been omitted pursuant to a Confidential Treatment Request.

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EXHIBIT F — Form of Guaranty
EXHIBIT G — Form of Pledge and Security Agreement
EXHIBIT H — Form of Intercreditor Agreement
EXHIBIT I — Form of Closing Date Certificate

SECOND LIEN CREDIT AGREEMENT

THIS SECOND LIEN CREDIT AGREEMENT, dated as of September 5, 2006, is among HBI BRANDED APPAREL LIMITED, INC., a Delaware corporation (the "Borrower"), HANESBRANDS INC., a Maryland corporation (the "Company"), the various financial institutions and other Persons from time to time party hereto (the "Lenders"), HSBC BANK USA, NATIONAL ASSOCIATION, LASALLE BANK NATIONAL ASSOCIATION and BARCLAYS BANK PLC, as the co-documentation agents (in such capacities, the "Documentation Agents"), MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED ("Merrill Lynch") and MORGAN STANLEY SENIOR FUNDING, INC. ("Morgan Stanley"), as the co-syndication agents (in such capacities, the "Syndication Agents"), CITICORP USA, INC., as the administrative agent (in such capacity, the "Administrative Agent"), CITIBANK, N.A., as the collateral agent (in such capacity, the "Collateral Agent"), and MERRILL LYNCH and MORGAN STANLEY, as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers").

W I T N E S S E T H:

WHEREAS, Sara Lee Corporation, a Maryland corporation ("Sara Lee") intends, among other things, to (i) transfer all the assets and certain associated liabilities it attributes to its branded apparel Americas/Asia business (the "Contributed Business") to the Company, (ii) sell certain trademarks and other intellectual property related to the Contributed Business (the "IP Purchase", with such trademarks and other intellectual property being herein collectively referred to as the "HBI IP") to the Borrower, and (iii) distribute 100% of the Company's common stock to Sara Lee's stockholders (the transfer of the Contributed Business and such distribution being herein called the "Spin-Off"), pursuant to which, among other things, (A) Sara Lee's common stockholders will receive, on a pro rata basis, a dividend of all of the issued and outstanding shares of common stock of the Company and (B) concurrently with the consummation of the Spin-Off and the IP Purchase, Sara Lee will receive a cash dividend from the Company in the approximate amount of $2,400,000,000 (the "Dividend");

WHEREAS, for purposes of consummating the Spin-Off, the Dividend and the IP Purchase, the Borrower and the Company intend to utilize the proceeds from (i) the Loans, (ii) senior secured first lien loans in an aggregate principal amount of $2,150,000,000 (the "First Lien Loans") and (iii)(A) senior unsecured notes issued by the Company (the "Senior Notes") and/or (B) unsecured increasing rate loans (the "Bridge Loans") collectively resulting in aggregate gross proceeds of $500,000,000; and

WHEREAS, the Lenders are willing, on the terms and subject to the conditions hereinafter set forth, to extend the Commitments and make Loans;

NOW, THEREFORE, the parties hereto agree as follows.

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Acquired Permitted Capital Expenditure Amount" is defined in clause (a) of Section 7.2.7.

"Administrative Agent" is defined in the preamble and includes each other Person appointed as the successor Administrative Agent pursuant to Section 9.4.

"Affected Lender" is defined in Section 4.11.

"Affiliate" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. "Control" of a Person means the power, directly or indirectly, (i) to vote 10% or more of the Capital Securities (on a fully diluted basis) of such Person having ordinary voting power for the election of directors, managing members or general partners (as applicable), or (ii) to direct or cause the direction of the management and policies of such Person (whether by contract or otherwise).

"Agents" means, as the context may require, the Administrative Agent and the Collateral Agent, collectively, or either of them individually.

"Agreement" means, on any date, this Second Lien Credit Agreement as originally in effect on the Closing Date and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified from time to time and in effect on such date.

"Alternate Base Rate" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum (rounded upward, if necessary, to the next highest 1/16 of 1%) equal to the higher of (i) the Base Rate in effect on such day, and (ii) the Federal Funds Rate in effect on such day plus $^1/_2$ of 1%. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Alternate Base Rate. The Administrative Agent will give notice promptly to the Borrower and the Lenders of changes in the Alternate Base Rate; provided that, the failure to give such notice shall not affect the Alternate Base Rate in effect after such change.

"Applicable Margin" means in the case of Loans maintained as (a) LIBO Rate Loans, a percentage per annum equal to 3.75% and (b) Base Rate Loans, a percentage per annum equal to 2.75%.

"Applicable Percentage" means, at any time of determination, (i) with respect to a mandatory prepayment in respect of Net Equity Proceeds pursuant to clause (c) of Section 3.1.1, (A) 50.0%, if the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Company to the Administrative Agent was greater than or equal to 3.75:1, (B) 25.0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.75:1 but greater than

or equal to 3.00:1, and (C) 0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.00:1, and (ii) with respect to a mandatory prepayment in respect of Excess Cash Flow pursuant to clause (e) of Section 3.1.1, (A) 50.0%, if the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Company to the Administrative Agent was greater than or equal to 3.75:1, (B) 25.0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.75:1 but greater than or equal to 3.00:1, and (C) 0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.00:1.

"Approved Foreign Bank" is defined in the definition of "Cash Equivalent Investment".

"Approved Fund" means any Person (other than a natural Person) that (i) is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course, and (ii) is administered or managed by a Lender, an Affiliate of a Lender or a Person or an Affiliate of a Person that administers or manages a Lender.

"Authorized Officer" means, relative to any Obligor, the chief executive officer, president, chief financial officer, treasurer, assistant treasurer, secretary, assistant secretary and those of its other officers, general partners or managing members (as applicable), in each case whose signatures and incumbency shall have been certified to the Agents and the Lenders pursuant to Section 5.1.1.

"Base Rate" means, at any time, the rate published in the Wall Street Journal as the "prime rate"(or equivalent) at such time.

"Base Rate Loan" means a Loan denominated in Dollars bearing interest at a fluctuating rate determined by reference to the Alternate Base Rate.

"Borrower" is defined in the preamble.

"Borrowing" means the Loans of the same type and, in the case of LIBO Rate Loans, having the same Interest Period made by all Lenders required to make such Loans on the same Business Day and pursuant to the same Borrowing Request in accordance with Section 2.2.

"Borrowing Request" means a Loan request and certificate duly executed by an Authorized Officer of the Borrower substantially in the form of Exhibit B hereto.

"Branded Apparel Business" means, collectively, the HBI IP and the Contributed Business.

"Bridge Loan Administrative Agent" means the "Administrative Agent" pursuant to, and as defined in, the Bridge Loan Documents, and any successor thereto.

"Bridge Loan Credit Agreement" means the Bridge Loan Credit Agreement, dated as of the Closing Date, among the Company, the lenders from time to time party thereto and the Bridge Loan Administrative Agent, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Bridge Loan Documents" means the Bridge Loan Credit Agreement and the related guarantees, notes and other agreements and instruments entered into in connection with the Bridge Loan Credit Agreement, in each case as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Bridge Loans" is defined in the second recital.

"Business Day" means (i) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York and (ii) relative to the making, continuing, prepaying or repaying of any LIBO Rate Loans, any day which is a Business Day described in clause (i) above and on which dealings are carried on in the London interbank eurodollar market.

"CapEx Pull Forward Amount" is defined in clause (b) of Section 7.2.7.

"Capital Expenditures" means, for any period, the aggregate amount of (i) all expenditures of the Company and its Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures and (ii) Capitalized Lease Liabilities incurred by the Company and its Subsidiaries during such period; provided that Capital Expenditures shall not include any such expenditures which constitute any of the following, without duplication: (a) a Permitted Acquisition, (b) to the extent permitted by this Agreement, capital expenditures consisting of Net Disposition Proceeds or Net Casualty Proceeds not otherwise required to be used to repay the Loans, (c) capital expenditures made utilizing Excluded Equity Proceeds, (d) imputed interest capitalized during such period incurred in connection with Capitalized Lease Liabilities not paid or payable in cash and (e) any capital expenditure made in connection with the Transaction as a result of the Company or any Subsidiary buying assets from Sara Lee. For the avoidance of doubt (x) to the extent that any item is classified under clause (i) of this definition and later classified under clause (ii) of this definition or could be classified under either clause, it will only be required to be counted once for purposes hereunder and (y) in the event the Company or any Subsidiary owns an asset that was not used and is now being reused, no portion of the unused asset shall be considered Capital Expenditures hereunder; provided that any expenditure necessary in order to permit such asset to be reused shall be included as a Capital Expenditure during the period that such expenditure actually is made.

"Capital Securities" means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the Closing Date.

"Capitalized Lease Liabilities" means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, should be classified as capitalized leases, and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty.

"Cash Equivalent Investment" means, at any time:

(a) any direct obligation of (or unconditionally guaranteed by) the United States or a State thereof (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States or a State thereof) maturing not more than one year after such time;

(b) commercial paper maturing not more than 270 days from the date of issue, which is issued by (i) a corporation (other than an Affiliate of any Obligor) organized under the laws of any State of the United States or of the District of Columbia and rated A-1 or higher by S&P or P-1 or higher by Moody's, or (ii) any Lender (or its holding company);

(c) any certificate of deposit, time deposit or bankers acceptance, maturing not more than one year after its date of issuance, which is issued by either (i) any bank organized under the laws of the United States (or any State thereof) and which has (A) a credit rating of A2 or higher from Moody's or A or higher from S&P and (B) a combined capital and surplus greater than $500,000,000, or (ii) any Lender;

(d) any repurchase agreement having a term of 30 days or less entered into with any Lender or any commercial banking institution satisfying the criteria set forth in clause (c)(i) which (i) is secured by a fully perfected security interest in any obligation of the type described in clause (a), and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such commercial banking institution thereunder;

(e) with respect to any Foreign Subsidiary, non-Dollar denominated (i) certificates of deposit of, bankers acceptances of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Person maintains its chief executive office or principal place of business or is organized provided such country is a member of the Organization for Economic Cooperation and Development, and which has a short-term commercial paper rating from S&P of at least "A-1" or the equivalent thereof or from Moody's of at least "P-1" or the equivalent thereof (any such bank being an "Approved Foreign Bank") and maturing within one year of the date of acquisition and (ii) equivalents of demand deposit accounts which are maintained with an Approved Foreign Bank; or

(f) readily marketable obligations issued or directly and fully guaranteed or insured by the government or any agency or instrumentality of any member nation of the European Union whose legal tender is the Euro and which are denominated in Euros or any other foreign currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Foreign Subsidiary organized in such jurisdiction, having (i) one of the three highest ratings from either Moody's or S&P and (ii) maturities of not more than one year from the date of acquisition thereof; provided that the full faith and credit of any such member nation of the European Union is pledged in support thereof.

“Cash Restructuring Charges” is defined in the definition of “EBITDA.”

“Cash Spin-Off Charges” is defined in the definition of “EBITDA.”

“Casualty Event” means the damage, destruction or condemnation, as the case may be, of property of any Person or any of its Subsidiaries.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

“CERCLIS” means the Comprehensive Environmental Response Compensation Liability Information System List.

“Change in Control” means

(a) any person or group (within the meaning of Sections 13(d) and 14(d) under the Exchange Act) shall become the ultimate “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of Capital Securities representing more than 35% of the Capital Securities of the Company on a fully diluted basis;

(b) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election to such Board or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office; or

(c) the occurrence of any “Change of Control” (or similar term) under (and as defined in) any First Lien Loan Document, Bridge Loan Document or Senior Note Document.

“Citibank” means, as the context may require, Citicorp USA and CitiNA, collectively, or either of them, individually.

“Citicorp USA” means Citicorp USA, Inc., in its individual capacity, and any successor thereto by merger, consolidation or otherwise.

“CitiNA” means Citibank, N.A., in its individual capacity, and any successor thereto by merger, consolidation or otherwise.

“Closing Date Certificate” means the closing date certificate executed and delivered by an Authorized Officer of the Borrower and the Company substantially in the form of Exhibit I hereto.

“Closing Date” means the date of the making of the Loans hereunder.

“Code” means the Internal Revenue Code of 1986, and the regulations thereunder, in each case as amended, reformed or otherwise modified from time to time.

“Collateral Agent” is defined in the preamble and includes each other Person appointed as successor Collateral Agent pursuant to Section 9.4.

“Commitment” means, relative to any Lender, such Lender’s obligation to make Loans pursuant to Section 2.1.1.

“Commitment Amount” means, on any date, $450,000,000.

“Commitment Termination Date” means the earliest of

(a) October 15, 2006 (if the Loans have not been made on or prior to such date); and

(b) the Closing Date (immediately after the making of the Loans on such date).

Upon the occurrence of any event described above, the Commitments shall automatically terminate without any further action by any party hereto.

“Communications” is defined in clause (a) of Section 9.11.

“Company” is defined in the preamble.

“Compliance Certificate” means a certificate duly completed and executed by an Authorized Officer of the Company, substantially in the form of Exhibit E hereto.

“Contingent Liability” means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person. The amount of any Person’s obligation under any Contingent Liability shall (subject to any limitation with respect thereto) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

“Continuation/Conversion Notice” means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit C hereto.

“Contributed Business” is defined in the first recital.

“Controlled Group” means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under

common control which, together with the Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"Copyright Security Agreement" means any Copyright Security Agreement executed and delivered by any Obligor in substantially the form of Exhibit C to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"Defaulting Lender" means any Lender that (i) refuses (which refusal has not been retracted prior to an Eligible Assignee agreeing to replace such Lender as a "Lender" hereunder) or has failed to make available its portion of any Borrowing or (ii) has notified in writing the Borrower or the Administrative Agent that such Lender does not intend to comply with its obligations under Section 2.1.

"Disclosure Schedule" means the Disclosure Schedule attached hereto as Schedule I, as it may be amended, supplemented, amended and restated or otherwise modified from time to time by the Borrower with the written consent of, in the case of non-material modification, the Administrative Agent and, in the case of material modifications the Required Lenders.

"Disposition" (or similar words such as "Dispose") means any sale, transfer, lease (as lessor), contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of the Company's or its Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any other Person in a single transaction or series of transactions other than (i) to another Obligor, (ii) by a Foreign Subsidiary to any other Foreign Subsidiary or (iii) by a Receivables Subsidiary to any other Person.

"Dividend" is defined in the first recital.

"Documentation Agents" is defined in the preamble.

"Dollar" and the sign "$" mean lawful money of the United States.

"Domestic Office" means the office of a Lender designated as its "Domestic Office" on Schedule II hereto or in a Lender Assignment Agreement, or such other office within the United States as may be designated from time to time by notice from such Lender to the Administrative Agent and the Borrower.

"EBITDA" means, for any applicable period, the sum of

(a) Net Income, plus

(b) to the extent deducted in determining Net Income, the sum of (i) amounts attributable to amortization (including amortization of goodwill and other intangible assets), (ii) Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Tax expense, (iii) Interest Expense, (iv) depreciation of assets, (v) all non-cash charges, including all non-cash charges associated with

announced restructurings, whether announced previously or in the future (such non-cash restructuring charges being "Non-Cash Restructuring Charges"), (vi) net cash charges associated with or related to any contemplated restructurings (such cost restructuring charges being "Cash Restructuring Charges") in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Restructuring Charge Amount for such Fiscal Year, (vii) net cash restructuring charges associated with or related to the Spin-Off (such cost restructuring charges being "Cash Spin-Off Charges") in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Spin-Off Charge Amount for such Fiscal Year, (viii) all amounts in respect of extraordinary losses, (ix) non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements), (x) any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early retirement of Indebtedness, and related out-of-pocket expenses incurred by the Company or any of its Subsidiaries as a result of the Transaction, including fees and expenses in connection with the issuance, redemption or exchange of the Bridge Loans, all determined in accordance with GAAP, (xi) non-cash or unrealized losses on agreements with respect to Hedging Obligations and (xii) to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of the Company and its Subsidiaries incurred as a result of Permitted Acquisitions, Investments, Dispositions permitted hereunder and the issuance of Capital Securities or Indebtedness permitted hereunder, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Permitted Acquisition or Dispositions, (xiii) to the extent the related loss in not added back pursuant to clause (c), all proceeds of business interruption insurance policies, (xiv) expenses incurred by the Company or any Subsidiary to the extent reimbursed in cash by a third party, and (xv) extraordinary, unusual or non-recurring cash charges not to exceed $10,000,000 in any Fiscal Year, minus

(c) to the extent included in determining such Net Income, the sum of (i) all amounts in respect of extraordinary gains or extraordinary losses, (ii) non-cash gains on agreements with respect to Hedging Obligations, (iii) reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period and (iv) non-cash items increasing such Net Income for such period, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period.

"Eligible Assignee" means (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund or (iv) any other Person (other than an Ineligible Assignee).

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and legally binding guidelines (including consent decrees

and administrative orders) relating to protection of public health and safety from environmental hazards and protection of the environment.

"Equity Equivalents" means with respect to any Person any rights, warrants, options, convertible securities, exchangeable securities, indebtedness or other rights, in each case exercisable for or convertible or exchangeable into, directly or indirectly, Capital Securities of such Person or securities exercisable for or convertible or exchangeable into Capital Securities of such Person, whether at the time of issuance or upon the passage of time or the occurrence of some future event.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA also refer to any successor Sections thereto.

"European TM SPV" means Playtex Bath LLC, a Delaware limited liability company.

"Event of Default" is defined in Section 8.1.

"Excess Cash Flow" means, for any Fiscal Year, the excess (if any), of

(a) EBITDA for such Fiscal Year

minus

(b) the sum (for such Fiscal Year) of (i) Interest Expense actually paid in cash by the Company and its Subsidiaries, (ii) scheduled principal repayments with respect to the permanent reduction of Indebtedness, to the extent actually made and permitted to be made hereunder, (iii) all Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Taxes actually paid in cash or payable (only to the extent related to Taxes associated with such Fiscal Year) by the Company and its Subsidiaries, (iv) Capital Expenditures to the extent (x) actually made by the Company and its Subsidiaries in such Fiscal Year or (y) committed to be made by the Company and its Subsidiaries and that are permitted to be carried forward to the next succeeding Fiscal Year pursuant to Section 7.2.7; provided that the amounts deducted from Excess Cash Flow pursuant to preceding clause (y) shall not thereafter be deducted in the determination of Excess Cash Flow for the Fiscal Year during which such payments were actually made, (v) the portion of the purchase price paid in cash with respect to Permitted Acquisitions to the extent such Permitted Acquisition was made in connection with the Company's offshore migration of its supply chain, (vi) cash Investments permitted to be made in Foreign Supply Chain Entities, (vii) to the extent permitted to be included in the calculation of EBITDA for such Fiscal Year, the amount of Cash Restructuring Charges and Cash Spin-Off Charges actually so included in such calculation and (viii) without duplication to any amounts deducted in preceding clauses (i) through (vii), all items added back to EBITDA pursuant to clause (b) of the definition thereof that represent amounts actually paid in cash.

"Exemption Certificate" is defined in clause (e) of Section 4.6.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excluded Contracts” means the intellectual property rights, licenses, leases and other agreements set forth in Item 1.2 of the Disclosure Schedule.

“Excluded Equity Proceeds Amount” means with respect to the sale or issuance of Capital Securities of the Company, an amount equal to the proceeds (net of all fees, commissions, disbursements, costs and expenses incurred in connection therewith) thereof which are utilized for Capital Expenditures or Permitted Acquisitions less the amount of such proceeds which have been previously used for such purposes.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal for each day during such period to (i) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or (ii) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

“Fee Letter” means the confidential letter, dated July 24, 2006, among Merrill Lynch Capital Corporation, Morgan Stanley and the Company.

“Filing Agent” is defined in Section 5.1.11.

“Filing Statements” is defined in Section 5.1.11.

“First Lien Administrative Agent” means the “Administrative Agent” pursuant to, and as defined in, the First Lien Loan Documents, and any successor thereto.

“First Lien Collateral Agent” means the “Collateral Agent” pursuant to, and as defined in, the First Lien Loan Documents, and any successor thereto.

“First Lien Credit Agreement” means the First Lien Credit Agreement, dated as of the Closing Date, among the Company, the lenders from time to time party thereto, the First Lien Collateral Agent, the First Lien Administrative Agent and the various other agents and lead arrangers party thereto, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

“First Lien Loan Documents” means the First Lien Credit Agreement and the related guarantees, pledge agreements, security agreements, mortgages, notes and other agreements and instruments entered into in connection with the First Lien Credit Agreement, in each case as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

“First Lien Loans” is defined in the second recital.

"First Lien Obligations" means "Obligations" as defined in the First Lien Credit Agreement.

"First Lien Termination Date" means the "Termination Date" as defined in the First Lien Credit Agreement.

"Fiscal Quarter" means a quarter ending on the Saturday nearest to the last day of March, June, September or December.

"Fiscal Year" means any period of fifty-two or fifty-three consecutive calendar weeks ending on the Saturday nearest to the last day of June; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "2006 Fiscal Year") refer to the Fiscal Year ending on the Saturday nearest to the last day of June of such calendar year; provided that in the event that the Company gives notice to the Administrative Agent that it intends to change its Fiscal Year, Fiscal Year will mean any period of fifty-two or fifty-three consecutive calendar weeks or twelve consecutive calendar months ending on the date set forth in such notice.

"Foreign Pledge Agreement" means any supplemental pledge agreement governed by the laws of a jurisdiction other than the United States or a State thereof executed and delivered by the Company or any of its Subsidiaries pursuant to the terms of this Agreement, in form and substance reasonably satisfactory to the Lead Arrangers, as necessary under the laws of organization or incorporation of a Foreign Subsidiary to further protect or perfect the Lien on and security interest in any Capital Securities issued by such Foreign Subsidiary constituting Collateral (as defined in the Security Agreement).

"Foreign Subsidiary" means any Subsidiary that is not a U.S. Subsidiary or a Receivables Subsidiary.

"Foreign Supply Chain Entity" means (i) a Person listed on Item 1.1 of the Disclosure Schedule and (ii) any other Person (a) that is not organized or incorporated under the laws of the United States, (b) the Capital Securities of which are owned by the Company or any of its Subsidiaries and another Person who is not the Company or any Subsidiary (other than a third party represented by any director's qualifying shares or investments by foreign nationals mandated by applicable laws), (c) that is created in connection with the Company's offshore migration of its supply chain and (d) any Investments in such Person are to be made pursuant to clause (e) of Section 7.2.5 or clause (f) of Section 7.2.2; provided that the Company may, upon notice to the Administrative Agent, redesignate any Person who was, before such redesignation, a Foreign Supply Chain Entity as a Foreign Subsidiary and at such time such Foreign Supply Chain Entity will be treated as a Foreign Subsidiary for all purposes hereunder.

"F.R.S. Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP" is defined in Section 1.4.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive,

legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" means the guaranty executed and delivered by an Authorized Officer of the Company and each U.S. Subsidiary (other than the Borrower) pursuant to the terms of this Agreement, substantially in the form of Exhibit F hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Hazardous Material" means (i) any "hazardous substance", as defined by CERCLA, (ii) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended, or (iii) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance (including any petroleum product) within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended.

"HBI IP" is defined in the first recital.

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under foreign exchange contracts, commodity hedging agreements, currency exchange agreements, interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency exchange rates or commodity prices.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in any Loan Document refer to such Loan Document as a whole and not to any particular Section, paragraph or provision of such Loan Document.

"Impermissible Qualification" means any qualification or exception to the opinion or certification of any independent public accountant as to any financial statement of the Company (i) which is of a "going concern" or similar nature, (ii) which relates to the limited scope in any material respect of examination of matters relevant to such financial statement, or (iii) which relates to the treatment or classification of any item in such financial statement (excluding treatment or classification changes which are the result of changes in GAAP or the interpretation of GAAP) and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Company to be in Default.

"including" and "include" means including without limiting the generality of any description preceding such term, and, for purposes of each Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Indebtedness" of any Person means, (i) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (ii) all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, (iii) all Capitalized Lease Liabilities of such Person, (iv) for purposes of

Section 8.1.5 only, net Hedging Obligations of such Person, (v) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable and accrued expenses in the ordinary course of business which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), (vi) indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse (provided that in the event such indebtedness is limited in recourse solely to the property subject to such Lien, for the purposes of this Agreement the amount of such indebtedness shall not exceed the greater of the book value or the fair market value (as determined in good faith by the Borrower's board of directors) of the property subject to such Lien), (vii) monetary obligations arising under Synthetic Leases, (viii) the full outstanding balance of trade receivables, notes or other instruments sold with full recourse (and the portion thereof subject to potential recourse, if sold with limited recourse), other than in any such case any thereof sold solely for purposes of collection of delinquent accounts and other than in connection with any Permitted Securitization, (ix) all obligations (other than intercompany obligations) of such Person pursuant to any Permitted Securitization (other than Standard Securitization Undertakings), and (x) all Contingent Liabilities of such Person in respect of any of the foregoing. The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefore as a result of such Person's ownership interest in or other relationship with such Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefore.

"Indemnified Liabilities" is defined in Section 10.4.

"Indemnified Parties" is defined in Section 10.4.

"Ineligible Assignee" means a natural Person, the Company, any Affiliate of the Borrower or any other Person taking direction from, or working in concert with, the Borrower or any of the Borrower's Affiliates.

"Information" is defined in Section 10.18.

"Interco Subordination Agreement" means a Subordination Agreement, in form and substance satisfactory to the Lead Arrangers, executed and delivered by two or more Obligors pursuant to the terms of this Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as of the Closing Date, executed and delivered by each Person party thereto, substantially in the form of Exhibit H hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Interest Coverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters of:

(a) EBITDA (for all such Fiscal Quarters)

to

(b) the sum (for all such Fiscal Quarters) of Interest Expense;

provided that, for purposes of calculating (i) Interest Expense with respect to the calculation of the Interest Coverage Ratio with respect to the four consecutive Fiscal Quarter period ending (A) nearest to December 31, 2006, Interest Expense shall be actual Interest Expense for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four, (B) nearest to March 31, 2007, Interest Expense shall be actual Interest Expense for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two, and (C) nearest to June 30, 2007, Interest Expense shall be actual Interest Expense for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third and (ii) EBITDA with respect to the calculation of the Interest Coverage such calculation shall be made in accordance with the proviso to the definition of "Leverage Ratio."

"Interest Expense" means, for any applicable period, the aggregate interest expense (both, without duplication, when accrued or paid and net of interest income paid during such period to the Company and its Subsidiaries) of the Company and its Subsidiaries for such applicable period, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense.

"Interest Period" means, relative to any LIBO Rate Loan, the period beginning on (and including) the date on which such LIBO Rate Loan is made or continued as, or converted into, a LIBO Rate Loan pursuant to Sections 2.3 or 2.4 and shall end on (but exclude) the day which numerically corresponds to such date one, two, three or six months and, if available to all Lenders, one or two weeks or 9 or 12 months thereafter (or, if any such month has no numerically corresponding day, on the last Business Day of such month), as the Borrower may select in its relevant notice pursuant to Sections 2.3 or 2.4; provided that,

(a) the Borrower shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than twelve different dates; and

(b) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day).

"Investment" means, relative to any Person, (i) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such Person of any bonds, notes, debentures or other debt securities of any other Person, and (ii) any Capital Securities held

by such Person in any other Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

"IP Purchase" is defined in the first recital.

"Lead Arrangers" is defined in the preamble.

"Lender Assignment Agreement" means an assignment agreement substantially in the form of Exhibit D hereto.

"Lenders" is defined in the preamble.

"Lender's Environmental Liability" means any and all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind or nature whatsoever (including reasonable attorneys' fees at trial and appellate levels and experts' fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against the Administrative Agent or any Lender or any of such Person's Affiliates, shareholders, directors, officers, employees, and agents in connection with or arising from:

(a) any Hazardous Material on, in, under or affecting all or any portion of any property of the Company or any of its Subsidiaries, the groundwater thereunder, or any surrounding areas thereof to the extent caused by Releases from the Company's or any of its Subsidiaries' or any of their respective predecessors' properties;

(b) any misrepresentation, inaccuracy or breach of any warranty, contained or referred to in Section 6.12;

(c) any violation or claim of violation by the Company or any of its Subsidiaries of any Environmental Laws; or

(d) the imposition of any lien for damages caused by or the recovery of any costs for the cleanup, release or threatened release of Hazardous Material by the Company or any of its Subsidiaries, or in connection with any property owned or formerly owned by the Company or any of its Subsidiaries.

"Leverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio of

(a) Total Debt outstanding on the last day of such Fiscal Quarter

to

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters;

provided that, for purposes of calculating the Leverage Ratio with respect to the four consecutive Fiscal Quarter period ending (i) nearest to December 31, 2006, EBITDA shall be actual EBITDA for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four; (ii) nearest to March 31, 2007, EBITDA shall be actual EBITDA for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two; and (iii) nearest to June 30, 2007, EBITDA shall be actual EBITDA for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third.

"LIBO Rate" means, relative to any Interest Period, the rate of interest equal to the average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the rates per annum at which Dollar deposits in immediately available funds are offered to the Administrative Agent's LIBOR Office in the London interbank market as at or about 11:00 a.m. London, England time two Business Days prior to the beginning of such Interest Period for delivery on the first day of such Interest Period, and in an amount approximately equal to the amount of the Administrative Agent's LIBO Rate Loan and for a period approximately equal to such Interest Period.

"LIBO Rate Loan" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a rate of interest determined by reference to the LIBO Rate (Reserve Adjusted).

"LIBO Rate (Reserve Adjusted)" means, relative to any Loan to be made, continued or maintained as, or converted into, a LIBO Rate Loan for any Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) determined pursuant to the following formula:

$$\text{LIBO Rate (Reserve Adjusted)} = \frac{\text{LIBO Rate}}{\text{1.00 - LIBOR Reserve Percentage}}$$

The LIBO Rate (Reserve Adjusted) for any Interest Period for LIBO Rate Loans will be determined by the Administrative Agent on the basis of the LIBOR Reserve Percentage in effect, and the applicable rates furnished to and received by the Administrative Agent, two Business Days before the first day of such Interest Period.

"LIBOR Office" means the office of a Lender designated as its "LIBOR Office" on Schedule II hereto or in a Lender Assignment Agreement, or such other office designated from time to time by notice from such Lender to the Borrower and the Administrative Agent, whether or not outside the United States, which shall be making or maintaining the LIBO Rate Loans of such Lender.

"LIBOR Reserve Percentage" means, relative to any Interest Period for LIBO Rate Loans, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of or including "Eurocurrency Liabilities", as

currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Interest Period.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or other priority or preferential arrangement of any kind or nature whatsoever.

"Loan Documents" means, collectively, this Agreement, the Notes, the Fee Letter, the Intercreditor Agreement, the Security Agreement, each Mortgage, each Foreign Pledge Agreement, each other agreement pursuant to which the Collateral Agent is granted by the Company or its Subsidiaries a Lien to secure the Obligations, the Guaranty and each other agreement, certificate, document or instrument delivered in connection with any Loan Document, whether or not specifically mentioned herein or therein.

"Loans" is defined in Section 2.1.1.

"Material Adverse Effect" means a material adverse effect on (i) the business, financial condition, operations, performance, or assets of the Company or the Company and its Subsidiaries (other than a Receivables Subsidiary) taken as a whole, (ii) the rights and remedies of any Secured Party under any Loan Document or (iii) the ability of any Obligor to perform when due its Obligations under any Loan Document.

"Merrill Lynch" is defined in the preamble and includes any successor Person thereto by merger, consolidation or otherwise.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Morgan Stanley" is defined in the preamble and includes any successor Person thereto by merger, consolidation or otherwise.

"Mortgage" means each mortgage, deed of trust or agreement executed and delivered by any Obligor in favor of the Administrative Agent for the benefit of the Secured Parties pursuant to the requirements of this Agreement in form and substance reasonably satisfactory to the Lead Arrangers, under which a Lien is granted on such real property and fixtures described therein, in each case as amended, supplemented, amended and restated or otherwise modified from time to time.

"Mortgaged Property" means each parcel of real property owned by an Obligor in the United States on the Closing Date with a fair market value (as determined by the Company in good faith) in excess of $2,000,000 on the Closing Date.

"Net Casualty Proceeds" means, with respect to any Casualty Event, the amount of any insurance proceeds or condemnation awards received by the Company or any of its U.S. Subsidiaries in connection with such Casualty Event (net of all collection or similar expenses related thereto), but excluding any proceeds or awards required to be paid to a creditor (other than the Lenders) which holds a first priority Lien permitted by clause (d) of Section 7.2.3 on the property which is the subject of such Casualty Event.

"Net Debt Proceeds" means, with respect to the sale or issuance by the Company or any of its U.S. Subsidiaries (other than a Receivables Subsidiary) of any Indebtedness to any other Person after the Closing Date pursuant to clause (b)(ii) of Section 7.2.2 or which is not expressly permitted by Section 7.2.2, the excess of (i) the gross cash proceeds actually received by such Person from such sale or issuance, over (ii) all arranging or underwriting discounts, fees, costs, expenses and commissions, and all legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and other closing costs and expenses actually incurred in connection with such sale or issuance other than any such fees, discounts, commissions or disbursements paid to Affiliates of the Borrower or any such Subsidiary in connection therewith.

"Net Disposition Proceeds" means the gross cash proceeds received by the Company or its U.S. Subsidiaries from any Disposition pursuant to clauses (j) (l), (m) or (n) of Section 7.2.11 or Section 7.2.15 and any cash payment received in respect of promissory notes or other non-cash consideration delivered to the Company or its U.S. Subsidiaries in respect thereof, minus the sum of (i) all legal, investment banking, brokerage, accounting and other professional fees, costs, sales commissions and expenses and other closing costs, fees and expenses incurred in connection with such Disposition, (ii) all taxes actually paid or estimated by the Company to be payable in cash in connection with such Disposition, (iii) payments made by the Company or its Subsidiaries to retire Indebtedness (other than the Loans) where payment of such Indebtedness is required in connection with such Disposition and (iv) any liability reserves established by the Company or such U.S. Subsidiary in respect of such Disposition in accordance with GAAP; provided that, if the amount of any estimated taxes pursuant to clause (ii) exceeds the amount of taxes actually required to be paid in cash in respect of such Disposition, the aggregate amount of such excess shall constitute Net Disposition Proceeds and to the extent any such reserves described in clause (iv) are not fully used at the end of any applicable period for which such reserves were established, such unused portion of such reserves shall constitute Net Disposition Proceeds.

"Net Equity Proceeds" means with respect to the sale or issuance after the Closing Date by the Company to any Person of its Capital Securities, warrants or options or the exercise of any such warrants or options (other than such Capital Securities, warrants and options, in each case with respect to common or ordinary equity interests, issued (i) by the Company pursuant to the Company's equity incentive plans, (ii) to qualified employees, officers and directors as compensation or to qualify employees, officers and directors as required by applicable law, (iii) that constitute an Excluded Equity Proceeds Amount or (iv) by the Company to a wholly owned Subsidiary of the Company), the excess of (A) the gross cash proceeds received by such Person from such sale, exercise or issuance, over (B) the sum of (i) all arranging, underwriting commissions and legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and other closing costs and expenses actually incurred in connection with such sale or issuance which have not been paid to Affiliates of the Company in connection therewith and (ii) all taxes actually paid or estimated by the Company to be payable in cash in connection with such sale or issuance; provided that, if the amount of any estimated taxes pursuant to clause (B)(ii) exceeds the amount of taxes actually required to be paid in cash in respect of such sale or issuance, the aggregate amount of such excess shall constitute Net Equity Proceeds.

"Net Income" means, for any period, the aggregate of all amounts which would be included as net income on the consolidated financial statements of the Company and its Subsidiaries for such period; provided that, for purposes of this Agreement, the calculation of Net Income shall not include any net income of any Foreign Supply Chain Entity, except to the extent cash is distributed by such Foreign Supply Chain Entity during such period to the Company or any other Subsidiary as a dividend or other distribution.

"Net Receivables Proceeds" means (i) the gross amount invested (in the form of a loan, purchased interest, or otherwise) by a Person other than the Company or a Subsidiary in a Receivables Subsidiary or the Receivables or an interest in the Receivables held by a Receivables Subsidiary in connection with a Permitted Securitization minus (ii) the sum of (a) all reasonable and customary legal, investment banking, brokerage and accounting and other professional fees, costs and expenses incurred in connection with such Permitted Securitization, (b) all taxes actually paid or estimated by the Company to be payable in connection with such Permitted Securitization, and (c) payments made by the Company or its U.S. Subsidiaries to retire Indebtedness (other than the Loans) where payment of such Indebtedness is required in connection with such Permitted Securitization; provided that, if the amount of any estimated taxes pursuant to clause (ii)(b) exceeds the amount of taxes actually required to be paid in cash in respect of such Permitted Securitization, the aggregate amount of such excess shall constitute Net Receivables Proceeds; it being understood that the calculation of Net Receivables Proceeds with respect to any additional or subsequent investment in connection with a Permitted Securitization shall include only the increase in such investment over the previous highest investment used in a prior calculation and expenses, taxes and repayments not included in a prior calculation.

"Non-Cash Restructuring Charges" is defined in the definition of "EBITDA".

"Non-Consenting Lender" is defined in Section 4.11.

"Non Defaulting Lender" means a Lender other than a Defaulting Lender.

"Non-Excluded Taxes" means any Taxes other than (i) net income and franchise Taxes imposed on (or measured by) net income or net profits with respect to any Secured Party by any Governmental Authority under the laws of which such Secured Party is organized or in which it maintains its applicable lending office and (ii) any branch profit taxes or any similar taxes imposed by the United States of America or any other Governmental Authority described in clause (ii).

"Non-U.S. Lender" means any Lender that is not a "United States person", as defined under Section 7701(a)(30) of the Code.

"Note" means a promissory note of the Borrower payable to any Lender, in the form of Exhibit A hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

“Obligations” means all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of the Borrower and each other Obligor arising under or in connection with a Loan Document, including the principal of and premium, if any, and interest (including interest accruing during the pendency of any proceeding of the type described in Section 8.1.9, whether or not allowed in such proceeding) on the Loans.

“Obligor” means, as the context may require, the Borrower, the Company, each Subsidiary Guarantor and each other Person (other than a Secured Party) obligated (other than Persons solely consenting to or acknowledging such document) under any Loan Document.

“OFAC” is defined in Section 6.15.

“Organic Document” means, relative to any Obligor, as applicable, its articles or certificate of incorporation, by-laws, certificate of partnership, partnership agreement, certificate of formation, limited liability agreement, operating agreement and all shareholder agreements, voting trusts and similar arrangements applicable to any of such Obligor’s Capital Securities.

“Other Taxes” means any and all stamp, documentary or similar Taxes, or any other excise or property Taxes or similar levies that arise on account of any payment made or required to be made under any Loan Document or from the execution, delivery, registration, recording or enforcement of any Loan Document.

“Participant” is defined in clause (e) of Section 10.11.

“Patent Security Agreement” means any Patent Security Agreement executed and delivered by any Obligor in substantially the form of Exhibit A to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Patriot Act” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended and supplemented from time to time.

“Patriot Act Disclosures” means all documentation and other information available to the Borrower or its Subsidiaries which a Lender, if subject to the Patriot Act, is required to provide pursuant to the applicable section of the Patriot Act and which required documentation and information the Administrative Agent or any Lender reasonably requests in order to comply with their ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act.

“PBGC” means the Pension Benefit Guaranty Corporation and any Person succeeding to any or all of its functions under ERISA.

“Pension Plan” means a “pension plan”, as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA), and to which the Company or any corporation, trade or business that is, along with the Company, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"Percentage" means, relative to any Lender, the applicable percentage relating to the Loans set forth opposite its name on Schedule II hereto under the Commitment column or set forth in a Lender Assignment Agreement under the Commitment column, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its assignee Lender and delivered pursuant to Section 10.11. A Lender shall not have any Commitment if its percentage under the Commitment column is zero.

"Permitted Acquisition" means an acquisition (whether pursuant to an acquisition of a majority of the Capital Securities of a target or all or substantially all of a target's assets) by the Company or any Subsidiary from any Person of a business in which the following conditions are satisfied:

(a) the Company shall have delivered a certificate certifying that before and after giving effect to such acquisition, the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) and no Default has occurred and is continuing or would result therefrom; and

(b) the Company shall have delivered to the Administrative Agent a Compliance Certificate for the period of four full Fiscal Quarters immediately preceding such acquisition (prepared in good faith and in a manner and using such methodology which is consistent with the most recent financial statements delivered pursuant to Section 7.1.1) giving pro forma effect to the consummation of such acquisition and evidencing compliance with the covenants set forth in Section 7.2.4.

"Permitted Additional Restricted Payment" means, for any Fiscal Year set forth below, Restricted Payments made by the Company in the amount set forth opposite such Fiscal Year:

| Fiscal Year | Cash Amount |
|---|---|
| 2006 | $24,000,000 |
| 2007 | $30,000,000 |
| 2008 | $36,000,000 |
| 2009 | $42,000,000 |
| 2010 and thereafter | $48,000,000 |

; provided, to the extent that the amount of Permitted Additional Restricted Payments made by the Company during any Fiscal Year is less than the aggregate amount permitted (including after giving effect to this proviso) for such Fiscal Year, then such unutilized amount may be carried forward and utilized by the Company to make Permitted Additional Restricted Payments in any succeeding Fiscal Year and provided further that, to the extent (i) additional Capital Securities are issued by the Company which result in the payment of Net Equity Proceeds pursuant to Sections 3.1.1 and 3.1.2, the amounts set forth above shall be increased by a percentage of such amounts equal to the percentage increase of additional outstanding Capital Securities of the Company resulting from any such issuance by the Company and (ii) for Fiscal Year 2009 and each Fiscal Year thereafter, the amounts set forth above in such Fiscal Years shall be increased

(after giving effect to any increases permitted pursuant to preceding clause (i)) by an additional $120,000,000 so long as both before and after giving effect to such Restricted Payment, the Leverage Ratio is less than 3.75:1.00.

"Permitted Cash Restructuring Charge Amount" means, $120,000,000 in the aggregate for Fiscal Year 2006 and all Fiscal Years ending after the Closing Date.

"Permitted Cash Spin-Off Charge Amount" means, for any Fiscal Year set forth below, the amount set forth opposite such Fiscal Year:

| Fiscal Year | Cash Amount |
|---|---|
| 2006 | $20,000,000 |
| 2007 | $55,000,000 |

"Permitted Liens" is defined in Section 7.2.3.

"Permitted Securitization" means any Disposition by the Company or any of its Subsidiaries consisting of Receivables and related collateral, credit support and similar rights and any other assets that are customarily transferred in a securitization of receivables, pursuant to one or more securitization programs, to a Receivables Subsidiary or a Person who is not an Affiliate of the Company; provided that (i) the consideration to be received by the Company and its Subsidiaries other than a Receivables Subsidiary for any such Disposition consists of cash, a promissory note or a customary contingent right to receive cash in the nature of a "hold-back" or similar contingent right, (ii) no Default shall have occurred and be continuing or would result therefrom, (iii) the aggregate outstanding balance of the Indebtedness in respect of all such programs at any point in time is not in excess of $250,000,000, and (iv) the Net Receivables Proceeds from such Disposition are applied to the extent required pursuant to Sections 3.1.1 and 3.1.2.

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

"Platform" is defined in clause (b) of Section 9.11.

"Purchase Money Note" means a promissory note evidencing a line of credit, or evidencing other Indebtedness owed to the Company or any Subsidiary in connection with a Permitted Securitization, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated accounts receivable.

"Quarterly Payment Date" means the last day of March, June, September and December, or, if any such day is not a Business Day, the next succeeding Business Day.

"Receivable" shall mean a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person

pursuant to which such other Person is obligated to pay for good or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account," "chattel paper," "payment intangible" or "instrument" under the UCC and any supporting obligations.

"Receivables Subsidiary" shall mean any wholly owned Subsidiary of the Company (or another Person in which the Company or any Subsidiary makes an Investment and to which the Company or one or more of its Subsidiaries transfer Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the applicable Subsidiary (as provided below) as a Receivables Subsidiary and which meets the following conditions:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Subsidiary:

(i) is guaranteed by the Company or any Subsidiary (that is not a Receivables Subsidiary);

(ii) is recourse to or obligates the Company or any Subsidiary (that is not a Receivables Subsidiary); or

(iii) subjects any property or assets of the Company or any Subsidiary (that is not a Receivables Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(b) with which neither the Company nor any Subsidiary (that is not a Receivables Subsidiary) has any material contract, agreement, arrangement or understanding (other than Standard Securitization Undertakings); and

(c) to which neither the Company nor any Subsidiary (that is not a Receivables Subsidiary) has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the applicable Subsidiary shall be evidenced by a certified copy of the resolution of the Board of Directors of such Subsidiary giving effect to such designation and an officers certificate certifying, to the best of such officer's knowledge and belief, that such designation complies with the foregoing conditions

"Register" is defined in clause (a) of Section 2.5.

"Release" means a "release", as such term is defined in CERCLA.

"Replacement Lender" is defined in Section 4.11.

"Replacement Notice" is defined in Section 4.11.

"Required Lenders" means, at any time, Non-Defaulting Lenders holding more than 50% of the Total Exposure Amount of all Non-Defaulting Lenders.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as amended.

"Restricted Payment" means (i) the declaration or payment of any dividend (other than dividends payable solely in Capital Securities of the Company or any Subsidiary) (other than a Receivables Subsidiary) on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Securities of the Company or any Subsidiary (other than a Receivables Subsidiary) or any warrants, options or other right or obligation to purchase or acquire any such Capital Securities, whether now or hereafter outstanding, or (ii) the making of any other distribution in respect of such Capital Securities, in each case either directly or indirectly, whether in cash, property or obligations of the Company or any Subsidiary or otherwise.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors.

"Sara Lee" is defined in the first recital.

"SEC" means the Securities and Exchange Commission.

"Secured Parties" means, collectively, the Lenders, the Administrative Agent, the Collateral Agent, the Lead Arrangers and each of their respective successors, transferees and assigns.

"Security Agreement" means the Pledge and Security Agreement executed and delivered by each Obligor, substantially in the form of Exhibit G hereto, together with any supplemental Foreign Pledge Agreements delivered pursuant to the terms of this Agreement, in each case as amended, supplemented, amended and restated or otherwise modified from time to time.

"Senior Note Documents" means the Senior Notes, the Senior Note Indenture and all other agreements, documents and instruments executed and delivered with respect to the Senior Notes or the Senior Note Indenture, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Senior Note Indenture" means the Indenture, between the Company and the Person acting as trustee thereunder (the "Senior Notes Trustee"), pursuant to which the Senior Notes and any supplemental issuance of "senior notes" thereunder are issued, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Senior Notes" is defined in the second recital.

"Senior Notes Trustee" is defined in the definition of "Senior Note Indenture".

"Solvent" means, with respect to any Person and its Subsidiaries on a particular date, that on such date (i) the fair value of the property (on a going-concern basis) of such Person and its Subsidiaries on a consolidated basis is greater than the total amount of liabilities, including

contingent liabilities, of such Person and its Subsidiaries on a consolidated basis, (ii) the present fair salable value of the assets (on a going-concern basis) of such Person and its Subsidiaries on a consolidated basis is not less than the amount that will be required to pay the probable liability of such Person and its Subsidiaries on a consolidated basis on its debts as they become absolute and matured in the ordinary course of business, (iii) such Person does not intend to, and does not believe that it or its Subsidiaries will, incur debts or liabilities beyond the ability of such Person and its Subsidiaries to pay as such debts and liabilities mature in the ordinary course of business (including through refinancings, asset sales and other capital market transactions), and (iv) such Person and its Subsidiaries on a consolidated basis is not engaged in business or a transaction, and such Person and its Subsidiaries on a consolidated basis is not about to engage in a business or a transaction, for which the property of such Person and its Subsidiaries on a consolidated basis would constitute an unreasonably small capital. The amount of Contingent Liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

"Specified Default" means (i) any Default under Section 8.1.1 or Section 8.1.9 or (ii) any other Event of Default.

"Spin-Off" is defined in the first recital.

"Standard Securitization Undertakings" shall mean representations, warranties, covenants and indemnities entered into by the Company or any Subsidiary which are reasonably customary in a securitization of Receivables.

"Stated Maturity Date" means the seven year and six month anniversary of the Closing Date.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term "Subsidiary" shall be a reference to a Subsidiary of the Company (other than a Receivables Subsidiary). No Foreign Supply Chain Entity shall be considered to be a Subsidiary of the Company or any Subsidiary for purposes hereof except as set forth in the definition of Foreign Supply Chain Entity. Further, the European TM SPV shall not be considered to be a Subsidiary for any purpose hereunder.

"Subsidiary Guarantor" means each U.S. Subsidiary that has executed and delivered to the Administrative Agent the Guaranty (including by means of a delivery of a supplement thereto).

"Syndication Agents" is defined in the preamble.

"Syndication Date" means the date upon which the Lead Arrangers determine in their sole discretion (and notify the Company) and in accordance with the terms of the Fee Letter that

a Successful Syndication (as defined in the Fee Letter) (and the resultant addition of Persons as Lenders pursuant to Section 10.11) has been completed.

"Synthetic Lease" means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with GAAP and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which that Person is the lessor.

"Taxes" means all income, stamp or other taxes, duties, levies, imposts, charges, assessments, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all interest, penalties or similar liabilities with respect thereto.

"Termination Date" means the date on which all Obligations have been paid in full in cash (other than contingent indemnification obligations for which no claim has been asserted) and all Commitments shall have terminated.

"Total Debt" means, on any date, the outstanding principal amount of all Indebtedness of the Company and its Subsidiaries (other than a Receivables Subsidiary) of the type referred to in clause (i) of the definition of "Indebtedness", clause (ii) of the definition of "Indebtedness", clause (iii) of the definition of "Indebtedness" and clause (vii) of the definition of "Indebtedness", in each case exclusive of intercompany Indebtedness between the Company and its Subsidiaries and any Contingent Liability in respect of any of the foregoing.

"Total Exposure Amount" means, on any date of determination (and without duplication), the outstanding principal amount of all Loans.

"Trademark Security Agreement" means any Trademark Security Agreement executed and delivered by any Obligor substantially in the form of Exhibit B to the Security Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Transaction" means , collectively, (i) the consummation of the Spin-Off, (ii) the issuance of the Dividend, (iii) the consummation of the IP Purchase, (iv) the entering into of the Loan Documents (other than this Agreement) and the making of the Loans hereunder on the Closing Date, (v) the entering into of the First Lien Loan Documents and the making of the First Lien Loans, (vi) the receipt by the Company of the proceeds from the Bridge Loans and the entering into of the Bridge Loan Documents and/or the entering into of the Senior Notes Documents and the issuance of the Senior Notes in an aggregate amount of $500,000,000, and (vii) the payment of fees and expenses in connection and in accordance with the foregoing.

"Transaction Documents" means, collectively, the First Lien Loan Documents, the Bridge Loan Documents, the Senior Note Documents and any other material document executed or delivered in connection with the Transaction, including any transition services agreements and tax sharing agreements, in each case as amended, supplemented, amended and restated or otherwise modified from time to time in accordance with Section 7.2.12.

"type" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that if, with respect to any Filing Statement or by reason of any provisions of law, the perfection or the effect of perfection or non-perfection of the security interests granted to the Collateral Agent pursuant to the applicable Loan Document is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than New York, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of each Loan Document and any Filing Statement relating to such perfection or effect of perfection or non-perfection.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

"U.S. Subsidiary" means any Subsidiary (other than a Receivables Subsidiary) that is incorporated or organized under the laws of the United States.

"Voting Securities" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Welfare Plan" means a "welfare plan", as such term is defined in Section 3(1) of ERISA.

"wholly owned Subsidiary" means any Subsidiary all of the outstanding Capital Securities of which (other than any director's qualifying shares or investments by foreign nationals mandated by applicable laws) is owned directly or indirectly by the Company.

SECTION 1.2 Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each other Loan Document and the Disclosure Schedule.

SECTION 1.3 Cross-References. Unless otherwise specified, references in a Loan Document to any Article or Section are references to such Article or Section of such Loan Document, and references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 Accounting and Financial Determinations. (a) Unless otherwise specified, all accounting terms used in each Loan Document shall be interpreted, and all accounting determinations and computations thereunder (including under Section 7.2.4 and the definitions used in such calculations) shall be made, in accordance with those generally accepted accounting principles ("GAAP") applied in the preparation of the financial statements referred to in clause (a) of Section 5.6. Unless otherwise expressly provided, all financial covenants and defined financial terms shall be computed on a consolidated basis for the Company and its Subsidiaries, in each case without duplication.

(b) As of any date of determination, for purposes of determining the Interest Coverage Ratio or Leverage Ratio (and any financial calculations required to be made or included within such ratios, or required for purposes of preparing any Compliance Certificate to be delivered pursuant to the definition of "Permitted Acquisition"), the calculation of such ratios and other financial calculations shall include or exclude, as the case may be, the effect of any assets or businesses that have been acquired or Disposed of by the Company or any of its Subsidiaries pursuant to the terms hereof (including through mergers or consolidations) as of such date of determination, as determined by the Company on a pro forma basis in accordance with GAAP, which determination may include one-time adjustments or reductions in costs, if any, directly attributable to any such permitted Disposition or Permitted Acquisition, as the case may be, in each case (i) calculated in accordance with Regulation S-X of the Securities Act of 1933, as amended from time to time, and any successor statute, for the period of four Fiscal Quarters ended on or immediately prior to the date of determination of any such ratios (without giving effect to any cost-savings or adjustments relating to synergies resulting from a Permitted Acquisition except as permitted by Regulation S-X of the Securities Act of 1933 or otherwise as the Administrative Agent shall otherwise agree) and (ii) giving effect to any such Permitted Acquisition or permitted Disposition as if it had occurred on the first day of such four Fiscal Quarter period.

## ARTICLE II
## COMMITMENTS, BORROWING PROCEDURES AND NOTES

SECTION 2.1 Commitments. On the terms and subject to the conditions of this Agreement, the Lenders agree to make the Loans as set forth below.

SECTION 2.1.1 Commitments. In a single Borrowing (which shall be made on a Business Day) occurring on or prior to the Commitment Termination Date, each Lender agrees that it will make loans (relative to such Lender, its "Loans") to the Borrower equal to such Lender's Percentage of the aggregate amount of the Borrowing of Loans requested by the Borrower to be made on such day. No Lender shall be permitted or required to make any Loan if, after giving effect thereto, the aggregate outstanding principal amount of all Loans (i) of all Lenders made on the Closing Date would exceed the Commitment Amount or (ii) of such Lender made on the Closing Date would exceed such Lender's Percentage of the Commitment Amount. No amounts paid or prepaid with respect to Loans may be reborrowed.

SECTION 2.2 Borrowing Procedures. Loans shall be made by the Lenders in accordance with Section 2.1.1.

SECTION 2.2.1 Borrowing Procedure. By delivering a Borrowing Request to the Administrative Agent on or before 10:00 a.m. on a Business Day, the Borrower may irrevocably request, on such Business Day in the case of Base Rate Loans, on not less than three Business Days' notice and not more than five Business Days' notice in the case of LIBO Rate Loans, that a Borrowing be made in a single drawing on or prior to the Commitment Termination Date; provided that only Base Rate Loans and LIBO Rate Loans with a one month Interest Period may be incurred prior to the earlier to occur of (a) the 30th day following the Closing Date and (b) the date upon which the Lead Arrangers have determined that the Syndication Date has occurred. On or before 12:00 noon on such Business Day each Lender shall deposit with the

Administrative Agent same day funds in an amount equal to such Lender's Percentage of the requested Borrowing. Such deposit will be made to an account which the Administrative Agent shall specify from time to time by notice to the Lenders. To the extent funds are received from the Lenders, the Administrative Agent shall make such funds available to the Borrower by wire transfer to the accounts the Borrower shall have specified in its Borrowing Request. No Lender's obligation to make any Loan shall be affected by any other Lender's failure to make any Loan.

SECTION 2.3 Continuation and Conversion Elections. By delivering a Continuation/Conversion Notice to the Administrative Agent on or before 10:00 a.m. on a Business Day, the Borrower may from time to time irrevocably elect on not less than three nor more than five Business Days' notice before the last day of the then current Interest Period with respect thereto, to convert any Base Rate Loan into one or more LIBO Rate Loans or to continue any LIBO Rate Loan; provided that (i) any portion of any Loan which is continued or converted hereunder shall be in a minimum amount of $1,000,000 and in an integral multiple amount of $1,000,000 and (ii) in the absence of prior notice as required above (which notice may be delivered telephonically followed by written confirmation within 24 hours thereafter by delivery of a Continuation/Conversion Notice), with respect to any LIBO Rate Loan such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan; provided further that (A) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of all Lenders that have made such Loans, and (B) no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, LIBO Rate Loans when any Event of Default has occurred and is continuing.

SECTION 2.4 Funding. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan; provided that, such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility. Subject to Section 4.10, each Lender may, at its option, make any Loan available to the Borrower by causing any foreign or domestic branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay Loans in accordance with the terms of this Agreement.

SECTION 2.5 Register; Notes. The Register shall be maintained on the following terms.

(a) The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for the purpose of this clause, to maintain a register (the "Register") on which the Administrative Agent will record each Lender's Commitment, the Loans made by each Lender and each repayment in respect of the principal amount of the Loans, annexed to which the Administrative Agent shall retain a copy of each Lender Assignment Agreement delivered to the Administrative Agent pursuant to Section 10.11. Failure to make any recordation, or any error in such recordation, shall not affect any Obligor's Obligations. The entries in the Register shall constitute prima facie evidence and shall be binding, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person in whose name a Loan is registered (or, if applicable, to which a Note has been issued) as

the owner thereof for the purposes of all Loan Documents, notwithstanding notice or any provision herein to the contrary. Any assignment or transfer of a Commitment or the Loans made pursuant hereto shall be registered in the Register only upon delivery to the Administrative Agent of a Lender Assignment Agreement that has been executed by the requisite parties pursuant to Section 10.11. No assignment or transfer of a Lender's Commitment or Loans shall be effective unless such assignment or transfer shall have been recorded in the Register by the Administrative Agent as provided in this Section.

(b) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender a Note evidencing the Loans made by, and payable to the order of, such Lender in a maximum principal amount equal to such Lender's Percentage of the original Commitment Amount. The Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Note (or on any continuation of such grid), which notations, if made, shall evidence, inter alia, the date of, the outstanding principal amount of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall, to the extent not inconsistent with notations made by the Administrative Agent in the Register, constitute prima facie evidence and shall be binding on each Obligor absent manifest error; provided that, the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of any Obligor.

## ARTICLE III
## REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 Repayments and Prepayments; Application. The Borrower agrees that the Loans shall be repaid and prepaid pursuant to the following terms, subject in all cases to the terms, conditions and restrictions set forth in the Intercreditor Agreement.

SECTION 3.1.1 Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of each Loan on the Stated Maturity Date. Prior thereto, payments and prepayments of the Loans shall or may be made as set forth below.

(a) From time to time on any Business Day on or after the first anniversary of the Closing Date and following the First Lien Termination Date, the Borrower may make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Loans; provided that, the Borrower shall have paid the following prepayment premium in connection therewith:

| **Year** | **Prepayment Premium (as a percentage of the Loans being prepaid)** |
|---|---|
| First anniversary of the Closing Date through (and including) the second anniversary of the Closing Date | 2% |
| Following the second anniversary of the Closing Date through (and including) third anniversary of the Closing Date | 1% |
| thereafter | 0% |

All such voluntary prepayments shall require at least (1) in the case of Base Rate Loans, one but no more than five Business Days' prior notice to the Administrative Agent and (2) in the case of LIBO Rate Loans three but no more than five Business Days' prior notice to the Administrative Agent; and all such voluntary partial prepayments shall be in an aggregate minimum amount of $1,000,000 and an integral multiple of $500,000.

(b) [Intentionally Omitted].

(c) Following the First Lien Termination Date, concurrently with the receipt by the Company of any Net Equity Proceeds, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to the product of (i) such Net Equity Proceeds multiplied by (ii) the Applicable Percentage, to be applied as set forth in Section 3.1.2.

(d) Following the First Lien Termination Date, the Borrower shall (subject to the next proviso) within 5 Business Days receipt of any Net Disposition Proceeds or Net Casualty Proceeds, by the Borrower or any of its U.S. Subsidiaries, deliver to the Administrative Agent a calculation of the amount of such proceeds, and, to the extent the aggregate amount of such (i) Net Disposition Proceeds received by the Borrower and its U.S. Subsidiaries in any period of twelve consecutive calendar months since the Closing Date exceeds $10,000,000 and (ii) Net Casualty Proceeds received by the Borrower and its U.S. Subsidiaries in any period of twelve consecutive calendar months since the Closing Date exceeds $50,000,000, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to 100% of such excess Net Disposition Proceeds or Net Casualty Proceeds, as applicable; provided that, so long as (i) no Event of Default has occurred and is continuing, such proceeds may be retained by the Borrower and its U.S. Subsidiaries (and be excluded from the prepayment requirements of this clause) to be invested or reinvested within one year or, subject to immediately succeeding clause (ii), 18 months or 36 months, as applicable, to the acquisition or construction of other assets or properties consistent with the businesses permitted to be conducted pursuant to Section 7.2.1 (including by way of merger or Investment), and (ii) within one year following the receipt of such Net Disposition Proceeds or Net Casualty Proceeds, such proceeds are (A) applied or (B) committed to be, and actually are, applied within (I) 18 months following the receipt of such Net Disposition Proceeds or (II) 36 months following the receipt of such Net Casualty Proceeds, in each case to such acquisition or construction plan. The amount of such Net Disposition Proceeds or Net Casualty Proceeds unused or uncommitted after such one year, 18 months or 36 months, as applicable, period shall be applied to prepay the Loans as set forth in Section 3.1.2. Following the First Lien Termination Date, at any time after receipt of any such Net Casualty Proceeds in excess of $25,000,000 but prior to the application thereof to such mandatory prepayment or the acquisition of other assets or properties as described above, upon the request by the Administrative Agent (acting at the direction of the Required Lenders) to the Borrower, the Borrower shall deposit an amount equal to such excess Net Casualty Proceeds into a cash collateral account maintained with (and subject to documentation reasonably satisfactory to) the Collateral Agent for the benefit of the Secured Parties (and over which the Collateral Agent shall have a first priority perfected Lien) pending application as a prepayment or to be released as

requested by the Borrower in respect of such acquisition. Amounts deposited in such cash collateral account shall be invested in Cash Equivalent Investments, as directed by the Borrower.

(e) Following the First Lien Termination Date, within 100 days after the close of each Fiscal Year (beginning with the Fiscal Year ending 2007) the Borrower shall make a mandatory prepayment of the Loans in an amount equal to the product of (i) the Excess Cash Flow (if any) for such Fiscal Year multiplied by (ii) the Applicable Percentage minus (iii) the aggregate amount of all voluntary prepayments of Loans during such Fiscal Year, to be applied as set forth in Section 3.1.2;

(f) Following the First Lien Termination Date, concurrently with the receipt by the Company or any of its U.S. Subsidiaries of any Net Debt Proceeds, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to 100% of such Net Debt Proceeds, to be applied as set forth in Section 3.1.2.

(g) Following the First Lien Termination Date, concurrently with the receipt by the Company or any of its U.S. Subsidiaries of any Net Receivables Proceeds, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to 100% of such Net Receivables Proceeds, to be applied as set forth in Section 3.1.2.

(h) Immediately upon any acceleration of the Stated Maturity Date of the Loans pursuant to Section 8.2 or Section 8.3, the Borrower shall repay all the Loans, unless, pursuant to Section 8.3, only a portion of all the Loans is so accelerated (in which case the portion so accelerated shall be so repaid).

Each prepayment of any Loans made pursuant to this Section shall be without premium or penalty, except as may be required by clause (a) or Section 4.4.

SECTION 3.1.2 Application. Amounts prepaid pursuant to Section 3.1.1 shall , subject to the terms, conditions and restrictions set forth in the Intercreditor Agreement, be applied to the extent of such prepayment or repayment, first, to the principal amount thereof being maintained as Base Rate Loans, and second, subject to the terms of Section 4.4, to the principal amount thereof being maintained as LIBO Rate Loans.

SECTION 3.2 Interest Provisions. Interest on the outstanding principal amount of the Loans shall accrue and be payable in accordance with the terms set forth below.

SECTION 3.2.1 Rates. Pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, the Borrower may elect that the Loans comprising a Borrowing accrue interest at a rate per annum:

(a) on that portion maintained from time to time as a Base Rate Loan, equal to the sum of the Alternate Base Rate from time to time in effect plus the Applicable Margin; and

(b) on that portion maintained as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of the LIBO Rate (Reserve Adjusted) for such Interest Period plus the Applicable Margin.

All LIBO Rate Loans shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such LIBO Rate Loan.

SECTION 3.2.2 Post-Default Rates. After the occurrence and during the continuance of an Event of Default, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on all outstanding Obligations at a rate per annum equal to (a) in the case of principal on any Loan, the rate of interest that otherwise would be applicable to such Loan plus 2% per annum; and (b) in the case of overdue interest, fees, and other monetary Obligations, the Alternate Base Rate from time to time in effect, plus the Applicable Margin accruing interest at the Alternate Base Rate, plus 2% per annum.

SECTION 3.2.3 Payment Dates. Interest accrued on each Loan shall be payable, without duplication:

(a) on the Stated Maturity Date;

(b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the principal amount so paid or prepaid;

(c) with respect to Base Rate Loans, on each Quarterly Payment Date occurring after the Closing Date;

(d) with respect to LIBO Rate Loans, on the last day of each applicable Interest Period (and, if such Interest Period shall exceed three months, on the date occurring on each three-month interval occurring after the first day of such Interest Period);

(e) with respect to any Base Rate Loans converted into LIBO Rate Loans on a day when interest would not otherwise have been payable pursuant to clause (c), on the date of such conversion; and

(f) on that portion of any Loans the Stated Maturity Date of which is accelerated pursuant to Section 8.2 or Section 8.3, immediately upon such acceleration.

Interest accrued on Loans or other monetary Obligations after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3 Fees. The Borrower agrees to pay to each of the Agents and each Lead Arranger, for its own account, the fees in the amounts and on the dates set forth in the Fee Letter or in such other fee letter(s) negotiated by the parties thereto.

## ARTICLE IV
## CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1 LIBO Rate Lending Unlawful. If any Lender shall determine (which determination shall, upon notice thereof to the Borrower and the Administrative Agent,

constitute prima facie evidence thereof and shall be binding on the Borrower absent manifest error) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any Governmental Authority asserts that it is unlawful, for such Lender to make or continue any Loan as, or to convert any Loan into, a LIBO Rate Loan, the obligations of such Lender to make, continue or convert any such LIBO Rate Loan shall, upon such determination, forthwith be suspended until such Lender shall notify the Administrative Agent that the circumstances causing such suspension no longer exist, and all outstanding LIBO Rate Loans payable to such Lender shall automatically convert into Base Rate Loans at the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion.

SECTION 4.2 Deposits Unavailable. If the Administrative Agent shall have determined that

(a) Dollar deposits in the relevant amount and for the relevant Interest Period are not available to it in its relevant market; or

(b) by reason of circumstances affecting it's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate Loans;

then, upon notice from the Administrative Agent to the Borrower and the Lenders, the obligations of all Lenders under Section 2.2 and Section 2.3 to make or continue any Loans as, or to convert any Loans into, LIBO Rate Loans shall forthwith be suspended until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3 Increased LIBO Rate Loan Costs, etc. The Borrower agrees to reimburse each Lender for any increase in the cost to such Lender of, or any reduction in the amount of any sum receivable by such Secured Party in respect of, such Secured Party's Commitments and the making of Loans hereunder (including the making, continuing or maintaining (or of its obligation to make or continue) any Loans as, or of converting (or of its obligation to convert) any Loans into, LIBO Rate Loans) that arise in connection with any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in after the Closing Date of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any Governmental Authority, except for such changes with respect to increased capital costs and Taxes which are governed by Sections 4.5 and 4.6, respectively. Each affected Secured Party shall promptly notify the Administrative Agent and the Borrower in writing of the occurrence of any such event, stating the reasons therefor and the additional amount required fully to compensate such Secured Party for such increased cost or reduced amount. Such additional amounts shall be payable by the Borrower directly to such Secured Party within five Business Days of its receipt of such notice, and such notice shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower.

SECTION 4.4 Funding Losses. In the event any Lender shall incur any actual loss or expense (including any actual loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender (if any) to make or continue any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a LIBO Rate Loan) as a result of

(a) any conversion or repayment or prepayment of the principal amount of any LIBO Rate Loan on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to Article III or otherwise;

(b) any Loans not being made continued or converted as LIBO Rate Loans in accordance with the Borrowing Request or other notice therefor;

(c) any Loans not being continued as, or converted into, LIBO Rate Loans in accordance with the Continuation/Conversion Notice therefor; or

(d) the assignment of any LIBO Rate Loan other than on the last day of an Interest Period therefor as a result of a request by the Borrower pursuant to Section 4.11.

then, upon the written notice of such Lender to the Borrower (with a copy to the Administrative Agent), the Borrower shall, within five days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such actual loss or expense. Such written notice shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower.

SECTION 4.5 Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any Governmental Authority after the Closing Date affects or would affect the amount of capital required or expected to be maintained by any Secured Party or any Person controlling such Secured Party, and such Secured Party determines (in good faith but in its sole and absolute discretion) that as a result thereof the rate of return on its or such controlling Person's capital as a consequence of the Commitments or the Loans made by such Secured Party is reduced to a level below that which such Secured Party or such controlling Person could have achieved but for the occurrence of any such circumstance, then upon notice (together with reasonably detailed supporting documentation) from time to time by such Secured Party to the Borrower, the Borrower shall within five Business Days following receipt of such notice pay directly to such Secured Party additional amounts sufficient to compensate such Secured Party or such controlling Person for such reduction in rate of return. A statement in reasonable detail of such Secured Party as to any such additional amount or amounts shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower. In determining such amount, such Secured Party may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

SECTION 4.6 Taxes. The Borrower covenants and agrees as follows with respect to Taxes.

(a) Any and all payments by the Borrower under each Loan Document shall be made without setoff, counterclaim or other defense, and free and clear of, and without deduction or withholding for or on account of, any Taxes. In the event that any Taxes are imposed and required to be deducted or withheld from any payment required to be made by any Obligor to or on behalf of any Secured Party under any Loan Document, then:

(i) subject to clause (f), if such Taxes are Non-Excluded Taxes, the amount of such payment shall be increased as may be necessary so that such payment is made, after withholding or deduction for or on account of such Taxes, in an amount that is not less than the amount provided for in such Loan Document; and

(ii) the Borrower shall withhold the full amount of such Taxes from such payment (as increased pursuant to clause (a)(i)) and shall pay such amount to the Governmental Authority imposing such Taxes in accordance with applicable law.

(b) In addition, the Borrower shall pay all Other Taxes imposed to the relevant Governmental Authority imposing such Other Taxes in accordance with applicable law.

(c) Upon the written request of the Administrative Agent, as promptly as practicable after the payment of any Taxes or Other Taxes, and in any event within 45 days of any such written request, the Borrower shall furnish to the Administrative Agent a copy of an official receipt (or a certified copy thereof) evidencing the payment of such Taxes or Other Taxes. The Administrative Agent shall make copies thereof available to any Lender upon request therefor.

(d) Subject to clause (f), the Borrower shall indemnify each Secured Party for any Non-Excluded Taxes and Other Taxes levied, imposed or assessed on (and whether or not paid directly by) such Secured Party whether or not such Non-Excluded Taxes or Other Taxes are correctly or legally asserted by the relevant Governmental Authority; provided that if the Borrower reasonably believes that such Taxes were not correctly or legally asserted, such Secured Party will use reasonable efforts to cooperate with the Borrower to obtain a refund of such Taxes so long as such efforts would not, in the sole determination of such Secured Party, result in any additional costs, expenses or risks or be otherwise disadvantageous to it. Promptly upon having knowledge that any such Non-Excluded Taxes or Other Taxes have been levied, imposed or assessed, and promptly upon notice thereof by any Secured Party, the Borrower shall pay such Non-Excluded Taxes or Other Taxes directly to the relevant Governmental Authority (provided that no Secured Party shall be under any obligation to provide any such notice to the Borrower). In addition, the Borrower shall indemnify each Secured Party for any incremental Taxes that may become payable by such Secured Party as a result of any failure of the Borrower to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Administrative Agent, pursuant to clause (c), documentation evidencing the payment of Taxes or Other Taxes (other than incidental taxes resulting directly as a result of the willful misconduct or gross negligence of the Administrative Agent or a respective Secured Party); provided that if the Secured Party or the Administrative Agent, as applicable, fails to give notice to the Borrower of the imposition of any Non-Excluded Taxes or Other Taxes within 120 days following its receipt of actual written notice of the imposition of such Non-Excluded Taxes or Other Taxes, there will be no obligation for the Borrower to pay interest or penalties attributable to the period beginning after such 120th day and ending seven days after the Borrower receives notice from the Secured Party or the Administrative Agent as applicable. With respect to indemnification for Non-Excluded Taxes and Other Taxes actually paid by any Secured Party or the indemnification provided in the immediately preceding sentence, such indemnification shall be made within 30 days after the date such Secured Party makes written demand therefor (together with supporting documentation in reasonable detail). The Borrower acknowledges that any payment made to any Secured Party or to any Governmental Authority in respect of the indemnification obligations of

the Borrower provided in this clause shall constitute a payment in respect of which the provisions of clause (a) and this clause shall apply.

(e) Each Non-U.S. Lender, on or prior to the date on which such Non-U.S. Lender becomes a Lender hereunder (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only for so long as such non-U.S. Lender is legally entitled to do so), shall deliver to the Borrower and the Administrative Agent either (i) two duly completed copies of either (x) Internal Revenue Service Form W-8BEN claiming eligibility of the Non-U.S. Lender for benefits of an income tax treaty to which the United States is a party or (y) Internal Revenue Service Form W-8ECI, or in either case an applicable successor form; or (ii) in the case of a Non-U.S. Lender that is not legally entitled to deliver either form listed in clause (e)(i), (x) a certificate to the effect that such Non-U.S. Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (referred to as an "Exemption Certificate") and (y) two duly completed copies of Internal Revenue Service Form W-8BEN or applicable successor form.

(f) The Borrower shall not be obligated to pay any additional amounts to any Lender pursuant to clause (a)(i), or to indemnify any Lender pursuant to clause (d), in respect of United States federal withholding taxes to the extent imposed as a result of (i) the failure of such Lender to deliver to the Borrower the form or forms and/or an Exemption Certificate, as applicable to such Lender, pursuant to clause (e), (ii) such form or forms and/or Exemption Certificate not establishing a complete exemption from U.S. federal withholding tax or the information or certifications made therein by the Lender being untrue or inaccurate on the date delivered in any material respect, or (iii) the Lender designating a successor lending office at which it maintains its Loans which has the effect of causing such Lender to become obligated for tax payments in excess of those in effect immediately prior to such designation; provided that the Borrower shall be obligated to pay additional amounts to any such Lender pursuant to clause (a)(i) and to indemnify any such Lender pursuant to clause (d), in respect of United States federal withholding taxes if (i) any such failure to deliver a form or forms or an Exemption Certificate or the failure of such form or forms or Exemption Certificate to establish a complete exemption from U.S. federal withholding tax or inaccuracy or untruth contained therein resulted from a change in any applicable statute, treaty, regulation or other applicable law or any interpretation of any of the foregoing occurring after the Closing Date, which change rendered such Lender no longer legally entitled to deliver such form or forms or Exemption Certificate or otherwise ineligible for a complete exemption from U.S. federal withholding tax, or rendered the information or certifications made in such form or forms or Exemption Certificate untrue or inaccurate in a material respect, (ii) the redesignation of the Lender's lending office was made at the request of the Borrower or (iii) the obligation to pay any additional amounts to any such Lender pursuant to clause (a)(i) or to indemnify any such Lender pursuant to clause (d) is with respect to an Eligible Assignee that becomes an assignee Lender as a result of an assignment made at the request of the Borrower.

(g) If the Administrative Agent or a Lender determines in its sole, good faith discretion that amounts recovered or refunded are a recovery or refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to clause (d),

or to which the Borrower has paid additional amounts pursuant to clause (a)(i), it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 4.6 with respect to the Non-Excluded Taxes or Other Taxes that give rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that in no event will any Lender be required to pay an amount to the Borrower that would place such Lender in a less favorable net after-tax position than such Lender would have been in if the additional amounts giving rise to such refund of any Non-Excluded Taxes or Other Taxes had never been paid, and provided further that the Borrower, upon the written request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest, or other charges imposed by the relevant Governmental Authority unless the Governmental Authority assessed such penalties, interest, or other charges due to the gross negligence or willful misconduct of the Administrative Agent or such Lender) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to the Governmental Authority. Nothing in this clause (g) shall require any Lender to make available its tax returns or any other information related to its taxes that it deems confidential.

SECTION 4.7 Payments, Computations; Proceeds of Collateral, etc. (a) Unless otherwise expressly provided in a Loan Document, all payments by the Borrower pursuant to each Loan Document shall be made subject to the terms, conditions and restrictions set forth in the Intercreditor Agreement and shall be made by the Borrower to the Administrative Agent for the pro rata account of the Secured Parties entitled to receive such payment. All payments shall be made without setoff, deduction or counterclaim not later than 11:00 a.m. on the date due in same day or immediately available funds, in Dollars, to such account as the Administrative Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Administrative Agent on the next succeeding Business Day. The Administrative Agent shall promptly remit in same day funds to each Secured Party its share, if any, of such payments received by the Administrative Agent for the account of such Secured Party. All interest (including interest on LIBO Rate Loans) and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days (or, in the case of interest on a Base Rate Loan (calculated at other than the Federal Funds Rate), 365 days or, if appropriate, 366 days). Payments due on other than a Business Day shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees in connection with that payment.

(b) All amounts received as a result of the exercise of remedies under the Loan Documents (including from the proceeds of collateral securing the Obligations) or under applicable law shall be applied subject to the terms, conditions and restrictions set forth in the Intercreditor Agreement; provided, that after the First Lien Termination Date, they shall be applied upon receipt to the Obligations as follows: (i) first, to the payment of all Obligations owing to the Agents, in their capacity as Agents (including the fees and expenses of counsel to the Agents), (ii) second, after payment in full in cash of the amounts specified in clause (b)(i), to the ratable payment of all interest (including interest accruing after the commencement of a proceeding in bankruptcy, insolvency or similar law, whether or not permitted as a claim under such law) and fees owing under the Loan Documents, and all costs and expenses owing to the

Secured Parties pursuant to the terms of the Loan Documents, until paid in full in cash, (iii) third, after payment in full in cash of the amounts specified in clauses (b)(i) and (b)(ii), to the ratable payment of the principal amount of the Loans then outstanding, (iv) fourth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iii), to the ratable payment of all other Obligations owing to the Secured Parties, and (v) fifth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iv), and following the Termination Date, to each applicable Obligor or any other Person lawfully entitled to receive such surplus.

SECTION 4.8 Sharing of Payments. If any Secured Party shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of Sections 4.3, 4.4, 4.5 or 4.6) in excess of its pro rata share of payments obtained by all Secured Parties, such Secured Party shall purchase from the other Secured Parties such participations in Loans made by them as shall be necessary to cause such purchasing Secured Party to share the excess payment or other recovery ratably (to the extent such other Secured Parties were entitled to receive a portion of such payment or recovery) with each of them; provided that, if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Secured Party, the purchase shall be rescinded and each Secured Party which has sold a participation to the purchasing Secured Party shall repay to the purchasing Secured Party the purchase price to the ratable extent of such recovery together with an amount equal to such selling Secured Party's ratable share (according to the proportion of (a) the amount of such selling Secured Party's required repayment to the purchasing Secured Party to (b) total amount so recovered from the purchasing Secured Party) of any interest or other amount paid or payable by the purchasing Secured Party in respect of the total amount so recovered. The Borrower agrees that any Secured Party purchasing a participation from another Secured Party pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.9) with respect to such participation as fully as if such Secured Party were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law any Secured Party receives a secured claim in lieu of a setoff to which this Section applies, such Secured Party shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Secured Parties entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.9 Setoff. Each Secured Party shall, subject to the terms, conditions and restrictions of the Intercreditor Agreement, upon the occurrence and during the continuance of any Event of Default described in clauses (a) through (d) of Section 8.1.9 or, with the consent of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (if then due and payable), and (as security for such Obligations) the Borrower hereby grants to each Secured Party a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Secured Party (other than payroll, trust or tax accounts); provided that any such appropriation and application shall be subject to the provisions of Section 4.8. Each Secured Party agrees promptly to notify the Borrower and the Administrative Agent after any such appropriation and application made by such Secured Party; provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Secured Party under this Section are in addition

to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Secured Party may have.

SECTION 4.10 Mitigation. Each Lender agrees that, if it makes any demand for payment under Sections 4.3 or 4.6, it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under Section 4.3 or 4.6.

SECTION 4.11 Removal of Lenders. If any Lender (an "Affected Lender") (i) fails to consent to an election, consent, amendment, waiver or other modification to this Agreement or other Loan Document (a "Non-Consenting Lender") that requires the consent of a greater percentage of the Lenders than the Required Lenders and such election, consent, amendment, waiver or other modification is otherwise consented to by Non-Defaulting Lenders holding more than 66 and 2/3% of the Total Exposure Amount of all Non-Defaulting Lenders, (ii) makes a demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to Section 4.3, 4.5 or 4.6, or gives notice pursuant to Section 4.1 requiring a conversion of such Affected Lender's LIBO Rate Loans to Base Rate Loans or any change in the basis upon which interest is to accrue in respect of such Affected Lender's LIBO Rate Loans or suspending such Lender's obligation to make Loans as, or to convert Loans into, LIBO Rate Loans or (iii) becomes a Defaulting Lender, the Borrower may, at its sole cost and expense, within 90 days of receipt by the Borrower of such demand or notice (or the occurrence of such other event causing Borrower to be required to pay such compensation) or within 90 days of such Lender becoming a Non-Consenting Lender or a Defaulting Lender, as the case may be, give notice (a "Replacement Notice") in writing to the Administrative Agent and such Affected Lender of its intention to cause such Affected Lender to sell all or any portion of its Loans, Commitments and/or Notes to another financial institution or other Person (a "Replacement Lender") designated in such Replacement Notice; provided that no Replacement Notice may be given by the Borrower if (A) such replacement conflicts with any applicable law or regulation or (B) prior to any such replacement, such Lender shall have taken any necessary action under Section 4.5 or 4.6 (if applicable) so as to eliminate the continued need for payment of amounts owing pursuant to Section 4.5 or 4.6 and withdrew its request for compensation under Section 4.3, 4.5 or 4.6 . If the Administrative Agent shall, in the exercise of its reasonable discretion and within 30 days of its receipt of such Replacement Notice, notify the Borrower and such Affected Lender in writing that the Replacement Lender is reasonably satisfactory to the Administrative Agent (such consent not being required where the Replacement Lender is already a Lender), then such Affected Lender shall, subject to the payment of any amounts due pursuant to Section 4.4, assign, in accordance with Section 10.11, the portion of its Commitments, Loans, Notes (if any) and other rights and obligations under this Agreement and all other Loan Documents designated in the replacement notice to such Replacement Lender; provided that (A) such assignment shall be without recourse, representation or warranty and shall be on terms and conditions reasonably satisfactory to such Affected Lender and such Replacement Lender, and (B) the purchase price paid by such Replacement Lender shall be in the amount of such Affected Lender's Loans designated in the Replacement Notice and/or its Percentage of outstanding Reimbursement Obligations, as applicable, together with all accrued and unpaid interest and fees in respect thereof, plus all other amounts (including the amounts demanded and unreimbursed under

Sections 4.3, 4.5 and 4.6), owing to such Affected Lender hereunder. Upon the effective date of an assignment described above, the Replacement Lender shall become a "Lender" for all purposes under the Loan Documents. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any assignment agreement necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section.

SECTION 4.12 Limitation on Additional Amounts, etc. Notwithstanding anything to the contrary contained in Sections 4.3 or 4.5 of this Agreement, unless a Lender gives notice to the Borrower that it is obligated to pay an amount under any such Section within 90 days after the later of (i) the date such Lender incurs the respective increased costs, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital or (ii) the date such Lender has actual knowledge of its incurrence of their respective increased costs, loss, expense or liability, reductions in amounts received or receivable or reduction in return on capital, then such Lender shall only be entitled to be compensated for such amount by the Borrower pursuant to Sections 4.3 or 4.5, as the case may be, to the extent the costs, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital are incurred or suffered on or after the date which occurs 90 days prior to such Lender giving notice to the Borrower that it is obligated to pay the respective amounts pursuant to Sections 4.3 or 4.5, as the case may be. This Section shall have no applicability to any Section of this Agreement other than Sections 4.3 and 4.5.

## ARTICLE V
## CONDITIONS TO LOANS

Subject to Section 7.1.11, the obligations of the Lenders to make the Loans shall be subject to the prior or concurrent satisfaction (or waiver) in all material respects of each of the conditions precedent set forth in this Article.

SECTION 5.1 Resolutions, etc. The Lead Arrangers shall have received from each Obligor, as applicable, (i) a copy of a good standing certificate, dated a date reasonably close to the Closing Date, for each such Obligor from its jurisdiction of organization and (ii) a certificate, dated as of the Closing Date, duly executed and delivered by such Obligor's Secretary or Assistant Secretary, managing member or general partner, as applicable, as to

(a) resolutions of each such Obligor's Board of Directors (or other managing body, in the case of a Person other than a corporation) then in full force and effect authorizing, to the extent relevant, all aspects of the Transaction applicable to such Obligor and the execution, delivery and performance of each Loan Document to be executed by such Obligor and the transactions contemplated hereby and thereby;

(b) the incumbency and signatures of those of its officers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Obligor; and

(c) the full force and validity of each Organic Document of such Obligor and copies thereof;

upon which certificates each Secured Party may conclusively rely until it shall have received a further certificate of the Secretary, Assistant Secretary, managing member or general partner, as applicable, of any such Obligor canceling or amending the prior certificate of such Obligor.

SECTION 5.2 Closing Date Certificate. The Lead Arrangers shall have received the Closing Date Certificate, dated as of the Closing Date and duly executed and delivered by an Authorized Officer of the Borrower and the Company, in which certificate the Borrower and the Company shall agree and acknowledge and certify that the statements made therein are, true and correct representations and warranties of the Borrower and the Company as of such date, and, at the time each such certificate is delivered, such statements shall in fact be true and correct. All documents and agreements (including Transaction Documents) required to be appended to the Closing Date Certificate shall be in form and substance reasonably satisfactory to the Lead Arrangers, shall have been executed and delivered by the requisite parties, and shall be in full force and effect.

SECTION 5.3 Consummation of Transaction. The Lead Arrangers shall have received evidence reasonably satisfactory to it that all actions necessary to consummate the Transaction (other than the entering into of the Senior Notes Documents and the issuance of the Senior Notes) shall have been taken in accordance in all material respects with all applicable law and in accordance with the terms of each applicable Transaction Document, without amendment or waiver of any material provision thereof, unless approved by the Lead Arrangers in their reasonable discretion.

SECTION 5.4 Patriot Act Disclosures. Within five Business Days' prior to the Closing Date, the Lenders or the Lead Arrangers shall have received copies of all Patriot Act Disclosures as reasonably requested by the Lenders or the Lead Arrangers.

SECTION 5.5 Delivery of Notes. The Administrative Agent shall have received, for the account of each Lender that has requested a Note, such Lender's Notes duly executed and delivered by an Authorized Officer of the Borrower.

SECTION 5.6 Financial Information, etc. The Lead Arrangers shall have received,

(a) audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of (i) the Company and its Subsidiaries as at July 2, 2003, July 2, 2004 and July 2, 2005;

(b) unaudited consolidated balance sheets and related statements of income, stockholders' equity and cash flows for the 39-week period ended April 1, 2006;

(c) a pro forma consolidated balance sheet and related pro forma consolidated statements of income and cash flows as of and for the twelve-month period ending at the most recent Fiscal Quarter ending at least 45 days prior to the Closing Date, prepared after giving effect to the Transaction as if the Transaction had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such

other financial statements), in each case which financial statements shall not be materially inconsistent with the financial statements or forecasts previously provided to the Lenders; and

(d) detailed projected financial statements of the Company and its Subsidiaries for the seven Fiscal Years ended after the Closing Date, which projections shall include quarterly projections for the first two Fiscal Years after the Closing Date.

SECTION 5.7 Compliance Certificate. The Lead Arrangers shall have received an initial Compliance Certificate on a pro forma basis as if the Transaction had been consummated and the Loans had been made as of April 1, 2006 and as to such items therein as the Lead Arrangers reasonably request, dated the date of the Loans, duly executed (and with all schedules thereto duly completed) and delivered by the chief financial or accounting Authorized Officer of the Company which Compliance Certificate shall set forth such items therein as the Lead Arrangers may reasonably request, including demonstrating that the Company's pro forma Leverage Ratio is not greater than 4.80:1.00.

SECTION 5.8 Guaranty. The Lead Arrangers shall have received counterparts of the Guaranty, dated as of the Closing Date, duly executed and delivered by an Authorized Officer of Company and each U.S. Subsidiary (other than the Borrower).

SECTION 5.9 Security Agreement; Intercreditor Agreement.

(a) The Lead Arrangers shall have received executed counterparts of the Security Agreement, dated as of the Closing Date, duly executed, authorized or delivered by each Obligor, as applicable, together with

(i) certificates (in the case of Capital Securities that are securities (as defined in the UCC)) evidencing all of the issued and outstanding Capital Securities owned by each Obligor in its U.S. Subsidiaries and, subject to Section 7.1.11, 65% of the issued and outstanding Voting Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of each Foreign Subsidiary (together with all the issued and outstanding non-voting Capital Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of such Foreign Subsidiary) directly owned by each Obligor, which certificates in each case shall be accompanied by undated instruments of transfer duly executed in blank, or, if any Capital Securities (in the case of Capital Securities that are uncertificated securities (as defined in the UCC)), confirmation and evidence reasonably satisfactory to the Lead Arrangers that the security interest therein has been transferred to and perfected by the Collateral Agent for the benefit of the Secured Parties in accordance with Articles 8 and 9 of the UCC and all U.S. laws otherwise applicable to the perfection of the pledge of such Capital Securities (provided, the foregoing may be delivered to the First Lien Collateral Agent subject to the terms, conditions and restrictions set forth in the Intercreditor Agreement);

(ii) Filing Statements suitable in form and naming each Obligor as a debtor and the Collateral Agent as the secured party, or other similar instruments or documents to be filed under the UCC of all jurisdictions as may be necessary or, in the opinion of the Lead Arrangers, desirable to perfect the security interests of the Collateral Agent pursuant to the Security Agreement;

(iii) UCC Form UCC-3 termination statements, if any, necessary to release all Liens and other rights of any Person in any collateral described in any security agreement previously granted by any Person, together with such other UCC Form UCC-3 termination statements as the Lead Arrangers may reasonably request from such Obligors; and

(iv) certified copies of UCC Requests for Information or Copies (Form UCC-11), or a similar search report certified by a party reasonably acceptable to the Lead Arrangers, dated a date reasonably near to the Closing Date, listing all effective financing statements which name any Obligor (under its present legal name) as the debtor, together with copies of such financing statements (none of which shall evidence a Lien on any collateral described in any Loan Document, other than a Permitted Lien).

(b) The Lead Arrangers shall have received the Intercreditor Agreement, executed and delivered by the First Lien Collateral Agent.

SECTION 5.10 Intellectual Property Security Agreements. The Administrative Agent shall have received a Patent Security Agreement, a Copyright Security Agreement and a Trademark Security Agreement, as applicable, each dated as of the Closing Date, duly executed and delivered by each Obligor that, pursuant to the Security Agreement, is required to provide such intellectual property security agreements to the Collateral Agent.

SECTION 5.11 Filing Agent, etc. All Uniform Commercial Code financing statements or other similar financing statements and Uniform Commercial Code (Form UCC-3) termination statements (collectively, the "Filing Statements") required pursuant to the Loan Documents shall have been delivered by counsel to the Lead Arrangers to CT Corporation System or another similar filing service company acceptable to the Lead Arrangers (the "Filing Agent"). The Filing Agent shall have acknowledged in a writing satisfactory to the Lead Arrangers and their counsel (i) the Filing Agent's receipt of all Filing Statements, (ii) that the Filing Statements required pursuant to the Loan Documents, have either been submitted for filing in the appropriate filing offices or will be submitted for filing in the appropriate offices within ten days following the Closing Date and (iii) that the Filing Agent will notify the Agents and their counsel of the results of such submissions and will provide recorded copies of the same within 30 days following the Closing Date.

SECTION 5.12 Insurance. The Lead Arrangers and the Collateral Agent shall have received, certificates of insurance in form and substance reasonably satisfactory to the Lead Arrangers, evidencing coverage required to be maintained pursuant to each Loan Document and naming the Collateral Agent as loss payee or additional insured, as applicable.

SECTION 5.13 Opinions of Counsel. The Lead Arrangers shall have received opinions, dated the Closing Date and addressed to the Lead Arrangers, the Agents and all Lenders, from

(a) Kirkland & Ellis LLP, counsel to the Obligors, in form and substance reasonably satisfactory to the Lead Arrangers; and

(b) Maryland counsel to the Company, in form and substance, and from counsel, reasonably satisfactory to the Lead Arrangers.

SECTION 5.14 Closing Fees, Expenses, etc. The Lead Arrangers shall have received for its own account, or for the account of each Lender, as the case may be, all fees, costs and expenses due and payable pursuant to Sections 3.3 and, if then invoiced, 10.3.

SECTION 5.15 Form 10. The financial information concerning the Branded Apparel Business, the Company, the Borrower and its Subsidiaries and the management, corporate and legal structure of the Company, the Borrower and each of the Subsidiary Guarantors contained in the Company's Form 10 filed with the Securities and Exchange Commission in connection with the Spin-Off, including all amendments and modifications thereto, shall be consistent in all material respects with the information previously provided to the Lead Arrangers and the other Lenders.

SECTION 5.16 Litigation. There shall exist no action, suit, investigation or other proceeding pending or threatened in writing in any court or before any arbitrator or governmental or regulatory agency or authority that could reasonably be expected to have a Material Adverse Effect.

SECTION 5.17 Approval. All material and necessary governmental and third party consents and approvals shall have been obtained (without the imposition of any material and adverse conditions that are not reasonably acceptable to the Lenders) and shall remain in effect and all applicable waiting periods shall have expired without any material and adverse action being taken by any competent authority. The Lead Arrangers shall be reasonably satisfied that the Spin-Off is to be consummated and the Dividend issued, in each case in accordance with applicable laws and governmental regulations.

SECTION 5.18 Debt Rating. The Company shall have obtained a senior secured debt rating (of any level) in respect of the Loans from each of S&P and Moody's, which ratings (of any level) shall remain in effect on the Closing Date.

SECTION 5.19 Satisfactory Legal Form. All documents executed or submitted pursuant hereto by or on behalf of any Obligor on or before the Closing Date shall be reasonably satisfactory in form and substance to the Lead Arrangers, and the Lead Arrangers shall have received all information, approvals, opinions, documents or instruments as the Lead Arrangers or their counsel may reasonably request.

SECTION 5.20 Compliance with Warranties, No Default, etc. Both before and after giving effect to any Loan (but, if any Default of the nature referred to in Section 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds thereof) the following statements shall be true and correct:

(a) the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); and

(b) no Default shall have then occurred and be continuing.

SECTION 5.21 Borrowing Request, etc. The Administrative Agent shall have received a Borrowing Request. Each of the delivery of a Borrowing Request and the acceptance by the Borrower of the proceeds of such Loan shall constitute a representation and warranty by the Borrower that on the date of such Loan (both immediately before and after giving effect to such Loan and the application of the proceeds thereof) the statements made in Section 5.20 are true and correct.

## ARTICLE VI
## REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into this Agreement and to make Loans hereunder, the Company and the Borrower represent and warrant to each Secured Party, after giving effect to the consummation of the IP Purchase and the Spin-Off, as set forth in this Article.

SECTION 6.1 Organization, etc. Each Obligor (i) is validly organized and existing and in good standing under the laws of the state or jurisdiction of its incorporation or organization, (ii) is duly qualified to do business and is in good standing as a foreign entity in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified or in good standing could not reasonably be expected to have a Material Adverse Effect and (iii) has full organizational power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under each Loan Document to which it is a party, and except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect, to (a) own and hold under lease its property and (b) to conduct its business substantially as currently conducted by it.

SECTION 6.2 Due Authorization, Non-Contravention, etc. The execution, delivery and performance by each Obligor of each Loan Document executed or to be executed by it, each Obligor's participation in the consummation of all aspects of the Transaction, and the execution, delivery and performance by the Company or (if applicable) any Obligor of the agreements executed and delivered by it in connection with the Transaction are in each case within such Person's powers, have been duly authorized by all necessary action, and do not

(a) contravene any (i) Obligor's Organic Documents, (ii) court decree or order binding on or affecting any Obligor or (iii) law or governmental regulation binding on or affecting any Obligor; or

(b) result in (i) or require the creation or imposition of, any Lien on any Obligor's properties (except as permitted by this Agreement) or (ii) a default under any material contractual restriction binding on or affecting any Obligor.

SECTION 6.3 Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person (other than those that have been, or on the Closing Date will be, duly obtained or made and which are, or on the Closing Date will be, in full force and effect) is required for the consummation of the Transaction or the due execution, delivery or performance by any Obligor of any Loan Document to which it is a party, or for the due execution, delivery and/or performance of Transaction Documents, in each case by the parties thereto or the consummation of the Transaction. Neither the Company nor any of its Subsidiaries is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 6.4 Validity, etc. Each Obligor has duly executed and delivered each of the Loan Documents and each of the Transaction Documents to which it is a party, and each Loan Document and each Transaction Document to which any Obligor is a party constitutes the legal, valid and binding obligations of such Obligor, enforceable against such Obligor in accordance with their respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity).

SECTION 6.5 Financial Information. The financial statements of the Company and its Subsidiaries furnished to the Administrative Agent and each Lender pursuant to Section 5.6 (other than forecasts, projections, budgets and forward-looking information) have been prepared in accordance with GAAP consistently applied (except where specifically so noted on such financial statements), and present fairly in all material respects the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. All balance sheets, all statements of income and of cash flow and all other financial information of each of the Company and its Subsidiaries furnished pursuant to Section 7.1.1 have been and will for periods following the Closing Date be prepared in accordance with GAAP consistently applied with the financial statements delivered pursuant to Section 5.6, and do or will present fairly in all material respects the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. Notwithstanding anything contained herein to the contrary, it is hereby acknowledged and agreed by the Administrative Agent, each Lead Arranger and each Lender that (i) any financial or business projections furnished to the Administrative Agent, any Lead Arranger or any Lender by the Company or any of its Subsidiaries under any Loan Document are subject to significant uncertainties and contingencies, which may be beyond the Company's and/or its Subsidiaries' control, (ii) no assurance is given by any of the Company or its Subsidiaries that the results forecast in any such projections will be realized and (iii) the actual results may differ from the forecast results set forth in such projections and such differences may be material.

SECTION 6.6 No Material Adverse Change. There has been no material adverse change in the business, financial condition, operations, performance or assets of the Company and its Subsidiaries, taken as a whole, since July 2, 2005.

SECTION 6.7 Litigation, Labor Controversies, etc. There is no pending or, to the knowledge of the Company or any of its Subsidiaries, threatened (in writing) litigation, action, proceeding, labor controversy or investigation:

(a) affecting the Company, any of its Subsidiaries or any other Obligor, or any of their respective properties, businesses, assets or revenues, which could reasonably be expected to have a Material Adverse Effect; or

(b) which purports to affect the legality, validity or enforceability of any Loan Document, the Transaction Documents or the Transaction.

SECTION 6.8 Subsidiaries. The Company has no Subsidiaries, except those Subsidiaries which are (a) identified in Item 6.8 of the Disclosure Schedule, (b) permitted to have been organized or acquired in accordance with Sections 7.2.5 or 7.2.10 or (c) a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary.

SECTION 6.9 Ownership of Properties. The Company and each of its Subsidiaries (other than a Receivables Subsidiary) owns (a) in the case of owned real property, good and legal title to, (b) in the case of owned personal property, good and valid title to, and (c) in the case of leased real or personal property, valid and enforceable (subject to bankruptcy, insolvency, reorganization or similar laws) leasehold interests (as the case may be) in, all of its properties and assets, tangible and intangible, of any nature whatsoever, free and clear in each case of all Liens or claims, except for Permitted Liens. Set forth in Item 6.9 of the Disclosure Schedule is a true and complete list of each Mortgaged Property.

SECTION 6.10 Taxes. The Company and each of its Subsidiaries has filed all material tax returns and reports required by law to have been filed by it and has paid all Taxes thereby shown to be due and owing, except any such Taxes which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or except to the extent such failure could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.11 Pension and Welfare Plans. During the twelve-consecutive-month period prior to the Closing Date and prior to the date of any Loan hereunder, no steps have been taken to terminate any Pension Plan which has caused or could reasonably be expected to cause Company or any Subsidiary to incur any liability, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA with respect to any assets of Company or any Subsidiary. No condition exists or event or transaction has occurred with respect to any Pension Plan which might result in the incurrence by the Company of any material liability, fine or penalty.

SECTION 6.12 Environmental Warranties.

(a) All facilities and property (including underlying groundwater) owned or leased by the Company or any of its Subsidiaries have been, and continue to be, owned or leased by the Company and its Subsidiaries in compliance with all Environmental Laws, except for any such noncompliance which could not reasonably be expected to have a Material Adverse Effect;

(b) there have been no past, and there are no pending or, to the Company's knowledge (after due inquiry), threatened (in writing) (i) claims, complaints, notices or requests for information received by the Company or any of its Subsidiaries with respect to any alleged violation of any Environmental Law, or (ii) complaints, notices or inquiries to the Company or any of its Subsidiaries regarding potential liability under any Environmental Law except for claims, complaints, notices, requests for information or inquiries with respect to violations of or potential liability under any Environmental Laws that could not reasonably be expected to have a Material Adverse Effect;

(c) there have been no Releases of Hazardous Materials at, on or under any property now or previously owned, operated or leased by the Company or any of its Subsidiaries that have had, or could reasonably be expected to have, a Material Adverse Effect;

(d) the Company and its Subsidiaries have been issued and are in compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters, except for any such non-issuance or any such noncompliance which could not reasonably be expected to have a Material Adverse Effect;

(e) no property now or, to the Company's knowledge (after due inquiry), previously owned, operated or leased by the Company or any of its Subsidiaries is listed or proposed for listing (with respect to owned, operated property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up, which listing could reasonably be expected to have a Material Adverse Effect;

(f) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned, operated or leased by the Company or any of its Subsidiaries that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect;

(g) neither the Company nor any Subsidiary has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which could reasonably be expected to lead to material claims against the Company or such Subsidiary for any remedial work, damage to natural resources or personal injury, including claims under CERCLA which, if adversely resolved could, in any of the foregoing cases, reasonably be expected to have a Material Adverse Effect;

(h) there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned, operated or leased by the Company or any Subsidiary that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect; and

(i) no conditions exist at, on or under any property now or, to the knowledge of the Company (after due inquiry), previously owned, operated or leased by the Company which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law, except for such liability that could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.13 Accuracy of Information. None of the factual information (other than projections, forecasts, budgets and forward-looking information) heretofore or contemporaneously furnished in writing to any Secured Party by or on behalf of any Obligor in connection with any Loan Document or any transaction contemplated hereby (including the Transaction) (taken as a whole) contains any untrue statement of a material fact, or omits to state any material fact necessary to make any such information not materially misleading as of the date such information was furnished; provided however that (i) any financial or business projections furnished to the Administrative Agent, any Lead Arranger or any Lender by the Company or any of its Subsidiaries under any Loan Document are subject to significant uncertainties and contingencies, which may be beyond the Company's and/or its Subsidiaries' control, (ii) no assurance is given by any of the Company or its Subsidiaries that the results forecast in any such projections will be realized and (iii) the actual results may differ from the forecast results set forth in such projections and such differences may be material.

SECTION 6.14 Regulations U and X. No Obligor is engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no proceeds of any Loans will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U or Regulation X. Terms for which meanings are provided in F.R.S. Board Regulation U or Regulation X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.15 Compliance with Contracts, Laws, etc. The Company and each of its Subsidiaries have performed their obligations under agreements to which the Company or a Subsidiary is a party and have complied with all applicable laws, rules, regulations and orders except were the failure to do so could not reasonably be expected to have a Material Adverse Effect. The Company and each of its Subsidiaries (a) are not listed on the "Specially Designated Nationals and Blocked Person List" maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury, or included in any executive orders relating thereto and (b) have used the proceeds of the Loans without violating in any material respect any of the foreign asset control regulations of OFAC or any enabling statute or executive order relating thereto having the force of law.

SECTION 6.16 Solvency. The Company and its Subsidiaries (taken as a whole), both before and after giving effect to any Loans, are Solvent.

## ARTICLE VII
## COVENANTS

SECTION 7.1 Affirmative Covenants. The Company agrees with each Lender and each Agent that until the Termination Date has occurred, the Company will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below. The Borrower

agrees with each Lender and each Agent that after giving effect to the consummation of the IP Purchase and the Spin-Off until the Termination Date has occurred, the Borrower will perform, comply with and be bound by all of the agreements, covenants and obligations contained in this Article which are applicable to the Borrower or its properties.

SECTION 7.1.1 Financial Information, Reports, Notices, etc. The Company will furnish each Lender and the Administrative Agent copies of the following financial statements, reports, notices and information:

(a) within the earlier of (i) 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year and (ii) so long as the Company is a public reporting company at such time, such earlier date as the SEC requires the filing of such information (or if the Company is required to file such information on a Form 10-Q with the SEC, promptly following such filing), an unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of income and cash flow of the Company and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, and including (in each case), in comparative form, the figures for the corresponding Fiscal Quarter in, and year to date portion of, the immediately preceding Fiscal Year, certified as complete and correct in all material respects (subject to audit, normal year-end adjustments and the absence of footnote disclosure) by the chief financial officer, chief executive officer, president, treasurer or assistant treasurer of the Company;

(b) within the earlier of (i) 90 days after the end of each Fiscal Year and (ii) so long as the Company is a public reporting company at such time, such earlier date as the SEC requires the filing of such information (or if the Company is required to file such information on a Form 10-K with the SEC, promptly following such filing), (i) a copy of the consolidated balance sheet of the Company and its Subsidiaries, and the related consolidated statements of income and cash flow of the Company and its Subsidiaries for such Fiscal Year, setting forth in comparative form the figures for the immediately preceding Fiscal Year, audited (without any Impermissible Qualification) by Pricewaterhouse Coopers LLP or such other independent public accountants selected by the Company and reasonably acceptable to the Administrative Agent, which shall include a calculation of the financial covenants set forth in Section 7.2.4 and stating that, in performing the examination necessary to deliver the audited financial statements of the Company, no knowledge was obtained of any Event of Default with respect to financial matters and (ii) a consolidated budget (within level of detail comparable to the quarterly financial statements delivered pursuant to clause (a)) for the following Fiscal Year including a projected consolidated balance sheet and related statements of projected operations and cash flows as of the end of and for such following Fiscal Year;

(c) concurrently with the delivery of the financial information pursuant to clauses (a) and (b), a Compliance Certificate, executed by the chief financial officer, chief executive officer, president, treasurer or assistant treasurer of the Company, (i) showing compliance with the financial covenants set forth in Section 7.2.4 and stating that no Default has occurred and is continuing (or, if a Default has occurred, specifying

the details of such Default and the action that the Company or an Obligor has taken or proposes to take with respect thereto), (ii) stating that no Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate (or, if a Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate, a statement that such Subsidiary has complied with Section 7.1.8 if applicable) and (iii) in the case of a Compliance Certificate delivered concurrently with the financial information pursuant to clause (b), a calculation of Excess Cash Flow;

(d) as soon as possible and in any event within three Business Days after the Company or any other Obligor obtains knowledge of the occurrence of a Default, a statement of an Authorized Officer on behalf of the Company setting forth details of such Default and the action which the Company or such Obligor has taken and proposes to take with respect thereto;

(e) as soon as possible and in any event within three Business Days after the Company or any other Obligor obtains knowledge of (i) the commencement of any litigation, action, proceeding or labor controversy of the type and materiality described in Section 6.7 or (ii) any other event, change or circumstance that has had, or could reasonably be expected to have, a Material Adverse Effect, notice thereof and, to the extent the Administrative Agent requests, copies of all documentation relating thereto, if any;

(f) within three Business Days after the sending or filing thereof, copies of all reports, notices, prospectuses and registration statements which any Obligor files with the SEC or any national securities exchange; provided that such delivery shall be deemed to have been made upon delivery of notice to the Administrative Agent that such statements or reports are available on the Internet via the EDGAR system of the SEC;

(g) promptly upon becoming aware of (i) the institution of any steps by any Person to terminate any Pension Plan, (ii) the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA, (iii) the taking of any action with respect to a Pension Plan which could result in the requirement that any Obligor furnish a bond or other security to the PBGC or such Pension Plan, or (iv) the occurrence of any event with respect to any Pension Plan which could reasonably be expected to result in the incurrence by any Obligor of any material liability, fine or penalty, notice thereof and copies of all documentation relating thereto;

(h) promptly upon receipt thereof, copies of all final “management letters” submitted to the Company or any other Obligor by the independent public accountants referred to in clause (b) in connection with each audit made by such accountants;

(i) promptly following the mailing or receipt of any notice or report (other than identical reports or notices delivered hereunder) delivered under the terms of the First Lien Loan Documents, the Bridge Loan Documents or the Senior Note Documents, copies of such notice or report;

(j) all Patriot Act Disclosures, to the extent reasonably requested by the Administrative Agent or any Lender; and

(k) such other financial and other information as any Lender through the Administrative Agent may from time to time reasonably request (including information and reports in such detail as the Administrative Agent may request with respect to the terms of and information provided pursuant to the Compliance Certificate).

Information required to be delivered pursuant to clauses (a) and (b) of Section 7.1.1 shall be deemed to have been delivered to the Administrative Agent on the date on which the Company provides written notice to the Administrative Agent that such information is available on the Internet via the EDGAR system of the SEC (to the extent such information is available as described in such notice). Information required to be delivered pursuant to this Section 7.1.1 may also be delivered by electronic communication pursuant to procedures approved by the Administrative Agent pursuant to Section 9.11.

SECTION 7.1.2 Maintenance of Existence; Material Obligations; Compliance with Contracts, Laws, etc. The Company will, and will cause each of its Subsidiaries to, preserve and maintain its legal existence, rights (charter and statutory), franchises, permits, licenses and approvals (in each case, except as otherwise permitted by Section 7.2.10), perform in all respects their obligations, including obligations under agreements to which the Company or a Subsidiary is a party, and comply in all respects with all applicable laws, rules, regulations and orders, including the payment (before the same become delinquent), of all obligations, including all Taxes imposed upon the Company or its Subsidiaries or upon their property except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on the books of the Company or its Subsidiaries, as applicable except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.3 Maintenance of Properties. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect the Company will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep its and their respective properties in good repair, working order and condition (ordinary wear and tear, casualty and condemnation excepted), and make necessary repairs, renewals and replacements so that the business carried on by the Company and its Subsidiaries may be properly conducted at all times, unless the Company or such Subsidiary determines in good faith that the continued maintenance of such property is no longer economically desirable, necessary or useful to the business of the Company or any of its Subsidiaries or the Disposition of such property is otherwise permitted by Sections 7.2.10 or 7.2.11.

SECTION 7.1.4 Insurance. The Company will, and will cause each of its Subsidiaries to maintain:

(a) insurance on its property with financially sound and reputable insurance companies against loss and damage in at least the amounts (and with only those deductibles) customarily maintained, and against such risks as are typically insured

against in the same general area, by Persons of comparable size engaged in the same or similar business as the Company and its Subsidiaries; and

(b) all worker's compensation, employer's liability insurance or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business.

Without limiting the foregoing, all insurance policies required pursuant to this Section shall (i) name the Collateral Agent on behalf of the Secured Parties as mortgagee (in the case of property insurance) or additional insured (in the case of liability insurance), as applicable, and provide that no cancellation or modification of the policies will be made without thirty days' prior written notice to the Collateral Agent and (ii) without duplication, be in addition to any requirements to maintain specific types of insurance contained in the other Loan Documents.

SECTION 7.1.5 Books and Records. The Company will, and will cause each of its Subsidiaries to, keep books and records in accordance with GAAP which accurately reflect in all material respects all of its business affairs and transactions and permit each Secured Party or any of their respective representatives, at reasonable times during normal business hours and intervals upon reasonable notice to the Company and except after the occurrence and during the continuance of an Event of Default not more frequently than once per Fiscal Year, to visit each Obligor's offices, to discuss such Obligor's financial matters with its officers and employees, and its independent public accountants (provided that management of the Company shall be notified and allowed to be present at all such meetings and the Company hereby authorizes such independent public accountant to discuss each Obligor's financial matters with each Secured Party or their representatives) and to examine (and photocopy extracts from) any of its books and records. The Company shall pay any reasonable fees of such independent public accountant incurred in connection with any Secured Party's exercise of its rights pursuant to this Section.

SECTION 7.1.6 Environmental Law Covenant. The Company will, and will cause each of its Subsidiaries to:

(a) use and operate all of its and their facilities and properties in compliance with all Environmental Laws, keep all permits, approvals, certificates, licenses and other authorizations required under Environmental Laws in effect and remain in compliance therewith, and handle all Hazardous Materials in compliance with all applicable Environmental Laws, in each case except where failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(b) promptly notify the Administrative Agent and provide copies upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties in respect of, or as to compliance with, Environmental Laws, the subject matter of which could reasonably be expected to have a Material Adverse Effect, and shall promptly resolve any non-compliance with Environmental Laws (except as could not reasonably be expected to have a Material Adverse Effect) and keep its property free of any Lien imposed by any Environmental Law.

SECTION 7.1.7 Use of Proceeds. The Borrower will apply the proceeds of the Loans to finance the IP Purchase and to pay the fees, costs and expenses related to the IP Purchase.

SECTION 7.1.8 Future Guarantors, Security, etc. Subject to Section 7.1.11, the Company will, and will cause each U.S. Subsidiary to, execute any documents, authorize the filing of Filing Statements, execute agreements and instruments, and take all commercially reasonable further action (including filing Mortgages to the extent required hereby) that may be required under applicable law, or that the Administrative Agent may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and perfect the validity and first priority (subject to Permitted Liens) of the Liens created or intended to be created by the Loan Documents. Subject to the terms, conditions and restrictions set forth in the Intercreditor Agreement, the Company will cause any subsequently acquired or organized U.S. Subsidiary to execute a supplement (in form and substance reasonably satisfactory to the Administrative Agent) to the Guaranty and each other applicable Loan Document in favor of the Secured Parties. In addition, subject to the terms, conditions and restrictions set forth in the Intercreditor Agreement, from time to time, each of the Borrower and the Company will, at its own cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected Liens with respect to such of its assets and properties as the Administrative Agent or the Required Lenders shall designate, it being agreed that it is the intent of the parties that the Obligations shall be secured by, among other things, substantially all the assets of the Company and its U.S. Subsidiaries and personal property acquired subsequent to the Closing Date; provided that (a) neither the Company nor its U.S. Subsidiaries shall be required to pledge more than 65% of the Voting Securities of any Foreign Subsidiary that is directly owned by any Obligor, (b) neither the Company nor any U.S. Subsidiary shall be required to create or perfect any security interest in any leased real property or any owned real property with a fair market value (as determined by the Company in good faith) less than $2,000,000, (c) to the extent the Organic Documents of a Foreign Supply Chain Entity (regardless of a redesignation as a Foreign Subsidiary) prohibit the creation or perfection of a security interest in the Capital Securities of such Foreign Supply Chain Entity, no Obligor will be required to create or perfect a security interest in such Capital Securities and (d) the Company will not be required to execute and deliver any Foreign Pledge Agreement with respect to any Foreign Subsidiary (i) whose assets are valued (as reasonably determined by the Company) at less than $25,000,000 or (ii) if the Company and the Administrative Agent reasonably determine that it is commercially impractical to deliver a Foreign Pledge Agreement in such jurisdiction. Such Liens will be created under the Loan Documents in form and substance reasonably satisfactory to the Agents, and the Company shall deliver or cause to be delivered to the Agents all such instruments and documents (including legal opinions, title insurance policies and lien searches) as the Administrative Agent shall reasonably request to evidence compliance with this Section.

SECTION 7.1.9 Hedging Agreements. Within 60 days following the Closing Date, the Company and/or the Borrower will enter into interest rate swap, cap, collar or similar arrangements with a First Lien Lender, Lender or any other Person reasonably acceptable to the Lenders designed to protect the Company and/or the Borrower against fluctuations in interest rates for a period of at least three years from the Closing Date, in an amount that would cause not less than 50% of the Indebtedness outstanding, under the Loan Documents, the First Lien Loan

Documents, the Bridge Loan Documents and the Senior Note Documents to bear interest at a fixed rate.

SECTION 7.1.10 Maintenance of Ratings. The Borrower will use its commercially reasonable efforts to cause a senior secured credit rating with respect to the Loans from each of S&P and Moody's to be available at all times until the Stated Maturity Date.

SECTION 7.1.11 Post-Closing Obligations.

(a) Foreign Pledge Agreements. Within 90 days after the Closing Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), all Foreign Pledge Agreements shall have been duly executed and delivered by all parties thereto and shall remain in full force and effect, and all Liens granted to the Collateral Agent thereunder shall be duly perfected to provide the Collateral Agent with a security interest in and Lien on all collateral granted thereunder free and clear of other Liens, except to the extent reasonably consented to by the Administrative Agent; provided that the Administrative Agent may waive the requirement to perfect a pledge on the Capital Securities of any Foreign Subsidiary otherwise required to be pledged hereunder if they determine, in their reasonable discretion, that the value of the assets owned by such Foreign Subsidiary or the EBITDA generated by such Foreign Subsidiary, is immaterial when taken as a whole.

(b) Mortgages. Subject to the limitation in clause (d) of Section 7.1.8, within 90 days after the Closing Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Agents shall have received counterparts of each Mortgage with respect to a Mortgaged Property, duly executed and delivered by the applicable Obligor, together with:

(i) evidence of the completion (or reasonably satisfactory arrangements for the completion) of all recordings and filings of each Mortgage as necessary to create a valid, perfected first priority (subject to Permitted Liens) Lien against the properties purported to be covered thereby;

(ii) mortgagee's title insurance policies in favor of the Collateral Agent for the benefit of the Secured Parties in amounts not exceeding the fair market value of the insured property and in form and substance and issued by insurers, reasonably satisfactory to the Lead Arrangers, with respect to the property purported to be covered by each Mortgage, insuring that title to such property is marketable and that the interests created by each Mortgage constitute valid first Liens thereon (subject to Permitted Liens), and, if required by the Lead Arrangers and if available, shall include revolving credit endorsement, comprehensive endorsement, variable rate endorsement, access and utilities endorsements, mechanic's lien endorsement and such other endorsements as the Lead Arrangers shall reasonably request and shall be accompanied by evidence of the payment in full of all premiums thereon; and

(iii) mortgage releases releasing any mortgage in favor of any other Person on any Mortgaged Property.

(c) Excluded Contracts. The Company agrees to use commercially reasonable efforts to cause the Excluded Contracts to become owned by the Company or the applicable Subsidiary within 180 days of the Closing Date.

(d) Foreign Stock Certificates. Within 10 Business Days following the Closing Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Company agrees to deliver certificates (in each case accompanied by undated instruments of transfer duly executed in blank) evidencing, 65% of the issued and outstanding Voting Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of each Foreign Subsidiary (together with all the issued and outstanding non-voting Capital Securities (to the extent certificated and permitted by applicable law to be removed from any particular jurisdiction) of such Foreign Subsidiary) directly owned by each Obligor to the extent not previously delivered, together with a revised Schedule I to the Security Agreement accurately reflecting the newly delivered certificates.

(e) Spin-Off Related Transfers. Within 180 days following the Closing Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Company will (i) cause Hanesbrands Philippines, Inc.; HBI Sourcing Asia Limited; Sara Lee Apparel International (Shanghai) Co. Ltd. (to be renamed Hanesbrands International (Shanghai) Co. Ltd.); Sara Lee Apparel India Private Limited (to be renamed Hanesbrands India Private Limited); and SL Sourcing India Private Ltd. (to be renamed HBI Sourcing India Private Ltd.) to become Subsidiaries of the Company, (ii) own 50% of the issued and outstanding Capital Securities of Playtex Marketing Corporation and (iii) consummate the transfer of assets relating to the Branded Apparel Business from SL Hong Kong Ltd., Sara Lee Philippines Inc. and Hanesbrands Philippines Inc. to Subsidiaries of the Company. The Company represents and warrants that the fair market value of the assets to be transferred pursuant to this clause have a fair market value of less than $6,500,000.

(f) NT Investment Company, Inc. Within three Business Days following the Closing Date, the Company shall cause NT Investment Company, Inc. to be in good standing (and deliver to the Administrative Agent a copy of the good standing certificate) in the State of Delaware.

SECTION 7.2 Negative Covenants. The Company covenants and agrees with each Lender and each Agent that until the Termination Date has occurred, the Company will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below. Subject to the terms, conditions and restrictions set forth in the Intercreditor Agreement, the Company covenants and agrees with each Lender and each Agent that after giving effect to the consummation of the IP Purchase and the Spin-Off until the Termination Date has occurred, the Company will perform, comply with and be bound by all of the agreements, covenants and obligations contained in this Article which are applicable to the Company or its properties.

SECTION 7.2.1 Business Activities; Accounting Policies. The Company will not, and will not permit any of its Subsidiaries to, (a) engage in any business activity except those business activities engaged in on the date of this Agreement and activities reasonably related, supportive, complementary, ancillary or incidental thereto or reasonable extensions thereof or (b) change its accounting policies or financial reporting practices from such policies and practices in effect of the Closing Date, including any change to the ending dates with respect to the Company and its Subsidiaries' Fiscal Year (except to the extent set forth in the definition thereof) or Fiscal Quarters.

SECTION 7.2.2 Indebtedness. The Company will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, other than:

(a) Indebtedness in respect of the Obligations;

(b) unsecured Indebtedness of the Obligors (i) under the Senior Note Documents and the Bridge Loan Documents in an aggregate principal amount not to exceed $500,000,000, as such amount is reduced on or after the Closing Date in accordance with the terms hereof and (ii) under senior notes whether issued pursuant to a supplement to the Senior Note Indenture or any other senior note indenture, the terms of which are reasonably satisfactory to the Administrative Agent, so long as (x) the aggregate principal amount thereunder does not exceed $500,000,000 and (y) the proceeds therefor are applied to repay Loans in accordance with clause (h) of Section 3.1.1;

(c) Indebtedness existing as of the Closing Date which is identified in Item 7.2.2(c) of the Disclosure Schedule, and refinancings, refundings, reallocations, renewals or extensions of such Indebtedness in a principal amount not in excess of that which is outstanding on the Closing Date (as such amount has been reduced following the Closing Date);

(d) unsecured Indebtedness (i) incurred in the ordinary course of business of the Company and its Subsidiaries (including open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of the Company or such Subsidiary) and (ii) in respect of performance, surety or appeal bonds provided in the ordinary course of business, but excluding (in each case), Indebtedness incurred through the borrowing of money or Contingent Liabilities of borrowed money;

(e) Indebtedness (i) in respect of industrial revenue bonds or other similar governmental or municipal bonds, (ii) evidencing the deferred purchase price of newly acquired property or incurred to finance the acquisition of equipment of the Company and its Subsidiaries (pursuant to purchase money mortgages or otherwise, whether owed to the seller or a third party) used in the ordinary course of business of the Company and its Subsidiaries (provided that, such Indebtedness is incurred within 270 days of the acquisition of such property) and (iii) in respect of Capitalized Lease Liabilities; provided

that, the aggregate amount of all Indebtedness outstanding pursuant to this clause shall not at any time exceed $180,000,000;

(f) Indebtedness of (i) an Obligor owing to any other Obligor and of (ii) any Subsidiary (other than a Receivables Subsidiary and the Borrower) that is not a Subsidiary Guarantor or any Foreign Supply Chain Entity owing to an Obligor, which Indebtedness (A) shall, if payable to the Company, the Borrower or a Subsidiary Guarantor, not be discharged for any consideration other than payment in full or in part in cash or through the conversion of such Indebtedness to equity (provided that only the amount repaid in part shall be discharged); and (B) shall not (when aggregated with the amount of Investments made by the Company, the Borrower and the Subsidiary Guarantors in Subsidiaries which are not Subsidiary Guarantors and in Foreign Supply Chain Entities under clause (e)(i) of Section 7.2.5 and Indebtedness converted to equity pursuant to clause (f)(ii)(A)), exceed $330,000,000 at any one time outstanding;

(g) unsecured Indebtedness (not evidenced by a note or other instrument) of an Obligor owing to a Subsidiary (other than the Borrower) that is not a Subsidiary Guarantor and has previously executed and delivered to the Administrative Agent the Interco Subordination Agreement;

(h) Indebtedness of the Obligors incurred pursuant to the terms of the First Lien Loan Documents in a principal amount not to exceed the Maximum First Lien Debt Amount (as defined in the Intercreditor Agreement), as such amount is reduced on or after the Closing Date in accordance with the terms hereof;

(i) Indebtedness of a Person existing at the time such Person became a Subsidiary of the Company, but only if such Indebtedness was not created or incurred in contemplation of such Person becoming a Subsidiary and the aggregate outstanding amount of all Indebtedness existing pursuant to this clause does not exceed $120,000,000 at any time;

(j) Indebtedness incurred pursuant to a Permitted Securitization and Standard Securitization Undertakings;

(k) unsecured Indebtedness of the Company and its Subsidiaries incurred to (i) finance Permitted Acquisitions (including obligations of the Company and its Subsidiaries under indemnification, adjustment of purchase price, earn-out, incentive, non-compete, consulting, deferred compensation or other similar arrangements incurred by such Person in connection therewith) or (ii) refinance any other Indebtedness permitted to be incurred under clauses (a), (b), (e), (i) and (n) of this Section 7.2.2;

(l) Indebtedness in respect of Hedging Obligations entered into in the ordinary course of business and not for speculative purposes;

(m) Indebtedness of any Foreign Subsidiary owing to any other Foreign Subsidiary;

(n) Indebtedness (whether unsecured or secured by Liens) of Foreign Subsidiaries in an aggregate outstanding principal amount not to exceed $180,000,000 at any one time outstanding and Contingent Liabilities of any Obligor in respect thereof;

(o) Indebtedness incurred in the ordinary course of business in connection with cash pooling arrangements, cash management and other Indebtedness incurred in the ordinary course of business in respect of netting services, overdraft protections and similar arrangements in each case in connection with cash management and deposit accounts;

(p) Indebtedness consisting of the financing of insurance premiums in the ordinary course of business;

(q) unsecured Indebtedness of Company and its Subsidiaries representing the obligation of such Person to make payments with respect to the cancellation or repurchase of Capital Securities of officers, employees or directors (or their estates) of the Company or such Subsidiaries; and

(r) other Indebtedness of the Company and its Subsidiaries (other than Indebtedness of Foreign Subsidiaries owing to the Company or Subsidiary Guarantors or of a Receivables Subsidiary) in an aggregate amount at any time outstanding not to exceed $120,000,000;

provided that, no Indebtedness otherwise permitted by clauses (c), (e), (f)(ii), (i), (k) or (r) shall be assumed, created or otherwise incurred if an Event of Default has occurred and is then continuing.

SECTION 7.2.3 Liens. The Company will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Lien upon any of its property (including Capital Securities of any Person), revenues or assets, whether now owned or hereafter acquired, except the following (collectively "Permitted Liens"):

(a) Liens securing payment of the Obligations;

(b) Liens in connection with a Permitted Securitization;

(c) Liens existing as of the Closing Date and disclosed in Item 7.2.3(c) of the Disclosure Schedule securing Indebtedness described in clause (c) of Section 7.2.2, and refinancings, refundings, reallocations, renewals or extensions of such Indebtedness; provided that, no such Lien shall encumber any additional property (except for accessions to such property and the products and proceeds thereof ) and the amount of Indebtedness secured by such Lien is not increased from that existing on the Closing Date;

(d) Liens securing Indebtedness of the type permitted under clause (e) of Section 7.2.2; provided that, (i) such Lien is granted within 270 days after such Indebtedness is incurred, (ii) the Indebtedness secured thereby does not exceed the lesser of the cost or the fair market value of the applicable property, improvements or

equipment at the time of such acquisition (or construction) and (iii) such Lien secures only the assets that are the subject of the Indebtedness referred to in such clause;

(e) Liens securing Indebtedness permitted by clause (i) of Section 7.2.2; provided that such Liens existed prior to such Person becoming a Subsidiary, were not created in anticipation thereof and attach only to specific tangible assets of such Person;

(f) Liens in favor of carriers, warehousemen, mechanics, repairmen, materialmen, customs and revenue authorities and landlords and other similar statutory Liens and Liens in favor of suppliers (including sellers of goods pursuant to customary reservations or retention of title, in each case) granted in the ordinary course of business for amounts not overdue for a period of more than 60 days or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect;

(g) (i) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases, trade contracts or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety and appeal bonds or performance bonds, performance and completion guarantees and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business and (ii) obligations in respect of letters of credit or bank guarantees that have been posted to support payment of the items set forth in the immediately preceding clause (i);

(h) judgment Liens that are being appealed in good faith or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies and which do not otherwise result in an Event of Default under Section 8.1.6;

(i) easements, rights-of-way, covenants, conditions, building codes, restrictions, reservations, minor defects or irregularities in title and other similar encumbrances and matters that would be disavowed by a full survey of real property not interfering in any material respect with the value or use of the affected or encumbered real property to which such Lien is attached;

(j) Liens securing Indebtedness permitted by clause (h) (subject to the Intercreditor Agreement) or (n) of Section 7.2.2;

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution and Liens attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business;

(l) (i) licenses, sublicenses, leases or subleases granted to third Persons in the ordinary course of business not interfering in any material respect with the business of the Company or any of its Subsidiaries, (ii) other agreements with respect to the use and occupancy of real property entered into in the ordinary course of business or in connection with a Disposition permitted under the Loan Documents or (iii) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by Company or any of its Subsidiaries or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(m) Liens on the property of the Company or any of its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, licenses and statutory obligations, (ii) Contingent Obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business;

(n) Liens on Receivables transferred to a Receivables Subsidiary under a Permitted Securitization;

(o) Liens upon specific items or inventory or other goods and proceeds of the Company or any of its Subsidiaries securing such Person's obligations in respect of bankers' acceptances or documentary letters of credit issued or created for the account of such Person to facilitate the shipment or storage of such inventory or other goods;

(p) Liens (i) (A) on advances of cash or Cash Equivalent Investments in favor of the seller of any property to be acquired in an Investment permitted pursuant to Section 7.2.5 to be applied against the purchase price for such Investment and (B) consisting of an agreement to Dispose of any property in a Disposition permitted under Section 7.2.11, in each case under this clause (i), solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien and (ii) on earnest money deposits of cash or Cash Equivalent Investments made by the Company or any of its Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(q) Liens arising from precautionary Uniform Commercial Code financing statement filings (or similar filings under other applicable Law) regarding leases entered into by the Company or any of its Subsidiaries in the ordinary course of business;

(r) Liens (i) arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods (including under Article 2 of the UCC) and Liens that are contractual rights of set-off relating to purchase orders and other similar agreements entered into by the Company or any of its Subsidiaries and (ii) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness and (iii) relating to pooled deposit or sweep accounts of any Company or any Subsidiary to permit satisfaction of overdraft or similar obligations in each case in the ordinary course of business and not prohibited by this Agreement;

(s) other Liens securing Indebtedness or other obligations permitted under this Agreement and outstanding in an aggregate principal amount not to exceed $90,000,000;

(t) ground leases in respect of real property on which facilities owned or leased by the Company or any of its Subsidiaries are located or any Liens senior to any lease, sub-lease or other agreement under which the Company or any of its Subsidiaries uses or occupies any real property;

(u) Liens constituting security given to a public or private utility or any Governmental Authority as required in the ordinary course of business;

(v) pledges or deposits of cash and Cash Equivalent Investments securing deductibles, self-insurance, co-payment, co-insurance, retentions and similar obligations to providers of insurance in the ordinary course of business;

(w) Liens on (A) incurred premiums, dividends and rebates which may become payable under insurance policies and loss payments which reduce the incurred premiums on such insurance policies and (B) rights which may arise under State insurance guarantee funds relating to any such insurance policy, in each case securing Indebtedness permitted to be incurred pursuant to clause (p) of Section 7.2.2; and

(x) Liens for Taxes not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.2.4 Financial Condition and Operations. The Company will not permit any of the events set forth below to occur.

(a) The Company will not permit the Leverage Ratio as of the last day of any Fiscal Quarter occurring during any period set forth below to be greater than the ratio set forth opposite such period:

| Period | Leverage Ratio |
|---|---|
| Each Fiscal Quarter ending between December 15, 2006 and April 15, 2007 | 6.00:1.00 |
| Each Fiscal Quarter ending between April 16, 2007 and July 15, 2007 | 5.50:1.00 |
| Each Fiscal Quarter ending between July 16, 2007 and October 15, 2007 | 5.25:1.00 |

| Period | Leverage Ratio |
|---|---|
| Each Fiscal Quarter ending between October 16, 2007 and April 15, 2008 | 5.00:1.00 |
| Each Fiscal Quarter ending between April 16, 2008 and October 15, 2008 | 4.75:1.00 |
| Each Fiscal Quarter ending between October 16, 2008 and April 15, 2009 | 4.50:1.00 |
| Each Fiscal Quarter ending between April 16, 2009 and July 15, 2009 | 4.25:1.00 |
| Each Fiscal Quarter ending between July 16, 2009 and October 15, 2009 | 4.00:1.00 |
| Each Fiscal Quarter thereafter | 3.75:1.00 |

(b) The Company will not permit the Interest Coverage Ratio as of the last day of any Fiscal Quarter occurring during any period set forth below to be less than the ratio set forth opposite such period:

| Period | Interest Coverage Ratio |
|---|---|
| Each Fiscal Quarter ending between December 15, 2006 and July 15, 2007 | 1.50:1.00 |
| Each Fiscal Quarter ending between July 16, 2007 and January 15, 2008 | 1.75:1.00 |
| Each Fiscal Quarter ending between January 16, 2008 and October 15, 2008 | 2.00:1.00 |
| Each Fiscal Quarter ending between October 16, 2008 and April 15, 2009 | 2.25:1.00 |
| Each Fiscal Quarter thereafter | 2.50:1.00 |

SECTION 7.2.5 Investments. The Company will not, and will not permit any of its Subsidiaries to, purchase, make, incur, assume or permit to exist any Investment in any other Person, except:

(a) Investments existing on the Closing Date and identified in Item 7.2.5(a) of the Disclosure Schedule;

(b) Cash Equivalent Investments;

(c) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(d) Investments consisting of any deferred portion (including promissory notes and non-cash consideration) of the sales price received by the Company or any Subsidiary in connection with any Disposition permitted under Section 7.2.11;

(e) Investments by way of contributions to capital or purchases of Capital Securities (i) by the Company in any Subsidiaries or by any Subsidiary in other Subsidiaries or by the Company or any Subsidiary in any Foreign Supply Chain Entity; provided that, the aggregate amount of intercompany loans made pursuant to clause (f)(ii) of Section 7.2.2, Indebtedness converted into equity pursuant to clause (f)(ii)(A) of Section 7.2.2 and Investments under this clause made by the Company, the Borrower and Subsidiary Guarantors in (x) Subsidiaries that are not Subsidiary Guarantors (other than the Borrower) or (y) any Foreign Supply Chain Entity shall not exceed the amount set forth in clause (f)(ii) of Section 7.2.2 at any one time outstanding, or (ii) by any Subsidiary in the Company;

(f) Investments constituting (i) accounts receivable arising or acquired, (ii) trade debt granted, or (iii) deposits made in connection with the purchase price of goods or services, in each case in the ordinary course of business;

(g) Investments by way of the acquisition of Capital Securities or the purchase or other acquisition of all or substantially all of the assets or business of any Person, or of assets constituting a business unit, or line of business or division of, such Person, in each case constituting Permitted Acquisitions in an amount, when aggregated with the amount expended under clause (b) of Section 7.2.10, does not exceed the amount set forth in clause (b) of Section 7.2.10 in any Fiscal Year;

(h) Investments constituting Capital Expenditures permitted pursuant to Section 7.2.7;

(i) Investments in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person under a Permitted Securitization; provided that any Investment in a Receivables Subsidiary is in the form of a Purchase Money Note, contribution of additional receivables and related assets or any equity interests;

(j) Investments constituting loans or advances to officers, directors or employees made in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount not to exceed $12,000,000;

(k) Investments by any Foreign Subsidiary in any other Foreign Subsidiary;

(l) Investments in the ordinary course of business consisting of (i) endorsements for collection or deposit, (ii) customary arrangements with customers or (iii) Hedging Obligations not for speculative purposes;

(m) advances of payroll payments to employees in the ordinary course of business; and

(n) other Investments in an amount not to exceed $120,000,000 over the term of this Agreement;

provided that (I) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; and (II) no Investment otherwise permitted by clauses (e)(i) (to the extent such Investment relates to an Investment in a Foreign Subsidiary or a Foreign Supply Chain Entity), (g) or (n) shall be permitted to be made if any Event of Default has occurred and is continuing.

SECTION 7.2.6 Restricted Payments, etc. The Company will not, and will not permit any of its Subsidiaries (other than a Receivables Subsidiary) to, declare or make a Restricted Payment, or make any deposit for any Restricted Payment, other than (a) Restricted Payments made by Subsidiaries to the Company or wholly owned Subsidiaries, (b) the Dividend, (c) cashless exercises of stock options, (d) cash payments by Company in lieu of the issuance of fractional shares upon exercise or conversion of Equity Equivalents, (e) Restricted Payments in connection with the share repurchases required by the employee stock ownership programs or required under employee agreements, (f) so long as (i) no Specified Default has occurred and is continuing or would result therefrom, and (ii) both before and after giving effect to such Restricted Payment, the Borrower is in pro forma compliance with Section 7.2.4, Permitted Additional Restricted Payments and (g) Restricted Payments made by a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary, to the Persons owning such Foreign Subsidiary's Capital Securities.

SECTION 7.2.7 Capital Expenditures.

(a) Subject (in the case of Capitalized Lease Liabilities), to clause (e) of Section 7.2.2, the Company will not, and will not permit any of its Subsidiaries to, make or commit to make Capital Expenditures except Capital Expenditures in an aggregate amount not to exceed $156,000,000 in any Fiscal Year; provided that, to the extent that

the amount of Capital Expenditures made by the Company and its Subsidiaries during any Fiscal Year is less than the aggregate amount permitted (including after giving effect to this proviso) for such Fiscal Year, then such unutilized amount may be carried forward and utilized by the Company and its Subsidiaries to make Capital Expenditures in any succeeding Fiscal Year. Notwithstanding anything to the contrary with respect to any Fiscal Year of the Company during which a Permitted Acquisition is consummated and for each Fiscal Year subsequent thereto, the amount of Capital Expenditures permitted under the preceding sentence applicable to each such Fiscal Year shall be increased by an amount equal to 5% of the purchase price of each Permitted Acquisition (the "Acquired Permitted Capital Expenditure Amount"); provided, however, with respect to the Fiscal Year during which any such Permitted Acquisition occurs, the amount of additional Capital Expenditures permitted as a result of this sentence shall be an amount equal to the product of (x) the Acquired Permitted Capital Expenditure Amount and (y) a fraction, the numerator of which is the number of days remaining in such Fiscal Year after the date such Permitted Acquisition is consummated and the denominator of which is the actual number of days in such Fiscal Year.

(b) Notwithstanding anything to the contrary contained in clause (a) above, for any Fiscal Year, the amount of Capital Expenditures that would otherwise be permitted in such Fiscal Year pursuant to this Section 7.2.7 (including as a result of the carry-forward described in the proviso to the first sentence of clause (a) above) may be increased by an amount not to exceed $12,000,000 (the "CapEx Pull-Forward Amount"). The actual CapEx Pull-Forward Amount in respect of any such Fiscal Year shall reduce, on a dollar-for-dollar basis, the amount of Capital Expenditures that would have been permitted to be made in the immediately succeeding Fiscal Year (provided that the Company and its Subsidiaries may apply the CapEx Pull-Forward Amount in such immediately succeeding Fiscal Year).

SECTION 7.2.8 Payments With Respect to Certain Indebtedness. The Company will not, and will not permit any of its Subsidiaries to,

(a) make any payment or prepayment of principal of, or premium or interest on, any Indebtedness incurred under the Bridge Loan Documents or the Senior Note Documents (including any redemption or retirement thereof) (i) other than on (or after) the stated, scheduled date for payment of interest set forth in the applicable Bridge Loan Documents or Senior Note Documents, respectively, or (ii) which would violate the terms of this Agreement or the applicable Bridge Loan Documents or Senior Note Documents;

(b) except as otherwise permitted by clause (a) above, prior to the Termination Date, redeem, retire, purchase, defease or otherwise acquire any Indebtedness under the Bridge Loan Documents or the Senior Note Documents (other than with proceeds from the issuance of the Borrower's Capital Securities (to the extent not otherwise required to be used to repay Loans pursuant to clause (e) of Section 3.1.1) permitted to be used to redeem Senior Notes in accordance with the terms of the Senior Note Documents);

(c) make any deposit (including the payment of amounts into a sinking fund or other similar fund) for any of the foregoing purposes; or

(d) make any payment or prepayment of principal of, or premium or interest on, any Indebtedness that is by its express written terms subordinated to the payment of the Obligations at any time when an Event of Default has occurred and is continuing.

Notwithstanding anything to the contrary contained in this Section, the Company shall be permitted to refinance, in whole or in part, the Indebtedness under the Bridge Loan Documentation with the proceeds from the issuance of Senior Notes

SECTION 7.2.9 Issuance of Capital Securities. The Company will not permit any of its Subsidiaries (other than a Receivables Subsidiary and any Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary) to issue any Capital Securities (whether for value or otherwise) to any Person other than to the Company or another wholly owned Subsidiary (other than any director's qualifying shares or investments by foreign nationals mandated by applicable laws).

SECTION 7.2.10 Consolidation, Merger; Permitted Acquisitions, etc. The Company will not, and will not permit any of its Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other Person, or purchase or otherwise acquire all or substantially all of the assets of any Person (or any division or line of business thereof), except

(a) any Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Company, the Borrower or any other Subsidiary (provided that a Subsidiary Guarantor may only liquidate or dissolve into, or merge with and into, the Company or another Subsidiary Guarantor), and the assets or Capital Securities of any Subsidiary may be purchased or otherwise acquired by the Company, the Borrower or any other Subsidiary (provided that the assets or Capital Securities of any Subsidiary Guarantor may only be purchased or otherwise acquired by the Company, the Borrower or another Subsidiary Guarantor); provided, further, that in no event shall any Subsidiary consolidate with or merge with and into any other Subsidiary unless after giving effect thereto, the Collateral Agent shall have a perfected pledge of, and security interest in and to, at least the same percentage of the issued and outstanding interests of Capital Securities (on a fully diluted basis) and other assets of the surviving Person as the Collateral Agent had immediately prior to such merger or consolidation in form and substance reasonably satisfactory to the Agents, pursuant to such documentation and opinions as shall be necessary in the opinion of the Agents to create, perfect or maintain the collateral position of the Secured Parties therein; and

(b) so long as no Event of Default has occurred and is continuing or would occur after giving effect thereto, the Company or any of its Subsidiaries may purchase the Capital Securities, all or substantially all of the assets of any Person (or any division or line of business thereof), or acquire such Person by merger, in each case, if such purchase or acquisition constitutes a Permitted Acquisition, and the amount expended in connection with such transaction, when aggregated with the amount expended under clause (g) of Section 7.2.5, does not exceed $120,000,000 per Fiscal Year plus the

amount of Net Disposition Proceeds the Company or the Borrower is not required to repay pursuant to Section 3.1.1 and Section 3.1.1 of the First Lien Credit Agreement and not otherwise reinvested hereunder (so long as such proceeds are actually used for such purpose) and the Excluded Equity Proceeds Amount (so long as such proceeds are actually used for such purpose); provided that any Capital Securities of the Company issued to the seller in connection with any Permitted Acquisition shall not result in a deduction of amounts available to consummate Permitted Acquisitions hereunder.

SECTION 7.2.11 Permitted Dispositions. The Company will not, and will not permit any of its Subsidiaries to, Dispose of any of the Company's or such Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any Person in one transaction or series of transactions unless such Disposition is:

(a) inventory or obsolete, no longer used or useful, damaged, worn out or surplus property Disposed of in the ordinary course of its business (including, the abandonment of intellectual property which is obsolete, no longer used or useful or that in the Company's good faith judgment is no longer material in the conduct of the Company and its Subsidiaries' business taken as a whole):

(b) permitted by Section 7.2.10;

(c) accounts receivable or any related asset Disposed of pursuant to a Permitted Securitization;

(d) of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(e) of property by the Company, the Borrower or any other Subsidiary provided that if the transferor of such property is an Obligor (i) the transferee must be an Obligor or (ii) to the extent such transaction constitutes an Investment such transaction is permitted under Section 7.2.5;

(f) of cash or Cash Equivalent Investments;

(g) of accounts receivable in connection with compromise, write down or collection thereof in the ordinary course of business;

(h) constituting leases, subleases, licenses or sublicenses of property (including intellectual property) in the ordinary course of business and which do not materially interfere with the business of the Company and its Subsidiaries;

(i) constituting a transfer of property subject to a Casualty Event (i) upon receipt of Net Casualty Proceeds of such Casualty Event or (ii) to a Governmental Authority as a result of condemnation;

(j) sales of a non-core assets acquired in connection with a Permitted Acquisition which are not used or useful or are duplicative in the business of the Company or its Subsidiaries;

(k) a grant of options to purchase, lease or acquire real or personal property in the ordinary course of business, so long as the Disposition resulting from the exercise of such option would otherwise be permitted under this Section 7.2.11;

(l) Dispositions of Investments in Foreign Supply Chain Entities (or a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary), to the extent required by, or made pursuant to buy/sell arrangements between the Foreign Supply Chain Entity parties forth in, the contracts applicable to such Foreign Supply Chain Entity (or a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary);

(m) Dispositions of the property described on Item 7.2.11(m) of the Disclosure Schedule; or

(n) a Disposition of assets not otherwise permitted pursuant to preceding clauses (a)-(m) and (i) is for fair market value and the consideration received consists of no less than 75% in cash and Cash Equivalent Investments, (ii) the Net Disposition Proceeds received from such Disposition, together with the Net Disposition Proceeds of all other assets Disposed of pursuant to this clause since the Closing Date, does not exceed (individually or in the aggregate) $120,000,000 and (iii) the Net Disposition Proceeds from such Disposition are applied pursuant to Sections 3.1.1 and 3.1.2.

SECTION 7.2.12 Modification of Certain Agreements. The Company will not, and will not permit any of its Subsidiaries to, consent to any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to the terms or provisions contained in,

(a) the First Lien Loan Documents, except in accordance with the Intercreditor Agreement;

(b) any of the other Transaction Documents other than any amendment, supplement, waiver or modification which would not be materially adverse to the Secured Parties; or

(c) the Organic Documents of the Company or any of its Subsidiaries (other than a Receivables Subsidiary) other than any amendment, supplement, waiver or modification which would not be materially adverse to the Secured Parties.

SECTION 7.2.13 Transactions with Affiliates. The Company will not, and will not permit any of its Subsidiaries to, enter into or cause or permit to exist any arrangement, transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any of its other Affiliates, unless such arrangement, transaction or contract is on fair and reasonable terms no less favorable to the Company or such Subsidiary than it could obtain in an arm's-length transaction with a Person that is not an Affiliate other than

arrangements, transactions or contracts (a) between or among the Company and any of its Subsidiaries, (b) in connection with the cash management of the Company and its Subsidiaries in the ordinary course of business, (c) in connection with a Permitted Securitization including Standard Securitization Undertakings or (d) that is a Transaction Document.

SECTION 7.2.14 Restrictive Agreements, etc. The Company will not, and will not permit any of its Subsidiaries (other than a Receivables Subsidiary) to, enter into any agreement prohibiting

(a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired;

(b) the ability of any Obligor to amend or otherwise modify any Loan Document; or

(c) the ability of any Subsidiary (other than a Receivables Subsidiary) to make any payments, directly or indirectly, to the Company, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments.

The foregoing prohibitions shall not apply to restrictions contained (i) in any Loan Document or in any First Lien Loan Document (subject to the terms of the Intercreditor Agreement), (iii) in the cases of clause (a) and (c), in any Bridge Loan Document or Senior Note Document, (iv) in the case of clause (a), any agreement governing any Indebtedness permitted by clause (n) of Section 7.2.2 as to the assets financed with the proceeds of such Indebtedness, (v) in the case of clauses (a) and (c), any agreement of a Foreign Subsidiary governing the Indebtedness permitted to be incurred or permitted to exist hereunder, (vi) with respect to any Receivables Subsidiary, in the case of clauses (a) and (c), the documentation governing any Securitization permitted hereunder, (vii) solely with respect to clause (a), any arrangement or agreement arising in connection with a Disposition permitted under this Agreement (but then only with respect to the assets being so Disposed), (viii) solely with respect to clause (a) and (c), are already binding on a Subsidiary when it is acquired, (ix) solely with respect to clause (a), customary restrictions in leases, subleases, licenses and sublicenses and (x) solely with respect to clause (a) and (c), any agreement of a Foreign Supply Chain Entity that was redesignated as a Foreign Subsidiary.

SECTION 7.2.15 Sale and Leaseback. The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly enter into any agreement or arrangement providing for the sale or transfer by it of any property (now owned or hereafter acquired) to a Person and the subsequent lease or rental of such property or other similar property from such Person, except for agreements and arrangements with respect to property the fair market value (as determined in good faith by the Board of Directors of the Company) of which does not exceed $120,000,000 in the aggregate following the Closing Date and the Net Disposition Proceeds of which are applied pursuant to Sections 3.1.1 and 3.1.2.

SECTION 7.2.16 Investments in European TM SPV. Notwithstanding anything else set forth herein, the Company will not, and will not permit any of its Subsidiaries to make any

additional Investment in European TM SPV or transfer any of their respective assets to European TM SPV.

## ARTICLE VIII
## EVENTS OF DEFAULT

SECTION 8.1 Listing of Events of Default. Each of the following events or occurrences described in this Article shall constitute an "Event of Default".

SECTION 8.1.1 Non-Payment of Obligations. The Borrower shall default in the payment or prepayment when due of

(a) any principal of any Loan;

(b) any interest on any Loan or any fee described in Article III, and such default shall continue unremedied for a period of three days after such interest or fee was due; or

(c) any other monetary Obligation, and such default shall continue unremedied for a period of 10 Business Days after such amount was due.

SECTION 8.1.2 Breach of Warranty. Any representation or warranty of any Obligor made or deemed to be made in any Loan Document (including any certificates delivered pursuant to Article V) is or shall be incorrect in any material respect when made or deemed to have been made.

SECTION 8.1.3 Non-Performance of Certain Covenants and Obligations. The Company shall default in the due performance or observance of any of its obligations under Section 7.1.1, Section 7.1.7, Section 7.1.11 or Section 7.2.

SECTION 8.1.4 Non-Performance of Other Covenants and Obligations. Any Obligor shall default in the due performance and observance of any other agreement contained in any Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after the earlier to occur of (a) notice thereof given to the Company by any Agent or any Lender or (b) the date on which any Obligor has knowledge of such default.

SECTION 8.1.5 Default on Other Indebtedness. A default shall occur in the payment of any amount when due (subject to any applicable grace period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Indebtedness (other than Indebtedness described in Section 8.1.1) of the Company or any of its Subsidiaries (other than a Receivables Subsidiary) or any other Obligor having a principal or stated amount, individually or in the aggregate, in excess of $60,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause or declare such Indebtedness to become due and payable or to require such Indebtedness to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to

be made, prior to its expressed maturity; provided, that a default, event or condition described in this Section in respect of the First Lien Loan Documents shall not at any time constitute an Event of Default (other than (i) a default, event or condition set forth in Section 8.1.1 of the First Lien Credit Agreement which shall constitute an Event of Default unless such default, event or condition is not cured or waived within 10 Business Days after the occurrence of such default, event or condition or (ii) the declaration of all or any portion of such Indebtedness to be immediately due and payable which shall constitute an immediate Event of Default).

SECTION 8.1.6 Judgments. Any (a) judgment or order for the payment of money individually or in the aggregate in excess of $60,000,000 (exclusive of any amounts fully covered by insurance (less any applicable deductible) or an indemnity by any other third party Person and as to which the insurer or such Person has acknowledged its responsibility to cover such judgment or order not denied in writing) shall be rendered against the Company or any of its Subsidiaries (other than a Receivables Subsidiary) and such judgment shall not have been vacated or discharged or stayed or bonded pending appeal within 45 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (b) non-monetary judgment or order that has had, or could reasonably be expected to have, a Material Adverse Effect.

SECTION 8.1.7 Pension Plans. Any of the following events shall occur with respect to any Pension Plan

(a) the institution of any steps by the Company, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Company or any such member could be required to make a contribution to such Pension Plan, or could reasonably expect to incur a liability or obligation to such Pension Plan, in excess of $60,000,000; or

(b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA.

SECTION 8.1.8 Change in Control. Any Change in Control shall occur.

SECTION 8.1.9 Bankruptcy, Insolvency, etc. The Company, any of its Subsidiaries (other than a Receivables Subsidiary) or any other Obligor shall

(a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(b) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, sequestrator or other custodian for any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors;

(c) in the absence of such application, consent or acquiescence in or permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged, stayed, vacated or bonded pending appeal within 60 days; provided that, the Borrower, each Subsidiary and each other Obligor hereby

expressly authorizes each Secured Party to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

(d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Borrower, any Subsidiary or any Obligor, such case or proceeding shall be consented to or acquiesced in by the Borrower, such Subsidiary or such Obligor, as the case may be, or shall result in the entry of an order for relief or shall remain for 60 days undismissed, undischarged, unstayed or unbonded pending appeal; provided that, the Borrower, each Subsidiary and each Obligor hereby expressly authorizes each Secured Party to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or

(e) take any action authorizing, or in furtherance of, any of the foregoing.

SECTION 8.1.10 Impairment of Security, etc. Any Loan Document or any Lien granted thereunder (effecting a material portion of the Collateral, taken as a whole) shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto (other than pursuant to a failure of the Administrative Agent, any collateral agent appointed by the Administrative Agent or the Lenders to take any action within the sole control of such Person); any Obligor or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or, except as permitted under any Loan Document, any Lien securing any Obligation shall, in whole or in part, cease to be a perfected first priority Lien or any Obligor shall so assert (other than, in each case, pursuant to a failure of the Administrative Agent, any collateral agent appointed by the Administrative Agent or the Lenders to take any action within the sole control of such Person).

SECTION 8.2 Action if Bankruptcy. If any Event of Default described in clauses (a) through (d) of Section 8.1.9 with respect to the Borrower shall occur, the Commitment (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other Obligations shall automatically be and become immediately due and payable, without notice or demand to any Person.

SECTION 8.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (a) through (d) of Section 8.1.9 with respect to the Borrower) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Administrative Agent, upon the direction of the Required Lenders, shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and/or the Commitment (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment.

## ARTICLE IX
## THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT; THE LEAD ARRANGERS, THE SYNDICATION AGENT AND THE DOCUMENTATION AGENT

SECTION 9.1 Actions. Each Lender hereby appoints Citicorp USA as its Administrative Agent and CitiNA, as its collateral agent, under and for purposes of each Loan Document. Each Lender authorizes each Agent to act on behalf of such Lender under each Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by such Agent (with respect to which each Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel in order to avoid contravention of applicable law), to exercise such powers hereunder and thereunder as are specifically delegated to or required of such Agent by the terms hereof and thereof, together with such powers as may be incidental thereto (including the release of Liens on assets Disposed of in accordance with the terms of the Loan Documents). Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) each Agent, pro rata according to such Lender's proportionate Total Exposure Amount, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, such Agent in any way relating to or arising out of any Loan Document (including reasonable attorneys' fees and expenses), and as to which such Agent is not reimbursed by the Borrower (and without limiting its obligation to do so); provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted from such Agent's gross negligence or willful misconduct. No Agent shall be required to take any action under any Loan Document, or to prosecute or defend any suit in respect of any Loan Document, unless it is indemnified hereunder to its reasonable satisfaction. If any indemnity in favor of any Agent shall be or become, in such Agent's determination, inadequate, such Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 9.2 Funding Reliance, etc. Unless the Administrative Agent shall have been notified in writing by any Lender by 3:00 p.m. on the Business Day prior to a Borrowing that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Administrative Agent, such Lender and the Borrower severally agree to repay the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Administrative Agent made such amount available to the Borrower to the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to Loans comprising such Borrowing (in the case of the Borrower) and (in the case of a Lender), at the Federal Funds Rate (for the first two Business Days after which such amount has not been repaid), and thereafter at the interest rate applicable to Loans comprising such Borrowing.

SECTION 9.3 Exculpation. Neither any Lead Arranger, any Agent nor any of its directors, officers, employees, agents or Affiliates shall be liable to any Secured Party for any

action taken or omitted to be taken by it under any Loan Document, or in connection therewith, except for its own willful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of any Loan Document, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by any Obligor of its Obligations. Any such inquiry which may be made by a Lead Arranger or an Agent shall not obligate it to make any further inquiry or to take any action. Each Lead Arranger and each Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which such Lead Arranger or such Agent believes to be genuine and to have been presented by a proper Person.

SECTION 9.4 Successor. Any Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If any Agent at any time shall resign, the Required Lenders may appoint (subject to, so long as no Event of Default has occurred and is continuing, the reasonable consent of the Borrower not to be unreasonably withheld or delayed) another Lender as such Person's successor Agent which shall thereupon become the applicable Agent hereunder. If no successor Agent shall have been so appointed by the Required Lenders (and consented to by the Borrower), and shall have accepted such appointment, within 30 days after the retiring such Agent's giving notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the United States (or any State thereof) or a United States branch or agency of a commercial banking institution, and having a combined capital and surplus of at least $250,000,000; provided that, if such retiring Agent is unable to find a commercial banking institution which is willing to accept such appointment and which meets the qualifications set forth in above, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of such Agent hereunder until such time, if any, as the Required Lenders appoint a successor as provided for above. Upon the acceptance of any appointment as an Agent hereunder by any successor Agent, such successor Agent shall be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Agent's resignation hereunder as an Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under the Loan Documents, and Section 10.3 and Section 10.4 shall continue to inure to its benefit.

SECTION 9.5 Loans by Citibank. Citibank shall have the same rights and powers with respect to (a) the Loans made by it or any of its Affiliates, and (b) the Notes held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not an Agent. Citibank and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if Citibank were not an Agent hereunder.

SECTION 9.6 Credit Decisions. Each Lender acknowledges that it has, independently of the Administrative Agent and each other Lender, and based on such Lender's review of the financial information of the Borrower, the Company, the Loan Documents (the terms and

provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitment. Each Lender also acknowledges that it will, independently of the Administrative Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under the Loan Documents.

SECTION 9.7 Copies, etc. Each Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to such Agent by the Borrower or the Company pursuant to the terms of the Loan Documents (unless concurrently delivered to the Lenders by the Borrower or the Company). Each Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by such Agent from the Borrower or the Company for distribution to the Lenders by such Agent in accordance with the terms of the Loan Documents. No Agent shall, except as expressly set forth in the Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or the Company or any of its Affiliates that is communicated to or obtained by any Agent or any of its Affiliates in any capacity.

SECTION 9.8 Reliance by Agents. The Agents shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telecopy, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person, and upon advice and statements of legal counsel, independent accountants and other experts selected by such Agent. As to any matters not expressly provided for by the Loan Documents, the Agents shall in all cases be fully protected in acting, or in refraining from acting, thereunder in accordance with instructions given by the Required Lenders or all of the Lenders as is required in such circumstance, and such instructions of such Lenders and any action taken or failure to act pursuant thereto shall be binding on all Secured Parties.

SECTION 9.9 Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default (other than a Default under Section 8.1.1) unless the Administrative Agent has received a written notice from a Lender or the Borrower or the Company specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall (subject to Section 10.1 and the Intercreditor Agreement) take such action with respect to such Default as shall be directed by the Required Lenders; provided that, subject to the terms, conditions and restrictions set forth in the Intercreditor Agreement, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Secured Parties except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Required Lenders or all Lenders.

SECTION 9.10 Lead Arrangers, Syndication Agents and Documentation Agents. Notwithstanding anything else to the contrary contained in this Agreement or any other Loan Document, the Lead Arrangers, the Syndication Agents and the Documentation Agents, in their

respective capacities as such, each in such capacity, shall have no duties or responsibilities under this Agreement or any other Loan Document nor any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against such Person in such capacity. Each Lead Arranger shall at all times have the right to receive current copies of the Register and any other information relating to the Lenders and the Loans that they may request from the Administrative Agent. Each Lead Arranger shall at all times have the right to receive a current copy of the Register and any other information relating to the Lenders and the Loans that they may request from the Administrative Agent.

SECTION 9.11 Posting of Approved Electronic Communications.

(a) The Company hereby agrees, unless directed otherwise by the Administrative Agent or unless the electronic mail address referred to below has not been provided by the Administrative Agent to the Company, that it will, or will cause its Subsidiaries to, provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents or to the Lenders under Section 7.1.1, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) is or relates to a Borrowing Request, a Continuation/Conversion Notice or an Issuance Request, (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor and (iii) provides notice of any Default (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium that is properly identified in a format reasonably acceptable to the Administrative Agent to an electronic mail address as directed by the Administrative Agent; provided for the avoidance of doubt the items described in clauses (i) and (iii) above may be delivered via facsimile transmissions. In addition, the Company agrees, and agrees to cause its Subsidiaries, to continue to provide the Communications to the Administrative Agent or the Lenders, as the case may be, in the manner specified in the Loan Documents but only to the extent requested by the Administrative Agent.

(b) The Company further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar secure electronic transmission system (the "Platform").

(c) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE INDEMNIFIED PARTIES DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS IS MADE BY THE INDEMNIFIED PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO

EVENT SHALL ANY PARTY HERETO HAVE ANY LIABILITY TO ANY OBLIGOR, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES OF ANY KIND, WHETHER OR NOT BASED ON STRICT LIABILITY AND INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY OBLIGOR'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF SUCH PERSON IS FOUND IN A FINAL RULING BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH INDEMNIFIED PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at the e-mail address set forth on Schedule II shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that receipt of notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and that the foregoing notice may be sent to such e-mail address.

(e) Nothing herein shall prejudice the right of any Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

## ARTICLE X
## MISCELLANEOUS PROVISIONS

SECTION 10.1 Waivers, Amendments, etc. The provisions of each Loan Document (other than the Fee Letter, which shall be modified only in accordance with their respective terms) may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; provided that, no such amendment, modification or waiver shall:

(a) modify Section 4.7, Section 4.8 (as it relates to sharing of payments) or this Section, in each case, without the consent of all Lenders;

(b) increase the aggregate amount of any Loans required to be made by a Lender pursuant to its Commitments, extend the Commitment Termination Date of Loans made (or participated in) by a Lender or extend the final Stated Maturity Date for any Lender's Loan, in each case without the consent of such Lender (it being agreed, however, that any vote to rescind any acceleration made pursuant to Section 8.2 and Section 8.3 of amounts owing with respect to the Loans and other Obligations shall only require the vote of the Required Lenders);

(c) reduce (by way of forgiveness), the principal amount of or reduce the rate of interest on any Lender's Loan, reduce any prepayment premium or fees described in Article III payable to any Lender or extend the date on which interest or fees are payable in respect of such Lender's Loans, in each case without the consent of such Lender (provided that, the vote of Required Lenders shall be sufficient to waive the payment, or reduce the increased portion, of interest accruing under Section 3.2.2 and such waiver shall not constitute a reduction of the rate of interest hereunder);

(d) reduce the percentage set forth in the definition of "Required Lenders" or modify any requirement hereunder that any particular action be taken by all Lenders without the consent of all Lenders;

(e) except as otherwise expressly provided in a Loan Document, release (i) the Borrower or the Company from their respective Obligations under the Loan Documents or any Subsidiary Guarantor from its obligations under the Guaranty or (ii) all or substantially all of the collateral under the Loan Documents, in each case without the consent of all Lenders; or

(f) affect adversely the interests, rights or obligations of the Administrative Agent (in its capacity as the Administrative Agent) or the Collateral Agent (in its capacity as the Collateral Agent) unless consented to by such Agent.

No failure or delay on the part of any Secured Party in exercising any power or right under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on any Obligor in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by any Secured Party under any Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

Notwithstanding anything to the contrary contained in Section 10.1, if within sixty days following the Closing Date, the Administrative Agent and the Company shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Company shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders within five Business Days following receipt of notice thereof.

SECTION 10.2 Notices; Time. All notices and other communications provided under each Loan Document shall be in writing or by facsimile (except to the extent provided below in this Section 10.2 with respect to financial information) and addressed, delivered or transmitted, if to the Borrower, the Company, an Agent or a Lender, to the applicable Person at its address or facsimile number set forth on the signature pages hereto, Schedule II hereto or set forth in the Lender Assignment Agreement, or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly

addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter. Except as set forth in Section 9.11 and below, electronic mail and Internet and intranet websites may be used only to distribute routine communications by the Administrative Agent to the Lenders, such as financial statements and other information as provided in Section 7.1.1 and for the distribution and execution of Loan Documents for execution by the parties thereto, and may not be used for any other purpose. Notwithstanding the foregoing, the parties hereto agree that delivery of an executed counterpart of a signature page to this Agreement and each other Loan Document by facsimile (or other electronic) transmission shall be effective as delivery of an original executed counterpart of this Agreement or such other Loan Document. Unless otherwise indicated, all references to the time of a day in a Loan Document shall refer to New York time.

SECTION 10.3 Payment of Costs and Expenses. The Borrower agrees to pay within 20 days of demand (to the extent invoiced together with reasonably detailed supporting documentation) all reasonable out-of-pocket expenses of each Lead Arranger and each Agent (including the reasonable fees and reasonable out-of-pocket expenses of Mayer, Brown, Rowe & Maw LLP, counsel to the Lead Arrangers and Agents and of local counsel, if any, who may be retained by or on behalf of the Lead Arrangers and Agents) in connection with

(a) the negotiation, preparation, execution and delivery of each Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to any Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated; and

(b) the filing or recording of any Loan Document (including any Filing Statements) and all amendments, supplements, amendment and restatements and other modifications to any thereof, searches made following the Closing Date in jurisdictions where Filing Statements (or other documents evidencing Liens in favor of the Secured Parties) have been recorded and any and all other documents or instruments of further assurance required to be filed or recorded by the terms of any Loan Document; and

(c) the preparation and review of the form of any document or instrument relevant to any Loan Document.

The Borrower further agrees to pay, and to save each Secured Party harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of each Loan Document, the Loans or the issuance of the Notes. The Borrower also agrees to reimburse the Agents and the Secured Parties upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys’ fees and legal out-of-pocket expenses of counsel to the Agents and the Secured Parties) incurred by the Agents and the Secured Parties in connection with (A) the negotiation of any restructuring or “work-out” with the Borrower, whether or not consummated, of any Obligations and (B) the enforcement of any Obligations; provided that the Borrower shall not be required to reimburse the legal fees and expenses of more than one outside counsel (in addition to any local counsel) for all Persons indemnified under this Section 10.3 unless, as reasonably determined by such Person seeking indemnification hereunder or its

counsel, representation of all such indemnified persons by the same counsel would be inappropriate due to actual or potential differing interests between them.

SECTION 10.4 Indemnification. In consideration of the execution and delivery of this Agreement by each Secured Party, the Borrower hereby indemnifies, exonerates and holds each Secured Party, each Syndication Agent, each Documentation Agent and each of their respective officers, directors, employees, agents, trustees, fund advisors and Affiliates (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements, whether incurred in connection with actions between or among the parties hereto or the parties hereto and third parties (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Loan, including all Indemnified Liabilities arising in connection with the Transaction;

(b) the entering into and performance of any Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of the Borrower or the Company as the result of any determination by the Required Lenders pursuant to Article V not to fund any Loan, provided that, any such action is resolved in favor of such Indemnified Party);

(c) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by any Obligor or any Subsidiary thereof of all or any portion of the Capital Securities or assets of any Person, whether or not an Indemnified Party is party thereto;

(d) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by any Obligor or any Subsidiary thereof of any Hazardous Material;

(e) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by any Obligor or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, such Obligor or Subsidiary; or

(f) each Lender's Environmental Liability (the indemnification herein shall survive repayment of the Obligations and any transfer of the property of any Obligor or its Subsidiaries by foreclosure or by a deed in lieu of foreclosure for any Lender's Environmental Liability, regardless of whether caused by, or within the control of, such Obligor or such Subsidiary);

except for (i) Indemnified Liabilities arising for the account of any Indemnified Party by reason of any Indemnified Party's gross negligence, bad faith or willful misconduct as finally determined by a court of competent jurisdiction, (ii) Indemnified Liabilities arising out of any action, suit, proceeding or claim against an Indemnified Party by any other Indemnified Party not involving the Borrower or any of its Subsidiaries. The Borrower shall not be required to reimburse the legal fees and expenses of more than one outside counsel for all Indemnified Parties with respect to any matter for which indemnification is sought unless, as reasonably determined by any such Indemnified Party or its counsel, representation of all such Indemnified Parties would create an actual conflict of interest. Each Obligor and its successors and assigns hereby waive, release and agree not to make any claim or bring any cost recovery action against, any Indemnified Party under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted. It is expressly understood and agreed that to the extent that any Indemnified Party is strictly liable under any Environmental Laws, each Obligor's obligation to such Indemnified Party under this indemnity shall likewise be without regard to fault on the part of any Obligor with respect to the violation or condition which results in liability of an Indemnified Party. If and to the extent that the foregoing undertaking may be unenforceable for any reason, each Obligor agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 10.5 Survival. The obligations of the Company under Sections 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4, and the obligations of the Lenders under Section 9.1, shall in each case survive any assignment from one Lender to another (in the case of Sections 10.3 and 10.4) and the occurrence of the Termination Date. The representations and warranties made by each Obligor in each Loan Document shall survive the execution and delivery of such Loan Document.

SECTION 10.6 Severability. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 Headings. The various headings of each Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of such Loan Document or any provisions thereof.

SECTION 10.8 Execution in Counterparts, Effectiveness, etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower, each Agent and each Lender (or notice thereof satisfactory to the Administrative Agent), shall have been received by the Administrative Agent.

SECTION 10.9 Governing Law; Entire Agreement. EACH LOAN DOCUMENT WILL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE

OF NEW YORK). The Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.10 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that, neither the Company nor the Borrower may assign or transfer its rights or obligations hereunder without the consent of all Lenders.

SECTION 10.11 Sale and Transfer of Loans; Participations in Loans; Notes. Each Lender may assign, or sell participations in, its Loans, Letters of Credit and Commitments to one or more other Persons in accordance with the terms set forth below.

(a) Subject to clause (b), any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under the Loan Documents (including all or a portion of its Commitments and the Loans at the time owing to it); provided that:

(i) except in the case of (A) an assignment of the entire remaining amount of the assigning Lender's Commitments and the Loans at the time owing to it or (B) an assignment to a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitments (which for this purpose includes Loans outstanding thereunder) or principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Lender Assignment Agreement with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000, unless the Administrative Agent and the Borrower, otherwise consent (which consent shall not be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans and the Commitments assigned; and

(iii) the parties to each assignment shall execute and deliver to the Administrative Agent a Lender Assignment Agreement, together with, if the Eligible Assignee is not already Lender, administrative details information with respect to such Eligible Assignee and applicable tax forms.

(b) Any assignment proposed pursuant to clause (a) to any Person (other than a Lender, an Approved Fund or an Affiliate of any Lender) shall be subject to the prior written approval of the Administrative Agent (not to be unreasonably withheld or delayed).

(c) Subject to acceptance and recording thereof by the Administrative Agent pursuant to clause (d), from and after the effective date specified in each Lender Assignment Agreement, (i) the Eligible Assignee thereunder shall (if not already a Lender) be a party hereto and, to the extent of the interest assigned by such Lender Assignment Agreement, have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender thereunder shall (subject to Section 10.5) be released from its obligations under the Loan Documents, to the extent of the interest assigned by such Lender Assignment Agreement (and, in the case of a

Lender Assignment Agreement covering all of the assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party hereto, but shall (as to matters arising prior to the effectiveness of the Lender Assignment Agreement) continue to be entitled to the benefits of any provisions of the Loan Documents which by their terms survive the termination of this Agreement). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with the terms of this Section shall be treated for purposes of the Loan Documents as a sale by such Lender of a participation in such rights and obligations in accordance with clause (e).

(d) The Administrative Agent shall record each assignment made in accordance with this Section in the Register pursuant to clause (a) of Section 2.5. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time upon reasonable prior notice to the Administrative Agent.

(e) Any Lender may, without the consent of, or notice to, any Person, sell participations to one or more Persons (other than individuals) (a "Participant") in all or a portion of such Lender's rights or obligations under the Loan Documents (including all or a portion of its Commitments or the Loans owing to it); provided that, (i) such Lender's obligations under the Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Company, the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. Any agreement or instrument pursuant to which a Lender sells a participation shall provide that such Lender shall retain the sole right to enforce the rights and remedies of a Lender under the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that, such agreement or instrument may provide that such Lender will not, without the consent of the Participant, take any action of the type described in clauses (a) through (d) or clause (f) of Section 10.1 with respect to Obligations participated in by that Participant. Subject to clause (f), the Company and the Borrower agree that each Participant shall be entitled to the benefits of Sections 4.3, 4.4, 4.5, 4.6, 7.1.1, 10.3 and 10.4 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (c). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4.9 as though it were a Lender, but only if such Participant agrees to be subject to Section 4.8 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 4.3, 4.4, 4.5, 4.6, 10.3 or 10.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 4.6 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with the requirements set forth in Section 4.6 as though it were a Lender. Any Lender that sells a participating interest in any Loan, Commitment or other interest to a Participant under this Section shall indemnify and hold harmless the Borrower and the Administrative Agent from and against any taxes, penalties, interest or other costs or losses (including reasonable attorneys' fees and expenses) incurred or payable by the Borrower or the Administrative Agent as a result of the

failure of the Borrower or the Administrative Agent to comply with its obligations to deduct or withhold any Taxes from any payments made pursuant to this Agreement to such Lender or the Administrative Agent, as the case may be, which Taxes would not have been incurred or payable if such Participant had been a Non-U.S. Lender that was entitled to deliver to the Borrower, the Administrative Agent or such Lender, and did in fact so deliver, a duly completed and valid Form W-8BEN or W-8ECI (or applicable successor form) entitling such Participant to receive payments under this Agreement without deduction or withholding of any United States federal taxes.

(g) Any Lender may, without the consent of any other Person, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.12 Other Transactions. Nothing contained herein shall preclude any Agent or any other Lender from engaging in any transaction, in addition to those contemplated by the Loan Documents, with the Company, the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.13 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE AGENTS, THE LENDERS, THE COMPANY OR THE BORROWER IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT, ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE COLLATERAL AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE COMPANY AND THE BORROWER IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 10.2. EACH PERSON PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY PERSON PARTY HERETO HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH PERSON HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED

BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 10.14 Waiver of Jury Trial. EACH AGENT, EACH LENDER, THE COMPANY AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF SUCH AGENT, SUCH LENDER, THE COMPANY OR THE BORROWER IN CONNECTION THEREWITH. THE COMPANY, THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH AGENT AND EACH LENDER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 10.15 Patriot Act. Each Lender that is subject to Section 326 of the Patriot Act and/or the Agents and/or the Lead Arrangers (each of the foregoing acting for themselves and not acting on behalf of any of the Lenders) hereby notify the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender, the Agents or the Lead Arrangers, as the case may be, to identify the Borrower in accordance with the Patriot Act.

SECTION 10.16 Counsel Representation. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT IT HAS BEEN REPRESENTED BY COMPETENT COUNSEL IN THE NEGOTIATION OF THIS AGREEMENT, AND THAT ANY RULE OR CONSTRUCTION OF LAW ENABLING SUCH PERSON TO ASSERT THAT ANY AMBIGUITIES OR INCONSISTENCIES IN THE DRAFTING OR PREPARATION OF THE TERMS OF THIS AGREEMENT SHOULD DIMINISH ANY RIGHTS OR REMEDIES OF ANY OTHER PERSON ARE HEREBY WAIVED.

SECTION 10.17 Confidentiality. Each Secured Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (provided that except to the extent prohibited by such subpoena or similar legal process, such Secured Party shall notify the Company and the Borrower of such request or disclosure), (d) to any other party hereto, (e) to the extent reasonably necessary, in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an

agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the written consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section (or any other confidentiality obligation owed to the Company or any Subsidiary or their Affiliates) or (ii) becomes available to any Secured Party or any of their respective Affiliates on a nonconfidential basis from a source other than the Company or any Subsidiary and not in violation of any confidentiality obligation owed to the Company or any Subsidiary by any Secured Party or any Affiliate thereof. For purposes of this Section, "Information" means all information received from the Company or any Subsidiary relating to the Company or any Subsidiary or any of their respective businesses, other than any such information that is available to any Secured Party on a nonconfidential basis prior to disclosure by the Company or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information and in accordance with applicable law.

SECTION 10.18 Intercreditor Agreement. (a) Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent and the Collateral Agent to enter into the Intercreditor Agreement on its behalf and to take such action on its behalf under the provisions thereof. Each Lender further agrees to be bound by the terms and conditions of the Intercreditor Agreement and agrees that it shall not take any action that is prohibited by or inconsistent with the terms of the Intercreditor Agreement. Each Lender hereby agrees that the terms, conditions and provisions contained in this Agreement are subject to the Intercreditor Agreement. The Liens and security interests securing the Indebtedness and other obligations incurred or arising under or evidenced by this instrument and the rights and obligations evidenced hereby with respect to such liens are subordinate, in the manner and to the extent set forth in Intercreditor Agreement, to the Liens and security interests securing the First Lien Obligations and to the Liens and security interests securing Indebtedness refinancing the First Lien Obligations as permitted by the Intercreditor Agreement; and each holder of the Obligations, by its acceptance hereof, irrevocably agrees to be bound by the terms, conditions and provisions of the Intercreditor Agreement.

(b) The delivery of any Collateral (as defined in any Loan Document) or any certificates, titles, Instruments, Chattel Paper or Documents evidencing or in connection with such Collateral to the First Lien Collateral Agent under and in accordance with the First Lien Loan Documents, the granting of "control" over Collateral, the execution and delivery of control agreements and/or the assignment of any Collateral (as defined in any Loan Document) to the First Lien Collateral Agent under and in accordance with the First Lien Loan Documents shall constitute compliance by the Obligors with the provisions of this Agreement or any other Loan Document which require delivery, possession, control and/or assignment of certain types of Collateral (as defined in any Loan Document) by the Collateral Agent or delivery of control agreements to the Collateral Agent so long as such First Lien Loan Documents are in full force and effect, the First Lien Termination Date has not occurred, and the Obligors are in compliance with the applicable provisions thereof with respect to such Collateral. From and after the First

Lien Termination Date, where this Agreement refers to any provision of the First Lien Credit Agreement or any action or delivery required by such provision, such reference shall be deemed to be a reference to such provision as in effect immediately prior to the First Lien Termination Date except that such action or delivery shall be made to or for the benefit of the Collateral Agent rather than the Collateral Agent and the First Lien Collateral Agent collectively. Capitalized terms used in this clause (b) not otherwise defined in this Agreement shall have the meanings provided in the UCC.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

HBI BRANDED APPAREL LIMITED, INC.
as the Borrower

By: /s/ Richard Moss
Name: Richard Moss
Title: Treasurer

Address: 1000 East Hanes Mill Road
Winston Salem, NC 27105
Facsimile No.: (336) 519-5212

Attention: Treasurer

HANESBRANDS INC.

By: /s/ Richard Moss
Name: Richard Moss
Title: Treasurer

Address:

Facsimile No.: (336) 519-5212

Attention: Treasurer

CITICORP USA, INC.,
Individually and as the Administrative Agent

By: /s/ John Coons
Name: John Coons
Title:

Address: 233 S. Wacker Drive
86th Floor
Chicago, IL 60606

Facsimile No.: (312) 281-9078

Attention:

CITIBANK, N.A.,
as Collateral Agent

By: /s/ Patricia Gallagher
Name: Patricia Gallagher
Title: Vice President

Address: 388 Greenwich St. 14th Floor
New York, NY 10013

Facsimile No.: (212) 816-5530

Attention: Patricia Gallagher

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as Co-Syndication Agent and Joint Lead Arranger

By: /s/ Nancy Meadows
Name: Nancy Meadows
Title: Vice President

MERRILL LYNCH CAPITAL CORPORATION,
as a Lender

By: /s/ Nancy Meadows
Name: Nancy Meadows
Title: Vice President

MORGAN STANLEY SENIOR FUNDING, INC.,
Individually and as Co-Syndication Agent and
Joint Lead Arranger

By: /s/ Jaap L. Tonckens
Name: Jaap L. Tonckens
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION,
as Co-Documentation Agent

By:
Name:
Title:

LASALLE BANK NATIONAL ASSOCIATION,
as Co-Documentation Agent

By:
Name:
Title:

BARCLAYS BANK PLC,
as Co-Documentation Agent

By:
Name:
Title:

**DISCLOSURE SCHEDULES**

**TO**

SECOND LIEN CREDIT AGREEMENT

**dated as of September 5, 2006,**

**among**

**HBI BRANDED APPAREL LIMITED, INC.,**

**as the Borrower,**

**HANESBRANDS INC.,**

**as the Company,**

**VARIOUS FINANCIAL INSTITUTIONS AND**
**OTHER PERSONS FROM TIME TO TIME**
**PARTY HERETO,**
**as the Lenders,**

**HSBC BANK USA, NATIONAL ASSOCIATION,**

**LASALLE BANK NATIONAL ASSOCIATION, and**

**BARCLAYS BANK PLC,**

**as the Co-Documentation Agents,**

**MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**

**and**

**MORGAN STANLEY SENIOR FUNDING, INC.,**

**as the Co-Syndication Agents,**

**CITICORP USA, INC.,**

**as the Administrative Agent,**

**and**

**CITIBANK, N.A., as the Collateral Agent.**

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**MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED**
**and**
**MORGAN STANLEY SENIOR FUNDING, INC.,**
**as the Joint Lead Arrangers and Joint Bookrunners**

**SCHEDULE I**

| | |
|---|---|
| ITEM 1.1. | Foreign Supply Chain Entities |
| ITEM 1.2. | Excluded Contracts |
| ITEM 6.8. | Existing Subsidiaries |
| ITEM 6.9. | Mortgaged Property |
| ITEM 7.2.2(c) | Ongoing Indebtedness |
| ITEM 7.2.3(c) | Ongoing Liens |
| ITEM 7.2.5(a) | Ongoing Investments |
| ITEM 7.2.11(m) | Permitted Dispositions |

**SCHEDULE II** Percentages, Libor Office, Domestic Office

## ITEM 1.1. Foreign Supply Chain Entities

None.

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**ITEM 1.2. Excluded Contracts**

| | Vendor | Nature of Agreement |
|---|---|---|
| 1. | **[*****]** | Trademark License Agmt. **[*****]** |
| 2. | **[*****]** | Trademark License Agmt. **[*****]** |
| 3. | **[*****]** | Trademark License Agmt. **[*****]** |
| 4. | **[*****]** | Trademark License Agmt. **[*****]** |
| 5. | **[*****]** | Trademark License Agmt. **[*****]** |
| 6. | **[*****]** | Trademark License Agmt. **[*****]** |
| 7. | **[*****]** | Trademark License Agmt. **[*****]** |
| 8. | **[*****]** | License Agmt. |
| 9. | **[*****]** | Trademark License Agmt. **[*****]** |
| 10. | **[*****]** | License Agmt. **[*****]** |
| 11. | **[*****]** | Trademark License Agreement **[*****]** |
| 12. | **[*****]** | |
| 13. | **[*****]** | IT Agreement – software license and maintenance |
| 14. | **[*****]** | IT Agreement – software license and maintenance |
| 15. | **[*****]** | IT Agreement – supply chain software license and maintenance |
| 16. | **[*****]** | Compensation/Benefits Agreement |
| 17. | **[*****]** | Real Property Lease **[*****]** |
| 18. | **[*****]** | Supplier Services **[*****]** |
| 19. | **[*****]** | Supplier Goods-materials |
| 20. | **[*****]** | Real Property Lease **[*****]** |
| 21. | **[*****]** | Real Property Lease **[*****]** |
| 22. | **[*****]** | Real Property Lease **[*****]** |
| 23. | **[*****]** | Real Property Lease **[*****]** |
| 24. | **[*****]** | Real Property Lease **[*****]** |
| 25. | **[*****]** | Real Property Lease **[*****]** |
| 26. | **[*****]** | Real Property Lease **[*****]** |
| 27. | **[*****]** | Real Property Lease |
| 28. | **[*****]** | Real Property Lease |
| 29. | **[*****]** | Real Property Lease **[*****]** |

## ITEM 6.8. Existing Subsidiaries

**Domestic Subsidiaries**

BA International, L.L.C.
Caribesock, Inc.
Caribetex, Inc.
CASA International, LLC
Ceibena Del, Inc.
Hanes Menswear, LLC
Hanes Puerto Rico, Inc.
Hanesbrands Direct, LLC
Hanesbrands Distribution, Inc.
HbI International, LLC
HBI Branded Apparel Enterprises, LLC
HBI Branded Apparel Limited, Inc.
HBI Sourcing, LLC
Inner Self LLC
Jasper-Costa Rica, L.L.C.
National Textiles, L.L.C.
NT Investment Company, Inc.
Playtex Dorado, LLC
Playtex Industries, Inc.
Seamless Textiles, LLC
UPCR, Inc.
UPEL, Inc.

**Foreign Subsidiaries**

Allende Internacional S. de R.L. de C.V.
Bali Domincana, Inc.
Bali Dominicana Textiles, S.A.
Bal-Mex S. de R.L de C.V.
Canadelle Holdings Corporation Ltd.
Canadelle LP
Cartex Manufacturera S. A.
Caysock, Inc.
Caytex, Inc.
Caywear, Inc.
Ceiba Industrial, S. de R.L.
Champion Products S. de R.L. de C.V.
Choloma, Inc.
Confecciones Atlantida S. de R.L.
Confecciones de Nueva Rosita S. de R.L. de C.V.
Confecciones El Pedregal Inc.
Confecciones El Pedregal S.A. de C.V.
Confecciones Jiboa S.A. de C.V.
Confecciones La Caleta, Inc.
Confecciones La Herradura S.A. de C.V.
Confecciones La Libertad, S.A. de C.V.
DFK International Ltd.
Dos Rios Enterprises, Inc.
Hanes Caribe, Inc.
Hanes Choloma, S. de R. L.
Hanes Colombia, S.A.

**Foreign Subsidiaries**
Hanes de Centro America S.A.
Hanes de El Salvador, S.A. de C.V.
Hanes de Honduras S. de R.L. de C.V.
Hanes Dominican, Inc.
Hanes Panama Ltd.
Hanes Brands Incorporated de Costa Rica, S.A.
Hanesbrands Argentina S.A.
Hanesbrands Brasil Textil Ltda.
Hanesbrands Dominicana, Inc.
Hanesbrands (HK) Limited
HBI Alpha Holdings, Inc.
HBI Beta Holdings, Inc.
HBI Compania de Servicios, S.A. de C.V.
HBI Servicios Administrativos de Costa Rica, S.A.
HBI Socks de Honduras, S. de R.L. de C.V.
Indumentaria Andina S.A.
Industria Textileras del Este, S. de R.L.
Industrias Internacionales de San Pedro S. de R.L. de C.V.
J.E. Morgan de Honduras, S.A.
Jasper Honduras, S.A.
Jogbra Honduras, S.A.
Madero Internacional S. de R.L. de C.V.
Manufacturera Ceibena S. de R.L.
Manufacturera Comalapa S.A. de C.V.
Manufacturera de Cartago, S.R.L.
Manufacturera San Pedro Sula, S. de R.L.
Monclova Internacional S. de R.L. de C.V.
PT SL Sourcing Indonesia (to be named PT HBI Sourcing Indonesia)
PTX (D.R.), Inc.
Rinplay S. de R.L. de C.V.
Santiago Internacional Textil Limitada (in liquidation)
Sara Lee of Canada NSULC (to be renamed Hanesbrands Canada NSULC)
Sara Lee Intimates, S. de R.L. (to be renamed Confecciones del Valle, S. de R.L. de C.V.)
Sara Lee Japan Ltd. (to be renamed Hanesbrands Japan Inc.)
Sara Lee Knit Products Mexico S.A. de C.V. (to be renamed Inmobilaria Rinplay S. de R.L. de C.V.)
Sara Lee Moda Femenina, S.A. de C.V. (to be renamed Servicios Rinplay, S. de R.L de C.V.)
Sara Lee Printables GmbH (to be renamed HBI Europe GmbH)
Servicios de Soporte Intimate Apparel, S de RL
Socks Dominicana S.A.
Texlee El Salvador, S.A. de C.V.
The Harwood Honduras Companies, S. de R.L.
TOS Dominicana, Inc.
HBI Sourcing Asia Limited*
Sara Lee Apparel International (Shanghai) Co. Ltd. (to be renamed Hanesbrands International (Shanghai) Co. Ltd.)*
Sara Lee Apparel India Private Limited (to be renamed Hanesbrands India Private Limited)*
SL Sourcing India Private Ltd. (to be renamed HBI Sourcing India Private Ltd.)*
Hanesbrands (Thailand) Ltd.*
Hanesbrands Philippines Inc.*

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* These companies are Foreign Subsidiaries subject to the completion of the post closing obligations set forth in Section 7.1.11 of the Credit Agreement.

**ITEM 6.9. Mortgaged Property**

| Facility Name | Address | Estimated Value |
|---|---|---|
| Clarksville | Cline & Clark Rd<br>Clarksville, AR | $2.4 million |
| Weeks | 401 Hanes Mill Rd<br>W-S, NC | $15.1 million |
| Stratford Rd. | 700 South Stratford Road<br>W-S, NC | $5.7 million |
| Commerce (Cleveland) | 219 Commerce Blvd<br>Kings Mountain, NC | $11.0 million |
| Eden | Gant Road<br>Eden, North Carolina | $3.0 million |
| Oak Summit | 1000 Hanes Mill Road<br>W-S, NC | $70.2 million |
| Canterbury | 705 Canterbury Rd<br>Gastonia, NC | $2.1 million |
| Annapolis | 2655 Annapolis<br>W-S, NC | $7.9 million |
| Kernersville | 700 North Main Street<br>Kernersville, NC | $3.9 million |
| Laurel Hill | 18400 Fieldcrest Road<br>Laurel Hill, NC | $4.6 million |
| Sanford | 2652 Dalrymple Street<br>Sanford, NC | $2.4 million |
| Advance | 2016 Cornatzer Road<br>Advance NC | $2.1 million |
| Crawford | 328 Crawford Rd<br>Statesville, NC | $2.6 million |
| 480 Office | 480, W. Hanes Mill Road Winston-Salem, NC | $3.3 million |
| Tamaqua Hometown DC | 143 Mahonoy Ave<br>Tamaqua, PA | $3.8 million |
| Martinsville VSC | 380 Beaver Creek Road<br>Martinsville, VA | $3.7 million |
| Northridge | 521 Northridge Park Dr.<br>Rural Hall, NC | $14.8 million |

**ITEM 7.2.2(c) Ongoing Indebtedness**

HANESBRANDS INC. — CAPITAL LEASE LISTING

| Lease # | | Interest | FY06 Principal | Total |
|---|---|---|---|---|
| BALI95 | Xerox | 182.68 | 5,985.32 | 6,168.00 |
| BALI138 | Pitney Bowes | 175.11 | 2,176.89 | 2,352.00 |
| BALI139 | Pitney Bowes | 175.32 | 2,176.67 | 2,351.99 |
| BALI140 | Pitney Bowes | | | 4,680.00 |
| BALI147 | Carolina Tractor | 2,599.99 | 4,263.05 | 6,863.04 |
| BALI148 | Carolina Tractor | 2,625.05 | 4,305.67 | 6,930.72 |
| BALI150 | Carolina Tractor | 2,294.59 | 4,169.45 | 6,464.04 |
| BALI151 | Carolina Tractor | 125.38 | 3,894.62 | 4,020.00 |
| BALI152 | Konica | 4.71 | 515.29 | 520.00 |
| BALI153 | Bassett Office Supply | 648.80 | 4,262.33 | 4,911.13 |
| BALI157 | Konica | 11.37 | 1,296.63 | 1,308.00 |
| BALI160 | De Lage Landem Financial Services | 625.71 | 3,907.65 | 4,533.36 |
| PLAY115 | Citi Capital | 1,922.30 | 9,177.70 | 11,100.00 |
| US97 | Citi Capital | 478.71 | 8,993.65 | 9,472.36 |
| 727 | Pitney Bowes | 11.98 | 180.52 | 192.50 |
| 729 | Xerox | 419.87 | 6,856.19 | 7,276.06 |
| 738 | Gill Security Systems | 0.00 | 0.00 | 3,000.00 |
| 739 | Gill Security Systems | 0.00 | 0.00 | 2,160.00 |
| 2 trailers | Salem Leasing | 171.50 | 3,428.50 | 3,600.00 |
| OB40 | Outerbanks land and building | 30,244.38 | 183,702.54 | 213,946.92 |
| 13639 tr | Salem Leasing | 17,235.75 | 344,564.25 | 361,800.00 |
| 4400 tr | Salem Leasing | 11,703.39 | 3,686.61 | 15,390.00 |
| 4750 tr | Salem Leasing | 2,950.22 | 1,389.78 | 4,340.00 |
| 7399 tr | Salem Leasing | 1,939.46 | 2,380.54 | 4,320.00 |
| 9904 tr | Salem Leasing | 9,658.89 | 29,221.11 | 38,880.00 |
| 11887 tr | Salem Leasing | 886.36 | 7,753.64 | 8,640.00 |
| 6 | Simplex Grinnell | 174.31 | 4,853.69 | 5,028.00 |
| 7 | Telimagine, Inc. | 2,552.32 | 17,355.68 | 19,908.00 |
| 7420 tr | Salem Leasing | 29,330.28 | 121,869.72 | 151,200.00 |
| 15201 tr | Salem Leasing | 202.78 | 7,097.22 | 7,300.00 |
| 82638 tr | Salem Leasing | 5,882.15 | 13,041.85 | 18,924.00 |
| 13639 tr | Salem Leasing | 14,320.25 | 286,279.75 | 300,600.00 |
| 13639 tr | Salem Leasing | 1,886.50 | 37,713.50 | 39,600.00 |
| 3121 | Highwoods Realty Ltd Partnership | 77,175.96 | 319,286.05 | 396,462.00 |

HANESBRANDS INC. — CAPITAL LEASE LISTING

| Lease # | | Interest | FY06 Principal | Total |
|---|---|---|---|---|
| 3129 | Zona Franca De Exportacion el Pedregal | 13,442.26 | 200,973.74 | 214,416.00 |
| 13639 tr | Salem Leasing | 16,635.50 | 332,564.50 | 349,200.00 |
| 86728 tr | Salem Leasing | 5,749.89 | 16,762.11 | 22,512.00 |
| 1 | Xerox | 267.00 | 681.00 | 948.00 |
| 2 | Xerox | 351.79 | 596.21 | 948.00 |
| 3 | Xerox | 142.82 | 1,045.18 | 1,188.00 |
| 4 | Xerox | 226.26 | 3,061.74 | 3,288.00 |
| 5 | Xerox | 2,316.96 | 29,651.04 | 31,968.00 |
| 6 | Xerox | 93.04 | 1,682.96 | 1,776.00 |
| 7 | Xerox | 937.40 | 17,062.60 | 18,000.00 |
| 8 | Xerox | 1,059.04 | 5,324.96 | 6,384.00 |
| 9 | Xerox | 180.87 | 2,447.13 | 2,628.00 |
| 10 | Xerox | 2,824.29 | 38,215.71 | 41,040.00 |
| 11 | Xerox | 215.38 | 4,123.34 | 4,338.72 |
| 12 | Xerox | 1,498.80 | 28,693.80 | 30,192.60 |
| 13 | Xerox | 692.60 | 13,259.32 | 13,951.92 |
| 14 | Xerox | 1,356.00 | 19,158.00 | 20,514.00 |
| 15 | Xerox | 3,390.00 | 64,990.00 | 68,380.00 |
| 16 | Xerox | 1,244.16 | 19,270.08 | 20,514.24 |
| 17 | Xerox | 335.50 | 6,422.66 | 6,758.16 |
| 18 | Xerox | 4,478.32 | 6,237.68 | 10,716.00 |
| 19 | Xerox | 3,256.65 | 8,035.35 | 11,292.00 |
| 20 | Xerox | 580.00 | 8,576.00 | 9,156.00 |
| 21 | Xerox | 530.00 | 8,626.00 | 9,156.00 |
| 22 | Xerox | 920.56 | 8,815.72 | 9,736.28 |
| 23 | Xerox | 1,261.96 | 24,159.08 | 25,421.04 |
| IBM | IBM | 156,321.59 | 369,278.41 | 525,600.00 |
| PHH Leases | PHH — automobiles from SLC | 104,574.00 | 1,207,923.00 | 1,312,497.00 |
| TOTAL | | | | 4,446,762.08 |

**ITEM 7.2.3(c) Ongoing Liens**

1. Lien on the shares of SN Fibers (an Israeli company owned by HBI International, LLC) pursuant to the SN Fibers Memorandum of Articles.

2. Mortgages as listed below[1]

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| 4185 W. 5th Street Lumberton North Carolina<br><br>Robeson County | Robeson County Committee of 100, Inc., a NC non-profit corporation | Sara Lee Corporation, a Maryland corporation (formerly SL Outer Banks, LLC) | North Carolina Deed of Trust recorded in Book 623, Page 37 dated 3/26/87 executed by Robeson County Committee of 100, Inc.<br><br>Loan Amount — $115,170.00 | Douglas B. Mills, Nicky D. Carter, (Successor Trustee) and John C. Hasty, Trustees of the Cape Fear Construction Company, Inc. |
| 933 Meacham Road Statesville North Carolina<br><br>Iredell County | Flexnit Company, Inc., a Delaware Corporation | Bali Company, a Delaware corporation<br><br>**(Dissolved)** | Deed of Trust dated 12/27/1974 recorded in Book 447, Page 200 (missing pages 3-7).<br>and<br>Deed of Trust and Security Agreement dated 12/26/ 1979 recorded in Book 509, Page 436 (missing pages 438 and 440-451)<br><br>Loan Amount — originally secured $1,7000,000 and then modified to secure up to $4,000,000 | Irving Trust Company, a New York Corporation |
| 645 West Pine Street Mount Airy North Carolina<br><br>Surry County | The Surry County Industrial Facilities and Pollution Control Financing Authority | The Surry County Industrial Facilities and Pollution Control Financing Authority | Deed of Trust dated 4/1/1979 and recorded in Book 348, Page 606<br><br>Loan Amount secured — $4,000,000 | Prudential Reinsurance Company, a Delaware corporation |

[1] Please note that for all mortgages listed, there is no outstanding indebtedness in connection with the mortgage, however a mortgage release has not been recorded. These releases are a post-closing item.

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| 143 Mahanoy Avenue<br>Tamaqua<br>Pennsylvania<br><br>Schuylkill County | Schuylkill County Industrial Development Authority | Greater Tamaqua Industrial Development Enterprises (originally leased to J.E. Morgan Knitting Mills, Inc.) | Supplemental Mortgage recorded in Mortgage Book 34-P, Page 782, dated 10/24/1984<br><br>Loan Amount secured originally $650,000 | American Bank and Trust Co. of PA. |
| 480 Hanes Mill Road Winston-Salem, NC 27105 (336) 714-8400<br><br>Forsyth County | National Textiles, LLC | National Textiles, L.L.C., a Delaware limited liability company | 1. Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases from National Textiles, L.L.C., a Delaware limited liability company, to The Fidelity Company, Trustee for The First National Bank of Chicago, dated as of December 22, 1997 and recorded December 23, 1997 in Book 1978, Page 3969, Forsyth County Registry, securing an original amount of 210,000,000.00. (Also covers additional property)<br><br>2. Deed of Trust Modification and Reaffirmation Agreement by and between National Textiles, L.L.C., a Delaware limited liability company, and Bank One, NA f/k/a The First National Bank of Chicago, dated as of December 22, 2000 and recorded January 16, 2001 in Book 2150, Page 2439, Forsyth County Registry, regarding the Deed of Trust recorded in Book 1978, Page 3969, Forsyth County Registry.<br>Loan Amount $210,000,000 but linked to $300,000,000<br><br>Loan matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| 308 East Thom Street<br>China Grove, NC 2802<br><br>Rowan County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of trust, security Agreement, Financing Statement and Assignment of Rents and Leases recorded in Book 879, Page 692, dated 4/28/2000 as modified by that Deed of Trust Modification and reaffirmation recorded in Book 898, Page 124, dated 12/22/2000<br><br>Loan Amount secured— up tp $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| 6295 Clementine Dr. #4 Clemmons, NC 27012<br><br>Forsyth County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | 1. Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases from National Textiles, L.L.C., a Delaware limited liability company, to The Fidelity Company, Trustee for The First National Bank of Chicago, dated as of December 22, 1997 and recorded December 23, 1997 in Book 1978, Page 3969, Forsyth County Registry, securing an original amount of 210,000,000.00. (Also covers additional property)<br><br>2. Deed of Trust Modification and Reaffirmation Agreement by and between National Textiles, L.L.C., a Delaware limited liability company, and Bank One, NA f/k/a The First National Bank of Chicago, dated as of December 22, 2000 and recorded January 16, 2001 in Book 2150, Page 2439, Forsyth County Registry, **regarding** the Deed of Trust recorded in Book 1978, Page 3969, Forsyth County Registry.<br><br>Loan Amount $210,000,000 but linked to $300,000,000<br><br>Loan matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |
| 136 Gant Road Eden, NC 27288-7935 (336) 635-1354<br><br>Rockingham County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases recorded in Book 972, Page 2267, dated 12/22/1997<br><br>Loan amount secured — up to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |
| 328 Gant Road Eden, NC 27288-7935 | Eden Yarns, Inc., a Delaware | Sara Lee Corporation, a | Deed of Trust recorded in Book 804, Page 1004, dated 11/30/1987 as modified by that; | 1. Wachovia Bank |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| Rockingham County | corporation | Maryland corporation | First Amendment to Deed of Trust, Assignment of rents and security Agreement recorded in Book 842, Page 44, dated 12/31/1987 as modified by that;<br><br>Amendment to Deed of Trust recorded in Book 836, Page 1533, dated 5/15/1990 as modified by that;<br><br>Third Amendment to deed of Trust recorded in Book 842, Page 66, dated 10/24/1990 as modified by that;<br><br>Fourth Amendment to Deed of Trust recorded in Book 871, Page 2321, dated 9/17/1992 as modified by that;<br><br>Fifth Amendment to Deed of Trust recorded in Book 906, Page 1959, dated 7/27/1994 as modified by that;<br><br>Sixth Amendment to Deed of Trust recorded in Book 941, Page 1268, dated 7/23/1996 as modified by that;<br><br>Seventh Amendment to Deed of Trust recorded in Book 989, Page 1624, dated 7/29/1998<br><br>Loan amount secured — $66,000,000 ($33,000,000 to Wachovia Bank and$33,000,000 to Suntrust Bank)<br><br>matures 11/30/2009 | of North Carolina<br><br>2. Suntrust Bank |
| 1311 West Main Street Forest City, NC 28043<br><br>Rutherford County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases recorded in Book 524, Page 383 as modified by that;<br><br>Deed of Trust Modification and Reaffirmation Agreement recorded in Book 768, Page 334, dated 12/22/2000 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| | | | Loan amount secured $210,000,000.00, but linked to $300,000,000 in future advance section | |
| 1012 Glendale Drive<br>Galax, VA 24333<br><br>Carroll County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust Security Agreement, Financing Statement and Assignment of Rents and Leases, dated December 22, 1997, recorded on December 23, 1997 in Book 523, Page 283, Clerk's Office of Carroll County, Virginia;<br><br>This is a credit line deed of trust in the amount of $2,250,000.00, but linked to secure the $210,000,000 in the recitals | Bank One, NA f/k/a The First National Bank of Chicago |
| 501 Brown Street<br>(P.O. Box 12500)<br>Gastonia, NC 28053<br><br>Gaston County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust Security Agreement, Financing Statement and Assignment of Rents and Leases, recorded in Book 3091, Page 284, dated 5/30/2000<br><br>Loan Amount $210,000,000 but linked to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |
| 1925 West Poplar Street<br>Gastonia, NC 28052<br><br>Gaston County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases recorded in Book 3079, Page 737, dated 4/28/2000<br><br>Loan Amount $210,000,000 but linked to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |
| 100 Reep Drive<br>Morganton, NC 28655<br><br>Burke County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases recorded in Book 892, Page 1011, dated 12/22/1997 as modified by that;<br><br>Deed of Trust Modification and Reaffirmation Agreement Book 979, Page 557, dated 12/22/2000<br><br>Matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
| --- | --- | --- | --- | --- |
| | | | Loan Amount — $210,000,000.00 but secures up to $300,000,000 in future advances section | |
| 3916 Highway 421 South Mountain City, TN 37683 (423) 727-5270<br><br>Johnson Co | National Textiles, LLC | The Industrial Development Board of the County of Johnson County, Tennessee, a Tennessee public, not-for-profit corporation | Leasehold Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases dated 12/22/1997<br>TD Book 135, Page 578 as modified byLeasehold Deed of trust Modification and Reaffirmation Agreement dated 12/22/2000<br>TD Book 157, Page 288<br><br>First National Bank of Chicago<br><br>Loan Amount — $15,418,929.00 but linked to $300,000,000 in the recitals | Bank One, NA f/k/a The First National Bank of Chicago |
| 815 John Beck Dockins Road<br><br>Rabun County | National Textiles, LLC | Development Authority of Rabun County, Georgia, a public body corporate and politic of the State of Georgia | Deed to Secure debt, Security Agreement, and Assignment of Rents and Leases from National Textiles, LLC (as grantor) and Development Authority of Rabun County, Georgia (solely for purpose of consenting), recorded in Book O-17/1, dated 12/22/1997, as modified by that Deed to Secure Debt Modification and Reaffirmation Agreement Agreement recorded in Book K-20/306, dated 12/22/2000<br><br>Loan Amount — $8,500,000.00<br><br>matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |
| 2652 Dalrymple Street Sanford, NC 27330<br><br>Lee Co. | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases recorded in Book 625, Page 330, dated 12/22/1997<br><br>Loan Amount — $210,000,000.00 but secures up to $300,000,000 in future advances section | Bank One, NA f/k/a The First National Bank of Chicago |

Equipment Leases as listed below

| Debtor | Jurisdiction | Filing Type | Through Date | Secured Party | File Number and Date | Collateral Description |
| --- | --- | --- | --- | --- | --- | --- |
| National Textiles, L.L.C.<br>480 E. Hanes Mill Road<br>Winston-Salem, NC 27105 | Secretary of State, Delaware | UCC | 8/4/2006 | LaSalle National Leasing Corporation<br>One West Pennsylvania Avenue<br>Towson, MD 21204 | 2031537-8<br>1/14/2002 | Leased equipment pursuant to Master Lease Agreement dated 6/13/2001. |
| National Textiles, L.L.C.<br>480 E. Hanes Mill Road Winston-Salem, NC 27105<br>**Additional Debtors:**<br>National Textiles Services I, L.L.C. 480 E. Hanes Mill Road Winston-Salem, NC 27105<br>National Textiles Services II, L.L.C. 480 E. Hanes Mill Road Winston-Salem, NC 27105<br>National Textiles Services III, L.L.C.<br>480 E. Hanes Mill Road<br>Winston-Salem, NC 27105 | Secretary of State, Delaware | UCC | 8/4/2006 | LaSalle National Leasing Corporation<br>One West Pennsylvania Avenue<br>Towson, Md 21204 | 3055776-2<br>3/7/2003 | Leased manufacturing equipment. |

**ITEM 7.2.5(a) Ongoing Investments**

1. Subsidiaries as listed in ITEM 6.8 above along with the below listed companies.

- SN Fibers (49% interest)
- Playtex Marketing Corporation (50% interest)*

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* This company is an investment subject to the completion of the post closing obligations set forth in Section 7.1.11 of the Credit Agreement.

2. Deposit and Securities accounts

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Parent | Bank of America | Hanesbrands PR Checks | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | Hanesbrands Direct Deposit | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | HanesbrandsTravel Adv. E-cash | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | Hanesbrands PR E-cash | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | Hanesbrands PR funding | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands AP Checks | Business Checking | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Tax Clearing | Clearing | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands AP ACH | Clearing | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Master | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Casualwear Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Direct Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Eden Yarns Inc. Note | Concentration | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Parent | Chase | Leggs Products Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Playtex Apparel Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Outer Banks LLC Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Sock Company Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Printables Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Jogbra Inc Notes | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Champion Products Inc Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | JE Morgan (Harwood Companies) Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Host Apparel Note Account Harwood Industries | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Knit Products Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | The Harwood Companies Note Account | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Pacific Rim Note C/O Hanesbrands Export | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HBI LEASING WYOMING INC | Other | **[*****]** |
| Hanesbrands Parent | Chase | CAYWEAR | Other | **[*****]** |
| Hanesbrands Parent | Chase | ROOT CONSULTING INC UPEL | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY CUSTOMER EFT RECEIPTS | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY REFUNDS GUARANTEE DISBURSEMENTS | Business Checking | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY CONCENTRATION | Concentration | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY CONCENTRATION | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | PLAYTEX DORADO HANESBRANDS INC | Other | **[*****]** |
| Hanesbrands Parent | Chase | BALI FDN INC | Business Checking | **[*****]** |
| Hanesbrands Parent | Chase | PLAYTEX CONCENTRATION(HANESBRANDS INTIMATES & HOSIERY CON ACCT P) | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS INTIMATES & HOSIERY CO-OP ADVERTISING | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS PRINTABLES CONCENTRATION | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS SPORTSWEAR | Other | **[*****]** |
| Hanesbrands Parent | Chase | CHAMPION CUSTOMS | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS KNIT PRODUCTS HANES MENSWEAR ACCT | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS UNDERWEAR GENERAL ACCOUNT | General | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS UNDERWEAR CUSTOMS ACH | Other | **[*****]** |
| Hanesbrands Parent | Chase | HARWOOD COMPANIES, INC | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS UNDERWEAR/CASUALWEAR LOCKBOX | Other | **[*****]** |
| Hanesbrands Parent | Wachovia | HANEBRANDS SOCK | Lock Box | **[*****]** |
| Hanesbrands Parent | Wachovia | JE Morgan | Depository | **[*****]** |
| Hanesbrands Parent | Wachovia | JE Morgan | Depository | **[*****]** |
| Hanesbrands Parent | Wachovia | Export | Depository | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Hanesbrands Parent | Wachovia | Outer Banks | Lock Box | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| BA International LLC | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Caribesock, Inc. | Chase | Caribesock, Inc. | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Caribetex, Inc. | Chase | Caribetex | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| CASA International, LLC | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Ceibena Del Inc. Ceibena Del Inc. | Chase | CEIBENA DEL INC | Other | **[*****]** |
| Ceibena Del Inc. Ceibena Del Inc. | Chase | MANUFACTURERS CEIBENA | General | **[*****]** |
| | Banco Mercantil | Manufacturera Ceibena | Operating | **[*****]** |
| | Banco Mercantil | Manufacturera Ceibena | Operating | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Concentration | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Business Checking | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Business Checking | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Business Checking | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | General | **[*****]** |
| Hanes Menswear, LLC | Chase | Hanes Menswear | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Hanes Puerto Rico, Inc. | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Chase | Direct Note | Concentration | [*****] |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Costumer Refund | Disbursement — non payroll | [*****] |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Costumer Refund | Disbursement — non payroll | [*****] |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | First Security Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Alliance Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | American National Bank of TX | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Americana Community Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Amsouth Bank | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | BancorpSouth | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | BancorpSouth | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | [*****] |
| Hanesbrands Direct, LLC | Bank of Clarendon | Direct Store Deposits | Depository/Collection | [*****] |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Bank of New York | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of Ocean City | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of Odessa | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of Petaluma | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of the Cascades | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of the West | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | BB&T | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Borrego Springs Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Centura Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Centura Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Chittenden Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Citizens Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Citizens Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Citizens National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | City National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | City National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Columbia State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Commerce Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Community Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Community Bank of Homestead | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Community National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Compass Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Covenant Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Dalton Whitfield Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | F&M Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Farmers Bank & Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Farmers Trust & Savings | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Farmers Trust & Savings | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First American Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank of Douglas City | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank of the Lake | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Hanesbrands Direct, LLC | First Banking Center | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Century | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Citizens | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of (unspec) | Direct Store Deposits | Depository/Collection | **[***** ]** |
| Hanesbrands Direct, LLC | First National Bank of (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of Gwinnett | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of NE | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of Olathe | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of TX | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First State Bank of Gainesville | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Frost National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Gibsland Bank and Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Glens Falls National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Harris Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | HSBC Bank USA | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Huntington National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Irwin Union Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Legacy Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Legacy Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | M&T Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | McIntosh State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Mid State Bank and Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Montgomery Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Five Star Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National Penn | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Old Second National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Ozark Mountain Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Ozark Mountain Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Park Avenue Bank (GA, FL) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Pinnacle Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | PNC Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | PNC Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Premier Bank (Missouri) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Premier Banks (Minnesota) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Queenstown Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Regions Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Regions Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Security National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Security State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Skagit State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Skagit State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Sky Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Somerset Trust Co | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | South Carolina Bank and Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Southeastern Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Southeastern Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Susquehanna Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Trustmark National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Tuscola National | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | US Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | US Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | US Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Washington Mutual | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Washington Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wells Fargo | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wilmington Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wilson Bank & Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wrentham Cooperative Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| HBI Branded Apparel Enterprises. LLC | None | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Distribution, Inc. | Chase | Hanesbrands Distribution | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| HBI Branded Apparel Limited Inc | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| HBI International, LLC | Chase | HBI International LLC | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| HBI Sourcing, LLC | Chase | HBI Sourcing LLC | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Inner Self, LLC | Chase | Inner Self, LLC | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Jasper-Costa Rica, L.L.C. | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| National Textiles, LLC | Chase | NATIONAL TEXTILES NOTE | Concentration | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES A/P | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES HOURLY PAYROLL | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES SALARY PAYROLL | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES MEDICAL/DENTAL | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | EDEN YARNS NOTE | Concentration | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| NT Investment Company | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Playtex Dorado, LLC | BANCO POPULAR | PLAYTEX DORADO CORPORATION | Business Checking | **[*****]** |
| Playtex Dorado, LLC | BANCO POPULAR | PLAYTEX DORADO CORPORATION | Business Checking | **[*****]** |
| Playtex Dorado, LLC | Chase | PLAYTEX DORADO CORPORATION | Depository | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Playtex Industries Inc | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Seamless Textiles LLC | Banco Popular | SEAMLESS TEXTILES, INC. | Business Checking | **[*****]** |
| Seamless Textiles LLC | Banco Popular | SEAMLESS TEXTILES, INC. | Business Checking | **[*****]** |
| Seamless Textiles LLC | Chase | SEAMLESS TEXTILES, INC. | Depository | **[*****]** |
| Seamless Textiles LLC | Banco Popular | Seamless MMIA Short Term | Cert of Deposit | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| UPCR Inc | CHASE | UPCR INC | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| UPEL Inc | CHASE | UPEL Inc | Other | **[*****]** |

BA International, L.L.C.
Caribesock, Inc.
Caribetex, Inc.
CASA International, LLC
Ceibena Del, Inc.
Hanes Menswear, LLC
Hanes Puerto Rico, Inc.
Hanesbrands Direct, LLC
Hanesbrands Distribution, Inc.
HBI Branded Apparel
Enterprises, LLC
HBI Branded Apparel Limited, Inc.
HbI International, LLC
HBI Sourcing, LLC
Inner Self LLC
National Textiles, L.L.C.
NT Investment Company, Inc.
Playtex Dorado, LLC
Playtex Industries, Inc.
Seamless Textiles, LLC
UPCR, Inc.
UPEL, Inc.

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**ITEM 7.2.11(m) Permitted Dispositions**

| Location of property | Description |
|---|---|
| **[*****]** | Approximately 4.93 acres [*****] |
| **[*****]** | Approximately 54,524 square foot building located on approximately 5.47 acres |
| **[*****]** | Property currently leased to third party |
| **[*****]** | [*****] |
| **[*****]** | Approximately 267 acres [*****] |
| **[*****]** | Approximately 173,805 square foot building |
| **[*****]** | Approximately 28,000 square foot building |
| **[*****]** | Several buildings aggregating approximately 47,802 square feet |
| **[*****]** | Approximately 43,859 square foot building |
| **[*****]** | Approximately 56,505 square foot building |
| **[*****]** | Approximately 148,477 square foot building |
| **[*****]** | Approximately 48,653 square foot building |
| **[*****]** | Approximately 24,326 square foot building |
| **[*****]** | Approximately 97,546 square foot building |
| **[*****]** | Approximately 22,539 square foot building located on approximately 112,816 square feet of land |
| **[*****]** | Approximately 603,338 square foot building located on approximately 13.9 acres |

SCHEDULE II

PERCENTAGES;
LIBOR OFFICE;
DOMESTIC OFFICE

| NAME AND NOTICE ADDRESS OF LENDER | LIBOR OFFICE | DOMESTIC OFFICE | COMMITMENT |
|---|---|---|---|
| Merrill Lynch Capital Corporation | Merrill Lynch Capital Corporation<br>4 World Financial Center<br>22nd Floor<br>New York, NY 10080<br>Attn: Nancy Meadows<br>Tel: (212) 449-2879<br>Fax: (212) 738-1186<br>Email: Nancy_Meadows@ml.com | Merrill Lynch Capital Corporation<br>4 World Financial Center<br>22nd Floor<br>New York, NY 10080<br>Attn: Nancy Meadows<br>Tel: (212) 449-2879<br>Fax: (212) 738-1186<br>Email: Nancy_Meadows@ml.com | 50% |
| Morgan Stanley Senior Funding, Inc. | Morgan Stanley Senior Funding, Inc. 1585 Broadway<br>New York, NY 10036 | Morgan Stanley Senior Funding, Inc. 1585 Broadway<br>New York, NY 10036 | 50% |

**NOTICE ADDRESS FOR ADMINISTRATIVE AGENT**:

Citicorp USA, Inc.
2 Penns Way
Suite 100
New Castle, De 19720
Attention: Carin Seals

Fax: (302) 894-6076
Phone: (212) 994-0967
E-mail: carin.seals@citigroup.com

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EXHIBIT A

[FORM OF] NOTE

$______________________________

FOR VALUE RECEIVED, HBI BRANDED APPAREL LIMITED, INC., a Delaware corporation (the "Borrower"), promises to pay to the order of **[**NAME OF LENDER**]** (the "Lender") on the Stated Maturity Date the principal sum of __________DOLLARS ($__________) or, if less, the aggregate unpaid principal amount of all Loans shown on the schedule attached hereto (and any continuation thereof) made (or continued) by the Lender pursuant to that certain Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, Hanesbrands Inc. (the "Company"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used in this Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made pursuant to the terms of the Credit Agreement.

This Note is one of the Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this Note, which security is subject to the Intercreditor Agreement, and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Note and on which such Indebtedness may be declared to be immediately due and payable.

All parties hereto, to the extent permitted by applicable law, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

**THIS NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).**

HBI BRANDED APPAREL LIMITED, INC.

By ______________________________________
Name:
Title:

LOANS AND PRINCIPAL PAYMENTS

| Date | Amount of Loan Made | | Interest Period | Amount of Principal Repaid | | Unpaid Principal Balance | | Total | Notation Made By |
|---|---|---|---|---|---|---|---|---|---|
| | Alternate Base Rate | LIBO Rate | | Alternate Base Rate | LIBO Rate | Alternate Base Rate | LIBO Rate | | |

EXHIBIT B

[FORM OF] BORROWING REQUEST

Citicorp USA, Inc.,
as Administrative Agent
2 Penns Way
Suite 100
New Castle, De 19720

Attention: Carin Seals
Fax: (302) 894-6076
Phone: (212) 994-0967
E-mail: carin.seals@citigroup.com

HBI BRANDED APPAREL LIMITED, INC.

Ladies and Gentlemen:

This Borrowing Request is delivered to you pursuant to Section 2.2.1 of the Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among HBI Branded Apparel Limited, Inc., a Delaware corporation (the "Borrower"), Hanesbrands Inc. (the "Company"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners. Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that a Loan be made in the aggregate principal amount of $450,000,000 on September 5, 2006 as a **[**Base Rate Loan**]** **[**LIBO Rate Loan having an Interest Period of one month**]**.

The Borrower hereby acknowledges that, pursuant to Section 5.21 of the Credit Agreement, each of the delivery of this Borrowing Request and the acceptance by the Borrower of the proceeds of the Loans requested hereby constitutes a representation and warranty by the Borrower that, on the date of the making of such Loans, and both before and after giving effect thereto, all statements set forth in Section 5.20 of the Credit Agreement are true and correct.

The Borrower agrees that if prior to the time of the Borrowing requested hereby any matter certified to herein by it will not be true and correct to the extent set forth in Section 5.20 of the Credit Agreement at such time as if then made, it will promptly so notify the Administrative Agent. Except to the extent, if any, that prior to the time of the Borrowing

requested hereby the Administrative Agent shall receive written notice to the contrary from the Borrower, each matter certified to herein shall be deemed once again to be certified as true and correct to the extent set forth in Section 5.20 of the Credit Agreement at the date of such Borrowing as if then made.

Please wire transfer the proceeds of the Borrowing to the accounts of the following persons at the financial institutions indicated respectively:

| Amount to be Transferred | Person to be Paid | | Name, Address, etc. Of Transferee Lender |
|---|---|---|---|
| | Name | Account No. | |
| $__________ | __________ | __________ | __________ |
| $__________ | __________ | __________ | Attention: __________ |
| | | | __________ |
| $__________ | __________ | __________ | Attention:__________ |
| | | | __________ |
| | | | Attention: __________ |
| Balance of such proceeds | The Borrower | | __________ |
| | | | Attention:__________ |

IN WITNESS WHEREOF, the Borrower has caused this Borrowing Request to be executed and delivered, and the certifications and warranties contained herein to be made, by its duly Authorized Officer, solely in such capacity and not as an individual, this __________ day of ____________________, __________.

HBI BRANDED APPAREL LIMITED, INC.

By ______________________________

Name:

Title:

EXHIBIT C

CONTINUATION/CONVERSION NOTICE

Citicorp USA, Inc.,
as Administrative Agent
2 Penns Way
Suite 100
New Castle, DE 19720
Attention: Carin Seals
Fax: (302) 894-6076
Phone: (212) 994-0967
E-mail: carin.seals@citigroup.com

HBI BRANDED APPAREL LIMITED, INC.

Ladies and Gentlemen:

This Continuation/Conversion Notice is delivered to you pursuant to Section 2.3 of the Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among HBI Branded Apparel Limited, Inc., a Delaware corporation (the "Borrower"), Hanesbrands Inc. (the "Company"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that on ___, ___[1],

(1) $___[2] of the presently outstanding principal amount of the Loans originally made on ___, ___, presently being maintained as **[**Base Rate Loans**]** **[**LIBO Rate Loans**]**,

(2) be **[**converted into**]** **[**continued as**]**,

---

1 Insert date of Continuation/Conversion Notice which shall be on or before 10:00 a.m. on a Business Day on not less than three nor more than five Business Days' notice before the last day of the then current Interest Period with respect thereto, to convert any Base Rate Loan into one or more LIBO Rate Loans or to continue any LIBO Rate Loan; provided in the absence of prior notice as required above (which notice may be delivered telephonically followed by written confirmation within 24 hours thereafter by delivery of a Continuation/Conversion Notice), with respect to any LIBO Rate Loan such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan.

2 Minimum of $1,000,000 and integral multiples of $1,000,000.

(3) **[**LIBO Rate Loans having an Interest Period of ___ [weeks] [months]**]**[3] **[**Base Rate Loans**]**.

[The undersigned hereby certifies that no Event of Default has occurred and is continuing on the date of the proposed [conversion] [continuation]][4]

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3 Insert appropriate interest rate option and, if applicable, the number of weeks (one or two) if available, or months (one, two, three or six, or if available nine or twelve) with respect to LIBO Rate Loans.

4 Insert this sentence only in the event of a conversion from a Base Rate Loan to a LIBO Rate Loan or a continuation of a LIBO Rate Loan.

IN WITNESS WHEREOF, the Borrower has caused this Continuation/Conversion Notice to be executed and delivered by its duly Authorized Officer, solely in such capacity and not as an individual, this ___day of ___, ___.

HBI BRANDED APPAREL LIMITED, INC.

By ______________________________
Name:
Title:

EXHIBIT D

[FORM OF] LENDER ASSIGNMENT AGREEMENT

_____________ ___, _____

To: HBI BRANDED APPAREL LIMITED, INC.,
as the Borrower
1000 East Hanes Mill Rd
Winston Salem, NC 27105
Attn: General Counsel

CITICORP USA, INC.,
as the Administrative Agent
2 Penns Way
Suite 100
New Castle, De 19720
Attention: Carin Seals
Fax: (302) 894-6076
Phone: (212) 994-0967
E-mail: carin.seals@citigroup.com

HBI BRANDED APPAREL LIMITED, INC.

Gentlemen and Ladies:

This Lender Assignment Agreement (this "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the "Standard Terms and Conditions") are hereby agreed to be incorporated herein by reference and made a part of this Assignment and Acceptance.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent (as defined below) as contemplated below (i) all of the Assignor's rights, benefits, obligations, liabilities and indemnities in its capacity as a Lender under (and in connection with) the Credit Agreement and any other Loan Documents to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action

and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, the other Loan Documents or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by the Assignor.

This Assignment and Acceptance shall be effective as of the Effective Date [upon the written consent of the Administrative Agent [and the Borrower (as defined below)][1] ][2] being subscribed in the space indicated below.

| | | |
|---|---|---|
| 1. | Assignor: | ____________________ |
| 2. | Assignee: | ____________________<br>[and is an Affiliate/Approved Fund of [*identify Lender*][3]] |
| 3. | Borrower: | HBI BRANDED APPAREL LIMITED, INC. (the "Borrower") |
| 4. | Administrative Agent: | CITICORP USA, INC., as the administrative agent under the Credit Agreement (the "Administrative Agent") |
| 5. | Credit Agreement: | The Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, Hanesbrands Inc. (the "Company"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners. |
| 6. | Assigned Interest: | |

[1] Borrower consent required only pursuant to clause (a)(i) of Section 10.11 of the Credit Agreement.

[2] Administrative Agent consent required for assignments (i) to an Eligible Assignee that is not a Lender, Approved Fund or an Affiliate of a Lender and (ii) pursuant to clause (a)(i) of Section 10.11 of the Credit Agreement.

[3] Select as applicable.

| Aggregate Amount of Loans for all Lenders | Amount of Loans Assigned | Percentage Assigned of Loans |
|---|---|---|
| $ | $ | % |
| $ | $ | % |
| $ | $ | % |

Effective Date: [MONTH] ___, 20___

*Lender Assignment Agreement (Second Lien)*

The terms set forth in this Assignment and Acceptance are hereby agreed to as of the Effective Date:

ASSIGNOR
[NAME OF ASSIGNOR]

By: ______________________________
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: ______________________________
Name:
Title:

[Consented to and] Accepted:
CITICORP USA, INC.,
as the Administrative Agent

By:____________________
Name:
Title:

[Consented to:
HBI BRANDED APPAREL LIMITED, INC.,
as the Borrower

By:____________________
Name:
Title:]

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) except as provided in clause (a) above, assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, the Company, or any of their respective Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, the Company, any of their respective Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it is an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.6 or 7.1.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (v) without limiting the generality of the foregoing, it has received a copy of the Intercreditor Agreement and understands that its rights under the Loan Documents are subject to terms set forth in the Intercreditor Agreement and (vi) if it is a Non-U.S. Lender, attached to this Assignment and Acceptance is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Collateral Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by telecopy or facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be deemed to be a contract made under, governed by, and construed in accordance with, the laws of the State of New York (including for such purposes Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York) without regard to conflicts of laws principles.

EXHIBIT E

COMPLIANCE CERTIFICATE (SECOND LIEN)
HANESBRANDS INC.
HBI BRANDED APPAREL LIMITED, INC.

This Compliance Certificate is delivered pursuant to clause (c) of Section 7.1.1 of the Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among HBI Branded Apparel Limited, Inc., a Delaware corporation (the "Borrower"), Hanesbrands Inc. (the "Company"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (collectively, the "Lead Arrangers"). Terms used herein that are defined in the Credit Agreement, unless otherwise defined herein, have the meanings provided (or incorporated by reference) in the Credit Agreement.

Each of the Company and the Borrower hereby certifies, represents and warrants as follows in respect of the period (the "Computation Period") commencing on ___ ___, ___and ending on ___ ___, ___(such latter date being the "Computation Date") and with respect to the Computation Date:

1. Defaults. As of the Computation Date, no Default had occurred and was continuing. [1]

2. Financial Covenants.

- Leverage Ratio. The Leverage Ratio on the Computation Date was ___, as computed on Attachment 1 hereto. The maximum Leverage Ratio permitted pursuant to clause (a) of Section 7.2.4 of the Credit Agreement on the Computation Date was ___.

- Interest Coverage Ratio. The Interest Coverage Ratio for the Computation Period was ___, as computed on Attachment 2 hereto. The minimum Interest Coverage Ratio permitted pursuant to clause (b) of Section 7.2.4 of the Credit Agreement for the Computation Period was ___.

---

1 If a Default has occurred, specify the details of such default and the action that the Company or other Obligor has taken or proposes to take with respect thereto.

3. [2] [Excess Cash Flow: The Excess Cash Flow was $___, as computed on Attachment 3 hereto.] Such amount multiplied by the Applicable Percentage (which is ___% based on the Leverage Ratio set forth above) is $___. Such amount minus the aggregate amount of all voluntary prepayments of Loans made during the Computation Period (which was $___) is equal to $___. As a result,[3] subject to Section 3.1.1(f) [the Borrower is required to make a mandatory prepayment in such amount] [4][the Borrower is not required to make a mandatory prepayment of Excess Cash Flow]

4. Subsidiaries: Except as set forth below, no Subsidiary of the Company has been formed or acquired since the delivery of the last Compliance Certificate. The formation and/or acquisition of such Subsidiary was in compliance with Section 7.1.8 of the Credit Agreement.

[Insert names of any new entities.]

5. Neither the Borrower nor any Obligor has changed its legal name or jurisdiction of organization, during the Computation Period, except as indicated on Attachment 4 hereto.

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2 Use in the case of a Compliance Certificate delivered concurrently with the financial information pursuant to clause (b) of Section 7.1.1 of the Credit Agreement if applicable.

3 Use if amount is positive.

4 Use if amount is zero or less.

IN WITNESS WHEREOF, the undersigned have caused this Compliance Certificate to be executed and delivered, and the certifications and warranties contained herein, by their respective treasurer, chief financial or accounting Authorized Officer, in each case, are made solely in such capacity and not as an individual, as of ___ ___, 200_.

HANESBRANDS INC.

By

Name:

Title:

HBI BRANDED APPAREL LIMITED, INC.

By

Name:

Title:

Attachment 1
(to __/__/__ Compliance
Certificate)

LEVERAGE RATIO
on ___________
(the "Computation Date")

**Leverage Ratio:**

1. Total Debt: on the Computation Date, in each case exclusive of intercompany Indebtedness between the Company and its Subsidiaries and any Contingent Liability in respect of any of the following, the outstanding principal amount of all Indebtedness of the Company and its Subsidiaries (other than a Receivables Subsidiary), comprised of:.

| | | |
|---|---|---|
| (a) | all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments | ________ |
| (b) | all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person | $________ |
| (c) | all Capitalized Lease Liabilities of such Person | $________ |
| (d) | monetary obligations arising under Synthetic Leases | $________ |
| (e) | TOTAL DEBT: The sum of Item 1(a) through 1(d) | $________ |

| | | |
|---|---|---|
| 2. | Net Income (the aggregate of all amounts which would be included as net income on the consolidated financial statements of the Company and its Subsidiaries for the Computation Period)[1] . | $________ |
| 3. | to the extent deducted in determining Net Income, amounts attributable to amortization (including amortization of goodwill and other intangible assets) | $________ |
| 4. | to the extent deducted in determining Net Income, Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Tax expense | $________ |

---

1 The calculation of Net Income shall not include any net income of any Foreign Supply Chain Entity, except to the extent cash is distributed by such Foreign Supply Chain Entity during such period to the Company or any other Subsidiary as a dividend or other distribution.

| | | |
|---|---|---|
| 5. | to the extent deducted in determining Net Income, Interest Expense (the aggregate interest expense (both, without duplication, when accrued or paid and net of interest income paid during such period to the Company and its Subsidiaries) of the Company and its Subsidiaries for such applicable period, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense) | $__________ |
| 6. | to the extent deducted in determining Net Income, depreciation of assets | $__________ |
| 7. | to the extent deducted in determining Net Income, all non-cash charges, including all non-cash charges associated with announced restructurings, whether announced previously or in the future | $__________ |
| 8. | to the extent deducted in determining Net Income, net cash charges associated with or related to any contemplated restructurings in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Restructuring Charge[2] Amount for such Fiscal Year | $__________ |
| 9. | to the extent deducted in determining Net Income, net cash restructuring charges associated with or related to the Spin-Off in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Spin-Off Charge Amount for such Fiscal Year[3] | $__________ |
| 10. | to the extent deducted in determining Net Income, all amounts in respect of extraordinary losses | $__________ |
| 11. | to the extent deducted in determining Net Income, non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements) | $__________ |
| 12. | to the extent included in determining Net Income, any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early retirement of Indebtedness, and related out-of-pocket expenses incurred by the Company or any of its Subsidiaries as a result of the Transaction, including fees and expenses in connection with the issuance, redemption or exchange of the Bridge Loans, all determined in accordance with GAAP | $__________ |

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2 The Permitted Cash Restructuring Charge Amount shall be $120,000,000 in the aggregate for the Fiscal Year 2006 and all Fiscal Years ending after the Closing Date.

3 The Permitted Cash Spin-Off Charge Amount for the Fiscal Year 2006 shall be $20,000,000 and for the Fiscal Year 2007 shall be $55,000,000.

| | | |
|---|---|---|
| 13. | to the extent included in determining Net Income, non-cash or unrealized losses on agreements with respect to Hedging Obligations | $__________ |
| 14. | to the extent included in determining Net Income and to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of the Company and its Subsidiaries incurred as a result of Permitted Acquisitions, Investments, Dispositions permitted under the Credit Agreement and the issuance of Capital Securities or Indebtedness permitted under the Credit Agreement, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Permitted Acquisition or Dispositions | $__________ |
| 15. | to the extent included in determining Net Income, and to the extent the related loss in not added back pursuant to Item 21, all proceeds of business interruption insurance policies | $__________ |
| 16. | to the extent included in determining Net Income, expenses incurred by the Company or any Subsidiary to the extent reimbursed in cash by a third party | $__________ |
| 17. | to the extent included in determining Net Income, extraordinary, unusual or non-recurring cash charges not to exceed $10,000,000 in any Fiscal Year | $__________ |
| 18. | to the extent included in determining Net Income, all amounts in respect of extraordinary gains or extraordinary losses | $__________ |
| 19. | to the extent included in determining Net Income, non-cash gains on agreements with respect to Hedging Obligations | $__________ |
| 20. | to the extent included in determining Net Income, reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period | $__________ |
| 21. | to the extent included in determining Net Income, non-cash items increasing such Net Income for such period, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash | $__________ |

|  |  |  |
|---|---|---|
|  | reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period |  |
| 22. | EBITDA[4]: The sum of Items 2 through 17 minus Items 18 through 21 | $_________ |
| 23. | LEVERAGE RATIO: ratio of Item 1 to Item 22 | :1_________ |

4 For purposes of calculating the Leverage Ratio with respect to the four consecutive Fiscal Quarter period ending (i) nearest to December 31, 2006, EBITDA shall be actual EBITDA for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four; (ii) nearest to March 31, 2007, EBITDA shall be actual EBITDA for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two; and (iii) nearest to June 30, 2007, EBITDA shall be actual EBITDA for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third.

Attachment 2
(to __/__/__ Compliance
Certificate)

INTEREST COVERAGE RATIO
on ___________
(the "Computation Date")

- **Interest Coverage Ratio:**

| | | |
|---|---|---|
| 1. | EBITDA (see Item 22 of Attachment 1) | $__________ |
| 2. | Interest Expense of the Company and its Subsidiaries (see Item 5 of Attachment 1)[1] | $__________ |
| 3. | INTEREST COVERAGE RATIO: ratio of Item 1 to Item 2 | :1 |

1 For purposes of calculating Interest Expense with respect to the calculation of the Interest Coverage Ratio with respect to the four consecutive Fiscal Quarter period ending (i) nearest to December 31, 2006, Interest Expense shall be actual Interest Expense for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four; (ii) nearest to March 31, 2007, Interest Expense shall be actual Interest Expense for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two; and (iii) nearest to June 30, 2007, Interest Expense shall be actual Interest Expense for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third.

EXCESS CASH FLOW[1]

on the Computation Date

| | | |
|---|---|---|
| 1. | EBITDA (see Item 22 of Attachment 1) | $__________ |
| 2. | Interest Expense actually paid in cash by the Company and its Subsidiaries | $__________ |
| 3. | scheduled principal repayments with respect to the permanent reduction of Indebtedness, to the extent actually made and permitted to be made under the Credit Agreement | $__________ |
| 4. | all Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Taxes actually paid in cash or payable (only to the extent related to Taxes associated with such Fiscal Year) by the Company and its Subsidiaries | $__________ |
| 5. | Capital Expenditures to the extent (x) actually made by the Company and its Subsidiaries in such Fiscal Year or (y) committed to be made by the Company and its Subsidiaries and that are permitted to be carried forward to the next succeeding Fiscal Year pursuant to Section 7.2.7 of the Credit Agreement[2]. | $__________ |
| 6. | the portion of the purchase price paid in cash with respect to Permitted Acquisitions to the extent such Permitted Acquisition was made in connection with the Company's offshore migration of its supply chain. | $__________ |
| 7. | cash Investments permitted to be made in Foreign Supply Chain Entities. | $__________ |
| 8. | to the extent permitted to be included in the calculation of EBITDA for such Fiscal Year, the amount of Cash Restructuring Charges and Cash Spin-Off Charges actually so included in such calculation. | $__________ |

[1] Use in the case of a Compliance Certificate delivered concurrently with the financial information pursuant to clause (b) of Section 7.1.1 of the Credit Agreement.

[2] The amounts deducted from Excess Cash Flow pursuant to clause (y) of Item 5 shall not thereafter be deducted in the determination of Excess Cash Flow for the Fiscal Year during which such payments were actually made.

| | | |
|---|---|---|
| 9. | without duplication to any amounts deducted in preceding Item 2 through Item 8, all items added back to EBITDA pursuant to clause (b) of the definition of EBITDA in the Credit Agreement that represent amounts actually paid in cash | $__________ |
| 10. | The sum of Items 2 through 9 | $__________ |
| 11. | EXCESS CASH FLOW: Item 1 less Item 10 | $__________ |

Attachment 4
(to __/__/__ Compliance
Certificate)

CHANGE OF LEGAL NAME OR JURISDICTION OF INCORPORATION

| Name of Borrower or Other Obligor | New Legal Name or Jurisdiction of Incorporation |
|---|---|
| | |
| | |

EXHIBIT F

GUARANTY

**THE EXERCISE BY THE ADMINISTRATIVE AGENT OR ANY OF THE SECURED PARTIES OF THEIR RIGHTS HEREUNDER IS SUBJECT TO THE TERMS, CONDITIONS AND RESTRICTIONS OF THE INTERCREDITOR AGREEMENT REFERRED TO IN SECTION 5.14 BELOW.**

This GUARANTY (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Guaranty"), dated as of September 5, 2006, is made by HANESBRANDS INC., a Maryland corporation (the "Company") and each U.S. Subsidiary of the Company other than the Borrower (as defined below), from time to time party to this Guaranty (each individually, a "Subsidiary Guarantor" and, together with the Company, each individually, a "Guarantor" and collectively, the "Guarantors"), in favor of CITICORP USA, INC., as administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Secured Parties (capitalized terms used herein have the meanings set forth in or incorporated by reference in Article I).

W I T N E S S E T H:

WHEREAS, pursuant to a Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among HBI Branded Apparel Limited, Inc. (the "Borrower"), the Company, the Lenders, the Administrative Agent, Citibank, N.A., as the Collateral Agent, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Lead Arrangers and Syndication Agents, and HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Documentation Agents, the Lenders have extended Commitments to make Loans to the Borrower; and

WHEREAS, as a condition precedent to the making of the Loans under the Credit Agreement, each Guarantor is required to execute and deliver this Guaranty;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor agrees, for the benefit of each Secured Party, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Borrower" is defined in the first recital.

“Company” is defined in the preamble.

“Credit Agreement” is defined in the first recital.

“Guarantor” and “Guarantors” are defined in the preamble.

“Guaranty” is defined in the preamble.

SECTION 1.2. Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Credit Agreement.

## ARTICLE II

## GUARANTY PROVISIONS

SECTION 2.1. Guaranty. Each Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably

(a) guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations of each Obligor now or hereafter existing, whether for principal, interest (including interest accruing at the then applicable rate provided in the Credit Agreement after the occurrence of any Event of Default set forth in Section 8.1.9 of the Credit Agreement, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws), fees, expenses or otherwise (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. §502(b) and §506(b)); and

(b) indemnifies and holds harmless each Secured Party for any and all costs and reasonable out-of-pocket expenses (including reasonable attorneys’ fees) incurred by such Secured Party in enforcing any rights under this Guaranty (in each case to the same extent the Secured Parties are indemnified and held harmless pursuant to Sections 10.3 and 10.4 of the Credit Agreement);

provided, however, that each Guarantor shall only be liable under this Guaranty for the maximum amount of such liability that can be hereby incurred without rendering this Guaranty, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount. This Guaranty constitutes a guaranty of payment when due and not of collection, and each Guarantor specifically agrees that to the extent permitted by applicable law it shall not be necessary or required that any Secured Party exercise any right, assert any claim or demand or enforce any remedy whatsoever against any Obligor or any other Person before or as a condition to the obligations of such Guarantor hereunder.

SECTION 2.2. Reinstatement, etc. Each Guarantor hereby jointly and severally agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is invalidated, declared to be fraudulent or preferential, set aside, rescinded or must otherwise be restored by any Secured Party, including upon the occurrence of any Default set forth in Section 8.1.9 of the Credit Agreement or otherwise, all as though such payment had not been made.

SECTION 2.3. Guaranty Absolute, etc. To the extent permitted by applicable law, this Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment, and shall remain in full force and effect until the Termination Date has occurred. Each Guarantor jointly and severally guarantees that the Obligations will be paid strictly in accordance with the terms of each Loan Document, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The liability of each Guarantor under this Guaranty shall be joint and several, absolute, unconditional and irrevocable to the extent permitted by applicable law irrespective of:

(a) any lack of validity, legality or enforceability of any Loan Document;

(b) the failure of any Secured Party

(i) to assert any claim or demand or to enforce any right or remedy against any Obligor or any other Person (including any other guarantor) under the provisions of any Loan Document, or

(ii) to exercise any right or remedy against any other guarantor (including any Guarantor) of, or collateral securing, any Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other extension, compromise or renewal of any Obligation;

(d) any reduction, limitation, impairment or termination of any Obligations for any reason (other than the occurrence of the Termination Date), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Guarantor hereby waives to the extent permitted by law, any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise (other than the occurrence of the Termination Date);

(e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document;

(f) any addition, exchange or release of any collateral or of any Person that is (or will become) a guarantor (including a Guarantor hereunder) of the Obligations, or any surrender or non-perfection of any collateral, or any amendment to or waiver or release or

addition to, or consent to or departure from, any other guaranty held by any Secured Party securing any of the Obligations; or

(g) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any Obligor, any surety or any guarantor (other than payment or performance of the Obligations, in each case in full and, with respect to payments, in cash).

SECTION 2.4. Setoff. Each Secured Party shall, upon the occurrence and during the continuance of any Event of Default described in clauses (a) through (d) of Section 8.1.9 of the Credit Agreement or, with the consent of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default (in each case, subject to the terms and conditions of the Intercreditor Agreement), have the right to appropriate and apply to the payment of the Obligations owing to it (if then due and payable), any and all balances, credits, deposits, accounts or moneys of such Guarantor then or thereafter maintained with such Secured Party (other than payroll, trust or tax accounts); provided that any such appropriation and application shall be subject to the provisions of Section 4.8 of the Credit Agreement. Each Secured Party agrees promptly to notify the applicable Guarantor and the Administrative Agent after any such appropriation and application made by such Secured Party; provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Secured Party may have.

SECTION 2.5. Waiver, etc. Each Guarantor hereby waives, to the extent permitted by law, promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Guaranty and any requirement that any Secured Party protect, secure, perfect or insure any Lien, or any property subject thereto, or exhaust any right or take any action against any Obligor or any other Person (including any other guarantor) or entity or any collateral securing the Obligations (subject to the terms and conditions of the Intercreditor Agreement), as the case may be.

SECTION 2.6. Postponement of Subrogation, etc. Each Guarantor agrees that it will, to the extent permitted by law, not exercise any rights which it may acquire by way of rights of subrogation under any Loan Document, nor shall any Guarantor seek any contribution or reimbursement from any Obligor in respect of any payment made under any Loan Document until following the Termination Date. Any amount paid to any Guarantor on account of any such subrogation rights prior to the Termination Date shall (subject to the terms of the Intercreditor Agreement) be held in trust for the benefit of the Secured Parties and shall (subject to the terms of the Intercreditor Agreement) immediately be paid and turned over to the Administrative Agent for the benefit of the Secured Parties in the exact form received by such Guarantor (duly endorsed in favor of the Administrative Agent, if required), to be credited and applied against the outstanding Obligations, in accordance with the Intercreditor Agreement and Section 2.7; provided, however, that if any Guarantor has made payment to the Secured Parties of all or any part of the Obligations and the Termination Date has occurred, then at such Guarantor's request, the Administrative Agent (on behalf of the Secured Parties) will, at the expense of such Guarantor, execute and deliver to such Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such

Guarantor of an interest in the Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, each Guarantor shall refrain from taking any action or commencing any proceeding against any Obligor (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Guaranty to any Secured Party other than as required by applicable law to preserve such rights.

SECTION 2.7. Payments; Application. Subject to the terms, conditions and provisions of the Intercreditor Agreement, each Guarantor hereby agrees with each Secured Party as follows to the extent permitted by applicable law:

(a) Each Guarantor agrees that all payments made by such Guarantor hereunder will be made in Dollars to the Administrative Agent, without set-off, counterclaim or other defense (other than the defense of payment or performance) and in accordance with Sections 4.6 and 4.7 of the Credit Agreement, free and clear of and without deduction for any Taxes, each Guarantor hereby agreeing to comply with and be bound by the provisions of Sections 4.6 and 4.7 of the Credit Agreement in respect of all payments made by it hereunder and the provisions of which Sections are hereby incorporated into and made a part of this Guaranty by this reference as if set forth herein; provided, that references to the "Borrower" in such Sections shall also be deemed to be references to each Guarantor, and references to "this Agreement" in such Sections shall be deemed to be references to this Guaranty.

(b) All payments made hereunder shall be applied upon receipt as set forth in Section 4.7 of the Credit Agreement.

## ARTICLE III

## REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into the Credit Agreement and make Loans, each Guarantor represents and warrants to each Secured Party as set forth below.

SECTION 3.1. Credit Agreement Representations and Warranties. The representations and warranties contained in Article VI of the Credit Agreement, insofar as the representations and warranties contained therein are applicable to any Guarantor and its properties, are true and correct in all material respects, each such representation and warranty set forth in such Article (insofar as applicable as aforesaid) and all other terms of the Credit Agreement to which reference is made therein, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

SECTION 3.2. Financial Condition, etc. Each Guarantor has knowledge of each other Obligor's financial condition and affairs and that it has adequate means to obtain from each such Obligor on an ongoing basis information relating thereto and to such Obligor's ability to pay and perform the Obligations, and agrees to assume the responsibility for keeping, and to keep, so informed for so long as this Guaranty is in effect. Each Guarantor acknowledges and agrees that

the Secured Parties shall have no obligation to investigate the financial condition or affairs of any Obligor for the benefit of such Guarantor nor to advise such Guarantor of any fact respecting, or any change in, the financial condition or affairs of any other Obligor that might become known to any Secured Party at any time, whether or not such Secured Party knows or believes or has reason to know or believe that any such fact or change is unknown to such Guarantor, or might (or does) materially increase the risk of such Guarantor as guarantor, or might (or would) affect the willingness of such Guarantor to continue as a guarantor of the Obligations.

SECTION 3.3. Best Interests. It is in the best interests of each Guarantor to execute this Guaranty inasmuch as such Guarantor will, as a result of being an Affiliate of the Borrower, derive substantial direct and indirect benefits from the Loans made from time to time to the Borrower by the Lenders pursuant to the Credit Agreement and each Guarantor agrees that the Secured Parties are relying on this representation in agreeing to make Loans to the Borrower.

## ARTICLE IV

## COVENANTS, ETC.

Each Guarantor covenants and agrees that, at all times prior to the Termination Date, it will perform, comply with and be bound by all of the agreements to which it is a party, covenants and obligations contained in the Credit Agreement which are applicable to such Guarantor or its properties, each such agreement, covenant and obligation contained in the Credit Agreement and all other terms of the Credit Agreement to which reference is made in this Article, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

## ARTICLE V

## MISCELLANEOUS PROVISIONS

SECTION 5.1. Loan Document. This Guaranty is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 5.2. Binding on Successors, Transferees and Assigns; Assignment. This Guaranty shall remain in full force and effect until the Termination Date has occurred, shall be jointly and severally binding upon each Guarantor and its successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors, transferees and permitted assigns; provided, however, that no Guarantor may (unless otherwise permitted under the terms of the Credit Agreement) assign any of its obligations hereunder without the prior written consent of all Lenders.

SECTION 5.3. Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by any Guarantor from its obligations under this Guaranty, shall in any event be effective unless the same shall be in writing and signed by the

Administrative Agent (on behalf of the Lenders or the Required Lenders, as the case may be, pursuant to Section 10.1 of the Credit Agreement) and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.4. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party (in the case of any Subsidiary Guarantor, in care of the Company) set forth on Schedule II to the Credit Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter.

SECTION 5.5. Additional Guarantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such Person shall become a “Guarantor” hereunder with the same force and effect as if it were originally a party to this Guaranty and named as a “Guarantor” hereunder. The execution and delivery of such supplement shall not require the consent of any other Guarantor hereunder (except to the extent a consent has been obtained), and the rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Guaranty.

SECTION 5.6. Release of Guarantor. Upon the occurrence of the Termination Date, this Guaranty and all obligations of each Guarantor hereunder shall terminate, without delivery of any instrument or performance of any act by any party. In addition, at the request of the Company, and at the sole expense of the Company, a Subsidiary Guarantor shall be automatically released from its obligations hereunder in the event that the Capital Securities of such Subsidiary Guarantor are Disposed of in a transaction permitted by the Credit Agreement; provided that the Company shall have delivered to the Administrative Agent, prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor. The Administrative Agent agrees to deliver to the Company, at the Company’s sole expense, such documents as the Company may reasonably request to evidence such termination and release.

SECTION 5.7. No Waiver; Remedies. In addition to, and not in limitation of, Sections 2.3 and 2.5, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.8. Section Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 5.9. Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be

ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 5.10. Governing Law, Entire Agreement, etc. THIS GUARANTY WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 5.11. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE LENDERS OR ANY GUARANTOR IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION (SUBJECT TO THE INTERCREDITOR AGREEMENT), IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED FOR THE COMPANY IN SECTION 10.2 OF THE CREDIT AGREEMENT. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH GUARANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 5.12. Waiver of Jury Trial. THE ADMINISTRATIVE AGENT (ON BEHALF OF ITSELF AND EACH OTHER SECURED PARTY) AND EACH GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN)

OR ACTIONS OF THE ADMINISTRATIVE AGENT, SUCH LENDER OR SUCH GUARANTOR IN CONNECTION THEREWITH. EACH GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT AND EACH LENDER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 5.13. Counterparts. This Guaranty may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Guaranty by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Guaranty.

SECTION 5.14. Intercreditor Agreement. Notwithstanding anything herein to the contrary, the exercise of any right or remedy by the Collateral Agent, Administrative Agent or any Lender hereunder is subject to the terms, conditions and provisions of the Intercreditor Agreement in all respects. In the event of any conflict between the terms of the Intercreditor Agreement and this Guaranty, the terms of the Intercreditor Agreement shall govern and control in all respects.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

HANESBRANDS INC.

By: ________________________
Name:
Title:

HANESBRANDS DIRECT, LLC

By: ________________________
Name:
Title:

UPEL, INC.

By: ________________________
Name:
Title:

CARIBETEX, INC.

By: ________________________
Name:
Title:

SEAMLESS TEXTILES, LLC

By: ________________________
Name:
Title:

BA INTERNATIONAL, L.L.C.

By: ____________________________
Name:
Title:

HBI INTERNATIONAL, LLC

By: ____________________________
Name:
Title:

HBI BRANDED APPAREL ENTERPRISES, LLC

By: ____________________________
Name:
Title:

CASA INTERNATIONAL, LLC

By: ____________________________
Name:
Title:

UPCR, INC.

By: ____________________________
Name:
Title:

HBI SOURCING, LLC

By: ____________________
Name:
Title:

CEIBENA DEL, INC.

By: ____________________
Name:
Title:

NT INVESTMENT COMPANY, INC.

By: ____________________
Name:
Title:

HANESBRANDS DISTRIBUTION, INC.

By: ____________________
Name:
Title:

CARIBESOCK, INC.

By: ____________________
Name:
Title:

NATIONAL TEXTILES, L.L.C.

By: ____________________________
Name:
Title:

HANES PUERTO RICO, INC.

By: ____________________________
Name:
Title:

PLAYTEX INDUSTRIES, INC.

By: ____________________________
Name:
Title:

INNER SELF LLC

By: ____________________________
Name:
Title:

PLAYTEX DORADO, LLC

By: ____________________________
Name:
Title:

HANES MENSWEAR, LLC

By: ____________________________
Name:
Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

CITICORP USA, INC.,
as Administrative Agent

By: ________________________________________
Name:
Title:

ANNEX I to
the Guaranty

THIS SUPPLEMENT, dated as of ____________ ___, ____________ (this "Supplement"), is to the Guaranty, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Guaranty"), among the Guarantors (such capitalized term, and other terms used in this Supplement, to have the meanings set forth or incorporated by reference in Article I of the Guaranty) from time to time party thereto, in favor of CITICORP USA, INC., as administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Secured Parties.

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Section 5.5 of the Guaranty, each of the undersigned is becoming a Guarantor under the Guaranty; and

WHEREAS, each of the undersigned desires to become a "Guarantor" under the Guaranty in order to induce each Secured Party to continue its Loans under the Credit Agreement;

NOW, THEREFORE, in consideration of the premises, and for other consideration (the receipt and sufficiency of which is hereby acknowledged), each of the undersigned agrees, for the benefit of each Secured Party, as follows.

SECTION 1. Party to Guaranty, etc. In accordance with the terms of the Guaranty, by its signature below, each of the undersigned hereby irrevocably agrees to become a Guarantor under the Guaranty with the same force and effect as if it were an original signatory thereto and each of the undersigned hereby (a) agrees to be bound by and comply with all of the terms and provisions of the Guaranty applicable to it as a Guarantor and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects as of the date hereof. In furtherance of the foregoing, each reference to a "Guarantor" and/or "Guarantors" in the Guaranty shall be deemed to include each of the undersigned.

SECTION 2. Representations. Each of the undersigned hereby represents and warrants that this Supplement has been duly authorized, executed and delivered by it and that this Supplement and the Guaranty constitute the legal, valid and binding obligation of each of the undersigned, enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) against it in accordance with its terms.

SECTION 3. Full Force of Guaranty. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect in accordance with its terms.

SECTION 4. Severability. Wherever possible each provision of this Supplement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Supplement shall be prohibited by or invalid under such law, such provision

shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Supplement or the Guaranty.

SECTION 5. Indemnity; Fees and Expenses, etc. Without limiting the provisions of any other Loan Document, each of the undersigned agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses incurred in connection with this Supplement, including reasonable attorney's fees and out-of-pocket expenses of the Administrative Agent's counsel.

SECTION 6. Governing Law, Entire Agreement, etc. THIS SUPPLEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Supplement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 7. Counterparts. This Supplement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Supplement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Supplement.

SECTION 8. Intercreditor Agreement. Notwithstanding anything herein to the contrary, the exercise of any right or remedy by the Collateral Agent, Administrative Agent or any Lender hereunder or under the Guaranty, as supplemented hereby, is subject to the terms, conditions and provisions of the Intercreditor Agreement in all respects. In the event of any conflict between the terms of the Intercreditor Agreement and the Guaranty or this Supplement, the terms of the Intercreditor Agreement shall govern and control.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be duly executed and delivered by its Authorized Officer as of the date first above written.

[NAME OF ADDITIONAL SUBSIDIARY]

By: ____________________________
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: ____________________________
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: ____________________________
Name:
Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

CITICORP USA, INC.,
as Administrative Agent

By: ____________________________
Name:
Title:

EXHIBIT G

EXECUTION COPY

PLEDGE AND SECURITY AGREEMENT

THE EXERCISE BY THE COLLATERAL AGENT, ADMINISTRATIVE AGENT OR ANY LENDER HEREUNDER OF ITS RIGHTS HEREUNDER IS SUBJECT TO THE TERMS, CONDITIONS AND RESTRICTIONS IN THE INTERCREDITOR AGREEMENT REFERRED TO IN SECTION 7.13 BELOW.

This PLEDGE AND SECURITY AGREEMENT, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Security Agreement"), is made by HANESBRANDS INC., a Maryland corporation (the "Company"), HBI BRANDED APPAREL LIMITED, INC., a Delaware corporation (the "Borrower"), and each Subsidiary Guarantor (terms used in the preamble and the recitals have the definitions set forth in or incorporated by reference in Article I) from time to time a party to this Security Agreement (each individually a "Grantor" and collectively, the "Grantors"), in favor of CITIBANK, N.A., a national banking association organized under the laws of the United States, as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties and CITICORP USA, INC., as the administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Secured Parties.

W I T N E S S E T H:

WHEREAS, pursuant to a Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Borrower, the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders have extended Commitments to make Loans to the Borrower;

WHEREAS, as a condition precedent to the making of the Loans under the Credit Agreement, each Grantor is required to execute and deliver this Security Agreement; and

WHEREAS, the Liens granted hereunder in respect of the Collateral are subject to the terms, conditions and provisions of the Intercreditor Agreement in all respects;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees, for the benefit of each Secured Party, as follows:

ARTICLE VII
DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not underscored) when used in this Security Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Borrower" is defined in the preamble.

"Collateral" is defined in Section 2.1.

"Collateral Account" is defined in clause (b) of Section 4.3.

"Collateral Agent" is defined in the preamble.

"Company" is defined in the preamble.

"Computer Hardware and Software Collateral" means all of the Grantors' right, title and interest in and to:

(a) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware, including all operating system software, utilities and application programs in whatsoever form;

(b) all software programs (including both source code, object code and all related applications and data files), designed for use on the computers and electronic data processing hardware described in clause (a) above;

(c) all firmware associated therewith;

(d) all documentation (including flow charts, logic diagrams, manuals, guides, specifications, training materials, charts and pseudo codes) with respect to such hardware, software and firmware described in the preceding clauses (a) through (c); and

(e) all rights with respect to all of the foregoing, including copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, improvements, error corrections, updates, additions or model conversions of any of the foregoing;

provided that the foregoing shall not include Excluded Collateral.

"Control Agreement" means an authenticated record in form and substance reasonably satisfactory to the Collateral Agent, that provides for the Collateral Agent to have "control" (as defined in the UCC) over certain Collateral as provided herein.

"Copyright Collateral" means all of the Grantors' right, title and interest in and to:

(a) all U.S. copyrights, registered or unregistered and whether published or unpublished, now or hereafter in force including copyrights registered or applied for in the United States Copyright Office, and registrations and recordings thereof and all applications for registration thereof, whether pending or in preparation and all extensions and renewals of the foregoing ("Copyrights"), including the Copyrights which are the subject of a registration or application referred to in Item A of Schedule V;

(b) all express or implied Copyright licenses and other agreements for the grant by or to such Grantor of any right to use any items of the type referred to in clause (a) above (each a "Copyright License"), including each Copyright License referred to in Item B of Schedule V;

(c) the right to sue for past, present and future infringements of any of the Copyrights owned by such Grantor, and for breach or enforcement of any Copyright License; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

"Credit Agreement" is defined in the first recital.

"Distributions" means all dividends paid on Capital Securities, liquidating dividends paid on Capital Securities, shares (or other designations) of Capital Securities resulting from (or in connection with the exercise of) stock splits, reclassifications, warrants, options, non-cash dividends, mergers, consolidations, and all other distributions on or with respect to any Capital Securities constituting Collateral.

"Excluded Accounts" means payroll accounts, petty cash accounts, pension fund accounts, 401(k) accounts, zero-balance accounts and other accounts that any Grantor may hold in trust for others.

"Excluded Collateral" is defined in Section 2.1.

"General Intangibles" means all "general intangibles" and all "payment intangibles", each as defined in the UCC, and shall include all interest rate or currency protection or hedging arrangements, all tax refunds, all licenses, permits, concessions and authorizations and all Intellectual Property Collateral (in each case, regardless of whether characterized as general intangibles under the UCC).

"Grantor" and "Grantors" are defined in the preamble.

"Intellectual Property" means Trademarks, Patents, Copyrights, Trade Secrets and all other similar types of intellectual property under any law, statutory provision or common law doctrine in the United States.

"Intellectual Property Collateral" means, collectively, the Computer Hardware and Software Collateral, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral.

"Owned Intellectual Property Collateral" means all Intellectual Property Collateral that is owned by the Grantors.

"Patent Collateral" means all of the Grantors' right, title and interest in and to:

(a) inventions and discoveries, whether patentable or not, all letters patent and applications for United States letters patent, including all United States patent applications in preparation for filing, including all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the foregoing, including all patents issued by, or patent applications filed with, the United States Patent and Trademark Office ("Patents"), including each Patent and Patent application referred to in Item A of Schedule III;

(b) all Patent licenses, and other agreements for the grant by or to such Grantor of any right to use any items of the type referred to in clause (a) above (each a "Patent License"), including each Patent License referred to in Item B of Schedule III;

(c) the right to sue third parties for past, present and future infringements of any Patent or Patent application, and for breach or enforcement of any Patent License; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

"Permitted Liens" means all Liens permitted by Section 7.2.3 of the Credit Agreement or any other Loan Document.

"Second-Priority" means , with respect to any Lien purported to be created in any Collateral pursuant to any Loan Document, that such Lien is the most senior Lien to which such Collateral is subject (other than (i) Liens created to secure the obligations under the First Lien Loan Documents and as otherwise permitted under the Intercreditor Agreement and (ii) any other Permitted Liens).

"Securities Act" is defined in clause (a) of Section 6.2.

"Security Agreement" is defined in the preamble.

"Trademark Collateral" means all of the Grantors' right, title and interest in and to:

(a) (i) all United States trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office, and all common-law rights relating to the foregoing, and (ii) the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as "Trademarks"), including those Trademarks referred to in Item A of Schedule IV;

(b) all Trademark licenses and other agreements for the grant by or to such Grantor of any right to use any Trademark (each a "Trademark License"), including each Trademark License referred to in Item B of Schedule IV; and

(c) all of the goodwill of the business connected with the use of, and symbolized by the Trademarks described in clause (a) and, to the extent applicable, clause (b);

(d) the right to sue third parties for past, present and future infringements or dilution of the Trademarks described in clause (a) and, to the extent applicable, clause (b) or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark License; and

(e) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

"Trade Secrets Collateral" means all of the Grantors' right, title and interest throughout the world in and to (a) all common law and statutory trade secrets and all other confidential, proprietary or useful information and all know how (collectively referred to as "Trade Secrets") obtained by or used in or contemplated at any time for use in the business of a Grantor, whether or not such Trade Secret has been reduced to a writing or other tangible form, including all Documents and things embodying, incorporating or referring in any way to such Trade Secret, (b) all Trade Secret licenses and other agreements for the grant by or to such Grantor of any right to use any Trade Secret (each a "Trade Secret License") including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret License, and (d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits);

provided that the foregoing shall not include Excluded Collateral.

SECTION 1.2. Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Security Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement.

SECTION 1.3. UCC Definitions. When used herein the terms Account, Certificate of Title, Certificated Securities, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Deposit Account, Document, Electronic Chattel Paper, Equipment, Goods, Instrument, Inventory, Investment Property, Letter-of-Credit Rights, Payment Intangibles, Proceeds, Promissory Notes, Securities Account, Security Entitlement, Supporting Obligations and Uncertificated Securities have the meaning provided in Article 8 or Article 9, as applicable, of the UCC. Letters of Credit has the meaning provided in Section 5-102 of the UCC.

## ARTICLE II
## SECURITY INTEREST

SECTION 2.1. Grant of Security Interest. Each Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of such Grantor's right, title and interest in and to the following property, whether now or hereafter existing, owned or acquired by such Grantor, and wherever located, (collectively, the "Collateral"):

(a) Accounts;

(b) Chattel Paper;

(c) Commercial Tort Claims listed on Item I of Schedule II (as such schedule may be amended or supplemented from time to time);

(d) Deposit Accounts;

(e) Documents;

(f) General Intangibles;

(g) Goods;

(h) Instruments;

(i) Investment Property;

(j) Letter-of-Credit Rights and Letters of Credit;

(k) Supporting Obligations;

(l) all books, records, writings, databases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to, any of the foregoing in this Section;

(m) all Proceeds and products of the foregoing and, to the extent not otherwise included, all payments under insurance (whether or not the Collateral Agent is the loss payee thereof); and

(n) all other property and rights of every kind and description and interests therein.

Notwithstanding the foregoing, the term "Collateral" shall not include the following (collectively, the "Excluded Collateral"):

(i) such Grantor's real property interests (including fee real estate, leasehold interests and fixtures);

(ii) any General Intangibles, healthcare insurance receivables or other rights arising under any contracts, instruments, licenses or other documents as to which the grant of a security interest would (A) constitute a violation of a valid and enforceable restriction in favor of a third party on such grant, unless any required consent shall have been obtained, (B) give any other party to such contract, instrument, license or other document the right to terminate its obligations thereunder, or (C) otherwise cause such Grantor to lose material rights thereunder;

(iii) Investment Property consisting of Capital Securities of a direct Foreign Subsidiary of such Grantor, in excess of 65% of the total combined voting power of all Capital Securities of each such direct Foreign Subsidiary, except that such 65% limitation shall not apply to a direct Foreign Subsidiary that (x) is treated as a partnership under the Code or (y) is not treated as an entity that is separate from (A) such Grantor; (B) any Person that is treated as a partnership under the Code or (C) any "United States person" (as defined in Section 7701(a)(30) of the Code);

(iv) any Investment Property (other than Equity Interests of a Subsidiary) of any of the Grantors to the extent that applicable law or the organizational documents or other applicable agreements among the investors of such Person with respect to any such Investment Property (A) does not permit the grant of a security interest in such interest or an assignment of such interest or requires the consent of any third party to permit such grant of a security interest or assignment or (B) would, following the grant of a security interest or assignment hereunder, would cause any other Person (other than the Company or any of its Subsidiaries) to have the right to purchase such Investment Property;

(v) any real or personal property, the granting of a security interest in which would be void or illegal under any applicable governmental law, rule or regulation, or pursuant thereto would result in, or permit the termination of, such asset;

(vi) any real or personal property subject to a Permitted Lien (other than Liens in favor of the Collateral Agent) to the extent that the grant of other Liens

on such asset (A) would result in a breach or violation of, or constitute a default under, the agreement or instrument governing such Permitted Lien, (B) would result in the loss of use of such asset, (C) would permit the holder of such Permitted Lien to terminate such Grantor's use of such asset or (D) would otherwise result in a loss of material rights of such Grantor in such asset;

(vii) any Excluded Accounts;

(viii) any Excluded Contracts to the extent any third party consent required to grant a security interest in such rights, contracts, licenses, leases and other agreements has not been obtained by the applicable Grantor; provided that any such rights, contracts, licenses, leases and other agreements shall constitute Collateral and a security interest shall attach immediately to any such rights, contracts, licenses, leases and other agreements at the time the applicable Grantor obtains the applicable required consent; or

(ix) any applications for United States trademark registration pursuant to IS U.S.L. §1051(b) (i.e., an intent-to-use application), until such time as such registration is granted or, if earlier, the date of first use of the trademark, at which point such application or registration shall constitute Collateral.

SECTION 2.2. Security for Obligations. This Security Agreement and the Collateral in which the Collateral Agent for the benefit of the Secured Parties is granted a security interest hereunder by the Grantors secure the payment and performance of all of the Obligations.

SECTION 2.3. Grantors Remain Liable. Anything herein to the contrary notwithstanding, to the extent permitted by applicable law:

(a) the Grantors will remain liable under the contracts and agreements included in the Collateral to the extent set forth therein, and will perform all of their duties and obligations under such contracts and agreements to the same extent as if this Security Agreement had not been executed;

(b) the exercise by the Collateral Agent of any of its rights hereunder will not release any Grantor from any of its duties or obligations under any such contracts or agreements included in the Collateral; and

(c) no Secured Party will have any obligation or liability under any contracts or agreements included in the Collateral by reason of this Security Agreement, nor will any Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 2.4. Distributions on Pledged Shares. In the event that any Distribution with respect to any Capital Securities pledged hereunder is permitted to be paid (in accordance with Section 7.2.6 of the Credit Agreement), such Distribution or payment may be paid directly to the applicable Grantor. If any Distribution is made in contravention of Section 7.2.6 of the Credit

Agreement, such Grantor shall hold the same segregated and for the benefit of the Collateral Agent until paid to the Collateral Agent in accordance with Section 4.1.5.

SECTION 2.5. Security Interest Absolute, etc. To the extent permitted by applicable law, this Security Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable grant of security interest, and shall remain in full force and effect until the Termination Date. To the extent permitted by applicable law, all rights of the Secured Parties and the security interests granted to the Collateral Agent (for its benefit and the ratable benefit of each other Secured Party) hereunder, and all obligations of the Grantors hereunder, shall, in each case, be absolute, unconditional and irrevocable irrespective of:

(a) any lack of validity, legality or enforceability of any Loan Document or other applicable agreement under which such Obligations arise;

(b) the failure of any Secured Party (i) to assert any claim or demand or to enforce any right or remedy against the Borrower or any of its Subsidiaries or any other Person (including any other Grantor) under the provisions of any Loan Document or other applicable agreement under which such Obligations arise or otherwise, or (ii) to exercise any right or remedy against any other guarantor (including any other Grantor) of, or Collateral securing, any Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other extension, compromise or renewal of any Obligations;

(d) any reduction, limitation, impairment or termination of any Obligations for any reason (other than the occurrence of the Termination Date), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Grantor hereby waives (to the extent permitted by law) any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document or other applicable agreement under which such Obligations arise;

(f) any addition, exchange or release of any Collateral or of any Person that is (or will become) a Grantor (including the Grantors hereunder) of the Obligations, or any surrender or non-perfection of any Collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Party securing any of the Obligations; or

(g) any other circumstance (other than payment or performance of the Obligations, in each case in full and, with respect to payments, in cash) which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Borrower or any of its Subsidiaries, any surety or any guarantor.

SECTION 2.6. Postponement of Subrogation. Each Grantor agrees that it will not exercise any rights against another Grantor which it may acquire by way of rights of subrogation under any Loan Document or other applicable agreement under which such Obligations arise to which it is a party until the Termination Date. No Grantor shall seek any contribution or reimbursement from the Company or any of its Subsidiaries, in respect of any payment made under any Loan Document or other applicable agreement under which such Obligations arise or otherwise, until following the Termination Date. Any amount paid to such Grantor on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Secured Parties and (subject to the terms, conditions and restrictions of the Intercreditor Agreement) shall immediately be paid and turned over to the Collateral Agent for the benefit of the Secured Parties in the exact form received by such Grantor (duly endorsed in favor of the Collateral Agent, if required), to be credited and applied against the outstanding Obligations in accordance with Section 6.1; provided that if such Grantor has made payment to the Parties of all or any part of the Obligations and the Termination Date has occurred, then upon such Grantor's notice to the Collateral Agent of such payment and request, the Collateral Agent (on behalf of the Secured Parties) will, at the expense of such Grantor, execute and deliver to such Grantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Grantor of an interest in the Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, such Grantor shall refrain from taking any action or commencing any proceeding against the Company or any of its Subsidiaries (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Security Agreement to any Secured Party.

## ARTICLE III
## REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into the Credit Agreement and make Loans thereunder, after giving effect to the consummation of the IP Purchase and the Spin-Off, the Grantors represent and warrant to each Secured Party as set forth below.

SECTION 3.1. As to Capital Securities of the Subsidiaries, Investment Property.

(a) With respect to any direct U.S. Subsidiary of any Grantor that is

(i) a corporation, business trust, joint stock company or similar Person, all Capital Securities issued by such Subsidiary is duly authorized and validly issued, fully paid and non-assessable; and

(ii) a partnership or limited liability company, no Capital Securities issued by such Subsidiary (A) is dealt in or traded on securities exchanges or in securities markets, (B) expressly provides that such Capital Securities is a security governed by Article 8 of the UCC or (C) is held in a Securities Account, except, with respect to this clause (a)(ii), Capital Securities (x) for which the Administrative Agent or the Collateral Agent is the registered owner or (y) with respect to which the issuer has agreed in an authenticated record with such

Grantor and the Collateral Agent (at the written instruction of the Administrative Agent) to comply with any written instructions of the Collateral Agent (at the written instruction of the Administrative Agent) without the consent of such Grantor; provided that the Grantor shall have the right to provide instructions to such issuer until such issuer receives notice of sole control from the Collateral Agent (at the written instruction of the Administrative Agent) during the continuance of an Event of Default; provided further that upon the cure or waiver of all Events of Default, the Grantor shall have the right to give instructions to the issuer.

(b) Subject to Section 7.1.1. of the Credit Agreement, each Grantor has delivered all Certificated Securities constituting Collateral held by such Grantor on the Closing Date to the Collateral Agent, together with duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Collateral Agent.

(c) With respect to Uncertificated Securities constituting Collateral owned by any Grantor (other than any Capital Securities in a Foreign Subsidiary which are uncertificated), such Grantor has caused the issuer thereof either to (i) register the Collateral Agent as the registered owner of such security or (ii) agree in an authenticated record with such Grantor and the Collateral Agent that such issuer will comply with instructions with respect to such security originated by the Collateral Agent without further consent of such Grantor.

Subject to the permitted update to Schedule I pursuant to Section 7.1.11 of the Credit Agreement, as of the Closing Date, the percentage of the issued and outstanding Capital Securities of each Subsidiary pledged by each Grantor hereunder is as set forth on Schedule I.

SECTION 3.2. Grantor Name, Location, etc.

(a) As of the Closing Date, the jurisdiction in which each Grantor is located for purposes of Sections 9-301 and 9-307 of the UCC is set forth in Item A of Schedule II.

(b) As of the Closing Date, each Grantor's organizational identification number is set forth in Item B of Schedule II.

(c) During the four months preceding the date hereof, no Grantor has been known by any legal name different from the one set forth on the signature page hereto, nor has such Grantor been the subject of any merger or other corporate reorganization, except as set forth in Item C of Schedule II hereto.

(d) As of the Closing Date, each Grantor's federal taxpayer identification number is (and, during the four months preceding the date hereof, such Grantor has not had a federal taxpayer identification number different from that) set forth in Item D of Schedule II hereto.

(e) As of the Closing Date, no Grantor is a party to any federal, state or local government contract with a value individually in excess of $2,000,000, except as set forth in Item E of Schedule II hereto.

(f) As of the Closing Date, no Grantor maintains any Deposit Accounts (other than Excluded Accounts), Securities Accounts or Commodity Accounts with any Person, in each case, except as set forth on Item F of Schedule II.

(g) As of the Closing Date, no Grantor is the beneficiary of any Letters of Credit, except as set forth on Item G of Schedule II.

(h) As of the Closing Date, no Grantor has Commercial Tort Claims (x) in which a suit has been filed by such Grantor and (y) where the amount of damages reasonably expected to be claimed individually exceeds $2,000,000, except as set forth on Item H of Schedule II.

(i) As of the Closing Date, the name set forth on the signature page attached hereto is the true and correct legal name (as defined in the UCC) of each Grantor.

SECTION 3.3. Ownership, No Liens, etc. Each Grantor owns its Collateral free and clear of any Lien, except for any security interest (a) created by this Security Agreement and (b) in the case of Collateral other than Certificated Securities, a Permitted Lien. No effective UCC financing statement or other filing similar in effect covering all or any part of the Collateral is on file in any recording office, except those filed in favor of the Collateral Agent relating to this Security Agreement, Permitted Liens, filings which have not been authorized by the applicable Grantor or as to which a duly authorized termination statement relating to such UCC financing statement or other instrument has been delivered to the Collateral Agent on the Closing Date.

SECTION 3.4. Possession of Inventory, Control; etc.

(a) Each Grantor has, and agrees that it will maintain, exclusive possession of its Documents, Instruments, Promissory Notes (not otherwise delivered to the Collateral Agent), Goods, Equipment and Inventory maintained in the U.S., other than (i) Equipment and Inventory in transit or out for repair or refurbishing in the ordinary course of business, (ii) Equipment and Inventory that is in the possession or control of a consignee, warehouseman, bailee agent or other Person (other than an Affiliate of such Grantor) located in the United States in the ordinary course of business; provided that, subject to the terms of the Intercreditor Agreement to the extent the fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) in any U.S. location exceeds $5,000,000 and following notice from the Collateral Agent (at the request of the Required Lenders) following the occurrence and during the continuance of an Event of Default such Grantor shall promptly notify such Persons of the security interest created in favor of the Secured Parties pursuant to this Security Agreement, and such Grantor shall use commercially reasonable efforts to cause such party to authenticate a record acknowledging that it holds possession of such Collateral for the Secured Parties' benefit and waives or subordinates any Lien held by it against such Collateral, (iii) Instruments or Promissory Notes that have been delivered to

the Collateral Agent pursuant to Section 3.5 or are not otherwise required to be delivered hereunder and (iv) such other Documents, Instruments, Promissory Notes, Goods, Equipment and Inventory with a fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) of $2,000,000 in the aggregate. To each Grantor's knowledge as of the date hereof, in the case of Equipment or Inventory described in clause (ii) above, no lessor or warehouseman of any premises or warehouse upon or in which such Equipment or Inventory is located has (i) issued any warehouse receipt or other receipt in the nature of a warehouse receipt in respect of any such Equipment or Inventory, (ii) issued any Document for any such Equipment or Inventory, (iii) received notification of any Secured Party's interest (other than the security interest granted hereunder) in any such Equipment or Inventory or (iv) any Lien on any such Equipment or Inventory (other than Permitted Liens).

(b) Each Grantor is the sole entitlement holder of its Accounts and no other Person (other than the Collateral Agent pursuant to this Security Agreement or any other Person with respect to Permitted Liens) has control or possession of, or any other interest in, any of its Accounts or any other securities or property credited thereto.

SECTION 3.5. Negotiable Documents, Instruments and Chattel Paper. Each Grantor has delivered to the Collateral Agent possession of all originals of all Documents, Instruments, Promissory Notes, and tangible Chattel Paper with an individual fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) of at least $2,000,000 owned or held by the Grantor on the Closing Date.

SECTION 3.6. Intellectual Property Collateral.

(a) In respect of the Intellectual Property Collateral as of the Closing Date:

(i) set forth in Item A of Schedule III hereto is a complete and accurate list of all issued and applied-for U.S. Patents owned by the Grantors and set forth in Item B of Schedule III hereto is a complete and accurate list of all Patent Licenses;

(ii) set forth in Item A of Schedule IV hereto is a complete and accurate list all registered and applied-for U.S. Trademarks owned by the Grantors, including those that are registered, or for which an application for registration has been made, with the United States Patent and Trademark Office and set forth in Item B of Schedule IV hereto is a complete and accurate list all Trademark Licenses; and

(iii) set forth in Item A of Schedule V hereto is a complete and accurate list of all registered and applied-for U.S. Copyrights owned by the Grantors, and set forth in Item B of Schedule V hereto is a complete and accurate list of all Copyright Licenses and a complete and accurate list of all Copyright Licenses that are exclusive licenses granted to the Grantors in respect of any Copyright that is registered with the United States Copyright Office.

(b) Except as disclosed on Schedules III through V, in respect of each Grantor:

(i) the Owned Intellectual Property Collateral is valid, subsisting, unexpired and enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) and has not been abandoned or adjudged invalid or unenforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity), in whole or in part, except where the loss or expiration of such Owned Intellectual Property Collateral would not be expected to have a Material Adverse Effect;

(ii) such Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Owned Intellectual Property Collateral (except for the Permitted Liens) and (A) as of the Closing Date, no written claim, and (B) following the Closing Date, no written claim which has a reasonable likelihood of an adverse determination and if adversely determined against any Grantor would reasonably be expect to have Material Adverse Effect, in each case has been made that such Grantor is or may be, in conflict with, infringing, misappropriating, diluting, misusing or otherwise violating any of the rights of any third party or that challenges the ownership, use, protectability, registerability, validity, enforceability of any Owned Intellectual Property Collateral or, to such Grantor's knowledge, any other Intellectual Property Collateral and, to such Grantor's knowledge neither such Grantor nor the Intellectual Property Collateral conflict with, infringe, misappropriate or dilute or otherwise violate the rights of any third party;

(iii) such Grantor has made all necessary filings and recordations to protect its interest in any Owned Intellectual Property Collateral that is material to the operations or business of such Grantor, including recordations of all of its interests in the Patent Collateral, the Trademark Collateral and the Copyright Collateral in the United States Patent and Trademark Office, the United States Copyright Office and any patent, trademark or copyright office anywhere in the world, as appropriate, and has used proper statutory notice, as applicable, in connection with its use of any Patent, Trademark or Copyright;

(iv) such Grantor has taken all commercially reasonable steps to safeguard its Trade Secrets and to its knowledge (A) none of the Trade Secrets of such Grantor has been used, divulged, disclosed or appropriated for the benefit of any other Person other than such Grantor which could reasonably be expected to result in a Material Adverse Effect; (B) no employee, independent contractor or agent of such Grantor has misappropriated any Trade Secrets of any other Person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor which could reasonably be expected to result in a Material Adverse Effect; and (C) no employee, independent contractor or

agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property Collateral which could reasonably be expected to result in a Material Adverse Effect;

(v) no action by such Grantor is currently pending or threatened in writing which asserts that any third party is infringing, misappropriating, diluting, misusing or voiding any Owned Intellectual Property Collateral and, to such Grantor's knowledge, no third party is infringing upon, misappropriating, diluting, misusing or voiding any Intellectual Property owned or used by such Grantor in any material respect, or any of its respective licensees, in each case except as would not have a Material Adverse Effect;

(vi) no settlement or consents, covenants not to sue, nonassertion assurances, or releases have been entered into by such Grantor or to which such Grantor is bound that adversely affects its rights to own or use any material Intellectual Property Collateral;

(vii) except for the Permitted Liens, such Grantor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale or transfer of any Intellectual Property Collateral for purposes of granting a security interest or as collateral that has not been terminated or released;

(viii) such Grantor has executed and delivered to the Collateral Agent, Intellectual Property Collateral security agreements for all Copyrights, Patents and Trademarks owned by such Grantor that constitute Collateral, including all Copyrights, Patents and Trademarks on Schedules III, IV or V (as such schedules may be amended or supplemented from time to time);

(ix) such Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with any Trademarks and has taken all commercially reasonable action necessary to ensure that all licensees of any Trademarks owned by such Grantor use such adequate standards of quality, in each case except as would not have a Material Adverse Effect;

(x) the consummation of the transactions contemplated by the Credit Agreement and this Security Agreement will not result in the termination or material impairment of any of the Intellectual Property Collateral necessary for the conduct of such Grantor's business;

(xi) all employees, independent contractors and agents who have contributed to the creation or development of any Owned Intellectual Property Collateral have been a party to an enforceable assignment agreement with such Grantor in accordance with applicable laws, according and granting exclusive

ownership of such Owned Intellectual Property Collateral to such Grantor, in each case except as could not reasonably be expected to have a Material Adverse Effect; and

(xii) such Grantor owns directly or is entitled to use by license or otherwise, all Intellectual Property Collateral with respect to any of the foregoing reasonably necessary for such Grantor's business, in each case except as could not reasonably be expected to have a Material Adverse Effect.

Notwithstanding anything contained herein to the contrary, it is understood and agreed that (A) after the consummation of the IP Purchase, the Grantors shall be the owners of all the rights, title and interests in, to and under the Intellectual Property Collateral and (B) the Grantors' interests in such Intellectual Property Collateral will not be recorded at the applicable filing offices as of the Closing Date, but shall be filed in such filing offices no later than five Business Days following the Closing Date.

SECTION 3.7. Validity, etc.

(a) This Security Agreement creates a valid security interest in the Collateral securing the payment of the Obligations.

(b) Each Grantor has filed or caused to be filed all UCC-1 financing statements listing the Collateral Agent as "Secured Party" in the filing office for each Grantor's jurisdiction of organization listed in Item A of Schedule II (collectively, the "Filing Statements") (or has authorized the Administrative Agent to file the Filing Statements suitable for timely and proper filing in such offices) and has taken all other:

(i) actions necessary to obtain control of the Collateral (to the extent required herein or in the Credit Agreement) as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC; and

(ii) actions necessary to perfect the Collateral Agent's security interest with respect to any Collateral with a fair market value (as determined in good faith by an Authorized Officer of the applicable Grantor) individually valued in excess of $75,000 evidenced by a Certificate of Title.

(c) Upon the filing of the Filing Statements with the appropriate agencies therefor the security interests created under this Security Agreement shall constitute a perfected security interest in the Collateral described on such Filing Statements in favor of the Collateral Agent on behalf of the Secured Parties to the extent that a security interest therein may be perfected by filing pursuant to the relevant UCC, prior to all other Liens, except for Permitted Liens.

SECTION 3.8. Authorization, Approval, etc. Except as have been obtained or made and are in full force and effect, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or any other third party is required either

(a) for the grant by the Grantors of the security interest granted hereby or for the execution, delivery and performance of this Security Agreement by the Grantors;

(b) for the perfection or maintenance of the security interests hereunder including the Second-Priority nature of such security interest to the extent each Grantor is required to perfect a security interest hereunder in such Collateral (except with respect to the Filing Statements or, with respect to Owned Intellectual Property Collateral, the recordation of any agreements with the United States Patent and Trademark Office or the United States Copyright Office) or the exercise by the Collateral Agent of its rights and remedies hereunder; or

(c) for the exercise by the Collateral Agent of the voting or other rights provided for in this Security Agreement, or, except (i) with respect to any securities issued by a Subsidiary of the Grantors, as may be required in connection with a disposition of such securities by laws affecting the offering and sale of securities generally, the remedies in respect of the Collateral pursuant to this Security Agreement, (ii) any "change of control" or similar filings required by state licensing agencies and (iii) with respect to any interest in a limited liability company, as may be required to become a member and/or vote such interest.

SECTION 3.9. Best Interests. It is in the best interests of each Grantor (other than the Borrower) to execute this Security Agreement inasmuch as such Grantor will, as a result of being an Affiliate of the Borrower, derive substantial direct and indirect benefits from the Loans made from time to time to the Borrower by the Lenders pursuant to the Credit Agreement, and each Grantor acknowledges that the Secured Parties are relying on this representation in agreeing to make such Loans pursuant to the Credit Agreement to the Borrower.

## ARTICLE IV
## COVENANTS

Each Grantor covenants and agrees that, until the Termination Date, such Grantor will perform, comply with and be bound by the obligations set forth below.

SECTION 4.1. As to Investment Property, etc.

SECTION 4.1.1. Capital Securities of Subsidiaries. No Grantor will allow any of its U.S. Subsidiaries:

(a) that is a corporation, business trust, joint stock company or similar Person, after the date hereof to issue Uncertificated Securities;

(b) that is a partnership or limited liability company, to (i) issue Capital Securities that are to be dealt in or traded on securities exchanges or in securities markets, (ii) expressly provide in its Organic Documents that its Capital Securities are securities governed by Article 8 of the UCC unless such Capital Securities have been delivered to the Collateral Agent on the Closing Date or, to the extent such Organic Documents are modified to provide that such Capital Securities are securities governed by Article 8 of the UCC such Capital Securities, together with duly executed undated blank instruments

of transfer reasonably acceptable to the Collateral Agent, are delivered to the Collateral Agent on or prior to the date of such modification, or (iii) subject to the terms of the Intercreditor Agreement, place such Subsidiary's Capital Securities in a Securities Account unless such Securities Account is subject to a Control Agreement; and

(c) to issue Capital Securities in addition to or in substitution for the Capital Securities pledged hereunder, except to such Grantor (and such Capital Securities are immediately pledged and delivered to the Collateral Agent pursuant to the terms of this Security Agreement).

SECTION 4.1.2. Investment Property (other than Certificated Securities).

(a) Other than Excluded Accounts, with respect to any Deposit Accounts, Securities Accounts, Commodity Accounts, Commodity Contracts or Security Entitlements constituting Investment Property owned or held by any Grantor with an intermediary who is not a Secured Party, such Grantor will, upon notice from the Collateral Agent (at the request of the Required Lenders), and subject to the terms, conditions and provisions of the Intercreditor Agreement, following the occurrence and during the continuance of an Event of Default, take commercially reasonable efforts to cause the intermediary maintaining such Investment Property to execute a Control Agreement relating to such Investment Property pursuant to which such intermediary agrees to comply with the Collateral Agent's instructions with respect to such Investment Property upon the Collateral Agent's notice of sole control following the occurrence and during the continuance of an Event of Default; provided that the Administrative Agent agrees to instruct the Collateral Agent to promptly rescind such notice upon the cure or waiver of all Events of Default.

(b) Subject to the terms, conditions and provisions of the Intercreditor Agreement, with respect to any Uncertificated Securities (other than Uncertificated Securities credited to a Securities Account and any Capital Securities in a Foreign Subsidiary which are uncertificated) constituting Investment Property owned or held by any Grantor, such Grantor will take commercially reasonable efforts to cause the issuer of such securities to either (i) register the Collateral Agent as the registered owner thereof on the books and records of the issuer or (ii) execute a Control Agreement relating to such Investment Property pursuant to which the issuer agrees to comply with the Collateral Agent's instructions with respect to such Uncertificated Securities upon notice of sole control following the occurrence and during the continuance of an Event of Default; provided that the Administrative Agent agrees to instruct the Collateral Agent to promptly rescind such notice upon the cure or waiver of all Events of Default.

SECTION 4.1.3. Certificated Securities (Stock Powers). Subject to Section 7.1.11 of the Credit Agreement and applicable local law regarding the retention of certificates representing Equity Interests in the appropriate jurisdiction, each Grantor agrees that all Certificated Securities, including the Capital Securities delivered by such Grantor pursuant to this Security Agreement, will be accompanied by duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Collateral Agent.

SECTION 4.1.4. Continuous Pledge. Subject to Section 7.1.11 of the Credit Agreement and applicable local law regarding the retention of certificates representing Equity Interests in the appropriate jurisdiction, each Grantor will (subject to the terms of the Intercreditor Agreement and the requirements hereunder) deliver to the Collateral Agent and at all times keep pledged to the Collateral Agent pursuant hereto, on a Second-Priority, or at all times after the First Lien Termination Date, a first-priority, perfected basis (subject to Permitted Liens), in each case in accordance with all applicable U.S. laws, all Investment Property, all Dividends and Distributions with respect thereto, all Payment Intangibles to the extent they are evidenced by a Document, Instrument, Promissory Note or Chattel Paper, and all interest and principal with respect to such Payment Intangibles, and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing, in each case to the extent such asset constitutes Collateral. Subject to the terms, conditions and provisions of the Intercreditor Agreement, each Grantor agrees that it will, promptly following receipt thereof, deliver to the Collateral Agent possession of all originals of negotiable Documents, Instruments, Promissory Notes and Chattel Paper that it acquires following the Closing Date to the extent otherwise required hereunder.

SECTION 4.1.5. Voting Rights; Dividends, etc. Subject to the terms, conditions and provisions of the Intercreditor Agreement, each Grantor agrees promptly upon receipt of notice from the Administrative Agent of the Administrative Agent's or Collateral Agent's intent to seek remedies under this Section 4.1.5 after the occurrence and continuance of a Specified Default:

(a) so long as such Specified Default shall continue, to deliver (properly endorsed where required hereby or requested by the Administrative Agent) to the Collateral Agent all Dividends and Distributions with respect to Investment Property constituting Collateral, all interest, principal, other cash payments on Payment Intangibles, and all Proceeds of the Collateral, in each case thereafter received by such Grantor, all of which shall be held by the Collateral Agent as additional Collateral; and

(b) with respect to Collateral consisting of general partner interests or limited liability company interests, upon the occurrence and continuance of a Specified Default and so long as the Collateral Agent has notified such Grantor of the Collateral Agent's intention to exercise its voting power (pursuant to the written direction of the Administrative Agent) under this clause,

(i) that the Collateral Agent may exercise (to the exclusion of such Grantor) the voting power and all other incidental rights of ownership with respect to any Investment Property constituting Collateral and such Grantor hereby grants the Collateral Agent an irrevocable proxy, exercisable under such circumstances, to vote such Investment Property; and

(ii) to promptly deliver to the Collateral Agent such additional proxies and other documents as may be necessary to allow the Collateral Agent to exercise such voting power.

Subject to the terms, conditions and provisions of the Intercreditor Agreement, all dividends, Distributions, interest, principal, cash payments, Payment Intangibles and Proceeds that may at

any time and from time to time be held by such Grantor, but which such Grantor is then obligated to deliver to the Collateral Agent, shall, until delivery to the Collateral Agent, be held by such Grantor separate and apart from its other property for the benefit of the Collateral Agent. Subject to the terms, conditions and provisions of the Intercreditor Agreement, the Collateral Agent agrees that unless a Specified Default shall have occurred and be continuing and the Collateral Agent shall have given the notice referred to in clause (b), such Grantor will have the exclusive voting power with respect to any Investment Property constituting Collateral and the Collateral Agent will, upon the written request of such Grantor, promptly deliver such proxies and other documents, if any, as shall be reasonably requested by such Grantor which are necessary to allow such Grantor to exercise that voting power; provided that no vote shall be cast, or consent, waiver, or ratification given, or action taken by such Grantor that would impair any such Collateral (except to the extent expressly permitted by the Credit Agreement) or be inconsistent with or violate any provision of any Loan Document. After any and all Events of Default have been cured or waived, (i) each Grantor shall have the right to exercise the voting, managerial and other consensual rights and powers that it would otherwise be entitled to pursuant to this Section 4.1.5 and receive the payments, proceeds, dividends, distributions, monies, compensation, property, assets, instruments or rights which it would be authorized to receive and retain pursuant to this Section 4.1.5 and (ii) within ten Business Days after notice of such cure or waiver, the Collateral Agent shall repay and deliver to each Grantor all cash and monies that such Grantor is entitled to retain pursuant to this Section 4.1.5 which was not applied in repayment of the Obligations.

SECTION 4.2. Change of Name, etc. No Grantor will change its legal name, place of incorporation or organization, federal taxpayer identification number or organizational identification number except upon 15 days' prior written notice to the Collateral Agent.

SECTION 4.3. As to Accounts.

(a) Each Grantor shall have the right to collect all Accounts so long as (i) no Specified Default shall have occurred and be continuing and (ii) notice pursuant to clause (b) has not been delivered.

(b) Subject to the terms, conditions and provisions of the Intercreditor Agreement, upon (i) the occurrence and continuance of a Specified Default and (ii) the delivery of notice by the Collateral Agent (at the direction of the Administrative Agent) to each Grantor, all Proceeds of Collateral received by such Grantor shall be delivered in kind to the Collateral Agent for deposit in a Deposit Account of such Grantor maintained with the Collateral Agent (together with any other Accounts pursuant to which any portion of the Collateral is deposited with the Collateral Agent, the "Collateral Accounts"), and such Grantor shall not commingle any such Proceeds, and shall hold separate and apart from all other property, all such Proceeds for the benefit of the Collateral Agent until delivery thereof is made to the Collateral Agent.

(c) Following the delivery of notice pursuant to clause (b)(ii) and subject to the terms, conditions and provisions of the Intercreditor Agreement, the Collateral Agent shall apply any amount in the Collateral Account in accordance with Section 4.7 of the Credit Agreement.

(d) With respect to each of the Collateral Accounts, it is hereby confirmed and agreed that (i) deposits in such Collateral Account are subject to a security interest as contemplated hereby, (ii) such Collateral Account shall be under the control of the Collateral Agent and (iii) the Collateral Agent shall have the sole right of withdrawal over such Collateral Account.

SECTION 4.4. As to Grantors Use of Collateral.

(a) Subject to clause (b), each Grantor (i) may in the ordinary course of its business, at its own expense, subject to Section 7.2.11 of the Credit Agreement, dispose of and use any Collateral, (ii) subject to the applicable terms of the Credit Agreement, will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, subject to the terms, conditions and provisions of the Intercreditor Agreement, including the taking of such action with respect to such collection as the Collateral Agent may reasonably request following the occurrence and continuance of a Specified Default or, in the absence of such request, as such Grantor may deem advisable, and (iii) may grant, in the ordinary course of business, to any party obligated on any of the Collateral, any rebate, refund, set off or allowance to which such party may be lawfully entitled or which may lawfully be allowed by such Grantor.

(b) At any time following the occurrence and during the continuance of a Specified Default, whether before or after the maturity of any of the Obligations, the Collateral Agent may (subject to the terms, conditions and provisions of the Intercreditor Agreement), acting at the direction of the Required Lenders, (i) revoke any or all of the rights of each Grantor set forth in clause (a), (ii) with two Business Days prior notice to the applicable Grantor, notify any parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder and (iii) with two Business Days prior notice to the applicable Grantor, enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby.

(c) Subject to the terms, conditions and provisions of the Intercreditor Agreement, upon the reasonable request of the Administrative Agent following the occurrence and during the continuance of a Specified Default, each Grantor will, at its own expense, promptly notify any parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder.

(d) Subject to the terms, conditions and provisions of the Intercreditor Agreement, at any time following the occurrence and during the continuation of a Specified Default, the Collateral Agent may endorse, in the name of such Grantor, any item, howsoever received by the Collateral Agent, representing any payment on or other Proceeds of any of the Collateral.

SECTION 4.5. As to Intellectual Property Collateral. Each Grantor covenants and agrees to comply with the following provisions as such provisions relate to any Intellectual

Property Collateral (except for the tangible components of the Computer Hardware and Software Collateral) material to the operations or business of such Grantor:

(a) such Grantor will not, and will not knowingly permit any third party or licensee to, (i) do or permit any act or knowingly omit to do any act whereby any of the Patent Collateral may lapse or become abandoned or dedicated to the public or unenforceable except upon expiration of the end of an unrenewable term of a registration thereof or as otherwise permitted by the Credit Agreement, (ii) fail to maintain as in the past the quality of products and services offered under the Trademark Collateral, (iii) fail to employ the Trademark Collateral registered with any federal or state or foreign authority with an appropriate notice of such registration, (iv) do or permit any act or knowingly omit to do any act whereby any of the Trademark Collateral may lapse or become invalid or unenforceable, or (v) do or permit any act or knowingly omit to do any act whereby any of the Copyright Collateral or any of the Trade Secrets Collateral may lapse or become invalid or unenforceable or placed in the public domain except upon expiration of the end of an unrenewable term of a registration thereof, unless, in the case of any of the foregoing requirements in clauses (i) through (v), (x) such Grantor shall reasonably and in good faith determine that any of such Intellectual Property Collateral is of negligible economic value to such Grantor or (y) the loss of such Intellectual Property Collateral would not have a Material Adverse Effect;

(b) such Grantor shall not permit any third party or licensee to adopt or use any other Trademark which is confusingly similar or a colorable imitation of any of the Trademark Collateral unless, (x) such Grantor shall reasonably and in good faith determine that any of such Intellectual Property Collateral is of negligible economic value to such Grantor or (y) the loss of such Intellectual Property Collateral would not have a Material Adverse Effect;

(c) unless otherwise permitted by the Credit Agreement, such Grantor shall promptly notify the Collateral Agent if it knows that any application or registration relating to any material item of the Intellectual Property Collateral (except for the tangible components of the Computer Hardware and Software Collateral) has a reasonable likelihood of becoming abandoned or dedicated to the public or placed in the public domain or invalid or unenforceable, or of any adverse determination (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office) regarding such Grantor's ownership of any Intellectual Property Collateral, its right to register the same or to keep and maintain and enforce the same;

(d) concurrently with the delivery of a Compliance Certificate pursuant to clause (c) of Section 7.1.1 of the Credit Agreement, each Grantor that has, since the date the Compliance Certificate was last delivered, (i) filed an application for the registration of any Patent or Trademark with the United States Patent and Trademark Office or (ii) received, as owner or exclusive licensee, a Copyright registration with the United States Copyright, in each case to the extent such Intellectual Property constitutes Collateral, shall inform the Administrative Agent, and upon request of the Administrative Agent, promptly execute and deliver an Intellectual Property Security Agreement substantially in

the form set forth as Exhibits A, B and C hereto and other documents as the Administrative Agent may reasonably request to evidence the Collateral Agent's security interest in such Intellectual Property Collateral;

(e) such Grantor will take all commercially reasonable steps, including in any proceeding before the United States Patent and Trademark Office the United States Copyright Office, to maintain and pursue any application (and to obtain the relevant registration) filed with respect to, and to maintain any registration of, the Owned Intellectual Property Collateral, including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings and the payment of fees and taxes (except to the extent that dedication, abandonment or invalidation is permitted under the Credit Agreement or under the foregoing clause (a) or (b)); and

(f) concurrently with the delivery of a Compliance Certificate pursuant to clause (c) of Section 7.1.1 of the Credit Agreement, each Grantor that has obtained, since the date the Compliance Certificate was last delivered, an ownership interest in any Patent, Copyright or Trademark, in each case to the extent such Intellectual Property constitutes Collateral, shall execute and deliver to the Collateral Agent a Patent Security Agreement, Copyright Security Agreement or a Trademark Security Agreement in the form of Exhibit A, Exhibit B or Exhibit C, as applicable, and in each case such Grantor shall execute and deliver to the Collateral Agent any other document required to acknowledge or register, record or perfect the Collateral Agent's security interest in any part of such item of Intellectual Property unless such Grantor shall otherwise determine in good faith using its commercially reasonable business judgment that any such Intellectual Property is not material.

SECTION 4.6. As to Letter-of-Credit Rights.

(a) Each Grantor, by granting a security interest in its Letter-of-Credit Rights to the Collateral Agent, intends to (and hereby does) collaterally assign to the Collateral Agent, subject to the terms, conditions and provisions of the Intercreditor Agreement, its rights (including its contingent rights ) to the Proceeds of all individual Letter-of-Credit Rights in excess of $2,000,000 of which it is or hereafter becomes a beneficiary or assignee. Such Grantor will promptly use its commercially reasonable efforts to cause the issuer of each such Letter of Credit and each nominated person (if any) with respect thereto to consent to such assignment of the Proceeds thereof in a consent agreement in form and substance reasonably satisfactory to the Collateral Agent and deliver written evidence of such consent to the Collateral Agent.

(b) Upon the occurrence and during the continuance of a Specified Default, such Grantor will, subject to the terms, conditions and provisions of the Intercreditor Agreement, promptly upon request by the Administrative Agent, (i) notify (and such Grantor hereby authorizes the Administrative Agent to notify) the issuer and each nominated person with respect to each of the Letters of Credit that the Proceeds thereof have been assigned to the Collateral Agent hereunder and any payments due or to become due in respect thereof are to be made directly to the Collateral Agent and (ii) use

commercially reasonable effort to arrange for the Collateral Agent to become the transferee beneficiary Letter of Credit.

SECTION 4.7. As to Commercial Tort Claims. Each Grantor covenants and agrees that, until the occurrence of the Termination Date, with respect to any Commercial Tort Claim in excess of $2,000,000 individually hereafter arising, it shall promptly deliver to the Collateral Agent a revised Item H of Schedule II identifying such new Commercial Tort Claims.

SECTION 4.8. Electronic Chattel Paper and Transferable Records. If any Grantor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the U.S. Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, with a value in excess of $2,000,000, such Grantor shall promptly notify the Administrative Agent thereof and, at the reasonable request of the Administrative Agent, shall take such action as the Administrative Agent may request to vest in the Collateral Agent control under Section 9-105 of the UCC of such electronic chattel paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with such Grantor that the Collateral Agent will allow, pursuant to procedures reasonably satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, the Grantor to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the U.S. Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such electronic chattel paper or transferable record.

SECTION 4.9. Further Assurances, etc. Subject to the terms, conditions and restrictions of the Intercreditor Agreement, each Grantor agrees that, from time to time at its own expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that is necessary, in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, such Grantor will (subject to terms, conditions and restrictions in the Intercreditor Agreement):

(a) from time to time upon the reasonable request of the Administrative Agent or the Collateral Agent, (i) promptly deliver to the Collateral Agent such stock powers, instruments and similar documents, reasonably satisfactory in form and substance to the Administrative Agent, with respect to such Collateral as the Administrative Agent may request and (ii) after the occurrence and during the continuance of any Specified Default, transfer any securities constituting Collateral into the name of any nominee designated by the Collateral Agent; if any Collateral shall be evidenced by an Instrument, negotiable Document, Promissory Note or tangible Chattel Paper and such Collateral, individually, has a fair market value (as determined in good faith by an Authorized Officer of the

applicable Grantor) in excess of $2,000,000, promptly deliver and pledge to the Collateral Agent hereunder such Instrument, negotiable Document, Promissory Note or tangible Chattel Paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to the Collateral Agent;

(b) file (and hereby authorize the Administrative Agent to file) such Filing Statements or continuation statements, or amendments thereto, and such other instruments or notices (including any assignment of claim form under or pursuant to the federal assignment of claims statute, 31 U.S.C. § 3726, any successor or amended version thereof or any regulation promulgated under or pursuant to any version thereof), as shall be necessary that the Administrative Agent may reasonably request in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Collateral Agent hereby;

(c) promptly deliver to the Collateral Agent and at all times keep pledged to the Collateral Agent pursuant hereto, on a Second-Priority, or at all times after the First Lien Termination Date, a first-priority, perfected basis (subject to Permitted Liens), at the request of the Administrative Agent, all Investment Property constituting Collateral, all Dividends and Distributions with respect thereto, and all interest and principal with respect to Promissory Notes, and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing Collateral;

(d) not take or omit to take any action the taking or the omission of which would result in any impairment or alteration of any obligation of the maker of any Payment Intangible or other Instrument constituting Collateral, except as provided in Section 4.4 or in the Credit Agreement;

(e) upon the reasonable request of the Administrative Agent, place a legend reasonably acceptable to the Administrative Agent indicating that the Collateral Agent has a security interest in any tangible Chattel Paper;

(f) furnish to the Collateral Agent, from time to time at the Administrative Agent's reasonable request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all in reasonable detail; and

(g) comply with the reasonable requests of the Collateral Agent and the Administrative Agent in accordance with this Security Agreement in order to enable the Collateral Agent to have and maintain control over the Collateral consisting of Investment Property, Deposit Accounts, Letter-of-Credit-Rights and Electronic Chattel Paper to the extent required herein.

With respect to the foregoing and the grant of the security interest hereunder, each Grantor hereby authorizes the Administrative Agent or Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral; and to make all relevant filings with the United States Patent and Trademark Office and the United

States Copyright Office in respect of the Intellectual Property Collateral, in each case naming the Collateral Agent as "Secured Party" (or other similar term). Each Grantor agrees that a carbon, photographic or other reproduction of this Security Agreement or any UCC financing statement covering the Collateral or any part thereof shall be sufficient as a UCC financing statement where permitted by law. Each Grantor hereby authorizes the Administrative Agent to file financing statements describing as the collateral covered thereby "all of the debtor's personal property or assets", "all assets", "all personal property" or words to that effect, notwithstanding that such wording may be broader in scope than the Collateral described in this Security Agreement.

SECTION 4.10. Deposit Accounts. Promptly following the occurrence and during the continuance of a Specified Default, at the request of the Collateral Agent (at the direction of the Administrative Agent), such Grantor will maintain all of its Deposit Accounts only with the Collateral Agent or with any depositary institution that has entered into a Control Agreement in favor of the Collateral Agent. Subject to the terms, conditions and restrictions in the Intercreditor Agreement, such Control Agreements shall permit the Collateral Agent (at the written instructions of the Administrative Agent) to deliver a notice of sole exclusive control during the continuance of an Event of Default. Subject to the terms, conditions and restrictions in the Intercreditor Agreement, to the extent the Collateral Agent (at the written instructions of the Administrative Agent) has delivered a notice of sole control with respect to any such Deposit Accounts pursuant to a Control Agreement, the Administrative Agent agrees promptly to notify (no later than 2 Business Days) all such depository banks that the notice of exclusive control has been rescinded and the applicable Grantor shall have the right to withdraw funds from such Deposit Account(s) following the cure or waiver of all Specified Defaults.

## ARTICLE V
## THE COLLATERAL AGENT

SECTION 5.1. Collateral Agent Appointed Attorney-in-Fact. Until the Termination Date, each Grantor hereby irrevocably appoints the Collateral Agent as its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time as directed by the Administrative Agent, following the occurrence and during the continuance of a Specified Default, to take any action and to execute any instrument which is necessary to accomplish the purposes of this Security Agreement, in each case subject to the terms, conditions and provisions of the Intercreditor Agreement, including:

(a) with two Business Days prior notice to the applicable Grantor, to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other Instruments, Documents and Chattel Paper, in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings which the Administrative Agent may deem necessary or desirable for the collection of

any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral; and

(d) to perform the affirmative obligations of such Grantor hereunder.

Each Grantor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable and coupled with an interest.

SECTION 5.2. Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein and the Administrative Agent provides prior notice to such Grantor of such failure, within three days of such notice, the Grantor shall perform, cause to be performed or agree to perform (and thereafter actually perform within seven days after such notice) such agreement, the Collateral Agent may (but shall have not obligation to) itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor pursuant to Section 10.3 of the Credit Agreement.

SECTION 5.3. Collateral Agent Has No Duty. The powers conferred on the Collateral Agent hereunder are solely to protect its interest (on behalf of the Secured Parties) in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession, the accounting for moneys actually received by it hereunder and, except to the extent of the gross negligence, bad faith or willful misconduct of the Collateral Agent or any of its respective officers, directors, employees or agents, the Collateral Agent shall have no duty as to any Collateral or responsibility for

(a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Investment Property, whether or not the Collateral Agent has or is deemed to have knowledge of such matters, or

(b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 5.4. Reasonable Care. The Collateral Agent is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession; provided that the Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral, if (i) such Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property or (ii) it takes such action for that purpose as each Grantor reasonably requests in writing at times other than upon the occurrence and during the continuance of any Specified Default, but failure of the Collateral Agent to comply with any such request at any time shall not in itself be deemed a failure to exercise reasonable care.

SECTION 5.5. Liability.

(a) No provision of this Security Agreement shall require the Collateral Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or

powers and the Collateral Agent shall not be liable or responsible for any loss or diminution in the value of any of the Collateral.

(b) In no event shall the Collateral Agent be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Collateral Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 5.6. Force Majeure. In no event shall the Collateral Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Collateral Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

## ARTICLE VI
## REMEDIES

SECTION 6.1. Certain Remedies. If any Specified Default shall have occurred and be continuing and the Administrative Agent shall have given written notice to the relevant Grantor of the Collateral Agent's intent to exercise its corresponding rights pursuant to this Section:

(a) The Collateral Agent (subject to the terms, conditions and provisions of the Intercreditor Agreement) may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a Secured Party on default under the UCC (whether or not the UCC applies to the affected Collateral) and also may (subject to the Intercreditor Agreement) to the extent permitted by applicable law:

(i) take possession of any Collateral not already in its possession without demand and without legal process;

(ii) require each Grantor to, and each Grantor hereby agrees that it will, at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties;

(iii) enter onto the property where any Collateral is located and take possession thereof without demand and without legal process; and

(iv) without notice except as specified below and to the extent permitted by applicable law, lease, or license, sell or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery,

and upon such other terms as the Collateral Agent, at the direction of the Administrative Agent, may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' prior notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Subject to the terms, conditions and provisions of the Intercreditor Agreement, all cash Proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral shall be applied by the Collateral Agent in accordance with Section 4.7 of the Credit Agreement.

(c) The Collateral Agent may (subject to the terms, conditions and provisions of the Intercreditor Agreement)

(i) transfer all or any part of the Collateral into the name of the Collateral Agent or its nominee, with or without disclosing that such Collateral is subject to the Lien hereunder;

(ii) with two Business Days prior notice to the applicable Grantor, notify the parties obligated on any of the Collateral to make payment to the Collateral Agent of any amount due or to become due thereunder;

(iii) withdraw, or cause or direct the withdrawal, of all funds with respect to the Collateral Account to repay the Obligations or otherwise apply such funds in accordance with Section 4.7 of the Credit Agreement;

(iv) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto;

(v) endorse any checks, drafts, or other writings in any Grantor's name to allow collection of the Collateral;

(vi) take control of any Proceeds of the Collateral; and

(vii) execute (in the name, place and stead of any Grantor) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral;

(d) Without limiting the foregoing, in respect of the Intellectual Property Collateral:

(i) upon the request of the Administrative Agent, such Grantor shall execute and deliver to the Collateral Agent an assignment or assignments of the Intellectual Property Collateral, subject (in the case of any licenses thereunder) to any valid and enforceable requirements to obtain consents from any third parties, and such other documents as are necessary or appropriate to carry out the intent and purposes hereof;

(ii) the Administrative Agent shall have the right, in its sole discretion, (which right shall take precedence over any right or action of any Grantor) to file applications and maintain registrations for the protection of the Intellectual Property Collateral and/or bring suit in the name of such Grantor, the Collateral Agent or any Secured Party to enforce the Intellectual Property Collateral and any licenses thereunder and, upon the request of the Administrative Agent, such Grantor shall use all commercially reasonable efforts to assist with such filing or enforcement (including the execution of relevant documents); and

(iii) in the event that the Collateral Agent elects not to make any filing or bring any suit as set forth in clause (ii), such Grantor shall, upon the request of Collateral Agent, use all commercially reasonable efforts, whether through making appropriate filings or bringing suit or otherwise, to protect, enforce and prevent the infringement, misappropriation, dilution, unauthorized use or other violation of the Intellectual Property Collateral.

Notwithstanding the foregoing provisions of this Section 6.1, for the purposes of this Section 6.1, "Collateral" and "Intellectual Property Collateral" shall include any "intent to use" trademark application only to the extent (i) that the business of such Grantor, or portion thereof, to which that mark pertains is also included in the Collateral and (ii) that such business is ongoing and existing.

SECTION 6.2. Securities Laws. Subject to the terms, conditions and restrictions of the Intercreditor Agreement, if the Collateral Agent, at the direction of the Administrative Agent, shall determine to exercise its right to sell all or any of the Collateral that are Capital Securities pursuant to Section 6.1, each Grantor agrees that, upon request of the Administrative Agent, each Grantor will, at its own expense:

(a) use commercially reasonable efforts to execute and deliver, and cause (or, with respect to any issuer which is not a Subsidiary of such Grantor, use its commercially reasonable efforts to cause) each issuer of the Collateral contemplated to be sold and the directors and officers thereof to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or, in the opinion of the Administrative Agent, advisable to register such Collateral under the provisions of the Securities Act of 1933, as from time to time amended (the "Securities Act"), and use commercially reasonable efforts to cause the registration statement relating thereto to become effective and to remain effective for such period as prospectuses are required by law to be furnished, and to make all amendments and supplements thereto and to the related prospectus which, in the opinion of the

Administrative Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the SEC applicable thereto;

(b) use its commercially reasonable efforts to exempt the Collateral under the state securities or "Blue Sky" laws and to obtain all necessary governmental approvals for the sale of the Collateral, as requested by the Administrative Agent;

(c) cause (or, with respect to any issuer that is not a Subsidiary of such Grantor, use its commercially reasonable efforts to cause) each such issuer to make available to its security holders, as soon as practicable, an earnings statement that will satisfy the provisions of Section 11(a) of the Securities Act; and

(d) do or use commercially reasonable efforts to cause to be done all such other acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

Each Grantor acknowledges the impossibility of ascertaining the amount of damages that would be suffered by the Collateral Agent or the Secured Parties by reason of the failure by such Grantor to perform any of the covenants contained in this Section and consequently agrees that, if such Grantor shall fail to perform any of such covenants, it shall pay, as liquidated damages and not as a penalty, an amount equal to the value (as determined by the Collateral Agent) of such Collateral on the date the Collateral Agent shall demand compliance with this Section.

SECTION 6.3. Compliance with Restrictions. Each Grantor agrees that in any sale of any of the Collateral whenever a Specified Default shall have occurred and be continuing, the Collateral Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any Governmental Authority or official, and such Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Collateral Agent be liable nor accountable to such Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

SECTION 6.4. Protection of Collateral. The Collateral Agent may (subject to the terms, conditions and restrictions of the Intercreditor Agreement) from time to time, at the direction of the Administrative Agent, perform any act which any Grantor fails, within three days following the request by the Collateral Agent, to perform or agree to perform (and thereafter actually perform within seven days following notice of requested performance) (it being understood that no such request need be given after the occurrence and during the continuance of a Specified

Default) and the Collateral Agent may (subject to the Intercreditor Agreement) from time to time take any other action which the Administrative Agent deems necessary for the maintenance, preservation or protection of any of the Collateral or of its security interest therein.

ARTICLE VII
MISCELLANEOUS PROVISIONS

SECTION 7.1. Loan Document. This Security Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7.2. Binding on Successors, Transferees and Assigns; Assignment. This Security Agreement shall remain in full force and effect until the Termination Date has occurred, shall be binding upon the Grantors and their successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors, transferees and assigns; provided that no Grantor may (unless otherwise permitted under the terms of the Credit Agreement or this Security Agreement) assign any of its obligations hereunder without the prior written consent of all Lenders.

SECTION 7.3. Amendments, etc. No amendment to or waiver of any provision of this Security Agreement, nor consent to any departure by any Grantor from its obligations under this Security Agreement, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent (at the direction of the Administrative Agent) and the Administrative Agent (on behalf of the Lenders or the Required Lenders, as the case may be, pursuant to Section 10.1 of the Credit Agreement) and the Grantors and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.4. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party specified in the Credit Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice or other communication, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice or other communication, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed.

SECTION 7.5. Release of Liens. Upon (a) the Disposition of Collateral in accordance with the Credit Agreement or (b) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (i) such Collateral (in the case of clause (a)) or (ii) all Collateral (in the case of clause (b)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantors' sole expense, promptly deliver to the Grantors, without any representations, warranties or recourse of any kind whatsoever, all Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantors such documents as the Grantors shall reasonably request to evidence such termination.

SECTION 7.6. Additional Grantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such U.S. Person shall become a "Grantor" hereunder with the same force and effect as if it were originally a party to this Security Agreement and named as a "Grantor" hereunder. The execution and delivery of such supplement shall not require the consent of any other Grantor hereunder (except to the extent already obtained), and the rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

SECTION 7.7. No Waiver; Remedies. In addition to, and not in limitation of Section 2.4, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 7.8. Headings. The various headings of this Security Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provisions thereof.

SECTION 7.9. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Security Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 7.10. Governing Law, Entire Agreement, etc. THIS SECURITY AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. This Security Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 7.11. Counterparts. This Security Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Security Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Security Agreement.

SECTION 7.12. Foreign Pledge Agreements. Without limiting any of the rights, remedies, privileges or benefits provided hereunder to the Collateral Agent for its benefit and the

ratable benefit of the other Secured Parties, each Grantor and the Collateral Agent hereby agree that the terms and provisions of this Security Agreement in respect of any Collateral subject to the pledge or other Lien of a Foreign Pledge Agreement are, and shall be deemed to be, supplemental and in addition to the rights, remedies, privileges and benefits provided to the Collateral Agent and the other Secured Parties under such Foreign Pledge Agreement and under applicable law to the extent consistent with applicable law; provided that, in the event that the terms of this Security Agreement conflict or are inconsistent with the applicable Foreign Pledge Agreement or applicable law governing such Foreign Pledge Agreement, (i) to the extent that the provisions of such Foreign Pledge Agreement or applicable foreign law are, under applicable foreign law, necessary for the creation, perfection or priority of the security interests in the Collateral subject to such Foreign Pledge Agreement, the terms of such Foreign Pledge Agreement or such applicable law shall be controlling and (ii) otherwise, the terms hereof shall be controlling.

SECTION 7.13. Intercreditor Agreement. (a) Notwithstanding anything herein to the contrary, the Lien and security interest granted to the Collateral Agent pursuant to this Security Agreement and the exercise of any right or remedy by the Collateral Agent hereunder is subject to the terms, conditions and provisions of the Intercreditor Agreement in all respects. In the event of any conflict between the terms of the Intercreditor Agreement and this Security Agreement, the terms of the Intercreditor Agreement shall govern and control in all respects. The Liens and security interests securing the Indebtedness and other obligations incurred or arising under or evidenced by this instrument and the rights and obligations evidenced hereby with respect to such Liens are subordinate, in the manner and to the extent set forth in Intercreditor Agreement, to the Liens and security interests securing the First Lien Obligations and to the Liens and security interests securing Indebtedness refinancing the First Lien Obligations as permitted by the Intercreditor Agreement; and each holder of the Obligations, by its acceptance hereof, irrevocably agrees to be bound by the terms, conditions and provisions of the Intercreditor Agreement.

(b) The delivery of any Collateral or any certificates, titles, Instruments, Chattel Paper or Documents evidencing or in connection with such Collateral to the First Lien Collateral Agent under and in accordance with the First Lien Loan Documents, the granting of “control” over Collateral, the execution and delivery of Control Agreements and/or the assignment of any Collateral to the First Lien Collateral Agent under and in accordance with the First Lien Loan Documents shall constitute compliance by the Grantor with the provisions of this Security Agreement or any other Loan Document which require delivery, possession, control and/or assignment of certain types of Collateral by the Collateral Agent or delivery of control agreements to the Collateral Agent so long as such First Lien Loan Documents are in full force and effect, the First Lien Termination Date has not occurred, and the Grantors are in compliance with the applicable provisions thereof with respect to such Collateral. From and after the First Lien Termination Date, where this Security Agreement refers to any provision of the First Lien Credit Agreement or any action or delivery required by such provision, such reference shall be deemed to be a reference to such provision as in effect immediately prior to the First Lien Termination Date except that such action or delivery shall be made to or for the benefit of the Collateral Agent rather than the First Lien Collateral Agent.

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

HANESBRANDS INC.

By: ____________________
Name:
Title:

HBI BRANDED APPAREL LIMITED, INC.

By: ____________________
Name:
Title:

HANESBRANDS DIRECT, LLC

By: ____________________
Name:
Title:

UPEL, INC.

By: ____________________
Name:
Title:

CARIBETEX, INC.

By: ____________________
Name:
Title:

SEAMLESS TEXTILES, LLC

By: ________________________
Name:
Title:

BA INTERNATIONAL, L.L.C.

By: ________________________
Name:
Title:

HBI INTERNATIONAL, LLC

By: ________________________
Name:
Title:

HBI BRANDED APPAREL ENTERPRISES, LLC

By: ________________________
Name:
Title:

CASA INTERNATIONAL, LLC

By: ________________________
Name:
Title:

UPCR, INC.

By: ____________________________
Name:
Title:

HBI SOURCING, LLC

By: ____________________________
Name:
Title:

CEIBENA DEL, INC.

By: ____________________________
Name:
Title:

NT INVESTMENT COMPANY, INC.

By: ____________________________
Name:
Title:

HANESBRANDS DISTRIBUTION, INC.

By: ____________________________
Name:
Title:

CARIBESOCK, INC.

By: ____________________
Name:
Title:

NATIONAL TEXTILES, L.L.C.

By: ____________________
Name:
Title:

HANES PUERTO RICO, INC.

By: ____________________
Name:
Title:

PLAYTEX INDUSTRIES, INC.

By: ____________________
Name:
Title:

INNER SELF LLC

By: ____________________
Name:
Title:

PLAYTEX DORADO, LLC

By: ____________________________
Name:
Title:

HANES MENSWEAR, LLC

By: ____________________________
Name:
Title:

*Pledge and Security Agreement (Second Lien)*

CITIBANK, N.A.,
as Collateral Agent

By:________________________________________
Name:
Title:

CITICORP USA, INC.
as Administrative Agent

By:________________________________________
Name:
Title:

SCHEDULE I
to Security Agreement

Name of Grantor:

| Issuer (corporate) | Cert. # | # of Shares | Common Stock Authorized Shares | Common Stock Outstanding Shares | % of Shares Pledged |
|---|---|---|---|---|---|

| Issuer (limited liability company) | Limited Liability Company Interests % of Limited Liability Company Interests Pledged | Limited Liability Company Interests Type of Limited Liability Company Interests Pledged |
|---|---|---|

| Issuer (partnership) | Partnership Interests % of Partnership Interests Owned | Partnership Interests % of Partnership Interests Pledged |
|---|---|---|

SCHEDULE II
to Security Agreement

Item A. Location of each Grantor.

| Name of Grantor: | Location for purposes of UCC: |
| --- | --- |
| [GRANTOR] | |

Item B. Organizational identification number.

Name of Grantor:

[GRANTOR]

Item C. Merger or other corporate reorganization.

| Name of Grantor: | Merger or other corporate reorganization: |
| --- | --- |
| [GRANTOR] | |

Item D. Taxpayer ID numbers.

| Name of Grantor: | Taxpayer ID numbers: |
| --- | --- |
| [GRANTOR] | |

Item E. Government Contracts.

| Name of Grantor: | Description of Contract: |
| --- | --- |
| [GRANTOR] | |

Item F. Deposit Accounts and Securities Accounts.

| Name of Grantor: | Description of Deposit Accounts and Securities Accounts: |
| --- | --- |
| [GRANTOR] | |

Item G. Letter of Credit Rights.

| Name of Grantor: | Description of Letter of Credit Rights: |
| --- | --- |
| [GRANTOR] | |

Item H. Commercial Tort Claims.

| Name of Grantor: | Description of Commercial Tort Claims: |
| --- | --- |
| [GRANTOR] | |

SCHEDULE III
to Security Agreement

**Item A. Patents**

**ISSUED PATENTS**

| PATENT NO. | ISSUE DATE | TITLE |
| --- | --- | --- |

Pending Patent Applications

| SERIAL NO. | FILING DATE | TITLE |
| --- | --- | --- |

**Item B. Patent Licenses**

| PATENT | LICENSOR | LICENSEE | Effective DATE | Expiration DATE |
| --- | --- | --- | --- | --- |

SCHEDULE IV
to Security Agreement

Item A. Trademarks

REGISTERED TRADEMARKS

| TRADEMARK | REGISTRATION NO. | REGISTRATION DATE |
|---|---|---|

Pending Trademark Applications

| TRADEMARK | SERIAL NO. | FILING DATE |
|---|---|---|

Item B. Trademark Licenses

| TRADEMARK | LICENSOR | LICENSEE | Effective DATE | Expiration DATE |
|---|---|---|---|---|

**Item A. Copyrights/Mask Works**

**REGISTERED COPYRIGHTS/MASK WORKS**

| REGISTRATION NO. | REGISTRATION DATE | AUTHOR(S) | TITLE |
|---|---|---|---|

Copyright/Mask Work Pending Registration Applications

**SERIAL NO.**

**Item B. Copyright/Mask Work Licenses (including an all exclusive Copyright Licenses for U.S. registered Copyrights)**

| Copyright | Licensor | Licensee | Effective Date | Expiration Date |
|---|---|---|---|---|

EXHIBIT A
to Security Agreement

THE EXERCISE BY THE COLLATERAL AGENT OR ANY OTHER SECURED PARTY OF THEIR RIGHTS HEREUNDER IS SUBJECT TO THE TERMS, CONDITIONS AND RESTRICTIONS OF THE INTERCREDITOR AGREEMENT REFERRED TO IN SECTION 7 OF THIS AGREEMENT

PATENT SECURITY AGREEMENT (SECOND LIEN)

This PATENT SECURITY AGREEMENT, dated as of __________ ___, 200___(this "Agreement"), is made by [NAME OF GRANTOR], a __________ __________ (the "Grantor"), in favor of CITIBANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

W I T N E S S E T H :

WHEREAS, pursuant to a Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among HBI Branded Apparel Limited, Inc., a Delaware corporation (the "Borrower"), Hanesbrands Inc., the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders have extended Commitments to make Loans to the Borrower;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered a Pledge and Security Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Credit Agreement and pursuant to Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Collateral Agent a continuing security interest in all of the Patent Collateral (as defined below) to secure all Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of the Grantor's right, title and interest, whether now or hereafter existing or acquired by the Grantor, in and to the following ("Patent Collateral"):

(a) inventions and discoveries, whether patentable or not, all letters patent and applications for letters patent, including all patent applications in preparation for filing, including all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the foregoing, including all patents issued by, or patent applications filed with, the United States Patent and Trademark Office ("Patents"), including each Patent and Patent application referred to in Item A of Schedule I;

(b) all United States Patent licenses, and other agreements for the grant by or to the Grantor of any right to use any items of the type referred to in clause (a) above (each a "Patent License"), including each Patent License referred to in Item B of Schedule I;

(c) the right to sue third parties for past, present and future infringements of any Patent or Patent application, and for breach or enforcement of any Patent License; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

(e) Notwithstanding the foregoing, Patent Collateral shall not include any Excluded Collateral.

SECTION 3. Security Agreement. This Agreement has been executed and delivered by the Grantor for the purpose of registering the security interest of the Collateral Agent in the Patent Collateral with the United States Patent and Trademark Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Collateral Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Collateral Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Release of Liens. Upon (i) the Disposition of Patent Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (A) such Patent Collateral (in the case of clause (i)) or (B) all Patent Collateral (in the case of clause (ii)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantor's sole expense, deliver to the Grantor, without any representations, warranties or recourse of any kind whatsoever, all Patent Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantor such Documents as the Grantor shall reasonably request to evidence such termination.

SECTION 5. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

SECTION 6. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7. Intercreditor Agreement. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent hereunder is subject to the terms, conditions and provisions of the Intercreditor Agreement in all respects. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control in all respects.

SECTION 8. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF GRANTOR]

By: ____________________________
Name:
Title:

CITIBANK, N.A.,
as Collateral Agent

By: ____________________________
Name:
Title:

SCHEDULE I
to Patent Security Agreement

**Item A. Patents**

Issued Patents

| Patent No. | Issue Date | Title |
| --- | --- | --- |

**Pending Patent Applications**

| Serial No. | Filing Date | Title |
| --- | --- | --- |

**Item B. Patent Licenses**

| PATENT | LICENSOR | LICENSEE | Effective DATE | Expiration DATE |
| --- | --- | --- | --- | --- |

EXHIBIT B
to Security Agreement

THE EXERCISE BY THE COLLATERAL AGENT OR ANY OTHER SECURED PARTY OF THEIR RIGHTS HEREUNDER IS SUBJECT TO THE TERMS, CONDITIONS AND PROVISIONS OF THE INTERCREDITOR AGREEMENT REFERRED TO IN SECTION 7 OF THIS AGREEMENT

## TRADEMARK SECURITY AGREEMENT (SECOND LIEN)

This TRADEMARK SECURITY AGREEMENT, dated as of __________ ___, 200___(this "Agreement"), is made by [NAME OF GRANTOR], a __________ __________ (the "Grantor"), in favor of CITIBANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

W I T N E S S E T H :

WHEREAS, pursuant to a Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among HBI Branded Apparel Limited, Inc., a Delaware corporation (the "Borrower"), Hanesbrands Inc., the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders have extended Commitments to make Loans to the Borrower;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered a Pledge and Security Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Credit Agreement and pursuant to Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Collateral Agent a continuing security interest in all of the Trademark Collateral (as defined below) to secure all Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of the Grantor's right, title and interest, whether now or hereafter existing or acquired by the Grantor, in and to the following (the "Trademark Collateral"):

(a) (i) all United States trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications (except for any such applications filed pursuant to 15 U.S.C. § 1051(b)) in the United States Patent and Trademark Office, and all common-law rights relating to the foregoing, and (ii) the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as "Trademarks"), including those Trademarks referred to in Item A of Schedule I;

(b) all Trademark licenses and other agreements for the grant by or to the Grantor of any right to use any Trademark (each a "Trademark License"), including each Trademark License referred to in Item B of Schedule I;

(c) all of the goodwill of the business connected with the use of, and symbolized by the Trademarks described in clause (a) and, to the extent applicable, clause (b);

(d) the right to sue third parties for past, present and future infringements or dilution of the Trademarks described in clause (a) and, to the extent applicable, clause (b) or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark License; and

(e) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

Notwithstanding the foregoing, Trademark Collateral shall not include any Excluded Collateral.

SECTION 3. Security Agreement. This Agreement has been executed and delivered by the Grantor for the purpose of registering the security interest of the Collateral Agent in the Trademark Collateral with the United States Patent and Trademark Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Collateral Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the

Collateral Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Release of Liens. Upon (i) the Disposition of Trademark Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (A) such Trademark Collateral (in the case of clause (i)) or (B) all Trademark Collateral (in the case of clause (ii)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantor's sole expense, deliver to the Grantor, without any representations, warranties or recourse of any kind whatsoever, all Trademark Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantor such Documents as the Grantor shall reasonably request to evidence such termination.

SECTION 5. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

SECTION 6. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7. Intercreditor Agreement. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent hereunder is subject to the terms, conditions and provisions of the Intercreditor Agreement in all respects. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control in all respects.

SECTION 8. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF GRANTOR]

By: ______________________________
Name:
Title:

CITIBANK, N.A.,
as Collateral Agent

By: ______________________________
Name:
Title:

SCHEDULE I
to Trademark Security Agreement

**Item A. Trademarks**

Registered Trademarks

| Trademark | Registration No. | Registration Date |
| --- | --- | --- |

Pending Trademark Applications

| Trademark | Serial No. | Filing Date |
| --- | --- | --- |

**Item B. Trademark Licenses**

| Trademark | Licensor | Licensee | Effective Date | Expiration Date |
| --- | --- | --- | --- | --- |

THE EXERCISE BY THE COLLATERAL AGENT OR ANY OTHER SECURED PARTY OF THEIR RIGHTS HEREUNDER IS SUBJECT TO THE TERMS, CONDITIONS AND PROVISIONS OF THE INTERCREDITOR AGREEMENT REFERRED TO IN SECTION 7 OF THIS AGREEMENT

COPYRIGHT SECURITY AGREEMENT (SECOND LIEN)

This COPYRIGHT SECURITY AGREEMENT, dated as of __________ ___, 200___(this "Agreement"), is made by [NAME OF GRANTOR], a __________ __________ (the "Grantor"), in favor of CITIBANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

W I T N E S S E T H :

WHEREAS, pursuant to a Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among HBI Branded Apparel Limited, Inc., a Delaware corporation (the "Borrower"), Hanesbrands Inc., the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders have extended Commitments to make Loans to the Borrower;

WHEREAS, in connection with the Credit Agreement, the Grantor has executed and delivered a Pledge and Security Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement");

WHEREAS, pursuant to the Credit Agreement and pursuant to Section 4.5 of the Security Agreement, the Grantor is required to execute and deliver this Agreement and to grant to the Collateral Agent a continuing security interest in all of the Copyright Collateral (as defined below) to secure all Obligations; and

WHEREAS, the Grantor has duly authorized the execution, delivery and performance of this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees, for the benefit of each Secured Party, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided (or incorporated by reference) in the Security Agreement.

SECTION 2. Grant of Security Interest. The Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of the Grantor's right, title and interest, whether now or hereafter existing or acquired by the Grantor, in and to the following (the "Copyright Collateral"):

(a) all United States copyrights, registered or unregistered and whether published or unpublished, now or hereafter in force including copyrights registered or applied for in the United States Copyright Office, and registrations and recordings thereof and all applications for registration thereof, whether pending or in preparation and all extensions and renewals of the foregoing ("Copyrights"), including the Copyrights which are the subject of a registration or application referred to in Item A of Schedule I;

(b) all express or implied Copyright licenses and other agreements for the grant by or to the Grantor of any right to use any items of the type referred to in clause (a) above (each a "Copyright License"), including each Copyright License referred to in Item B of Schedule I;

(c) the right to sue for past, present and future infringements of any of the Copyrights owned by the Grantor, and for breach or enforcement of any Copyright License and all extensions and renewals of any thereof; and

(d) all proceeds of, and rights associated with, the foregoing (including Proceeds, licenses, royalties, income, payments, claims, damages and proceeds of infringement suits).

Notwithstanding the foregoing, Copyright Collateral shall not include any Excluded Collateral.

SECTION 3. Security Agreement. This Agreement has been executed and delivered by the Grantor for the purpose of registering the security interest of the Collateral Agent in the Copyright Collateral with the United States Copyright Office. The security interest granted hereby has been granted as a supplement to, and not in limitation of, the security interest granted to the Collateral Agent for its benefit and the ratable benefit of each other Secured Party under the Security Agreement. The Security Agreement (and all rights and remedies of the Collateral Agent and each Secured Party thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Release of Liens. Upon (i) the Disposition of Copyright Collateral in accordance with the Credit Agreement or (ii) the occurrence of the Termination Date, the security interests granted herein shall automatically terminate with respect to (A) such Copyright Collateral (in the case of clause (i)) or (B) all Copyright Collateral (in the case of clause (ii)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantor's sole expense, deliver to the Grantor, without any representations, warranties or recourse of any kind

whatsoever, all Copyright Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantor such Documents as the Grantor shall reasonably request to evidence such termination.

SECTION 5. Acknowledgment. The Grantor does hereby further acknowledge and affirm that the rights and remedies of the Collateral Agent with respect to the security interest in the Copyright Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

SECTION 6. Loan Document. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 7. Intercreditor Agreement. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent hereunder is subject to the terms, conditions and provisions of the Intercreditor Agreement in all respects. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control in all respects.

SECTION 8. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF GRANTOR]

By: ____________________________
Name:
Title:

CITIBANK, N.A.,
as Collateral Agent

By: ____________________________
Name:
Title:

SCHEDULE I
to Copyright Security Agreement

**Item A. Copyrights/Mask Works**

Registered Copyrights/Mask Works

| Registration No. | Registration Date | Title |
| --- | --- | --- |

**Item B. Copyright/Mask Work Licenses (including an all exclusive Copyright Licenses for U.S. registered Copyrights)**

| Copyright | Licensor | Licensee | Effective Date | Expiration Date |
| --- | --- | --- | --- | --- |

SUPPLEMENT TO
PLEDGE AND SECURITY AGREEMENT (SECOND LIEN)

This SUPPLEMENT, dated as of __________ ___, __________ (this "Supplement"), is to the Pledge and Security Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Security Agreement"), among the Grantors (such term, and other terms used in this Supplement, to have the meanings set forth in or incorporated by reference in Article I of the Security Agreement) from time to time party thereto, in favor of CITIBANK, N.A., as the collateral agent (together with its successor(s) thereto in such capacity, the "Collateral Agent") for each of the Secured Parties.

W I T N E S S E T H :

WHEREAS, pursuant to a Second Lien Credit Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among HBI Branded Apparel Limited, Inc., a Delaware corporation (the "Borrower"), Hanesbrands Inc., the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, the Collateral Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Joint Lead Arrangers and Joint Bookrunners, the Lenders have extended Commitments to make Loans to the Borrower; and

WHEREAS, pursuant to the provisions of Section 7.6 of the Security Agreement, each of the undersigned is becoming a Grantor under the Security Agreement; and

WHEREAS, each of the undersigned desires to become a "Grantor" under the Security Agreement in order to induce the Secured Parties to continue the Loans under the Credit Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the undersigned agrees, for the benefit of each Secured Party, as follows.

SECTION 1. Party to Security Agreement, etc. In accordance with the terms of the Security Agreement, by its signature below each of the undersigned hereby irrevocably agrees to become a Grantor under the Security Agreement with the same force and effect as if it were an original signatory thereto and each of the undersigned hereby (a) agrees to be bound by and comply with all of the terms and provisions of the Security Agreement applicable to it as a Grantor and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct in all material respects as of the date hereof, unless stated

to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date. In furtherance of the foregoing, each reference to a "Grantor" and/or "Grantors" in the Security Agreement shall be deemed to include each of the undersigned.

SECTION 2. Representations. Each of the undersigned Grantor hereby represents and warrants that this Supplement has been duly authorized, executed and delivered by it and that this Supplement and the Security Agreement constitute the legal, valid and binding obligation of each of the undersigned, enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) against it in accordance with its terms.

SECTION 3. Full Force of Security Agreement. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect in accordance with its terms.

SECTION 4. Severability. Wherever possible each provision of this Supplement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Supplement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Supplement or the Security Agreement.

SECTION 5. Governing Law, Entire Agreement, etc. THIS SUPPLEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Supplement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 6. Intercreditor Agreement. Notwithstanding anything herein to the contrary, the Lien and security interest granted to the Collateral Agent pursuant to this Supplement and the exercise of any right or remedy by the Collateral Agent hereunder or under the Security Agreement, as supplemented hereby, is subject to the terms, conditions and provisions of the Intercreditor Agreement in all respects. In the event of any conflict between the terms of the Intercreditor Agreement, the Security Agreement and this Supplement, the terms of the Intercreditor Agreement shall govern and control in all respects.

SECTION 7. Counterparts. This Supplement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Supplement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Supplement.

* * * * *

IN WITNESS WHEREOF, each of the parties hereto has caused this Supplement to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

[NAME OF ADDITIONAL SUBSIDIARY]

By: ______________________________
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: ______________________________
Name:
Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE SECURED PARTIES:

CITIBANK, N.A.,
as Collateral Agent

By: ______________________________
Name:
Title:

[COPY SCHEDULES FROM SECURITY AGREEMENT]

# INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT, dated as of September 5, 2006, is entered into among CITIBANK, N.A., as First Lien Agent (as defined below), CITIBANK, N.A., as Second Lien Agent (as defined below), CITIBANK, N.A., as Control Agent (as defined below), the First Lien Borrower, the First Lien Guarantors, the Second Lien Borrower and the Second Lien Guarantors (each as defined below) from time to time a party hereto.

## W I T N E S S E T H

WHEREAS, concurrently with the execution and delivery of this Agreement, the First Lien Borrower, certain financial institutions and other Persons (as defined below) as lenders (together with their respective successors and assigns, the "First Lien Lenders"), and Citicorp USA, Inc., as administrative agent for such First Lien Lenders, are entering into a Credit Agreement, dated as of the date hereof (as such agreement may be amended, supplemented, amended and restated or otherwise modified from time to time, the "Initial First Lien Financing Agreement"), pursuant to which such First Lien Lenders have agreed to make loans and extensions of credit to the First Lien Borrower;

WHEREAS, concurrently with the execution and delivery of this Agreement, the Second Lien Borrower, certain financial institutions and other Persons (as defined below) as lenders (together with their respective successors and assigns, the "Second Lien Lenders"), and Citicorp USA, Inc., as administrative agent for such Second Lien Lenders, are entering into a Credit Agreement, dated as of the date hereof (as such agreement may be amended, supplemented, amended and restated or otherwise modified from time to time, the "Initial Second Lien Financing Agreement"), pursuant to which such Second Lien Lenders have agreed to make loans to the Second Lien Borrower;

WHEREAS, the First Lien Borrower and the First Lien Guarantors have granted to the First Lien Agent security interests in the Common Collateral as security for the prompt payment and performance of the First Lien Obligations;

WHEREAS, the Second Lien Borrower and the Second Lien Guarantors have granted to the Second Lien Agent security interests in the Common Collateral as security for the prompt payment and performance of the Second Lien Obligations; and

WHEREAS, the First Lien Agent on behalf of itself and the First Lien Lenders and the Second Lien Agent on behalf of itself and the Second Lien Lenders, and by their acknowledgment hereof, the First Lien Borrower, the First Lien Guarantors, the Second Lien Borrower and the Second Lien Guarantors, have agreed to, among other things, the relative priority of Liens on the Common Collateral as provided herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, and in reliance upon the representations, warranties

and covenants herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I
**DEFINITIONS**

SECTION 1.1. Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

"Agreement" means this Intercreditor Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Cash Management Obligations" means, with respect to the Borrower or any of its Subsidiaries, any direct or indirect liability, contingent or otherwise, of such Person in respect of cash management services (including treasury, depository, overdraft (daylight and temporary), credit or debit card, electronic funds transfer and other cash management arrangements) provided after the Closing Date by a Person who is (or was at the time such Cash Management Obligations were incurred) the First Lien Administrative Agent, any First Lien Lender or any Affiliate thereof, including obligations for the payment of fees, interest, charges, expenses, attorneys' fees and disbursements in connection therewith to the extent provided for in the documents evidencing such cash management services.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. 101 *et seq.)*, as amended from time to time.

"Borrowers" means the First Lien Borrower and the Second Lien Borrower.

"Capital Securities" means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the date hereof.

"Capitalized Lease Liabilities" means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, should be classified as capitalized leases, and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty.

"Common Collateral" means any and all of the assets and property of any Borrower or any Guarantor, now owned or hereafter acquired, whether real, personal or mixed, in or upon which a Lien is granted or purported to be granted to the First Lien Agent pursuant to the First Lien Documents and the Second Lien Agent pursuant to the Second Lien Documents.

"Comparable Second Lien Collateral Document" means in relation to any Common Collateral subject to any First Lien Collateral Document, any Second Lien Collateral Document(s) which create a security interest in the same Common Collateral, granted by the same Borrower or same Guarantor.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set with respect thereto) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"Control Agent" is defined in clause (a) of Section 5.5.

"Control Collateral" means any Common Collateral consisting of any Certificated Security, Investment Property, Deposit Account, cash and any other Collateral as to which a Lien may be perfected through possession or control by the secured party, or any agent therefor.

"Controlled Account" means any deposit accounts of the Borrowers or Guarantors subject to Liens under the terms of the First Lien Collateral Documents or the Second Lien Collateral Documents.

"DIP Financing" is defined in Section 6.1.

"Discharge of First Lien Obligations" means (subject to reinstatement in accordance with Section 6.5), the first date upon which each of the following has occurred: (i) the payment in full in cash of all First Lien Obligations (other than contingent obligations or indemnification obligations for which no claim has been asserted); (ii) the termination of all Hedging Obligations or the cash collateralization (or collateralization with other letters of credit) of all First Lien Obligations, in a manner satisfactory to the applicable Hedging Obligation counterparty owed such obligation; (iii) the expiration, termination or cash collateralization (or collateralization with other letters of credit), in a manner satisfactory to the First Lien Agent, of all Letters of Credit (as defined in the First Lien Financing Agreement); (iv) the termination of all commitments to extend credit under the First Lien Financing Agreement; and (v) the delivery by the First Lien Agent to the Second Lien Agent of a written notice confirming that the conditions set forth in clauses (i), (ii), (iii) and (iv) have been satisfied.

"First Lien Administrative Agent" means the "Administrative Agent" under, and as defined in, the First Lien Financing Agreement.

"First Lien Agent" means Citibank, N.A., in its capacity as collateral agent under the First Lien Collateral Documents, and any successor thereto exercising substantially the same rights and powers.

"First Lien Borrower" means Hanesbrands Inc., a Maryland corporation, as borrower under the First Lien Financing Agreement.

"First Lien Collateral" means all of the assets and properties of the First Lien Borrower or any First Lien Guarantor, now owned or hereafter acquired, whether real, personal or mixed, in or upon which a Lien is granted or purported to be granted to the First Lien Lenders or the First Lien Agent as security for any First Lien Obligation pursuant to the First Lien Documents.

"First Lien Collateral Documents" means, collectively, the security agreements, pledge agreements, collateral assignments, control agreements, mortgages, deeds of trust and other documents or agreements, if any, providing for grants or transfers for security executed and delivered by the First Lien Borrower, any First Lien Guarantor or any of their respective Subsidiaries creating a Lien upon property owned or to be acquired by the First Lien Borrower, such First Lien Guarantor or such Subsidiary in favor of any holder of First Lien Obligations or the First Lien Agent, in each case as security for any First Lien Obligations.

"First Lien Documents" means, collectively, the First Lien Financing Agreement, the First Lien Collateral Documents, all Hedge Agreements evidencing Hedging Obligations and all agreements evidencing Cash Management Obligations that, in each case, constitute First Lien Obligations and all other agreements, documents and instruments executed or delivered pursuant to or in connection with any of the foregoing at any time evidencing any First Lien Obligations.

"First Lien Financing Agreement" means, collectively, (i) the Initial First Lien Financing Agreement, and (ii) any other credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Indebtedness or other financial accommodation that has been incurred to extend, increase (subject to the limitations set forth herein), replace, refinance or refund in whole or in part the Indebtedness and other obligations outstanding under the Initial First Lien Financing Agreement or any other agreement or instrument referred to in this clause unless such agreement or instrument expressly provides that it is not intended to be and is not a First Lien Financing Agreement; provided, that if and to the extent that any amendment, modification, increase, replacement, refinancing or refunding of the Initial First Lien Financing Agreement or any other agreement referred to in this clause (in each case other than a DIP Financing provided in accordance with Section 6) provides for revolving credit commitments, revolving credit loans, term loans, bonds, debentures, notes or similar instruments having a principal amount in excess of the Maximum First Lien Principal Debt Amount, then only that portion of such principal amount in excess of the Maximum First Lien Principal Debt Amount shall not constitute First Lien Obligations for purposes of this Agreement. Any reference to the First

Lien Financing Agreement hereunder shall be deemed a reference to any First Lien Financing Agreement then in existence.

"First Lien Guarantor" means each Person that is (or hereafter becomes) a guarantor of the First Lien Obligations pursuant to the First Lien Documents. Upon becoming a guarantor thereunder such Person shall automatically be deemed to be a First Lien Guarantor for all purposes hereunder.

"First Lien Lenders" is defined in the recitals and in addition shall include the First Lien Agent and any Person from time to time holding (or committed to provide) First Lien Obligations.

"First Lien Obligations" means, collectively, (i) subject, in the case of principal only, to the proviso in the definition of First Lien Financing Agreement, all Indebtedness outstanding under or with respect to one or more of the First Lien Documents, and (ii) all other Obligations owing by the First Lien Borrower or any First Lien Guarantor under or with respect to the First Lien Financing Agreement or any other First Lien Document, including all claims under the First Lien Documents for interest, fees, expense reimbursements, indemnification and other similar claims, and all claims with respect to Cash Management Obligations and Hedging Obligations (other than those owing to the Second Lien Agent). First Lien Obligations shall include all interest accrued or accruing (or which would accrue absent the commencement of an Insolvency or Liquidation Proceeding) after the commencement of an Insolvency or Liquidation Proceeding in accordance with and at the rate specified in the First Lien Financing Agreement, whether or not the claim for such interest is allowed or allowable in any Insolvency or Liquidation Proceeding. To the extent any payment with respect to the First Lien Obligations (whether by or on behalf of the First Lien Borrower or any First Lien Guarantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference or in any respect set aside or required to be paid to a debtor in possession, the Second Lien Agent, a receiver or similar Person, then the Obligation or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred, all as more fully set forth in Section 6.5.

"First Lien Required Lenders" means with respect to any amendment or modification of the First Lien Financing Agreement or this Agreement, or any termination or waiver of any provision of the First Lien Financing Agreement or this Agreement, or any consent or departure by the First Lien Borrower or the First Lien Guarantors, as the case may be, therefrom (in each case exclusive of any such modification, waiver, consent, etc., which is permitted to be effected by the First Lien Administrative Agent and the First Lien Borrower without further approval or consent of any First Lien Lenders), those First Lien Lenders, the approval of which is required pursuant to the First Lien Financing Agreement to approve such amendment or modification, termination or waiver or consent or departure.

"GAAP" means United States generally accepted accounting principles and policies as in effect from time to time.

"Guarantors" means the First Lien Guarantors and the Second Lien Guarantors.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hedge Agreement" means any interest rate, foreign currency, commodity or equity swap, collar, cap, floor or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements), and any confirmation executed in connection with any such agreement or arrangement.

"Hedging Obligations" means **o**bligations of any Borrower, any Guarantor or any of their respective Subsidiaries under any Hedge Agreement entered into with any counterparty that is (or at the time of its delivery, was) the First Lien Agent, a First Lien Lender or an Affiliate of the First Lien Agent or any First Lien Lender.

"including" means "including, without limitation".

"Indebtedness" of any Person means, (i) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (ii) all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, (iii) all Capitalized Lease Liabilities of such Person, (iv) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable and accrued expenses in the ordinary course of business which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), (v) indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse (provided that in the event such indebtedness is limited in recourse solely to the property subject to such Lien, for the purposes of this Agreement the amount of such indebtedness shall not exceed the greater of the book value or the fair market value (as determined in good faith by such Person's board of directors or other managing body) of the property subject to such Lien), (vi) monetary obligations arising under Synthetic Leases, (vii) the full outstanding balance of trade receivables, notes or other instruments sold with full recourse (and the portion thereof subject to potential recourse, if sold with limited recourse), other than in any such case any thereof sold solely for purposes of collection of delinquent accounts and other than in connection with any Permitted Securitization (as defined in the First Lien Financing Agreement and the Second Lien Financing Agreement), (viii) all obligations (other than intercompany obligations) of such Person pursuant to any Permitted Securitization (other than Standard Securitization Undertakings (as defined in the First Lien Financing Agreement and the Second Lien Financing Agreement)), and (ix) all Contingent Liabilities of such Person in respect

of any of the foregoing. The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefore as a result of such Person's ownership interest in or other relationship with such Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefore.

"Initial First Lien Financing Agreement" is defined in the recitals.

"Initial Second Lien Financing Agreement" is defined in the recitals.

"Insolvency or Liquidation Proceeding" means (i) any voluntary or involuntary case or proceeding under the Bankruptcy Code with respect to any Borrower or any Guarantor, (ii) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to any Borrower or any Guarantor or with respect to any of their respective assets, (iii) any liquidation, dissolution, reorganization or winding up of any Borrower or any Guarantor whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (iv) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of any Borrower or any Guarantor.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing).

"Maximum First Lien Principal Debt Amount" means $2,600,000,000.

"Obligations" means any principal, interest, penalties, fees, indemnities, reimbursement obligations, guarantee obligations, costs, expenses (including fees and disbursements of counsel), damages and other liabilities and obligations, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with the documentation governing, or made, delivered or given in connection with, any Indebtedness (including interest accruing at the then applicable rate provided in such documentation after the maturity of such Indebtedness and interest accruing at the then applicable rate provided in such documentation after the commencement of an Insolvency or Liquidation Proceeding (or which would, absent the commencement of an Insolvency or Liquidation proceeding, accrue)), relating to any Borrower or any Guarantor, whether or not a claim for such post-filing or post-petition interest is allowed or allowable in such Insolvency or Liquidation Proceeding.

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

"Recovery" is defined in Section 6.5.

"Second Lien Administrative Agent" means the "Administrative Agent" under, and as defined in, the Second Lien Financing Agreement.

"Second Lien Agent" means Citibank, N.A., in its capacity as collateral agent under the Second Lien Collateral Documents, and any successor thereto exercising substantially the same rights and powers.

"Second Lien Borrower" means HBI Branded Apparel Limited, Inc., a Delaware corporation, as borrower under the Second Lien Financing Agreement.

"Second Lien Collateral" means all of the assets and properties of the Second Lien Borrower or any Second Lien Guarantor, now owned or hereafter acquired, whether real, personal or mixed, in or upon which a Lien is granted or purported to be granted to the Second Lien Agent or the Second Lien Lenders as security for any Second Lien Obligation pursuant to the Second Lien Documents.

"Second Lien Collateral Documents" means, collectively, the security agreements, pledge agreements, collateral assignments, control agreements, mortgages, deeds of trust and other documents or agreements, if any, providing for grants or transfers for security executed and delivered by the Second Lien Borrower, any Second Lien Guarantor or any of their respective Subsidiaries creating a Lien upon property owned or to be acquired by the Second Lien Borrower, such Second Lien Guarantor or such Subsidiary in favor of any holder of Second Lien Obligations or the Second Lien Agent, in each case as security for any Second Lien Obligations.

"Second Lien Documents" means, collectively, the Second Lien Financing Agreement, the Second Lien Collateral Documents and any other related document or instrument executed or delivered pursuant to any of the foregoing at any time or otherwise evidencing any Second Lien Obligations.

"Second Lien Enforcement Date" means the date which is 180 days following the date upon which the First Lien Agent receives a notice from the Second Lien Agent certifying that (i) an Event of Default (under and as defined in the Second Lien Financing Agreement) has occurred and is continuing, and (ii) Second Lien Lenders holding the requisite amount of Second Lien Obligations (or the Second Lien Agent on their behalf) have declared the Second Lien Obligations to be due and payable prior to their stated maturity in accordance with the Second Lien Financing Agreement; provided, that the Second Lien Enforcement Date shall be stayed and shall not occur and shall be deemed not to have occurred (w) at any time the First Lien Agent or the First Lien Lenders have commenced, and are diligently pursuing, any enforcement action with respect to the Common Collateral, (x) the First Lien Agent (or the First Lien Lenders holding the requisite amount of First Lien Obligations) has declared the First Lien Obligations to be due and payable prior to their stated maturity, (y) at any time any Borrower or any Guarantor is then a debtor under or with respect to (or otherwise subject to) any Insolvency or Liquidation Proceeding or (z) if the acceleration of the Second Lien Obligations is rescinded in accordance with the terms of the Second Lien Financing Agreement.

“Second Lien Financing Agreement” means, collectively, (i) the Initial Second Lien Financing Agreement, and (ii) any other credit agreement, loan agreement, note agreement, promissory note, indenture, or other agreement or instrument evidencing or governing the terms of any Indebtedness or other financial accommodation that has been incurred to extend, increase (subject to the limitations set forth herein), replace, refinance or refund in whole or in part the Indebtedness and other obligations outstanding under the Initial Second Lien Financing Agreement or other agreement or instrument referred to in this clause. Any reference to the Second Lien Financing Agreement hereunder shall be deemed a reference to any Second Lien Financing Agreement then in existence.

“Second Lien Guarantor” means each Person that is (or hereafter becomes) a guarantor of the Second Lien Obligations pursuant to the Second Lien Documents. Upon becoming a guarantor thereunder such Person shall automatically be deemed to be a Second Lien Guarantor for all purposes hereunder.

“Second Lien Lender” is defined in the recitals and in addition shall include any Person holding Second Lien Obligations.

“Second Lien Obligations” means, collectively, (i) all Indebtedness outstanding under or with respect to the Second Lien Documents, and (ii) all other Obligations owing by the Second Lien Borrower or any Second Lien Guarantor under or with respect to the Second Lien Financing Agreement or any other Second Lien Documents, including all claims under the Second Lien Documents for interest, fees, expense reimbursements, indemnification and other similar claims. Second Lien Obligations shall include all interest accrued or accruing (or which would, absent the commencement of an Insolvency or Liquidation Proceeding, accrue) after the commencement of an Insolvency or Liquidation Proceeding in accordance with and at the rate specified in the Second Lien Financing Agreement whether or not the claim for such interest is allowed as a claim in such Insolvency or Liquidation Proceeding. To the extent any payment with respect to the Second Lien Obligations (whether by or on behalf of the Second Lien Borrower or any Second Lien Guarantor, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, First Lien Agent, receiver or similar Person, then the Obligation or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

“Second Lien Required Lenders” means with respect to any amendment or modification of the Second Lien Financing Agreement or this Agreement, or any termination or waiver of any provision of the Second Lien Financing Agreement or this Agreement, or any consent or departure by the Second Lien Borrower or the Second Lien Guarantors, as the case may be, therefrom (in each case exclusive of any such modification, waiver, consent, etc., which is permitted to be effected by the Second Lien Administrative Agent and the Second Lien Borrower without further approval or consent of any Second Lien Lenders), those Second Lien Lenders, the approval of which is required pursuant to the Second Lien Financing Agreement to approve such amendment or modification, termination or waiver or consent or departure.

"Second Lien Security Agreement" means, collectively, the security agreements, pledge agreements or similar collateral documents by which the Second Lien Agent obtains a Lien or security interest in the Common Collateral for the benefit of the Second Lien Lenders.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

"Synthetic Lease" means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with GAAP and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which that Person is the lessor.

"Uniform Commercial Code" or "UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or any other applicable jurisdiction.

"United States" means the United States of America, its fifty states and the District of Columbia.

"Voting Securities" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

SECTION 1.2. UCC Defined Terms. In addition, the following terms which are defined in the Uniform Commercial Code are used herein as so defined: Certificated Security, Deposit Account, Instrument and Investment Property.

SECTION 1.3. Definitions (Generally). The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document (including this Agreement) herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, extended, supplemented, restated, replaced or otherwise modified (subject to any restrictions on such amendments, extensions, supplements, restatements, replacements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision thereof, (iv) all references herein to Sections shall be construed to refer to Sections of this Agreement, (v) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contracts, and (vi) any reference to any law, rule, regulation, statute, code,

ordinance or treaty shall include any statutory or regulatory provisions consolidating, amending, replacing, supplementing or interpreting any of the foregoing.

## ARTICLE II
## **LIEN PRIORITIES**

SECTION 2.1. Lien Priority.

(a) Priority. Notwithstanding (i) the date, time, method, manner or order of grant, attachment or perfection (or failure to perfect) of any Liens granted to the Second Lien Agent or the Second Lien Lenders on all or any portion of the Common Collateral or of any Liens granted to the First Lien Agent or the First Lien Lenders on all or any portion of the Common Collateral, and regardless of how such Lien was acquired (whether by grant, statute, operation of law, subrogation or otherwise), (ii) the order or time of filing or recordation of any document or instrument for perfecting the Liens in favor of the First Lien Agent or the Second Lien Agent (or any First Lien Lender or Second Lien Lender) in any Common Collateral, (iii) any provision of the UCC, the Bankruptcy Code or any applicable law, the First Lien Documents or the Second Lien Documents, (iv) whether the First Lien Agent or the Second Lien Agent, in each case, either directly or through agents, holds possession of, or has control over, all or any part of the Common Collateral, (v) the fact that any Liens in favor of the First Lien Agent or the First Lien Lenders securing any of the First Lien Obligations are (A) subordinated to any Lien securing any obligation of any Borrower or any Guarantor other than the First Lien Obligations or (B) otherwise subordinated, voided, avoided, invalidated, or lapsed, or (vi) any other circumstance whatsoever, the Second Lien Agent, on behalf of itself and the Second Lien Lenders, hereby agrees that: (x) any Lien on any Common Collateral securing the First Lien Obligations now or hereafter held by the First Lien Agent or the First Lien Lenders shall be senior in priority to all Liens on any Common Collateral securing the Second Lien Obligations; and (y) any Lien on any Common Collateral now or hereafter held by the Second Lien Agent or the Second Lien Lenders shall be and are expressly junior and subordinate in priority to any and all Liens on any Common Collateral securing the First Lien Obligations.

(b) Effect of Perfection or Failure to Perfect. Notwithstanding any failure by the First Lien Agent, any First Lien Lender, the Second Lien Agent or any Second Lien Lender to perfect its security interests in any Common Collateral or any avoidance, invalidation or subordination by any third party or court of the security interests in any Common Collateral granted to any such Person, the priority and rights as between the First Lien Agent and the First Lien Lenders on the one hand and the Second Lien Agent and the Second Lien Lenders on the other hand with respect to any Common Collateral shall be as set forth in this Agreement.

(c) Nature of First Lien Obligations. The Second Lien Agent on behalf of itself and the Second Lien Lenders acknowledges that a portion of the First Lien Obligations are revolving in nature and that the amount thereof that may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed, and that the terms of the First Lien Obligations may be modified, extended or amended from

time to time, and (subject to the proviso in the definition of First Lien Financing Agreement) the aggregate amount of the First Lien Obligations may be increased, replaced or refinanced, in each event, without notice to or consent by the Second Lien Agent or any Second Lien Lender and without affecting the provisions hereof. The lien priorities provided in this Section shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or refinancing of either the First Lien Obligations or the Second Lien Obligations, or any portion thereof.

SECTION 2.2. Prohibition on Contesting Liens. The Second Lien Agent, for itself and on behalf of each Second Lien Lender, and the First Lien Agent, for itself and on behalf of each First Lien Lender, each agrees that it shall not (and hereby waives any right to) directly or indirectly contest or support any other Person in contesting, or objecting to, in any proceeding (including any Insolvency or Liquidation Proceeding), the priority, perfection, validity or enforceability of any Lien in any Common Collateral granted to the other, or the provisions of this Agreement.

SECTION 2.3. No New Liens.

(a) Limitation on other Collateral for First Lien Lenders. So long as any Second Lien Obligations remain outstanding, and subject to Section 6 hereof, (i) the First Lien Agent agrees that, after the date hereof, neither the First Lien Agent nor any First Lien Lender shall acquire or hold any Lien (other than cash collateralization of any First Lien Obligation consisting of letters of credit, Hedging Obligations or Bank Product Obligations) on any assets of any Borrower, any Guarantor or any of their respective Subsidiaries securing any First Lien Obligations which assets are not also subject to the second-priority Lien of the Second Lien Agent under the Second Lien Documents, and (ii) each Borrower and each Guarantor agrees not to grant any Lien on any of its assets, or permit any of its Subsidiaries to grant a Lien (other than cash collateralization of any First Lien Obligation consisting of letters of credit, Hedging Obligations or Bank Product Obligations) on any of its assets, in favor of the First Lien Agent or the First Lien Lenders securing the First Lien Obligations unless it, or such Subsidiary, has granted a similar Lien on such assets in favor of the Second Lien Agent or the Second Lien Lenders securing the Second Lien Obligations. If the First Lien Agent or any First Lien Lender shall acquire any Lien (other than cash collateralization of any First Lien Obligation consisting of letters of credit, Hedging Obligations or Bank Product Obligations) on any assets of any Borrower, any Guarantor or any of their respective Subsidiaries securing any First Lien Obligations which assets are not also subject to the second-priority Lien of the Second Lien Agent under the Second Lien Documents, then the First Lien Agent (or the relevant First Lien Lender), shall, without the need for any further consent of any other Person and notwithstanding anything to the contrary in any other First Lien Document (A) be deemed to hold and have held such Lien for the benefit of the Second Lien Agent as security for the Second Lien Obligations subject to the priorities and other terms set forth herein or (B) release such Lien.

(b) Limitation on other Collateral for Second Lien Lenders. Until the date upon which the Discharge of First Lien Obligations shall have occurred, (i) the Second

Lien Agent agrees that, after the date hereof, neither the Second Lien Agent nor any Second Lien Lender shall acquire or hold any Lien on any assets of any Borrower, any Guarantor or any of their respective Subsidiaries securing any Second Lien Obligations which assets are not also subject to the first-priority Lien of the First Lien Agent securing the First Lien Obligations, and (ii) each Borrower and each Guarantor agrees not to grant any Lien on any of its assets, or permit any of its Subsidiaries to grant a Lien on any of its assets, in favor of the Second Lien Agent or the Second Lien Lenders securing the Second Lien Obligations unless it, or such Subsidiary, has granted a similar Lien on such assets in favor of the First Lien Agent or the First Lien Lenders. If the Second Lien Agent or any Second Lien Lender shall acquire any Lien on any assets of any Borrower, any Guarantor or any of their respective Subsidiaries securing any Second Lien Obligations which assets are not also subject to the first-priority Lien of the First Lien Agent securing the First Lien Obligations, then the Second Lien Agent (or the relevant Second Lien Lender), shall, without the need for any further consent of any other Person and notwithstanding anything to the contrary in any other Second Lien Document (A) be deemed to hold and have held such Lien for the benefit of the First Lien Agent as security for the First Lien Obligations subject to the priorities and other terms set forth herein or (B) release such Lien.

SECTION 2.4. Similar Liens and Agreements. The parties hereto agree that it is their intention that the First Lien Collateral and the Second Lien Collateral be identical. In furtherance of the foregoing, the parties hereto agree:

(a) upon request of the First Lien Agent or the Second Lien Agent, to cooperate in good faith (and to direct their counsel and agents to cooperate in good faith) from time to time in order to determine the specific items included in the First Lien Collateral and the Second Lien Collateral and the steps taken to perfect their respective Liens thereon and the identity of the respective grantors with respect thereto; and

(b) that the terms and provisions contained in the documents and agreements creating or evidencing the First Lien Collateral and the Second Lien Collateral shall be in all material respects be the same forms of documents other than with respect to the priority of the Liens thereunder.

## ARTICLE III
## **ENFORCEMENT, STANDSTILL, WAIVERS**

SECTION 3.1. Standstill and Waivers. Until the earlier of (i) the date upon which the Discharge of First Lien Obligations shall have occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Borrower, any Guarantor or any of their respective Subsidiaries, or (ii) the Second Lien Enforcement Date, neither the Second Lien Agent nor the Second Lien Lenders:

(a) will oppose, object to or contest in any manner, any foreclosure, sale, lease, exchange, transfer or other disposition of any Common Collateral by the First Lien Agent or any First Lien Lender, or any other exercise of any rights or remedies by or on behalf of the First Lien Agent or any First Lien Lender in respect of any Common Collateral,

including the commencement or prosecution of any enforcement action under applicable law or the First Lien Documents;

(b) shall have any right to (1) direct either the First Lien Agent or any First Lien Lender to exercise any right, remedy or power with respect to any Common Collateral or pursuant to the First Lien Documents or (2) contest or object to the exercise by the First Lien Agent or any First Lien Lender of any right, remedy or power with respect to any Common Collateral or pursuant to the First Lien Documents or to the timing or manner in which any such right is exercised or not exercised (and, to the extent they may have any such right described in this clause, whether as a junior lien creditor or otherwise, they hereby irrevocably waive such right);

(c) will institute any suit or other proceeding or assert in any suit, Insolvency or Liquidation Proceeding or other proceeding any claim against the First Lien Agent or any First Lien Lender seeking damages from or other relief by way of specific performance, instructions or otherwise, with respect to, and none of the First Lien Agent nor any First Lien Lender shall be liable for, any action taken or omitted to be taken by the First Lien Agent or any First Lien Lender with respect to any Common Collateral or pursuant to the First Lien Documents; provided, that this provision shall not prevent the Second Lien Agent on behalf of the Second Lien Lenders from asserting claims against the First Lien Agent for damages arising from its gross negligence or willful misconduct in performing its duties and obligations hereunder;

(d) will take, receive or accept any Common Collateral or any proceeds of any Common Collateral, except in accordance with the provisions of this Agreement;

(e) will commence judicial or nonjudicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of any Common Collateral, exercise any right, remedy or power with respect to, or otherwise take any action to enforce their interest in or realize upon, any Common Collateral or pursuant to the Second Lien Documents; or

(f) will seek, and hereby waive any right, to have the Common Collateral or any part thereof marshaled upon any foreclosure or other disposition of any Common Collateral.

SECTION 3.2. Exclusive Enforcement; Nature of Rights.

(a) Limitation on Action by Second Lien Lenders. Until the earlier of (i) the date upon which the Discharge of First Lien Obligations shall have occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Borrower, any Guarantor or any of their respective Subsidiaries, or (ii) the Second Lien Enforcement Date, the Second Lien Agent agrees, on behalf of itself and the Second Lien Lenders, that the First Lien Agent and the First Lien Lenders shall have the exclusive right to enforce rights, exercise remedies (including setoff) and make determinations regarding release (in connection with any such enforcement of rights or

exercise of remedies), disposition, or restrictions with respect to any Common Collateral without any consultation with or the consent of the Second Lien Agent or any Second Lien Lender; provided, that in each case (subject to the provisions of Section 6), (A) in any Insolvency or Liquidation Proceeding commenced by or against the Second Lien Borrower or any Second Lien Guarantor, the Second Lien Agent may file a claim or statement of interest with respect to the Second Lien Obligations, (B) the Second Lien Agent may take any action (not adverse to the senior Liens on any Common Collateral securing the First Lien Obligations or the rights of the First Lien Agent to exercise remedies in respect thereof) in order to preserve or protect its Lien on any Common Collateral, (C) the Second Lien Agent shall be entitled to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Second Lien Lenders or the Second Lien Agent, including any claims secured by any Common Collateral, in each case in accordance with the terms of this Agreement, (D) the Second Lien Agent and the Second Lien Lenders shall be entitled to file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Second Lien Borrower and the Second Lien Guarantors arising under either bankruptcy or non-bankruptcy law, except as specifically prohibited herein, (E) the Second Lien Lenders and the Second Lien Agent shall be entitled to file any proof of claim and other filings and make any agreements and motions that are, in each case, in accordance with the terms of this Agreement, and (F) the Second Lien Lenders and the Second Lien Agent may exercise any of their rights and remedies with respect to any Common Collateral after the Second Lien Enforcement Date and so long as the Second Lien Enforcement Date has not been suspended pursuant to the definition thereof.

In exercising rights and remedies with respect to any Common Collateral, the First Lien Agent and the First Lien Lenders may enforce the provisions of the First Lien Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of Common Collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured party under the Uniform Commercial Code of any applicable jurisdiction and of a secured creditor under bankruptcy or similar laws of any applicable jurisdiction.

(b) Permitted Action by Second Lien Lenders. Without limiting the generality of the foregoing provisions of this Section, until the earlier of (i) the date upon which the Discharge of First Lien Obligations shall have occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against any Borrower, any Guarantor or any of their respective Subsidiaries, or (ii) the Second Lien Enforcement Date, and subject to any other rights set forth herein, the sole right of the Second Lien Agent and the Second Lien Lenders with respect to any Common Collateral is to hold a Lien on any Common Collateral pursuant to the Second Lien Documents for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, as set forth herein.

SECTION 3.3. No Additional Rights For the Borrower Hereunder. Except as provided in Section 3.4, if the First Lien Agent or any First Lien Lender or Second Lien Agent or any Second Lien Lender enforces its rights or remedies in violation of the terms of this Agreement, neither any Borrower nor any Guarantor shall be entitled to use such violation as a defense to any action by the First Lien Agent or any First Lien Lender or Second Lien Agent or any Second Lien Lender, nor to assert such violation as a counterclaim or basis for set off or recoupment against the First Lien Agent or any First Lien Lender or Second Lien Agent or any Second Lien Lender.

SECTION 3.4. Actions Upon Breach.

(a) If any Second Lien Lender or Second Lien Agent or First Lien Lender or First Lien Agent, contrary to this Agreement, commences or participates in any action or proceeding against any Borrower or any Guarantor or the Common Collateral, such Borrower or Guarantor, with the prior written consent of the First Lien Agent or the Second Lien Agent, as applicable, may interpose as a defense or dilatory plea the making of this Agreement, and any First Lien Lender or the First Lien Agent or Second Lien Lender or the Second Lien Agent, as applicable, may intervene and interpose such defense or plea in its or their name or in the name of such Borrower or Guarantor.

(b) Should any Second Lien Lender or the Second Lien Agent, contrary to this Agreement, in any way take, attempt to or threaten to take any action with respect to the Common Collateral (including, without limitation, any attempt to realize upon or enforce any remedy with respect to this Agreement), or fail to take any action required by this Agreement, any First Lien Lender or First Lien Agent (in its own name or in the name of the relevant Borrower or Guarantor) or the relevant Borrower or Guarantor may obtain relief against such Second Lien Lender or the Second Lien Agent, as applicable, by injunction, specific performance and/or other appropriate equitable relief, it being understood and agreed by the Second Lien Agent on behalf of each Second Lien Lender and itself that (i) the First Lien Lenders' or the First Lien Agent's damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) each Second Lien Lender and the Second Lien Agent waive any defense that the Borrowers or Guarantors and/or the First Lien Lenders or the First Lien Agent cannot demonstrate damage and/or be made whole by the awarding of damages.

(c) Should any First Lien Lender or First Lien Agent, contrary to this Agreement, in any way take, attempt to or threaten to take any action with respect to the Common Collateral (including, without limitation, any attempt to realize upon or enforce any remedy with respect to this Agreement), or fail to take any action required by this Agreement, any Second Lien Lender or the Second Lien Agent (in its own name or in the name of the relevant Borrower or Guarantor) or the relevant Borrower or Guarantor may obtain relief against such First Lien Lender or the First Lien Agent, as applicable, by injunction, specific performance and/or other appropriate equitable relief, it being understood and agreed by the First Lien Agent on behalf of each First Lien Lender and itself that (i) the Second Lien Lender's and the Second Lien Agent's damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) each First Lien Lender and the First Lien Agent waive any defense that the Borrowers or

Guarantors and/or the Second Lien Lenders or the Second Lien Agent cannot demonstrate damage and/or be made whole by the awarding of damages.

ARTICLE IV
**PAYMENTS**

SECTION 4.1. Application of Proceeds. Until the date upon which the Discharge of First Lien Obligations shall have occurred (except as specifically provided in the First Lien Documents and in the Second Lien Documents), the cash proceeds of Common Collateral received in connection with the sale or disposition of, or collection on, such Common Collateral and whether or not pursuant to any exercise of remedies or any Insolvency or Liquidation Proceeding, shall be applied by the First Lien Agent to the First Lien Obligations and, to the extent applicable, to the Second Lien Agent for application to the Second Lien Obligations in such order as specified in the First Lien Documents. Upon the Discharge of First Lien Obligations, the First Lien Agent shall deliver to the Second Lien Agent any proceeds of Common Collateral held by it in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. Upon the Discharge of the Second Lien Obligations, the Second Lien Agent shall deliver to the applicable Borrower or Guarantor any proceeds of Common Collateral held by it in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct.

SECTION 4.2. Payments Over. Until the date upon which the Discharge of First Lien Obligations has occurred, any Common Collateral or proceeds thereof received by the Second Lien Agent or any Second Lien Lender in contravention of this Agreement shall be segregated and held in trust and forthwith paid over to the First Lien Agent for the benefit of the First Lien Lenders in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. Until the date upon which the Discharge of First Lien Obligations shall have occurred, the First Lien Agent is hereby authorized to make any such endorsements as agent for the Second Lien Agent or such Second Lien Lender.

ARTICLE V
**OTHER AGREEMENTS**

SECTION 5.1. Releases.

(a) Until the date upon which the Discharge of First Lien Obligations shall have occurred, if:

(i) the First Lien Agent exercises any of its remedies in respect of any Common Collateral in accordance with the terms of this Agreement, including any sale, lease, exchange, transfer or other disposition of such Common Collateral;

(ii) there occurs any sale, lease, exchange, transfer or other disposition of Common Collateral to a Person other than a Borrower or a Guarantor in a transaction that is permitted under the terms of the First Lien Financing Agreement and the Second Lien Financing Agreement (whether or not in either case an event of default under, and as defined therein, has occurred and is continuing) at the time of such transaction; or

(iii) the Common Collateral to be released consists of the assets of a Subsidiary of a Borrower or a Guarantor all of the Capital Securities of which is being released pursuant to any other provision of this clause;

and if, in connection therewith, the First Lien Agent, for itself or on behalf of any of the First Lien Lenders, releases any of its Liens on any part of the Common Collateral, or releases any Guarantor from its obligations under its guaranty of the First Lien Obligations (other than in connection with the Discharge of First Lien Obligations), the Liens, if any, of the Second Lien Agent, for itself or for the benefit of the Second Lien Lenders, on such Common Collateral, and the obligations of such Guarantor under its guaranty of the Second Lien Obligations, shall be automatically, unconditionally and simultaneously released with no further consent or action of any Person, and the Second Lien Agent, for itself or on behalf of any such Second Lien Lender, promptly shall execute and deliver to the First Lien Agent and the Borrowers such termination statements, releases and other documents and shall take such further actions as the First Lien Agent, the Borrowers or such Guarantor may reasonably request to effectively confirm such release.

(b) The Second Lien Agent, for itself and on behalf of the Second Lien Lenders, hereby irrevocably constitutes and appoints the First Lien Agent and any officer or agent of the First Lien Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Second Lien Agent or such Second Lien Lender or in the First Lien Agent's own name, from time to time, in the First Lien Agent's discretion, for the purpose of carrying out the terms of this Section, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Section including, without limitation, any financing statements, endorsements or other instruments or transfer or release. This appointment is coupled with an interest.

SECTION 5.2. Insurance. To the extent provided in the relevant First Lien Collateral Documents or the Second Lien Collateral Documents, as the case may be, the First Lien Agent and the Second Lien Agent shall be named as additional insureds and the Control Agent shall be named as loss payee (on behalf of the First Lien Agent, the First Lien Lenders, the Second Lien Agent and the Second Lien Lenders) under any insurance policies maintained from time to time by the Borrower or Guarantors. Until the date upon which the Discharge of First Lien Obligations shall have occurred, as between the First Lien Agent and the First Lien Lenders, on the one hand, and the Second Lien Agent and the Second Lien Lenders on the other, the First Lien Agent and the First Lien Lenders shall have the sole and exclusive right to the extent provided for in the First Lien Documents (i) to adjust or settle any insurance policy or claim covering any Common Collateral in the event of any loss thereunder; and (ii) to approve any award granted in any condemnation or similar proceeding affecting any Common Collateral. Until the date upon which the Discharge of First Lien Obligations shall have occurred, all proceeds of any such policy and any such award in respect of any Common Collateral that are payable to the First Lien Agent and the Second Lien Agent shall be paid to the First Lien Agent for the benefit of the First Lien Lenders to the extent required under the First Lien Documents and, thereafter, to the Second Lien Agent for the benefit of the Second Lien Lenders to the extent required under the applicable Second Lien Documents and then to the applicable Borrower or Guarantor or as a court of competent jurisdiction may

otherwise direct. If the Second Lien Agent or any Second Lien Lender shall, at any time, receive any proceeds of any such insurance policy or any such award in contravention of this Agreement, it shall pay such proceeds over to the First Lien Agent in accordance with the terms of Section 4.2.

SECTION 5.3. Amendments to Second Lien Collateral Documents.

(a) Until the date upon which the Discharge of First Lien Obligations shall have occurred, without the prior written consent of the First Lien Agent, no Second Lien Collateral Document may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification, or the terms of any new Second Lien Financing Agreement or Second Lien Collateral Document, would contravene any of the terms of this Agreement. The Second Lien Agent agrees that each Second Lien Collateral Document shall include the following language:

"Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the provisions of the Intercreditor Agreement, dated as of the date hereof, as the same may be amended, restated, supplemented, modified or replaced from time to time (the "Intercreditor Agreement") among Citibank, N.A., as First Lien Agent, Citibank, N.A., as Second Lien Agent, Citibank, N.A., as Control Agent, the First Lien Borrower, the First Lien Guarantors, the Second Lien Borrower and the Second Lien Guarantors (each as defined therein) from time to time a party thereto. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern."

In addition, the Second Lien Agent agrees that each Second Lien Collateral Document under which any Lien on real property owned by the Second Lien Borrower or any Second Lien Guarantor is granted to secure the Second Lien Obligations covering any Common Collateral shall contain such other language as the First Lien Agent may reasonably request to reflect the priority of the First Lien Collateral Document covering such Common Collateral over such Second Lien Collateral Document.

(b) Without the prior written consent of the First Lien Agent (and any required consent of the First Lien Lenders), no Second Lien Document may be amended, supplemented or otherwise modified to the extent such amendment, supplement or modification would (i) increase the then outstanding aggregate principal amount of the loans under the Second Lien Financing Agreement to an amount exceeding $450,000,000, (ii) contravene the provisions of this Agreement, (iii) increase the "Applicable Margin" or similar component of the interest on the loans thereunder by more than 3.0% per annum (exclusive, for the avoidance of doubt, of any imposition of up to 2.0% of "default" interest), (iv) provide for dates for payment of principal, interest, premium (if any) or fees which are earlier than such dates under the Second Lien Financing Agreement, (v) provide for covenants, events of default or remedies which are more restrictive on any Guarantor than those set forth in the Second Lien Financing Agreement, (vi) provide for redemption, prepayment or defeasance provisions that are

more burdensome on any Guarantor than those set forth in the Second Lien Financing Agreement, (vii) provide for collateral securing Indebtedness thereunder which is more extensive than the collateral provided with respect to the First Lien Financing Agreement or (viii) increase the obligations of any Guarantor (except as set forth herein) or confer any additional rights on any Second Lien Lender which could reasonably be expected to be adverse to the First Lien Lender.

(c) Without the prior written consent of the Second Lien Agent (and any required consent of the Second Lien Lenders), no First Lien Document may be amended, supplemented or otherwise modified to the extent such amendment, supplement or modification would (i) contravene the provisions of this Agreement, (ii) increase the then outstanding aggregate principal amount of the loans under the First Lien Financing Agreement plus, if any, any undrawn portion of any commitment under the First Lien Financing Agreement in excess of the Maximum First Lien Principal Amount or (iii) increase the "Applicable Margin" or similar component of the interest of the loans thereunder by more than 3.0% per annum from the "Applicable Margin" or similar component of the interest under the First Lien Financing Agreement as in effect as of the date hereof (exclusive, for the avoidance of doubt, of any imposition of up to 2.0% of "default" interest).

SECTION 5.4. Rights as Unsecured Creditors and Judgment Creditors.

(a) Except as otherwise expressly set forth in Section 3.1 and Section 3.2 and subject to Article VI, (i) the Second Lien Agent and the Second Lien Lenders may exercise all rights and remedies as unsecured creditors against the Second Lien Borrower, the Second Lien Guarantors or any of their Subsidiaries in accordance with the terms of the Second Lien Documents and applicable law and this Agreement, and (ii) nothing in this Agreement shall prohibit the acceleration of the obligations under the Second Lien Documents or the receipt of the Second Lien Agent or the Second Lien Lenders of the required payments of principal and interest and other amounts, so long as such receipt is not the direct or indirect result of the exercise of the Second Lien Agent or any Second Lien Lender of rights and remedies as a secured creditor or enforcement in contravention of this Agreement of any Lien held by any of them.

(b) In the event the Second Lien Agent or any Second Lien Lender becomes a judgment lien creditor in respect of Common Collateral as a result of its enforcement of its rights as an unsecured creditor, such judgment lien shall be subject to the terms of this Agreement for all purposes and shall be junior to the Liens securing First Lien Obligations on the same basis as the other Liens securing the Second Lien Obligations are junior to such First Lien Obligations under this Agreement. Nothing in this Agreement modifies any rights or remedies the First Lien Agent or the First Lien Lenders may have with respect to the First Lien Collateral.

SECTION 5.5. Limited Agency of Citibank, N.A. for Perfection.

(a) The First Lien Agent, on behalf of itself and the First Lien Lenders, and the Second Lien Agent, on behalf of itself and the Second Lien Lenders, each hereby appoint

Citibank, N.A. as its collateral agent (in such capacity, together with any successor in such capacity appointed by the First Lien Agent and consented to by the Second Lien Agent (such consent not to be unreasonably withheld or delayed), the "Control Agent") for the limited purpose of acting as the agent on behalf of the First Lien Agent (on behalf of itself and the First Lien Lenders) and the Second Lien Agent (on behalf of itself and the Second Lien Lenders) with respect to the Control Collateral for purposes of perfecting the Liens of such parties on the Control Collateral. The Control Agent accepts such appointment and agrees to hold the Control Collateral that is part of the Common Collateral in its possession or control (or in the possession or control of its agents or bailees) as Control Agent for the benefit of the First Lien Agent (on behalf of itself and the First Lien Lenders) and the Second Lien Agent (on behalf of itself and the Second Lien Lenders) and any permitted assignee of any thereof solely for the purpose of perfecting the security interest granted to such parties in such Control Collateral, subject to the terms and conditions of this Section. The Control Agent, the First Lien Agent, on behalf of itself and the First Lien Lenders, and the Second Lien Agent, on behalf of itself and the Second Lien Lenders, each hereby agrees that the First Lien Agent shall have the sole and exclusive right and authority to give instructions to, and otherwise direct, the Control Agent in respect of the Control Collateral or any control agreement with respect to any Control Collateral until the earlier of the date upon which the Discharge of First Lien Obligations shall have occurred and the Second Lien Enforcement Date, and neither the Second Lien Agent nor any Second Lien Lender will hinder, delay or interfere with the exercise of such rights by the First Lien Agent in any respect. The First Lien Agent and the Second Lien Agent hereby acknowledge that the Control Agent will obtain "control" under the UCC over each Controlled Account as contemplated by the First Lien Collateral Documents and the Second Lien Collateral Documents for the benefit of both the First Lien Agent (on behalf of itself and the First Lien Lenders) and the Second Lien Agent (on behalf of itself and the Second Lien Lenders) pursuant to the control agreements relating to each respective Controlled Account. The Borrowers hereby agree to pay, reimburse, indemnify and hold harmless the Control Agent to the same extent and on the same terms that the First Lien Borrower is required to do so for the First Lien Agent in accordance with the First Lien Financing Agreement. The First Lien Agent and the Second Lien Agent hereby also acknowledge and agree that the Control Agent, to the extent it receives landlord lien waivers, will receive such landlord lien waivers for the benefit of the Second Lien Agent for the benefit of Second Lien Lenders and the First Lien Agent for the benefit of the First Lien Lenders. Except as set forth below, the Control Agent shall have no obligation whatsoever to the Second Lien Agent or any Second Lien Lender including any obligation to assure that the Control Collateral is genuine or owned by any Borrower, any Guarantor or one of their respective Subsidiaries or to preserve rights or benefits of any Second Lien Lender or the Second Lien Agent except as expressly set forth in this Section. In acting on behalf of the Second Lien Agent and the Second Lien Lenders, the duties or responsibilities of the Control Agent under this Section shall be limited solely (i) to physically holding the Control Collateral delivered to the Control Agent by the Borrowers, Guarantors or any Subsidiary of such Person as agent for the Second Lien Agent (on behalf of itself and the Second Lien Lenders) for purposes of perfecting the Lien held by the Second Lien

Agent (on behalf of itself and the Second Lien Lenders) and (ii) delivering such collateral as set forth in clause (d) of Section 5.5.

(b) The rights of the Second Lien Agent shall at all times be subject to the terms of this Agreement and to the First Lien Agent's rights under the First Lien Documents.

(c) The First Lien Agent shall not have by reason of the Second Lien Security Agreement or this Agreement or any other document a fiduciary relationship in respect of the Second Lien Agent or any Second Lien Lender.

(d) Upon the Discharge of First Lien Obligations, the Control Agent shall deliver to the Second Lien Agent the Control Collateral together with any necessary endorsements (or otherwise allow the Second Lien Agent to obtain control of such Control Collateral) or as a court of competent jurisdiction may otherwise direct.

(e) Upon the Discharge of the Second Lien Obligations, the Control Agent shall deliver to the applicable Borrower or Guarantor the Control Collateral together with any necessary endorsements or as a court of competent jurisdiction may otherwise direct.

SECTION 5.6. Inspection Rights. Subject to the First Lien Documents and the Second Lien Documents, and solely between the First Lien Agent and the First Lien Lenders, on the one hand, and the Second Lien Agent and the Second Lien Lenders, on the other hand,

(a) the First Lien Agent and its representatives and invitees may at any time inspect, repossess, remove and otherwise deal with the Common Collateral, and the First Lien Agent may advertise and conduct public auctions or private sales of any Common Collateral, in each case without notice to (except as provided in Section 7.5), the involvement of or interference by the Second Lien Agent or any Second Lien Lender or liability to the Second Lien Agent or any Second Lien Lender.

(b) The Second Lien Agent may inspect the Common Collateral, in accordance with Second Lien Documents, so long as such inspection does not interfere with the rights of the First Lien Agent under Section 3.1 or under the First Lien Documents.

## ARTICLE VI
## INSOLVENCY OR LIQUIDATION PROCEEDINGS

SECTION 6.1. Financing and Sale Issues. If any Borrower or any Guarantor shall be subject to any Insolvency or Liquidation Proceeding and at any time prior to the Discharge of First Lien Obligations the First Lien Agent or the First Lien Lenders shall desire to permit (or not object to) the sale, use or lease of cash collateral or to permit (or not object to) any Borrower to obtain financing under Section 363 or Section 364 of the Bankruptcy Code or to provide such financing ("DIP Financing"), then, so long as the maximum amount of Indebtedness that may be incurred in connection with such DIP Financing shall not exceed an amount equal to the Maximum First Lien Principal Debt Amount, then the Second Lien Agent, on behalf of itself and the Second Lien Lenders, and each Second Lien Lender by becoming a Second Lien Lender, agrees that it will raise no objection to, nor support any other Person objecting to, such sale, use, or lease of cash collateral or DIP Financing and will not request any form of

adequate protection or any other relief in connection therewith (except as agreed by the First Lien Agent or to the extent expressly permitted by Section 6.3) and, to the extent the Liens securing the First Lien Obligations are subordinate to or pari passu with such DIP Financing, it (x) will subordinate (and will be deemed hereunder to have subordinated) the Liens securing the Second Lien Obligations (x) to such DIP Financing with, if applicable, the same terms and conditions as the Liens securing the First Lien Obligations are subordinated thereto (and such subordination will not alter in any manner the terms of this Agreement), (y) to any adequate protection provided to the First Lien Agent and the First Lien Lenders and (z) to any "carve-out" for professionals and United States Trustee fees agreed to by the First Lien Agent or the First Lien Lenders, and (ii) agrees that notice received four (4) calendar days prior to the entry of an order approving such usage of cash collateral or approving such financing shall be adequate notice. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that it will raise no objection to or oppose a sale or other disposition of any Common Collateral free and clear of its Liens or other claims under Section 363 of the Bankruptcy Code (or otherwise) if the First Lien Required Lenders have consented to (or supported) such sale or disposition of such assets so long as the respective interests of the Second Lien Lenders attach to the proceeds thereof, subject to the terms of this Agreement.

SECTION 6.2. Relief from the Automatic Stay. Until the date upon which the Discharge of First Lien Obligations shall have occurred, the Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that none of them shall seek relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of any Common Collateral, without the prior written consent of the First Lien Agent and the First Lien Required Lenders.

SECTION 6.3. Adequate Protection. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that none of them shall object, contest, or support any other Person objecting to or contesting, (i) any request by the First Lien Agent or the First Lien Lenders for adequate protection or (ii) any objection by the First Lien Agent or any First Lien Lender to any motion, relief, action or proceeding based on a claim of a lack of adequate protection or (iii) the payment of interest, fees, expenses or other amounts to the First Lien Agent or any First Lien Lender under Section 506(b) or 506(c) of the Bankruptcy Code or otherwise. Notwithstanding anything contained in this Section and in Section 6.1, in any Insolvency or Liquidation Proceeding, (x) the Second Lien Agent and the Second Lien Lenders, may seek, support, accept or retain adequate protection (A) only if the First Lien Agent and the First Lien Lenders are granted adequate protection that includes replacement liens on additional collateral and superpriority claims and the First Lien Agent and the First Lien Lenders do not object to the adequate protection being provided to the First Lien Agent and the First Lien Lenders and (B) in the form of (1) a replacement Lien on such additional collateral, subordinated to the Liens securing the First Lien Obligations and such DIP Financing on the same basis as the other Liens securing the Second Lien Obligations are so subordinated to the First Lien Obligations under this Agreement and (y) superpriority claims junior in all respects to the superpriority claims granted to the First Lien Agent and the First Lien Lenders, and (2) in the event the Second Lien Agent, on behalf of itself and the Second Lien Lenders, receives adequate protection, including in the form of additional collateral, then the Second Lien Agent, on behalf of itself or any of the Second Lien Lenders, agrees that the First Lien Agent shall have a senior Lien and claim on such adequate protection as security for the First Lien Obligations and that any Lien on any

additional collateral securing the Second Lien Obligations shall be subordinated to the Liens on such collateral securing the First Lien Obligations and any DIP Financing (and all Obligations relating thereto) and any other Liens granted to the First Lien Agent and the First Lien Lenders as adequate protection, with such subordination to be on the same terms that the other Liens securing the Second Lien Obligations are subordinated to such First Lien Obligations under this Agreement. Notwithstanding the foregoing, if the First Lien Lenders are deemed by a court of competent jurisdiction to be fully secured on the petition date, then the Second Lien Lenders shall not be prohibited from seeking adequate protection in the form of interest, fees or other cash payments.

SECTION 6.4. No Waiver. Nothing contained herein shall prohibit or in any way limit the First Lien Agent or any First Lien Lender from objecting in any Insolvency or Liquidation Proceeding or otherwise to any action taken by the Second Lien Agent or any of the Second Lien Lenders, including, without limitation, the seeking by the Second Lien Agent or any Second Lien Lender of adequate protection or the asserting by the Second Lien Agent or any Second Lien Lender of any of its rights and remedies under the Second Lien Documents or otherwise, unless, in each case, such action is consistent with the terms of this Section 6.

SECTION 6.5. Preference Issues. If the First Lien Agent or any First Lien Lender is required in any Insolvency or Liquidation Proceeding or otherwise to turn over or otherwise pay to the estate of the First Lien Borrower or any First Lien Guarantor any amount (whether received by or on behalf of the First Lien Borrower or any First Lien Guarantor, as proceeds of security, enforcement of any right of setoff or otherwise) (a "Recovery"), then the obligation or part thereof originally intended to be satisfied shall be reinstated and outstanding as First Lien Obligations as if such payment had not occurred to the extent of such Recovery and the Discharge of First Lien Obligations shall be deemed to not have occurred. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto from such date of reinstatement. The Second Lien Agent and the Second Lien Lenders agree that none of them shall be entitled to benefit from any avoidance action affecting or otherwise relating to any distribution or allocation made in accordance with this Agreement, whether by preference or otherwise, it being understood and agreed that the benefit of such avoidance action otherwise allocable to them shall instead be allocated and turned over for application in accordance with the priorities set forth in this Agreement. In the event that any such payment with respect to the First Lien Obligations results in a Discharge of First Lien Obligations, the First Lien Agent and the First Lien Lenders agree that the Second Lien Agent and the Second Lien Lenders shall be permitted to act hereunder as though a Discharge of First Lien Obligations had occurred during the period from such payment until the date of such reinstatement of the First Lien Obligations and shall have no liability to the First Lien Agent or the First Lien Lenders for any action taken or omitted to be taken hereunder in accordance therewith, except to the extent such act or omission is found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith or willful misconduct of the Second Lien Agent or Second Lien Lenders.

SECTION 6.6. Separate Grants of Security and Separate Classification. The Second Lien Agent on behalf of itself and the Second Lien Lenders acknowledges and agrees that (i) the

grants of Liens pursuant to the First Lien Collateral Documents and the Second Lien Collateral Documents constitute two separate and distinct grants of Liens and (ii) because of, among other things, their differing rights in the Common Collateral, the Second Lien Obligations are fundamentally different from the First Lien Obligations and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency or Liquidation Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the First Lien Agent and the First Lien Lenders and the Second Lien Agent and the Second Lien Lenders in respect of the Common Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then the Second Lien Agent on behalf of itself and the Second Lien Lenders hereby acknowledges and agrees that all distributions shall be made as if there were separate classes of senior and junior secured claims against the Borrowers and the Guarantors in respect of the Common Collateral (with the effect being that, to the extent that the aggregate value of the Common Collateral is sufficient (for this purpose ignoring all claims held by the Second Lien Agent and the Second Lien Lenders), the First Lien Agent and the First Lien Lenders shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest before any distribution is made in respect of the claims held by the Second Lien Agent and the Second Lien Lenders, with the Second Lien Agent and the Second Lien Lenders hereby acknowledging and agreeing to turn over to the First Lien Agent and the First Lien Lenders amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Second Lien Agent and the Second Lien Lenders).

SECTION 6.7. Other Matters. To the extent that the Second Lien Agent or any Second Lien Lender has or acquires rights under Section 363 or Section 364 of the Bankruptcy Code with respect to any of the Common Collateral, the Second Lien Agent agrees, on behalf of itself and the Second Lien Lenders not to assert any of such rights without the prior written consent of the First Lien Agent; provided that if requested by the First Lien Agent, the Second Lien Agent shall timely exercise such rights in the manner requested by the First Lien Agent, including any rights to payments in respect of such rights.

SECTION 6.8. Effectiveness in Insolvency or Liquidation Proceedings. This Agreement, which the parties hereto expressly acknowledge is a “subordination agreement” under Section 510(a) of the Bankruptcy Code, shall be effective before, during and after the commencement of an Insolvency or Liquidation Proceeding. All references in this Agreement to any Borrower or any Guarantor shall include such Person as a debtor-in-possession and any receiver or trustee for such Person in any Insolvency or Liquidation Proceeding.

## ARTICLE VII
## RELIANCE; WAIVERS; NOTICES; ETC

SECTION 7.1. Reliance.

(a) The consent by the First Lien Lenders to the execution and delivery of the Second Lien Documents and the grant to the Second Lien Agent on behalf of the Second Lien Lenders of a Lien on the Common Collateral and all loans and other extensions of

credit made or deemed made on and after the date hereof by the First Lien Lenders to the First Lien Borrower shall be deemed to have been given and made in reliance upon this Agreement. The Second Lien Agent, on behalf of the Second Lien Lenders, acknowledges that the Second Lien Lenders have, independently and without reliance on the First Lien Agent or any First Lien Lender, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into the Second Lien Financing Agreement, the other Second Lien Documents, this Agreement and the transactions contemplated hereby and thereby and they will continue to make their own credit decision in taking or not taking any action under the Second Lien Financing Agreement, the other Second Lien Documents or this Agreement.

(b) The consent by the Second Lien Lenders to the execution and delivery of the First Lien Documents and the grant to the First Lien Agent on behalf of the First Lien Lenders of a Lien on the Common Collateral and all loans and other extensions of credit made or deemed made on and after the date hereof by the Second Lien Lenders to the Second Lien Borrower shall be deemed to have been given and made in reliance upon this Agreement. The First Lien Agent, on behalf of the First Lien Lenders, acknowledges that the First Lien Lenders have, independently and without reliance on the Second Lien Agent or any Second Lien Lender, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into the First Lien Financing Agreement, the other First Lien Documents, this Agreement and the transactions contemplated hereby and thereby and they will continue to make their own credit decision in taking or not taking any action under the First Lien Financing Agreement, the other First Lien Documents or this Agreement.

SECTION 7.2. No Warranties or Liability.

(a) The Second Lien Agent, on behalf of itself and the Second Lien Lenders, acknowledges and agrees that each of the First Lien Agent and the First Lien Lenders has made no express or implied representation or warranty, including, without limitation, with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the First Lien Documents. The First Lien Lenders will be entitled to manage and supervise their respective loans and extensions of credit to the First Lien Borrower in accordance with law and as they may otherwise, in their sole discretion, deem appropriate, and the First Lien Lenders may manage their loans and extensions of credit without regard to any rights or interests that the Second Lien Agent or any of the Second Lien Lenders have in the Common Collateral or otherwise, except as otherwise provided in this Agreement. Neither the First Lien Agent nor any First Lien Lender shall have any duty to the Second Lien Agent or any of the Second Lien Lenders to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with any Borrower or any Guarantor (including, without limitation, the Second Lien Documents), regardless of any knowledge thereof which they may have or be charged with.

(b) The First Lien Agent, on behalf of itself and the First Lien Lenders, acknowledges and agrees that each of the Second Lien Agent and the Second Lien Lenders has made no express or implied representation or warranty, including, without limitation, with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the Second Lien Documents. The Second Lien Lenders will be entitled to manage and supervise their respective loans to the Second Lien Borrower in accordance with law and as they may otherwise, in their sole discretion, deem appropriate, and the Second Lien Lenders may manage their loans and extensions of credit without regard to any rights or interests that the First Lien Agent or any of the First Lien Lenders have in the Common Collateral or otherwise, except as otherwise provided in this Agreement. Neither the Second Lien Agent nor any Second Lien Lender shall have any duty to the First Lien Agent or any of the First Lien Lenders to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with any Borrower or any Guarantor (including, without limitation, the First Lien Documents), regardless of any knowledge thereof which they may have or be charged with.

SECTION 7.3. No Waiver of Lien Priorities.

(a) No right of the First Lien Lenders, the First Lien Agent or any of them to enforce any provision of this Agreement shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the First Lien Borrower or the First Lien Guarantors or by any act or failure to act by any First Lien Lender or the First Lien Agent, or by any noncompliance by any Person with the terms, provisions and covenants of this Agreement, any of the First Lien Documents or any of the Second Lien Documents, regardless of any knowledge thereof which the First Lien Agent or the First Lien Lenders, or any of them, may have or be otherwise charged with.

(b) Without in any way limiting any other provision hereof, (but subject to the rights of the First Lien Borrower and the First Lien Guarantors under the First Lien Documents and the proviso set forth in the definition of the term “First Lien Financing Agreement”), the First Lien Lenders, the First Lien Agent and any of them, may, at any time and from time to time, without the consent of the Second Lien Agent or any Second Lien Lender, without impairing or releasing the lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of the Second Lien Agent or any Second Lien Lender is affected, impaired or extinguished thereby) do any one or more of the following:

(i) make loans and advances to the First Lien Borrower or any First Lien Guarantor or issue, guaranty or obtain letters of credit for the account of any such Person or otherwise extend credit to any such Person, in any amount and on any terms, whether pursuant to a commitment or as a discretionary advance and whether or not any default or event of default or failure of condition is then continuing;

(ii) change the manner, place or terms of payment or change or extend the time of payment of, or renew, exchange, amend, increase or alter, the terms of any of the First

Lien Obligations or any Lien on any First Lien Collateral or guaranty thereof or any liability of the First Lien Borrower or any First Lien Guarantor, or any liability incurred directly or indirectly in respect thereof (including, without limitation, any increase in or extension of the First Lien Obligations, without any restriction as to the amount, tenor or terms of any such increase or extension) or otherwise amend; renew, exchange, extend, modify or supplement in any manner any Liens held by the First Lien Lenders, the First Lien Obligations or any of the First Lien Documents; provided, however, nothing herein shall prohibit the Second Lien Agent and the Second Lien Lenders from enforcing any rights arising under the Second Lien Financing Agreement as a result of Second Lien Borrower's or any Second Lien Guarantors' violation of the terms thereof including any covenant prohibiting the amendment of certain provisions of the First Lien Financing Agreement, subject in each case to this Agreement;

(iii) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the First Lien Collateral or any liability of the First Lien Borrower or any First Lien Guarantor to the First Lien Lenders or the First Lien Agent, or any liability incurred directly or indirectly in respect thereof;

(iv) settle or compromise any First Lien Obligation or any other liability of the First Lien Borrower or any First Lien Guarantor or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including, without limitation, the First Lien Obligations) in any manner or order;

(v) exercise or delay in or refrain from exercising any right or remedy against the First Lien Borrower or any security or any First Lien Guarantor or any other Person, elect any remedy and otherwise deal freely with the First Lien Borrower, any First Lien Guarantor and the First Lien Collateral and any security and any guarantor or any liability of the First Lien Borrower or any First Lien Guarantor to the First Lien Lenders or any liability incurred directly or indirectly in respect thereof;

(vi) release or discharge any First Lien Obligations or any guaranty thereof or any agreement or obligation of the First Lien Borrower or First Lien Guarantor or any other Person or entity with respect thereto;

(vii) take or fail to take any Lien on any First Lien Collateral or any other collateral security for any First Lien Obligations or take or fail to take any action which may be necessary or appropriate to ensure than any Lien on any First Lien Collateral or any other Lien upon any property is duly enforceable or perfected or entitled to priority as against any other Lien or to ensure that any proceeds of any property subject to any Lien are applied to the payment of any First Lien Obligations or any other obligation secured thereby; or

(viii) otherwise release, discharge or permit the lapse of any or all First Lien Obligations or any other Liens upon any property at any time securing any First Lien Obligations.

(c) The Second Lien Agent, on behalf of itself and the Second Lien Lenders, also agrees that the First Lien Lenders and the First Lien Agent shall have no liability to the Second Lien Agent or any Second Lien Lender, and the Second Lien Agent, on behalf of itself and the Second Lien Lenders, hereby waives any claim against any First Lien Lender or the First Lien Agent, arising out of any and all actions which the First Lien Lenders or the First Lien Agent may take or permit or omit to take with respect to: (i) the First Lien Documents, (ii) the collection of the First Lien Obligations or (iii) the perfection, release, failure to act upon, foreclosure upon, or sale, liquidation or other disposition of, the First Lien Collateral; provided that notwithstanding the foregoing, the First Lien Agent shall be liable for damages resulting from actions taken by it in violation of any provision of this Agreement to the extent such violation is found by a final, non-appealable judgment of a court of competent jurisdiction to arise from its gross negligence, bad faith or willful misconduct. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that the First Lien Lenders and the First Lien Agent have no duty to them in respect of the maintenance or preservation of the First Lien Collateral or the First Lien Obligations.

(d) The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law or any other similar rights a junior secured creditor may have under applicable law.

SECTION 7.4. Obligations Unconditional. All rights, interests, agreements and obligations of the First Lien Agent and the First Lien Lenders and the Second Lien Agent and the Second Lien Lenders, respectively, hereunder shall remain in full force and effect as set forth herein irrespective of:

(a) any lack of validity or enforceability of the First Lien Documents or any Second Lien Documents;

(b) any change in the time, manner or place of payment of, or in any other terms of, all or any of the First Lien Obligations or Second Lien Obligations, or any amendment or waiver or other modification, including, without limitation, any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of the First Lien Financing Agreement or any other First Lien Document or of the terms of the Second Lien Financing Agreement or any other Second Lien Document;

(c) any compromise, surrender, release, non-perfection or exchange of any security interest in any Common Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the First Lien Obligations or Second Lien Obligations or any guarantee thereof;

(d) the commencement of any Insolvency or Liquidation Proceeding in respect of any Borrower or any Guarantor; or

(e) any other circumstances which otherwise might constitute a defense available to, or a discharge of, any Borrower or any Guarantor in respect of the First Lien Obligations or of the Second Lien Agent or any Second Lien Lender or Second Lien Obligations in respect of this Agreement other than a defense of performance in full, or payment in full in cash, of the First Lien Obligations.

SECTION 7.5. Certain Notices.

(a) Promptly upon the satisfaction of the conditions set forth in clauses (i), (ii), (iii), and (iv) of the definition of Discharge of First Lien Obligations, the First Lien Agent shall deliver the notice contemplated by clause (v) of said definition.

(b) Promptly upon (or as soon as practicable following) the commencement by the First Lien Agent of any enforcement action with respect to any Common Collateral (including by way of a public or private sale of Collateral), the First Lien Agent shall notify the Second Lien Agent of such action; provided that the failure to give any such notice shall not result in any liability of the First Lien Agent hereunder or in the modification, alteration, impairment, or waiver of the rights of any party hereunder.

## ARTICLE VIII
## MISCELLANEOUS

SECTION 8.1. Conflicts. In the event of any conflict between the provisions of this Agreement and the provisions of the First Lien Documents or the Second Lien Documents regarding solely the relative rights and obligations between the First Lien Agent and the First Lien Lenders on the one hand and the Second Lien Agent and the Second Lien Lenders on the other, respectively, the provisions of this Agreement shall govern.

SECTION 8.2. Waiver of Consequential Damages. No party shall be liable for any special, indirect, consequential or punitive damages in connection with this Agreement regardless of whether such damages were contemplated and regardless of the form of action.

SECTION 8.3. Continuing Nature of this Agreement. This Agreement shall continue to be effective notwithstanding the Discharge of the First Lien Obligations. This is a continuing agreement of lien priorities and the First Lien Lenders may continue, at any time and without notice to the Second Lien Agent or any Second Lien Lender, to extend credit and other financial accommodations and lend monies to or for the benefit of the First Lien Borrower and First Lien Guarantors constituting First Lien Obligations on the faith hereof. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, hereby waives any right it may have under applicable law to revoke this Agreement or any of the provisions of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency or Liquidation Proceeding.

SECTION 8.4. Amendments; Waivers. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by any Person from its obligations under this Agreement, shall in any event be effective unless the same shall be in writing and signed by the First Lien Agent and the Second Lien Agent, each acting upon the direction of the First Lien Lenders or Second Lien Lenders as set forth in the applicable Credit Agreement. Each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. Neither any Borrower nor any Guarantor shall have any right to amend, modify or waive any provision of this Agreement without the consent of the Second Lien Agent then party hereto or the First Lien Agent then party hereto, as applicable, nor shall any consent or signed writing be required of any of them to effect any amendment, modification or waiver of any provision of this Agreement, except that no amendment, modification or waiver affecting any obligation or right of any Borrower or any Guarantor hereunder shall be made without the written consent of the applicable Borrower. The First Lien Agent shall give prompt notice to the First Lien Borrower of each amendment, modification or waiver hereunder that does not require the consent of the First Lien Borrower, but the failure to give such notice shall not affect the validity of each such amendment, modification or waiver.

SECTION 8.5. Information Concerning Financial Condition of the Borrowers, Guarantors and their Subsidiaries.

(a) The First Lien Lenders, on the one hand, and the Second Lien Lenders, on the other hand, shall each be responsible for keeping themselves informed of (i) the financial condition of the Borrowers, Guarantors and their Subsidiaries and all endorsers and/or guarantors of the Second Lien Obligations or the First Lien Obligations and (ii) all other circumstances bearing upon the risk of nonpayment of the Second Lien Obligations or the First Lien Obligations. The First Lien Agent and the First Lien Lenders shall have no duty to advise the Second Lien Agent or any Second Lien Lender of information known to it or them regarding such condition or any such circumstances or otherwise. In the event the First Lien Agent or any of the First Lien Lenders, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to the Second Lien Agent or any Second Lien Lender, it or they shall be under no obligation (x) to provide any additional information or to provide any such information on any subsequent occasion, (y) to undertake any investigation or (z) to disclose any information which, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential.

(b) The Second Lien Agent and the Second Lien Lenders shall have no duty to advise the First Lien Agent or any First Lien Lender of information known to it or them regarding such condition or any such circumstances or otherwise. In the event the Second Lien Agent or any of the Second Lien Lenders, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to the First Lien Agent or any First Lien Lender, it or they shall be under no obligation (i) to provide any additional information or to provide any such information on any subsequent occasion, (ii) to undertake any investigation or (iii) to disclose any

information which, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential.

SECTION 8.6. Subrogation. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, hereby waives any rights of subrogation it may acquire as a result of any payment hereunder until the date upon which the Discharge of First Lien Obligations shall have occurred.

SECTION 8.7. Application of Payments. As between the First Lien Lenders and the Second Lien Lenders, all payments received by the First Lien Lenders may be applied, reversed and reapplied, in whole or in part, to such part of the First Lien Obligations as the First Lien Lenders, in their sole discretion, deem appropriate.

SECTION 8.8. Consent to Jurisdiction; Waivers.

(a) ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE PARTIES HERETO IN CONNECTION HEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. EACH PARTY HERETO IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 8.9. EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY PARTY HERETO HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH PARTY HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT.

(b) EACH PARTY HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO IN CONNECTION HEREWITH. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED

FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE OTHER PARTIES HERETO ENTERING INTO THIS AGREEMENT.

SECTION 8.9. Notices; Time. All notices and other communications provided under this Agreement shall be in writing or by facsimile and addressed, delivered or transmitted, if to the Borrowers, the First Lien Agent, the Second Lien Agent or the Control Agent at its address or facsimile number set forth on Schedule I hereto or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received. Any notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter. Except as set forth below, electronic mail and Internet and intranet websites may be used only to distribute routine communications among the parties and for the distribution and execution of documentation for execution by the parties thereto, and may not be used for any other purpose. Notwithstanding the foregoing, the parties hereto agree that delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic) transmission shall be effective as delivery of an original executed counterpart of this Agreement. Unless otherwise indicated, all references herein to the time of a day shall refer to New York time.

SECTION 8.10. Further Assurances. The Second Lien Agent, on behalf of itself and the Second Lien Lenders, agrees that each of them shall take such further action and shall execute and deliver to the First Lien Agent and the First Lien Lenders such additional documents and instruments (in recordable form, if requested) as the First Lien Agent or the First Lien Lenders may reasonably determine to be required or appropriate to effectuate the terms of and the lien priorities contemplated by this Agreement; provided that any reasonable and documented out-of-pocket costs and expenses incurred by the Second Lien Agent in connection therewith shall be reimbursable by the Second Lien Borrower or the Second Lien Guarantors to the extent provided under the Second Lien Documents.

SECTION 8.11. Governing Law. THIS AGREEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

SECTION 8.12. Binding on Successors and Assigns.

(a) This Agreement shall be binding upon the First Lien Agent, the First Lien Lenders, the Second Lien Agent, the Second Lien Lenders and their respective permitted successors and assigns.

(b) Upon a Person becoming the First Lien Agent as described in the definition of “First Lien Agent” hereunder (other than the First Lien Agent referred to in the recitals hereto), such new First Lien Agent shall automatically become the First Lien Agent hereunder with all the rights and powers of such party hereunder, and bound by the provisions hereof, without the need for any further action on the part of any party hereto.

(c) Upon a successor administrative agent, collateral agent or trustee becoming the Second Lien Agent under the Second Lien Financing Agreement or any Second Lien Document, such successor automatically shall become the Second Lien Agent hereunder with all the rights and powers of the Second Lien Agent hereunder, and bound by the provisions hereof, without the need for any further action on the part of any party hereto.

SECTION 8.13. Specific Performance. The First Lien Agent may demand specific performance of this Agreement. The Second Lien Agent, on behalf of itself and the Second Lien Lenders hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance in any action which may be brought by the First Lien Agent.

SECTION 8.14. Section Titles; Time Periods. The various headings contained in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof. In the computation of time periods, unless otherwise specified, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding" and the word "through" means "to and including".

SECTION 8.15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall together constitute one and the same document.

SECTION 8.16. Authorization. By its signature, each Person executing this Agreement on behalf of a party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement.

SECTION 8.17. No Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of the First Lien Agent and the First Lien Lenders and their respective successors (including as a result of a refinancing) and assigns and, to the extent applicable, the Borrowers, the Guarantors, the Second Lien Agent and the Second Lien Lenders and their respective permitted successors (including as a result of a refinancing) and assigns. No other Person, shall have or be entitled to assert rights or benefits hereunder.

SECTION 8.18. Effectiveness. This Agreement shall become effective when executed and delivered by the parties hereto. This Agreement shall be effective both before and after the commencement of any Insolvency or Liquidation Proceeding. All references to any Borrower or any Guarantor shall include such Borrower or such Guarantor as debtor and debtor-in-possession and any receiver or trustee for such Borrower or such Guarantor (as the case may be) in any Insolvency or Liquidation Proceeding.

SECTION 8.19. Rights of Agents. (a) The rights, protections, privileges and immunities, without duplication, including rights of indemnification, compensation and reimbursement, of the First Lien Agent, the Second Lien Agent and the Control Agent, shall be the same as those applicable to the First Lien Agent under the Pledge and Security Agreement, dated as of September 5, 2006, among the First Lien Borrower, the Guarantors named therein and the First Lien Agent, and such provisions are hereby incorporated herein as if specifically set forth herein.

(b) The parties hereto agree that whenever this Agreement requires or otherwise makes reference to the consent, discretion, agreement, approval, judgment, or any other similar term contemplating an act, or omission to act, by the First Lien Agent, the Second Lien Agent or the Control Agent, such Agents will only so act, or omit to act, upon the specific written direction of the First Lien Required Lenders, the First Lien Administrative Agent, the Second Lien Required Lenders or the Second Lien Administrative, as the case may be, and in the absence of such direction, such Agents shall have no liability whatsoever for their failure to act.

(c) The provisions of this Section 8.19 shall survive the termination of this Agreement.

(*Signature Pages Follow*)

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

**CITIBANK, N.A.,** as First Lien Agent

388 Greenwich Street
14th Floor
New York, New York 10013
Attn: Agency & Trust
Fax: (212) 657-2762

By: ____________________________
Name:
Title:

**CITIBANK, N.A.,** as Second Lien Agent

388 Greenwich Street
14th Floor
New York, New York 10013
Attn: Agency & Trust
Fax: (212) 657-2762

By: ____________________________
Name:
Title:

**CITIBANK, N.A.,** as Control Agent

388 Greenwich Street
14th Floor
New York, New York 10013
Attn: Agency & Trust
Fax: (212) 657-2762

By: ____________________________
Name:
Title:

**HANESBRANDS INC.**, as the First Lien Borrower and a Second Lien Guarantor

By: ______________________________
Name:
Title:

**HBI BRANDED APPAREL LIMITED, INC.,** as the Second Lien Borrower and a First Lien Guarantor

By: ______________________________
Name:
Title:

Guarantors:

**HANESBRANDS DIRECT, LLC**

By: ______________________________
Name:
Title:

**UPEL, INC.**

By: ______________________________
Name:
Title:

**CARIBETEX, INC.**

By: ____________________________
Name:
Title:

**SEAMLESS TEXTILES, LLC**

By: ____________________________
Name:
Title:

**BA INTERNATIONAL, L.L.C.**

By: ____________________________
Name:
Title:

**HBI INTERNATIONAL, LLC**

By: ____________________________
Name:
Title:

**HBI BRANDED APPAREL ENTERPRISES, LLC**

By: ____________________________
Name:
Title:

**CASA INTERNATIONAL, LLC**

By: ___________________________
Name:
Title:

**UPCR, INC.**

By: ___________________________
Name:
Title:

**HBI SOURCING, LLC**

By: ___________________________
Name:
Title:

**HBI PLAYTEX BATH LLC**

By: ___________________________
Name:
Title:

**CEIBENA DEL, INC.**

By: ___________________________
Name:
Title:

**NT INVESTMENT COMPANY, INC.**

By: ________________________________
Name:
Title:

**HANESBRANDS DISTRIBUTION, INC.**

By: ________________________________
Name:
Title:

**CARIBESOCK, INC.**

By: ________________________________
Name:
Title:

**NATIONAL TEXTILES, L.L.C.**

By: ________________________________
Name:
Title:

**HANES PUERTO RICO, INC.**

By: ______________________________
Name:
Title:

**PLAYTEX INDUSTRIES, INC.**

By: ______________________________
Name:
Title:

**INNER SELF LLC**

By: ______________________________
Name:
Title:

**PLAYTEX DORADO, LLC**

By: ______________________________
Name:
Title:

**HANES MENSWEAR, LLC**

By: ______________________________
Name:
Title:

Notice Information (Pursuant to Section 8.9)

**NOTICE ADDRESS FOR THE BORROWERS:**

Hanesbrands Inc./ HBI Branded Apparel Limited, Inc.

1000 East Hanes Mill Rd

Winston Salem, NC 27105

Attn: General Counsel

**NOTICE ADDRESS FOR ADMINISTRATIVE AGENT**:

Citicorp USA, Inc.

2 Penns Way

Suite 100

New Castle, De 19720

Attention: Carin Seals

Fax: (302) 894-6076

Phone: (212) 994-0967

E-mail: carin.seals@citigroup.com

EXHIBIT I

CLOSING DATE CERTIFICATE

HBI BRANDED APPAREL LIMITED, INC.

September 5, 2006

This certificate is delivered pursuant to Section 5.2 of the Second Lien Credit Agreement, dated as of September 5, 2006 (the "Credit Agreement"), among HBI Branded Apparel Limited, Inc., a Delaware corporation (the "Borrower"), Hanesbrands Inc. (the "Company"), the Lenders, HSBC Bank USA, National Association, LaSalle Bank National Association and Barclays Bank PLC, as the Co-Documentation Agents, Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the Co-Syndication Agents, Citicorp USA, Inc., as the Administrative Agent, Citibank, N.A., as the Collateral Agent, and Merrill Lynch Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Capitalized terms used herein that are defined in the Credit Agreement, unless otherwise defined herein, have the meanings provided (or incorporated by reference) in the Credit Agreement.

Each of the undersigned Authorized Officers, in each case, solely in such capacity and not as an individual, hereby certifies, represents and warrants that, as of the Closing Date:

1. Consummation of Transactions. (a) All actions necessary to consummate the Transaction (other than the entering into of the Senior Note Documents and the issuance of the Senior Notes) have been taken in accordance in all material respects with all applicable law and in accordance with the terms of each applicable Transaction Document, without amendment or waiver of any material provision thereof, unless approved by the Lead Arrangers in their reasonable discretion.

(b) Attached hereto as Annex I are true and correct copies of the material First Lien Loan Documents which are in full force and effect and pursuant to which the Company will incur $[___][1] of credit extensions thereunder on the Closing Date.

(c) Attached hereto as Annex II are true and correct copies of the material Bridge Loan Documents which are in full force and effect and pursuant to which the Company will borrow $500,000,000 in loans thereunder on the Closing Date.

2. Litigation, etc. There exists no action, suit, investigation, litigation or proceeding pending or threatened in writing in any court or before any arbitrator or governmental or regulatory agency or authority that could reasonably be expected to have a Material Adverse Effect.

3. Approval. All material and necessary governmental and third party consents and approvals have been obtained (without the imposition of any material and adverse conditions that

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1 To be confirmed.

are not reasonably acceptable to the Lenders) and remain in effect and all applicable waiting periods have expired without any material and adverse action being taken by any competent authority.

4. Debt Ratings. The Company has obtained a senior secured debt rating (of any level) in respect of the Loans from each of S&P and Moody's and such ratings (of any level) are in effect as of the date hereof.

5. Form 10. The financial information concerning the Branded Apparel Business, the Borrower and the Company and its Subsidiaries contained in the Company's Form 10 filed with the Securities and Exchange Commission in connection with the Spin-Off, including all amendments and modifications thereto, is consistent in all material respects with the information previously provided to the Lead Arrangers and the Lenders.

6. Compliance with Warranties, No Default, etc. The following statements are true and correct as of the date hereof (after giving effect to the making of the Loans):

(a) the representations and warranties set forth in each Loan Document are, in each case, true and correct in all material respects (unless stated to relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date); and

(b) no Default has occurred and is continuing.

IN WITNESS WHEREOF, the undersigned have caused this Closing Date Certificate to be executed and delivered, and the certification, representations and warranties contained herein, by their respective Authorized Officer, in each case, are made solely in such capacity and not as an individual, as of the date first written above.

HBI BRANDED APPAREL LIMITED, INC.

By: ______________________________
Name:
Title:

HANESBRANDS INC.

By: ______________________________
Name:
Title:

Annex I

Material First Lien Loan Documents

Annex II

Material Bridge Loan Documents

[EXECUTION COPY]

BRIDGE LOAN AGREEMENT,

dated as of September 5, 2006,

among

HANESBRANDS INC.,
as the Borrower,

VARIOUS FINANCIAL INSTITUTIONS AND
OTHER PERSONS FROM TIME TO TIME
PARTY HERETO,
as the Lenders,

MORGAN STANLEY SENIOR FUNDING, INC.
and
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as the Co-Syndication Agents,

and

MORGAN STANLEY SENIOR FUNDING, INC.,
as the Administrative Agent.

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MORGAN STANLEY SENIOR FUNDING, INC.
and
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as the Joint Lead Arrangers and Joint Bookrunners

* Portions of this document have been omitted pursuant to a Confidential Treatment Request.

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BRIDGE LOAN AGREEMENT

THIS BRIDGE LOAN AGREEMENT, dated as of September 5, 2006, is among HANESBRANDS INC., a Maryland corporation (the "Borrower"), the various financial institutions and other Persons from time to time party hereto (the "Lenders"), MORGAN STANLEY SENIOR FUNDING, INC. ("Morgan Stanley") and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED ("Merrill Lynch"), as the co-syndication agents (in such capacities, the "Syndication Agents"), MORGAN STANLEY, as the administrative agent (in such capacity, the "Administrative Agent"), and MORGAN STANLEY and MERRILL LYNCH, as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers").

W I T N E S S E T H:

WHEREAS, Sara Lee Corporation, a Maryland corporation ("Sara Lee") intends, among other things, to (i) transfer all the assets and certain associated liabilities it attributes to its branded apparel Americas/Asia business (the "Contributed Business") to the Borrower, (ii) sell certain trademarks and other intellectual property related to the Contributed Business (the "IP Purchase", with such trademarks and other intellectual property being herein collectively referred to as the "HBI IP") to HBI Branded Apparel Limited, Inc., a Delaware corporation and a wholly-owned Subsidiary of the Borrower (the "IP Subsidiary"), and (iii) distribute 100% of the Borrower's common stock to Sara Lee's stockholders (the transfer of the Contributed Business and such distribution being herein called the "Spin-Off"), pursuant to which, among other things, (A) Sara Lee's common stockholders will receive, on a pro rata basis, a dividend of all of the issued and outstanding shares of common stock of the Borrower and (B) concurrently with the consummation of the Spin-Off and the IP Purchase, Sara Lee will receive a cash dividend from the Borrower in the approximate amount of $2,400,000,000 (the "Dividend");

WHEREAS, for purposes of consummating the Spin-Off, the Dividend and the IP Purchase, the Borrower and the IP Subsidiary intend to utilize the proceeds from (i) the Loans, (ii) senior secured first lien loans in an aggregate principal amount of up to $2,150,000,000 (the "First Lien Loans") and (iii) senior secured second lien loans in an aggregate principal amount of $450,000,000 (the "Second Lien Loans"); and

WHEREAS, the Lenders are willing, on the terms and subject to the conditions hereinafter set forth, to extend the Commitments and make Loans;

NOW, THEREFORE, the parties hereto agree as follows.

## ARTICLE I
## DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Acquired Permitted Capital Expenditure Amount" is defined in clause (a) of Section 7.2.7.

"Administrative Agent" is defined in the preamble and includes each other Person appointed as the successor Administrative Agent pursuant to Section 9.4.

"Affected Lender" is defined in Section 4.8.

"Affiliate" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person. "Control" of a Person means the power, directly or indirectly, (i) to vote 10% or more of the Capital Securities (on a fully diluted basis) of such Person having ordinary voting power for the election of directors, managing members or general partners (as applicable), or (ii) to direct or cause the direction of the management and policies of such Person (whether by contract or otherwise).

"Agreement" means, on any date, this Bridge Loan Agreement as originally in effect on the Closing Date and as thereafter from time to time amended, supplemented, amended and restated or otherwise modified from time to time and in effect on such date.

"Applicable Percentage" means, at any time of determination, with respect to a mandatory prepayment in respect of Net Equity Proceeds pursuant to clause (c) of Section 3.1.1, (A) 50.0%, if the Leverage Ratio set forth in the Compliance Certificate most recently delivered by the Borrower to the Administrative Agent was greater than or equal to 3.75:1, (B) 25.0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.75:1 but greater than or equal to 3.00:1, and (C) 0%, if the Leverage Ratio set forth in such Compliance Certificate was less than 3.00:1.

"Approved Foreign Bank" is defined in the definition of "Cash Equivalent Investment".

"Approved Fund" means any Person (other than a natural Person) that (i) is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course, and (ii) is administered or managed by a Lender, an Affiliate of a Lender or a Person or an Affiliate of a Person that administers or manages a Lender.

"Authorized Officer" means, relative to any Obligor, the chief executive officer, president, chief financial officer, treasurer, assistant treasurer, secretary, assistant secretary and those of its other officers, general partners or managing members (as applicable), in each case whose signatures and incumbency shall have been certified to the Administrative Agent and the Lenders pursuant to Section 5.1.1.

"Borrower" is defined in the preamble.

"Borrowing" means (i) the incurrence of the Bridge Loans on the Closing Date by the Borrower pursuant to a Borrowing Request in accordance with Section 2.3 and (ii) the issuance of the Rollover Loans on the Bridge Loan Repayment Date pursuant to clause (b) of Section 2.1.

"Borrowing Request" means a Loan request and certificate duly executed by an Authorized Officer of the Borrower substantially in the form of Exhibit B hereto.

"Branded Apparel Business" means, collectively, the HBI IP and the Contributed Business.

"Bridge Loan Repayment Date" means September 5, 2007.

"Bridge Loans" is defined in clause (a) of Section 2.1.

"Business Day" means any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York.

"CapEx Pull Forward Amount" is defined in clause (b) of Section 7.2.7.

"Capital Expenditures" means, for any period, the aggregate amount of (i) all expenditures of the Borrower and its Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures and (ii) Capitalized Lease Liabilities incurred by the Borrower and its Subsidiaries during such period; provided that Capital Expenditures shall not include any such expenditures which constitute any of the following, without duplication: (a) a Permitted Acquisition, (b) to the extent permitted by this Agreement, capital expenditures consisting of Net Disposition Proceeds or Net Casualty Proceeds not otherwise required to be used to repay the Loans, (c) capital expenditures made utilizing Excluded Equity Proceeds, (d) imputed interest capitalized during such period incurred in connection with Capitalized Lease Liabilities not paid or payable in cash and (e) any capital expenditure made in connection with the Transaction as a result of the Borrower or any Subsidiary buying assets from Sara Lee. For the avoidance of doubt (x) to the extent that any item is classified under clause (i) of this definition and later classified under clause (ii) of this definition or could be classified under either clause, it will only be required to be counted once for purposes hereunder and (y) in the event the Borrower or any Subsidiary owns an asset that was not used and is now being reused, no portion of the unused asset shall be considered Capital Expenditures hereunder; provided that any expenditure necessary in order to permit such asset to be reused shall be included as a Capital Expenditure during the period that such expenditure actually is made.

"Capital Securities" means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the Closing Date.

"Capitalized Lease Liabilities" means, with respect to any Person, all monetary obligations of such Person and its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, should be classified as capitalized leases, and for purposes of each Loan Document the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a premium or a penalty.

"Cash Equivalent Investment" means, at any time:

(a) any direct obligation of (or unconditionally guaranteed by) the United States or a State thereof (or any agency or political subdivision thereof, to the extent such

obligations are supported by the full faith and credit of the United States or a State thereof) maturing not more than one year after such time;

(b) commercial paper maturing not more than 270 days from the date of issue, which is issued by (i) a corporation (other than an Affiliate of any Obligor) organized under the laws of any State of the United States or of the District of Columbia and rated A-1 or higher by S&P or P-1 or higher by Moody's, or (ii) any Lender (or its holding company);

(c) any certificate of deposit, time deposit or bankers acceptance, maturing not more than one year after its date of issuance, which is issued by either (i) any bank organized under the laws of the United States (or any State thereof) and which has (A) a credit rating of A2 or higher from Moody's or A or higher from S&P and (B) a combined capital and surplus greater than $500,000,000, or (ii) any Lender;

(d) any repurchase agreement having a term of 30 days or less entered into with any Lender or any commercial banking institution satisfying the criteria set forth in clause (c)(i) which (i) is secured by a fully perfected security interest in any obligation of the type described in clause (a), and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such commercial banking institution thereunder;

(e) with respect to any Foreign Subsidiary, non-Dollar denominated (i) certificates of deposit of, bankers acceptances of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Person maintains its chief executive office or principal place of business or is organized provided such country is a member of the Organization for Economic Cooperation and Development, and which has a short-term commercial paper rating from S&P of at least "A-1" or the equivalent thereof or from Moody's of at least "P-1" or the equivalent thereof (any such bank being an "Approved Foreign Bank") and maturing within one year of the date of acquisition and (ii) equivalents of demand deposit accounts which are maintained with an Approved Foreign Bank; or

(f) readily marketable obligations issued or directly and fully guaranteed or insured by the government or any agency or instrumentality of any member nation of the European Union whose legal tender is the Euro and which are denominated in Euros or any other foreign currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Foreign Subsidiary organized in such jurisdiction, having (i) one of the three highest ratings from either Moody's or S&P and (ii) maturities of not more than one year from the date of acquisition thereof; provided that the full faith and credit of any such member nation of the European Union is pledged in support thereof.

"Cash Restructuring Charges" is defined in the definition of "EBITDA."

"Cash Spin-Off Charges" is defined in the definition of "EBITDA."

“Casualty Event” means the damage, destruction or condemnation, as the case may be, of property of any Person or any of its Subsidiaries.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

“CERCLIS” means the Comprehensive Environmental Response Compensation Liability Information System List.

“Change in Control” means

(a) any person or group (within the meaning of Sections 13(d) and 14(d) under the Exchange Act) shall become the ultimate “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of Capital Securities representing more than 35% of the Capital Securities of the Borrower on a fully diluted basis;

(b) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board of Directors of the Borrower (together with any new directors whose election to such Board or whose nomination for election by the stockholders of the Borrower was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Borrower then in office; or

(c) the occurrence of any “Change of Control” (or similar term) under (and as defined in) any First Lien Loan Document, Second Lien Loan Document or Senior Note Document.

“Change of Control Payment” is defined in clause (a) of Section 7.1.12.

“Closing Date Certificate” means the closing date certificate executed and delivered by an Authorized Officer of the Borrower substantially in the form of Exhibit F hereto.

“Closing Date” means the date of the making of the Bridge Loans hereunder.

“Code” means the Internal Revenue Code of 1986, and the regulations thereunder, in each case as amended, reformed or otherwise modified from time to time.

“Commitment” means, relative to any Lender, such Lender’s obligation to make Loans pursuant to Section 2.1.

“Commitment Amount” means, on any date, $500,000,000.

“Commitment Termination Date” means the earliest of

(d) October 15, 2006 (if the Bridge Loans have not been made on or prior to such date); and

(e) the Closing Date (immediately after the making of the Bridge Loans on such date).

Upon the occurrence of any event described above, the Commitments shall automatically terminate without any further action by any party hereto.

"Communications" is defined in clause (a) of Section 9.11.

"Compliance Certificate" means a certificate duly completed and executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit D hereto.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the Capital Securities of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation with respect thereto) be deemed to be the outstanding principal amount of the debt, obligation or other liability guaranteed thereby.

"Contract Rate" means, as of any date of determination, (i) from the Closing Date to, but excluding, the Designated 1 Date, a rate per annum (the "First Contract Rate") equal to 9.6475%, (ii) on and after the Designated 1 Date to, but excluding, the Designated 2 Date, a rate per annum (the "Second Contract Rate") equal to the sum of the First Contract Rate plus 0.50%, (iii) on and after the Designated 2 Date to, but excluding, the Designated 3 Date, a rate per annum (the "Third Contract Rate") equal to the sum of the Second Contract Rate plus 0.50%, (iv) on and after the Designated 3 Date to, but excluding, the Bridge Loan Repayment Date, a rate per annum (the "Fourth Contract Rate") equal to the sum of the Third Contract Rate plus 0.50% and (v) on and after the Bridge Loan Repayment Date, a rate per annum equal to the sum of the Fourth Contract Rate plus the Term Spread, as in effect as of any time of determination.

"Contributed Business" is defined in the first recital.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"Credit Extension" means, as the context may require, (i) the making of the Bridge Loans on the Closing Date, (ii) the issuance of the Rollover Loans on the Bridge Loan Repayment Date or (iii) the exchange of Rollover Loans for Exchange Notes pursuant to clause (b) of Section 3.1.1.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

“Defaulting Lender” means any Lender that (i) refuses (which refusal has not been retracted prior to an Eligible Assignee agreeing to replace such Lender as a “Lender” hereunder) or has failed to make available its portion of any Borrowing or (ii) has notified in writing the Borrower or the Administrative Agent that such Lender does not intend to comply with its obligations under Section 2.1.

“Designated 1 Date” means the three month anniversary of the Closing Date.

“Designated 2 Date” means the six month anniversary of the Closing Date.

“Designated 3 Date” means the nine month anniversary of the Closing Date.

“Disclosure Schedule” means the Disclosure Schedule attached hereto as Schedule I, as it may be amended, supplemented, amended and restated or otherwise modified from time to time by the Borrower with the written consent of, in the case of non-material modification, the Administrative Agent and, in the case of material modifications the Required Lenders.

“Disposition” (or similar words such as “Dispose”) means any sale, transfer, lease (as lessor), contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of the Borrower’s or its Subsidiaries’ assets (including accounts receivable and Capital Securities of Subsidiaries) to any other Person in a single transaction or series of transactions other than (i) to another Obligor, (ii) by a Foreign Subsidiary to any other Foreign Subsidiary or (iii) by a Receivables Subsidiary to any other Person.

“Dividend” is defined in the first recital.

“Dollar” and the sign “$” mean lawful money of the United States.

“Domestic Office” means the office of a Lender designated as its “Domestic Office” on Schedule II hereto or in a Lender Assignment Agreement, or such other office within the United States as may be designated from time to time by notice from such Lender to the Administrative Agent and the Borrower.

“DTC” is defined in clause (c) of Section 2.4.

“EBITDA” means, for any applicable period, the sum of

(a) Net Income, plus

(b) to the extent deducted in determining Net Income, the sum of (i) amounts attributable to amortization (including amortization of goodwill and other intangible assets), (ii) Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Tax expense, (iii) Interest Expense, (iv) depreciation of assets, (v) all non-cash charges, including all non-cash charges associated with announced restructurings, whether announced previously or in the future (such non-cash restructuring charges being “Non-Cash Restructuring Charges”), (vi) net cash charges associated with or related to any contemplated restructurings (such cost restructuring charges being “Cash Restructuring Charges”) in an aggregate amount not to exceed, in

any Fiscal Year, the Permitted Cash Restructuring Charge Amount for such Fiscal Year, (vii) net cash restructuring charges associated with or related to the Spin-Off (such cost restructuring charges being "Cash Spin-Off Charges") in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Spin-Off Charge Amount for such Fiscal Year, (viii) all amounts in respect of extraordinary losses, (ix) non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements), (x) any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early retirement of Indebtedness, and related out-of-pocket expenses incurred by the Borrower or any of its Subsidiaries as a result of the Transaction, including fees and expenses in connection with the issuance, redemption or exchange of the Bridge Loans, all determined in accordance with GAAP, (xi) non-cash or unrealized losses on agreements with respect to Hedging Obligations and (xii) to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of the Borrower and its Subsidiaries incurred as a result of Permitted Acquisitions, Investments, Dispositions permitted hereunder and the issuance of Capital Securities or Indebtedness permitted hereunder, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Permitted Acquisition or Dispositions, (xiii) to the extent the related loss in not added back pursuant to clause (c), all proceeds of business interruption insurance policies, (xiv) expenses incurred by the Borrower or any Subsidiary to the extent reimbursed in cash by a third party, and (xv) extraordinary, unusual or non-recurring cash charges not to exceed $10,000,000 in any Fiscal Year, minus

(c) to the extent included in determining such Net Income, the sum of (i) all amounts in respect of extraordinary gains or extraordinary losses, (ii) non-cash gains on agreements with respect to Hedging Obligations, (iii) reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period and (iv) non-cash items increasing such Net Income for such period, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period.

"Eligible Assignee" means (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund or (iv) any other Person (other than an Ineligible Assignee).

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and legally binding guidelines (including consent decrees and administrative orders) relating to protection of public health and safety from environmental hazards and protection of the environment.

"Equity Equivalents" means with respect to any Person any rights, warrants, options, convertible securities, exchangeable securities, indebtedness or other rights, in each case

exercisable for or convertible or exchangeable into, directly or indirectly, Capital Securities of such Person or securities exercisable for or convertible or exchangeable into Capital Securities of such Person, whether at the time of issuance or upon the passage of time or the occurrence of some future event.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA also refer to any successor Sections thereto.

"European TM SPV" means Playtex Bath LLC, a Delaware limited liability company.

"Event of Default" is defined in Section 8.1.

"Exemption Certificate" is defined in clause (e) of Section 4.3.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Loan Documents" means the Exchange Note Indenture and the Exchange Notes.

"Exchange Note Holders" means the registered holders of the Exchange Notes.

"Exchange Note Indenture" means the indenture to be entered into relating to the Exchange Notes to be issued by the Borrower, substantially in the form of Exhibit G (with such changes to cure any ambiguity, omission, defect or inconsistency as the Administrative Agent and the Borrower shall approve), as the same may be amended, modified or supplemented.

"Exchange Notes" means the securities issued under the Exchange Note Indenture.

"Exchange Note Trustee" means the trustee under the Exchange Note Indenture.

"Exchange Request" is defined in clause (b) of Section 7.1.11.

"Excluded Contracts" means the intellectual property rights, licenses, leases and other agreements set forth in Item 1.2 of the Disclosure Schedule.

"Excluded Equity Proceeds Amount" means with respect to the sale or issuance of Capital Securities of the Borrower, an amount equal to the proceeds (net of all fees, commissions, disbursements, costs and expenses incurred in connection therewith) thereof which are utilized for Capital Expenditures or Permitted Acquisitions less the amount of such proceeds which have been previously used for such purposes.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to (i) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or (ii) if such rate is not so published

for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means the confidential letter, dated July 24, 2006, among Merrill Lynch Capital Corporation, Morgan Stanley and the Borrower.

"First Contract Rate" is defined in the definition of "Contract Rate."

"First Lien Administrative Agent" means the "Administrative Agent" pursuant to, and as defined in, the First Lien Loan Documents, and any successor thereto.

"First Lien Collateral Agent" means the "Collateral Agent" pursuant to, and as defined in, the First Lien Loan Documents, and any successor thereto.

"First Lien Credit Agreement" means the First Lien Credit Agreement, dated as of the Closing Date, among the Borrower, the First Lien Lenders, the First Lien Collateral Agent, the First Lien Administrative Agent and the various other agents and lead arrangers party thereto, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"First Lien Lenders" means "Lenders" under, and as defined in, the First Lien Credit Agreement.

"First Lien Loan Documents" means the First Lien Credit Agreement and the related guarantees, pledge agreements, security agreements, mortgages, notes and other agreements and instruments entered into in connection with the First Lien Credit Agreement, in each case as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"First Lien Loans" is defined in the second recital.

"First Lien Obligations" means "Obligations" as defined in the First Lien Credit Agreement.

"Fiscal Quarter" means a quarter ending on the Saturday nearest to the last day of March, June, September or December.

"Fiscal Year" means any period of fifty-two or fifty-three consecutive calendar weeks ending on the Saturday nearest to the last day of June; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "2006 Fiscal Year") refer to the Fiscal Year ending on the Saturday nearest to the last day of June of such calendar year; provided that in the event that the Borrower gives notice to the Administrative Agent that it intends to change its Fiscal Year, Fiscal Year will mean any period of fifty-two or fifty-three consecutive calendar weeks or twelve consecutive calendar months ending on the date set forth in such notice.

"Foreign Subsidiary" means any Subsidiary that is not a U.S. Subsidiary or a Receivables Subsidiary.

"Foreign Supply Chain Entity" means (i) a Person listed on Item 1.1 of the Disclosure Schedule and (ii) any other Person (a) that is not organized or incorporated under the laws of the United States, (b) the Capital Securities of which are owned by the Borrower or any of its Subsidiaries and another Person who is not the Borrower or any Subsidiary (other than a third party represented by any director's qualifying shares or investments by foreign nationals mandated by applicable laws), (c) that is created in connection with the Borrower's offshore migration of its supply chain and (d) any Investments in such Person are to be made pursuant to clause (e) of Section 7.2.5 or clause (f) of Section 7.2.2; provided that the Borrower may, upon notice to the Administrative Agent, redesignate any Person who was, before such redesignation, a Foreign Supply Chain Entity as a Foreign Subsidiary and at such time such Foreign Supply Chain Entity will be treated as a Foreign Subsidiary for all purposes hereunder.

"Fourth Contract Rate" is defined in the definition of "Contract Rate."

"F.R.S. Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP" is defined in Section 1.4.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guaranty" means the guaranty executed and delivered by an Authorized Officer of each U.S. Subsidiary pursuant to the terms of this Agreement, substantially in the form of Exhibit E hereto, as amended, supplemented, amended and restated or otherwise modified from time to time.

"Hazardous Material" means (i) any "hazardous substance", as defined by CERCLA, (ii) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended, or (iii) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance (including any petroleum product) within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended.

"HBI IP" is defined in the first recital.

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under foreign exchange contracts, commodity hedging agreements, currency exchange agreements, interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency exchange rates or commodity prices.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in any Loan Document refer to such Loan Document as a whole and not to any particular Section, paragraph or provision of such Loan Document.

"Impermissible Qualification" means any qualification or exception to the opinion or certification of any independent public accountant as to any financial statement of the Borrower (i) which is of a "going concern" or similar nature, (ii) which relates to the limited scope in any material respect of examination of matters relevant to such financial statement, or (iii) which relates to the treatment or classification of any item in such financial statement (excluding treatment or classification changes which are the result of changes in GAAP or the interpretation of GAAP) and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Borrower to be in Default.

"including" and "include" means including without limiting the generality of any description preceding such term, and, for purposes of each Loan Document, the parties hereto agree that the rule of ejusdem generis shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"Indebtedness" of any Person means, (i) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (ii) all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, (iii) all Capitalized Lease Liabilities of such Person, (iv) for purposes of Section 8.1.5 only, net Hedging Obligations of such Person, (v) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable and accrued expenses in the ordinary course of business which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such Person), (vi) indebtedness secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on property owned or being acquired by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse (provided that in the event such indebtedness is limited in recourse solely to the property subject to such Lien, for the purposes of this Agreement the amount of such indebtedness shall not exceed the greater of the book value or the fair market value (as determined in good faith by the Borrower's board of directors) of the property subject to such Lien), (vii) monetary obligations arising under Synthetic Leases, (viii) the full outstanding balance of trade receivables, notes or other instruments sold with full recourse (and the portion thereof subject to potential recourse, if sold with limited recourse), other than in any such case any thereof sold solely for purposes of collection of delinquent accounts and other than in connection with any Permitted Securitization, (ix) all obligations (other than intercompany obligations) of such Person pursuant to any Permitted Securitization (other than Standard Securitization Undertakings), and (x) all Contingent Liabilities of such Person in respect of any of the foregoing. The Indebtedness of any Person shall include the Indebtedness of any other Person (including any partnership in which such Person is a general partner) to the extent such Person is liable therefore as a result of

such Person’s ownership interest in or other relationship with such Person, except to the extent the terms of such Indebtedness provide that such Person is not liable therefore.

“Indemnified Liabilities” is defined in Section 10.4.

“Indemnified Parties” is defined in Section 10.4.

“Ineligible Assignee” means a natural Person, the Borrower, any Affiliate of the Borrower or any other Person taking direction from, or working in concert with, the Borrower or any of the Borrower’s Affiliates.

“Information” is defined in Section 10.18.

“Interco Subordination Agreement” means a Subordination Agreement, in form and substance satisfactory to the Lead Arrangers, executed and delivered by two or more Obligors pursuant to the terms of this Agreement, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Interest Coverage Ratio” means, as of the last day of any Fiscal Quarter, the ratio computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters of:

(a) EBITDA (for all such Fiscal Quarters)

to

(b) the sum (for all such Fiscal Quarters) of Interest Expense;

provided that, for purposes of calculating (i) Interest Expense with respect to the calculation of the Interest Coverage Ratio with respect to the four consecutive Fiscal Quarter period ending (A) nearest to December 31, 2006, Interest Expense shall be actual Interest Expense for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four, (B) nearest to March 31, 2007, Interest Expense shall be actual Interest Expense for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two, and (C) nearest to June 30, 2007, Interest Expense shall be actual Interest Expense for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third and (ii) EBITDA with respect to the calculation of the Interest Coverage such calculation shall be made in accordance with the proviso to the definition of “Leverage Ratio.”

“Interest Expense” means, for any applicable period, the aggregate interest expense (both, without duplication, when accrued or paid and net of interest income paid during such period to the Borrower and its Subsidiaries) of the Borrower and its Subsidiaries for such applicable period, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense.

“Investment” means, relative to any Person, (i) any loan, advance or extension of credit made by such Person to any other Person, including the purchase by such Person of any bonds, notes, debentures or other debt securities of any other Person, and (ii) any Capital Securities held

by such Person in any other Person. The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such Investment.

"IP Purchase" is defined in the first recital.

"IP Subsidiary" is defined in the first recital.

"Lead Arrangers" is defined in the preamble.

"Lender Assignment Agreement" means an assignment agreement substantially in the form of Exhibit C hereto.

"Lenders" is defined in the preamble.

"Lender's Environmental Liability" means any and all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind or nature whatsoever (including reasonable attorneys' fees at trial and appellate levels and experts' fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against the Administrative Agent or any Lender or any of such Person's Affiliates, shareholders, directors, officers, employees, and agents in connection with or arising from:

(a) any Hazardous Material on, in, under or affecting all or any portion of any property of the Borrower or any of its Subsidiaries, the groundwater thereunder, or any surrounding areas thereof to the extent caused by Releases from the Borrower's or any of its Subsidiaries' or any of their respective predecessors' properties;

(b) any misrepresentation, inaccuracy or breach of any warranty, contained or referred to in Section 6.12;

(c) any violation or claim of violation by the Borrower or any of its Subsidiaries of any Environmental Laws; or

(d) the imposition of any lien for damages caused by or the recovery of any costs for the cleanup, release or threatened release of Hazardous Material by the Borrower or any of its Subsidiaries, or in connection with any property owned or formerly owned by the Borrower or any of its Subsidiaries.

"Leverage Ratio" means, as of the last day of any Fiscal Quarter, the ratio of

(a) Total Debt outstanding on the last day of such Fiscal Quarter

to

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters;

provided that, for purposes of calculating the Leverage Ratio with respect to the four consecutive Fiscal Quarter period ending (i) nearest to December 31, 2006, EBITDA shall be actual EBITDA for the Fiscal Quarter ending nearest to December 31, 2006 multiplied by four; (ii) nearest to March 31, 2007, EBITDA shall be actual EBITDA for the two Fiscal Quarter period ending nearest to March 31, 2007 multiplied by two; and (iii) nearest to June 30, 2007, EBITDA shall be actual EBITDA for the three Fiscal Quarter period ending nearest to June 30, 2007 multiplied by one and one-third.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or other priority or preferential arrangement of any kind or nature whatsoever.

"Loan Documents" means, collectively, this Agreement, the Notes, the Fee Letter, the Guaranty and each other agreement, certificate, document or instrument delivered in connection with any Loan Document, whether or not specifically mentioned herein or therein.

"Loan Parties" means, collectively, the Lenders, the Administrative Agent, the Lead Arrangers, and (in each case), each of their respective successors, transferees and assigns.

"Loans" means, at any time (i) prior to the Bridge Loan Repayment Date, the Bridge Loans, and (ii) on and after the Bridge Loan Repayment Date, the Rollover Loans.

"Material Adverse Effect" means a material adverse effect on (i) the business, financial condition, operations, performance, or assets of the Borrower or the Borrower and its Subsidiaries (other than a Receivables Subsidiary) taken as a whole, (ii) the rights and remedies of any Loan Party under any Loan Document or (iii) the ability of any Obligor to perform when due its Obligations under any Loan Document.

"Merrill Lynch" is defined in the preamble and includes any successor Person thereto by merger, consolidation or otherwise.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Morgan Stanley" is defined in the preamble and includes any successor Person thereto by merger, consolidation or otherwise.

"Net Casualty Proceeds" means, with respect to any Casualty Event, the amount of any insurance proceeds or condemnation awards received by the Borrower or any of its U.S. Subsidiaries in connection with such Casualty Event (net of all collection or similar expenses related thereto), but excluding any proceeds or awards required to be paid to a creditor (other than the Lenders) which holds a first priority Lien permitted by clause (d) of Section 7.2.3 on the property which is the subject of such Casualty Event.

"Net Debt Proceeds" means, with respect to the sale or issuance by the Borrower or any of its U.S. Subsidiaries (other than a Receivables Subsidiary) of any Indebtedness to any other

Person after the Closing Date pursuant to clause (b) of Section 7.2.2 or which is not expressly permitted by Section 7.2.2, the excess of (i) the gross cash proceeds actually received by such Person from such sale or issuance, over (ii) all arranging or underwriting discounts, fees, costs, expenses and commissions, and all legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and other closing costs and expenses actually incurred in connection with such sale or issuance other than any such fees, discounts, commissions or disbursements paid to Affiliates of the Borrower or any such Subsidiary in connection therewith.

"Net Disposition Proceeds" means the gross cash proceeds received by the Borrower or its U.S. Subsidiaries from any Disposition pursuant to clauses (j) (l), (m) or (n) of Section 7.2.11 or Section 7.2.15 and any cash payment received in respect of promissory notes or other non-cash consideration delivered to the Borrower or its U.S. Subsidiaries in respect thereof, minus the sum of (i) all legal, investment banking, brokerage, accounting and other professional fees, costs, sales commissions and expenses and other closing costs, fees and expenses incurred in connection with such Disposition, (ii) all taxes actually paid or estimated by the Borrower to be payable in cash in connection with such Disposition, (iii) payments made by the Borrower or its U.S. Subsidiaries to retire Indebtedness (other than the Credit Extensions) where payment of such Indebtedness is required in connection with such Disposition and (iv) any liability reserves established by the Borrower or such U.S. Subsidiary in respect of such Disposition in accordance with GAAP; provided that, if the amount of any estimated taxes pursuant to clause (ii) exceeds the amount of taxes actually required to be paid in cash in respect of such Disposition, the aggregate amount of such excess shall constitute Net Disposition Proceeds and to the extent any such reserves described in clause (iv) are not fully used at the end of any applicable period for which such reserves were established, such unused portion of such reserves shall constitute Net Disposition Proceeds.

"Net Equity Proceeds" means with respect to the sale or issuance after the Closing Date by the Borrower to any Person of its Capital Securities, warrants or options or the exercise of any such warrants or options (other than such Capital Securities, warrants and options, in each case with respect to common or ordinary equity interests, issued (i) by the Borrower pursuant to the Borrower's equity incentive plans, (ii) to qualified employees, officers and directors as compensation or to qualify employees, officers and directors as required by applicable law, (iii) that constitute an Excluded Equity Proceeds Amount or (iv) by the Borrower to a wholly owned Subsidiary of the Borrower), the excess of (A) the gross cash proceeds received by such Person from such sale, exercise or issuance, over (B) the sum of (i) all arranging, underwriting commissions and legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and other closing costs and expenses actually incurred in connection with such sale or issuance which have not been paid to Affiliates of the Borrower in connection therewith and (ii) all taxes actually paid or estimated by the Borrower to be payable in cash in connection with such sale or issuance; provided that, if the amount of any estimated taxes pursuant to clause (B)(ii) exceeds the amount of taxes actually required to be paid in cash in respect of such sale or issuance, the aggregate amount of such excess shall constitute Net Equity Proceeds.

"Net Income" means, for any period, the aggregate of all amounts which would be included as net income on the consolidated financial statements of the Borrower and its

Subsidiaries for such period; provided that, for purposes of this Agreement, the calculation of Net Income shall not include any net income of any Foreign Supply Chain Entity, except to the extent cash is distributed by such Foreign Supply Chain Entity during such period to the Borrower or any other Subsidiary as a dividend or other distribution.

"Net Receivables Proceeds" means (i) the gross amount invested (in the form of a loan, purchased interest, or otherwise) by a Person other than the Borrower or a Subsidiary in a Receivables Subsidiary or the Receivables or an interest in the Receivables held by a Receivables Subsidiary in connection with a Permitted Securitization minus (ii) the sum of (a) all reasonable and customary legal, investment banking, brokerage and accounting and other professional fees, costs and expenses incurred in connection with such Permitted Securitization, (b) all taxes actually paid or estimated by the Borrower to be payable in connection with such Permitted Securitization, and (c) payments made by the Borrower or its U.S. Subsidiaries to retire Indebtedness (other than the Credit Extensions) where payment of such Indebtedness is required in connection with such Permitted Securitization; provided that, if the amount of any estimated taxes pursuant to clause (ii)(b) exceeds the amount of taxes actually required to be paid in cash in respect of such Permitted Securitization, the aggregate amount of such excess shall constitute Net Receivables Proceeds; it being understood that the calculation of Net Receivables Proceeds with respect to any additional or subsequent investment in connection with a Permitted Securitization shall include only the increase in such investment over the previous highest investment used in a prior calculation and expenses, taxes and repayments not included in a prior calculation.

"Non-Cash Restructuring Charges" is defined in the definition of "EBITDA".

"Non-Consenting Lender" is defined in Section 4.8.

"Non Defaulting Lender" means a Lender other than a Defaulting Lender.

"Non-Excluded Taxes" means any Taxes other than (i) net income and franchise Taxes imposed on (or measured by) net income or net profits with respect to any Loan Party by any Governmental Authority under the laws of which such Loan Party is organized or in which it maintains its applicable lending office and (ii) any branch profit taxes or any similar taxes imposed by the United States of America or any other Governmental Authority described in clause (ii).

"Non-U.S. Lender" means any Lender that is not a "United States person", as defined under Section 7701(a)(30) of the Code.

"Note" means a promissory note of the Borrower payable to any Lender, in the form of Exhibit A hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Obligations" means all obligations (monetary or otherwise, whether absolute or contingent, matured or unmatured) of the Borrower and each other Obligor arising under or in connection with a Loan Document, including the principal of and premium, if any, and interest

(including interest accruing during the pendency of any proceeding of the type described in Section 8.1.9, whether or not allowed in such proceeding) on the Loans.

"Obligor" means, as the context may require, the Borrower, each Subsidiary Guarantor and each other Person (other than a Loan Party) obligated (other than Persons solely consenting to or acknowledging such document) under any Loan Document.

"OFAC" is defined in Section 6.15.

"Organic Document" means, relative to any Obligor, as applicable, its articles or certificate of incorporation, by-laws, certificate of partnership, partnership agreement, certificate of formation, limited liability agreement, operating agreement and all shareholder agreements, voting trusts and similar arrangements applicable to any of such Obligor's Capital Securities.

"Other Taxes" means any and all stamp, documentary or similar Taxes, or any other excise or property Taxes or similar levies that arise on account of any payment made or required to be made under any Loan Document or from the execution, delivery, registration, recording or enforcement of any Loan Document.

"Participant" is defined in clause (e) of Section 10.11.

"Patriot Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended and supplemented from time to time.

"Patriot Act Disclosures" means all documentation and other information available to the Borrower or its Subsidiaries which a Lender, if subject to the Patriot Act, is required to provide pursuant to the applicable section of the Patriot Act and which required documentation and information the Administrative Agent or any Lender reasonably requests in order to comply with their ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

"PBGC" means the Pension Benefit Guaranty Corporation and any Person succeeding to any or all of its functions under ERISA.

"Pension Plan" means a "pension plan", as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in Section 4001(a)(3) of ERISA), and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"Percentage" means, relative to any Lender, the applicable percentage relating to the Loans set forth opposite its name on Schedule II hereto under the Commitment column or set forth in a Lender Assignment Agreement under the Commitment column, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its assignee Lender and delivered pursuant to Section 10.11. A Lender shall not have any Commitment if its percentage under the Commitment column is zero.

"Permitted Acquisition" means an acquisition (whether pursuant to an acquisition of a majority of the Capital Securities of a target or all or substantially all of a target's assets) by the Borrower or any Subsidiary from any Person of a business in which the following conditions are satisfied:

(a) the Borrower shall have delivered a certificate certifying that before and after giving effect to such acquisition, the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) and no Default has occurred and is continuing; and

(b) the Borrower shall have delivered to the Administrative Agent a Compliance Certificate for the period of four full Fiscal Quarters immediately preceding such acquisition (prepared in good faith and in a manner and using such methodology which is consistent with the most recent financial statements delivered pursuant to Section 7.1.1) giving pro forma effect to the consummation of such acquisition and evidencing compliance with the covenants set forth in Section 7.2.4.

"Permitted Additional Restricted Payment" means, for any Fiscal Year set forth below, Restricted Payments made by the Borrower in the amount set forth opposite such Fiscal Year:

| Fiscal Year | Cash Amount |
|---|---|
| 2006 | $24,000,000 |
| 2007 | $30,000,000 |
| 2008 | $36,000,000 |
| 2009 | $42,000,000 |
| 2010 and thereafter | $48,000,000 |

; provided, to the extent that the amount of Permitted Additional Restricted Payments made by the Borrower during any Fiscal Year is less than the aggregate amount permitted (including after giving effect to this proviso) for such Fiscal Year, then such unutilized amount may be carried forward and utilized by the Borrower to make Permitted Additional Restricted Payments in any succeeding Fiscal Year and provided further that, to the extent (i) additional Capital Securities are issued by the Borrower which result in the payment of Net Equity Proceeds pursuant to Sections 3.1.1 and 3.1.2, the amounts set forth above shall be increased by a percentage of such amounts equal to the percentage increase of additional outstanding Capital Securities of the Borrower resulting from any such issuance by the Borrower and (ii) for Fiscal Year 2009 and each Fiscal Year thereafter, the amounts set forth above in such Fiscal Years shall be increased (after giving effect to any increases permitted pursuant to preceding clause (i)) by an additional $120,000,000 so long as both before and after giving effect to such Restricted Payment, the Leverage Ratio is less than 3.75:1.00.

"Permitted Cash Restructuring Charge Amount" means, $120,000,000 in the aggregate for Fiscal Year 2006 and all Fiscal Years ending after the Closing Date.

"Permitted Cash Spin-Off Charge Amount" means, for any Fiscal Year set forth below, the amount set forth opposite such Fiscal Year:

| Fiscal Year | Cash Amount |
| --- | --- |
| 2006 | $20,000,000 |
| 2007 | $55,000,000 |

"Permitted Liens" is defined in Section 7.2.3.

"Permitted Securitization" means any Disposition by the Borrower or any of its Subsidiaries consisting of Receivables and related collateral, credit support and similar rights and any other assets that are customarily transferred in a securitization of receivables, pursuant to one or more securitization programs, to a Receivables Subsidiary or a Person who is not an Affiliate of the Borrower; provided that (i) the consideration to be received by the Borrower and its Subsidiaries other than a Receivables Subsidiary for any such Disposition consists of cash, a promissory note or a customary contingent right to receive cash in the nature of a "hold-back" or similar contingent right, (ii) no Default shall have occurred and be continuing or would result therefrom, (iii) the aggregate outstanding balance of the Indebtedness in respect of all such programs at any point in time is not in excess of $250,000,000, and (iv) the Net Receivables Proceeds from such Disposition are applied to the extent required pursuant to Sections 3.1.1 and 3.1.2.

"Person" means any natural person, corporation, limited liability company, partnership, joint venture, association, trust or unincorporated organization, Governmental Authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

"Platform" is defined in clause (b) of Section 9.11.

"Purchase Money Note" means a promissory note evidencing a line of credit, or evidencing other Indebtedness owed to the Borrower or any Subsidiary in connection with a Permitted Securitization, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated accounts receivable.

"Quarterly Payment Date" means the last day of March, June, September and December, or, if any such day is not a Business Day, the next succeeding Business Day.

"Receivable" shall mean a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for good or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account," "chattel paper," "payment intangible" or "instrument" under the UCC and any supporting obligations.

"Receivables Subsidiary" shall mean any wholly owned Subsidiary of the Borrower (or another Person in which the Borrower or any Subsidiary makes an Investment and to which the

Borrower or one or more of its Subsidiaries transfer Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the applicable Subsidiary (as provided below) as a Receivables Subsidiary and which meets the following conditions:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of such Subsidiary:

(a) is guaranteed by the Borrower or any Subsidiary (that is not a Receivables Subsidiary);

(b) is recourse to or obligates the Borrower or any Subsidiary (that is not a Receivables Subsidiary); or

(c) subjects any property or assets of the Borrower or any Subsidiary (that is not a Receivables Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(b) with which neither the Borrower nor any Subsidiary (that is not a Receivables Subsidiary) has any material contract, agreement, arrangement or understanding (other than Standard Securitization Undertakings); and

(c) to which neither the Borrower nor any Subsidiary (that is not a Receivables Subsidiary) has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the applicable Subsidiary shall be evidenced by a certified copy of the resolution of the Board of Directors of such Subsidiary giving effect to such designation and an officers certificate certifying, to the best of such officer's knowledge and belief, that such designation complies with the foregoing conditions

"Register" is defined in clause (a) of Section 2.4.

"Registration Rights Agreement" means the Registration Rights Agreement to be entered into pursuant to the Exchange Note Indenture.

"Release" means a "release", as such term is defined in CERCLA.

"Replacement Lender" is defined in Section 4.8.

"Replacement Notice" is defined in Section 4.8.

"Required Lenders" means, at any time, Non-Defaulting Lenders holding more than 50% of the Total Exposure Amount of all Non-Defaulting Lenders.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as amended.

"Restricted Payment" means (i) the declaration or payment of any dividend (other than dividends payable solely in Capital Securities of the Borrower or any Subsidiary) (other than a Receivables Subsidiary) on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any class of Capital Securities of the Borrower or any Subsidiary (other than a Receivables Subsidiary) or any warrants, options or other right or obligation to purchase or acquire any such Capital Securities, whether now or hereafter outstanding, or (ii) the making of any other distribution in respect of such Capital Securities, in each case either directly or indirectly, whether in cash, property or obligations of the Borrower or any Subsidiary or otherwise.

"Rollover Loans" is defined in clause (b) of Section 2.1.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors.

"Sara Lee" is defined in the first recital.

"SEC" is defined in Section 7.1.13.

"Second Contract Rate" is defined in the definition of "Contract Rate."

"Second Lien Administrative Agent" means the "Administrative Agent" pursuant to, and as defined in, the Second Lien Loan Documents, and any successor thereto.

"Second Lien Collateral Agent" means the "Collateral Agent" pursuant to, and as defined in, the Second Lien Loan Documents, and any successor thereto.

"Second Lien Credit Agreement" means the Second Lien Credit Agreement, dated as of the Closing Date, among the IP Subsidiary, the Second Lien Lenders, the Second Lien Collateral Agent, the other agents party thereto and the Second Lien Administrative Agent, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Second Lien Lenders" means "Lenders" under, and as defined in, the Second Lien Credit Agreement.

"Second Lien Loan Documents" means the Second Lien Credit Agreement and the related guarantees, pledge agreements, security agreements, mortgages, notes and other agreements and instruments entered into in connection with the Second Lien Credit Agreement, in each case as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Second Lien Loans" is defined in the second recital.

"Second Lien Obligations" means "Obligations" under, and as defined in, the Second Lien Credit Agreement.

"Senior Note Documents" means the Senior Notes, the Senior Note Indenture and all other agreements, documents and instruments executed and delivered with respect to the Senior Notes or the Senior Note Indenture, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Senior Note Indenture" means the Indenture, between the Borrower and the Person acting as trustee thereunder (the "Senior Notes Trustee"), pursuant to which the Senior Notes and any supplemental issuance of "senior notes" thereunder are issued, as the same may be amended, supplemented, amended and restated or otherwise modified from time to time in accordance with this Agreement.

"Senior Notes" means senior unsecured notes issued by the Borrower after the Closing Date permitted pursuant to clause (b) of Section 7.2.2.

"Senior Notes Trustee" is defined in the definition of "Senior Note Indenture".

"Senior Secured Facilities" means, collectively, the First Lien Credit Agreement and the Second Lien Credit Agreement.

"Senior Secured Termination Dates" means the "Termination Date" as defined in both the Senior Secured Facilities.

"Solvent" means, with respect to any Person and its Subsidiaries on a particular date, that on such date (i) the fair value of the property (on a going-concern basis) of such Person and its Subsidiaries on a consolidated basis is greater than the total amount of liabilities, including contingent liabilities, of such Person and its Subsidiaries on a consolidated basis, (ii) the present fair salable value of the assets (on a going-concern basis) of such Person and its Subsidiaries on a consolidated basis is not less than the amount that will be required to pay the probable liability of such Person and its Subsidiaries on a consolidated basis on its debts as they become absolute and matured in the ordinary course of business, (iii) such Person does not intend to, and does not believe that it or its Subsidiaries will, incur debts or liabilities beyond the ability of such Person and its Subsidiaries to pay as such debts and liabilities mature in the ordinary course of business (including through refinancings, asset sales and other capital market transactions), and (iv) such Person and its Subsidiaries on a consolidated basis is not engaged in business or a transaction, and such Person and its Subsidiaries on a consolidated basis is not about to engage in a business or a transaction, for which the property of such Person and its Subsidiaries on a consolidated basis would constitute an unreasonably small capital. The amount of Contingent Liabilities at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, can reasonably be expected to become an actual or matured liability.

"Specified Default" means (i) any Default under Section 8.1.1 or Section 8.1.9 or (ii) any other Event of Default.

"Spin-Off" is defined in the first recital.

"Standard Securitization Undertakings" shall mean representations, warranties, covenants and indemnities entered into by the Borrower or any Subsidiary which are reasonably customary in a securitization of Receivables.

"Stated Maturity Date" means the eighth anniversary of the Closing Date.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term "Subsidiary" shall be a reference to a Subsidiary of the Borrower (other than a Receivables Subsidiary). No Foreign Supply Chain Entity shall be considered to be a Subsidiary of the Borrower or any Subsidiary for purposes hereof except as set forth in the definition of Foreign Supply Chain Entity. Further, the European TM SPV shall not be considered to be a Subsidiary for any purpose hereunder.

"Subsidiary Guarantor" means each U.S. Subsidiary that has executed and delivered to the Administrative Agent the Guaranty (including by means of a delivery of a supplement thereto).

"Syndication Agents" is defined in the preamble.

"Synthetic Lease" means, as applied to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (i) that is not a capital lease in accordance with GAAP and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for federal income tax purposes, other than any such lease under which that Person is the lessor.

"Taxes" means all income, stamp or other taxes, duties, levies, imposts, charges, assessments, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, and all interest, penalties or similar liabilities with respect thereto.

"Termination Date" means the date on which all Obligations have been paid in full in cash (other than contingent indemnification obligations for which no claim has been asserted) and all Commitments shall have terminated.

"Term Spread" means, with respect to any Rollover Loan, initially 0.50% from the date of issue thereof, being the Bridge Loan Repayment Date, to the date ending 3 months subsequent thereto and increasing by 0.50% on the first day of each subsequent 3 month period.

"Third Contract Rate" is defined in the definition of "Contract Rate."

"Total Debt" means, on any date, the outstanding principal amount of all Indebtedness of the Borrower and its Subsidiaries (other than a Receivables Subsidiary) of the type referred to in clause (i) of the definition of "Indebtedness", clause (ii) of the definition of "Indebtedness", clause (iii) of the definition of "Indebtedness" and clause (vii) of the definition of "Indebtedness", in each case exclusive of intercompany Indebtedness between the Borrower and its Subsidiaries and any Contingent Liability in respect of any of the foregoing.

"Total Exposure Amount" means, on any date of determination (and without duplication), the outstanding principal amount of all Loans.

"Transaction" means , collectively, (i) the consummation of the Spin-Off, (ii) the issuance of the Dividend, (iii) the consummation of the IP Purchase, (iv) the entering into of the Loan Documents (other than this Agreement) and the making of the Loans hereunder on the Closing Date, (v) the entering into of the First Lien Loan Documents and the making of the First Lien Loans, (vi) the entering into of the Second Lien Loan Documents and the making of the Second Lien Loans, (vii) the entering into of the Senior Notes Documents and the issuance of the Senior Notes and (viii) the payment of fees and expenses in connection and in accordance with the foregoing.

"Transaction Documents" means, collectively, the First Lien Loan Documents, the Second Lien Loan Documents, the Senior Note Documents and any other material document executed or delivered in connection with the Transaction, including any transition services agreements and tax sharing agreements, in each case as amended, supplemented, amended and restated or otherwise modified from time to time in accordance with Section 7.2.12.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"United States" or "U.S." means the United States of America, its fifty states and the District of Columbia.

"U.S. Subsidiary" means any Subsidiary (other than a Receivables Subsidiary) that is incorporated or organized under the laws of the United States.

"Voting Securities" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Welfare Plan" means a "welfare plan", as such term is defined in Section 3(1) of ERISA.

"wholly owned Subsidiary" means any Subsidiary all of the outstanding Capital Securities of which (other than any director's qualifying shares or investments by foreign nationals mandated by applicable laws) is owned directly or indirectly by the Borrower.

SECTION 1.2 Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each other Loan Document and the Disclosure Schedule.

SECTION 1.3 Cross-References. Unless otherwise specified, references in a Loan Document to any Article or Section are references to such Article or Section of such Loan Document, and references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 Accounting and Financial Determinations. (a) Unless otherwise specified, all accounting terms used in each Loan Document shall be interpreted, and all accounting determinations and computations thereunder (including under Section 7.2.4 and the definitions used in such calculations) shall be made, in accordance with those generally accepted accounting principles ("GAAP") applied in the preparation of the financial statements referred to in clause (a) of Section 5.1.6. Unless otherwise expressly provided, all financial covenants and defined financial terms shall be computed on a consolidated basis for the Borrower and its Subsidiaries, in each case without duplication.

(b) As of any date of determination, for purposes of determining the Interest Coverage Ratio or Leverage Ratio (and any financial calculations required to be made or included within such ratios, or required for purposes of preparing any Compliance Certificate to be delivered pursuant to the definition of "Permitted Acquisition"), the calculation of such ratios and other financial calculations shall include or exclude, as the case may be, the effect of any assets or businesses that have been acquired or Disposed of by the Borrower or any of its Subsidiaries pursuant to the terms hereof (including through mergers or consolidations) as of such date of determination, as determined by the Borrower on a pro forma basis in accordance with GAAP, which determination may include one-time adjustments or reductions in costs, if any, directly attributable to any such permitted Disposition or Permitted Acquisition, as the case may be, in each case (i) calculated in accordance with Regulation S-X of the Securities Act of 1933, as amended from time to time, and any successor statute, for the period of four Fiscal Quarters ended on or immediately prior to the date of determination of any such ratios (without giving effect to any cost-savings or adjustments relating to synergies resulting from a Permitted Acquisition except as permitted by Regulation S-X of the Securities Act of 1933 or otherwise as the Administrative Agent shall otherwise agree) and (ii) giving effect to any such Permitted Acquisition or permitted Disposition as if it had occurred on the first day of such four Fiscal Quarter period.

## ARTICLE II
## COMMITMENTS, BORROWING AND NOTES

SECTION 2.1 Commitments. (a) In a single Borrowing (which shall be made on a Business Day) occurring on or prior to the Commitment Termination Date, subject to the terms and conditions hereof, each Lender agrees that it will make loans (relative to such Lender, its "Bridge Loans") to the Borrower equal to such Lender's Percentage of the aggregate amount of the Borrowing of Bridge Loans requested by the Borrower to be made on such day.

(b) Subject to the terms and conditions hereof, the Borrower and each Lender severally agrees, if the Bridge Loans have not been repaid, that the then outstanding principal amount of such Lender's Bridge Loan shall be repaid in full by the issuance of a new debt obligation (individually a "Rollover Loan" and collectively the "Rollover Loans") by the Borrower to such Lender, on the Bridge Loan Repayment Date, in a principal amount equal to the then outstanding principal amount of the Bridge Loan held by such Lender (for certainty, including any capitalized interest) and the Borrower shall be released from its obligations under such Bridge Loan. Upon the repayment of and release in respect of the Bridge Loans and the replacement thereof by Rollover Loans, each Lender shall amend its records to reflect the

repayment of the principal amount of the Bridge Loan held by such Lender corresponding to the principal amount of the Bridge Loan issued to such Lender and the advance of the corresponding Rollover Loan. If a Default shall have occurred and be continuing on the Bridge Loan Repayment Date, any notices given or cure periods commenced while any Bridge Loan was outstanding shall be deemed given or commenced (as of the actual dates thereof) for all purposes with respect to the Rollover Loans (with the same effect as if the Rollover Loans had been outstanding as of the actual dates thereof), notwithstanding that the Rollover Loans constitute separate Indebtedness from the Bridge Loans. No amounts paid or prepaid with respect to the Loans may be reborrowed.

SECTION 2.2 [Intentionally Omitted].

SECTION 2.3 Borrowing Procedure. By delivering a Borrowing Request to the Administrative Agent on or before 10:00 a.m. on the same Business Day of the Borrowing of the Loans, the Borrower may irrevocably request that a Borrowing be made in the unused amount of the Commitment Amount. On the terms and subject to the conditions of this Agreement, the Borrowing shall be made on the Business Day specified in such Borrowing Request. On or before 12:00 noon on such Business Day each Lender shall deposit with the Administrative Agent same day funds in an amount equal to such Lender's Percentage of the requested Borrowing. Such deposit will be made to an account which the Administrative Agent shall specify from time to time by notice to the Lenders. To the extent funds are received from the Lenders, the Administrative Agent shall make such funds available to the Borrower by wire transfer to the accounts the Borrower shall have specified in its Borrowing Request. No Lender's obligation to make any Loan shall be affected by any other Lender's failure to make any Loan.

SECTION 2.4 Register; Notes. The Register shall be maintained on the following terms.

(a) The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent, solely for the purpose of this clause, to maintain a register (the "Register") on which the Administrative Agent will record each Lender's Commitment, the Loans made by each Lender and each repayment in respect of the principal amount of the Loans, annexed to which the Administrative Agent shall retain a copy of each Lender Assignment Agreement delivered to the Administrative Agent pursuant to Section 10.11. Failure to make any recordation, or any error in such recordation, shall not affect any Obligor's Obligations. The entries in the Register shall constitute prima facie evidence and shall be binding, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person in whose name a Loan is registered (or, if applicable, to which a Note has been issued) as the owner thereof for the purposes of all Loan Documents, notwithstanding notice or any provision herein to the contrary. Any assignment or transfer of a Commitment or the Loans made pursuant hereto shall be registered in the Register only upon delivery to the Administrative Agent of a Lender Assignment Agreement that has been executed by the requisite parties pursuant to Section 10.11. No assignment or transfer of a Lender's Commitment or Loans shall be effective unless such assignment or transfer shall have been recorded in the Register by the Administrative Agent as provided in this Section.

(b) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender a Note evidencing the Loans made by, and payable to the order of, such Lender in a maximum principal amount equal to such Lender's Percentage of the original Commitment Amount. The Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Note (or on any continuation of such grid), which notations, if made, shall evidence, inter alia, the date of, the outstanding principal amount of, and the interest rate applicable to the Loans evidenced thereby. Such notations shall, to the extent not inconsistent with notations made by the Administrative Agent in the Register, constitute prima facie evidence and shall be binding on each Obligor absent manifest error; provided that, the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of any Obligor.

(c) Upon the request of any Lender, the Borrower will issue Notes to be represented by one or more definitive global securities in book-entry form which will be deposited at such time, by or on behalf of the Borrower, with The Depository Trust Company ("DTC") or its designated custodian, and registered in the name of Cede & Co. The Borrower will use commercially reasonable efforts to ensure that such Notes issued to DTC are qualified for "book-entry" transfer and the Borrower agrees to deliver such documents as the Administrative Agent reasonably requests to effectuate such registration and subsequent transfers. For all purposes hereunder, the beneficial holder of such Note shall be treated as a "Lender" hereunder.

## ARTICLE III
## REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 Repayments and Prepayments; Application. The Borrower agrees that the Loans shall be repaid and prepaid pursuant to the following terms.

SECTION 3.1.1 Repayments and Prepayments. The Bridge Loans, to the extent unpaid as of the Bridge Loan Repayment Date, will be repaid in full by the making of the Rollover Loans on such date pursuant to clause (b) of Section 2.1. The Borrower shall repay in full the unpaid principal amount of each Rollover Loan on the Stated Maturity Date. The Rollover Loans shall bear interest as described in Section 3.2.1 from the Bridge Loan Repayment Date until such Loans are paid in full or continued as an Exchange Note evidencing the same underlying Indebtedness pursuant to Section 7.1.11. Prior thereto, payments and prepayments of the Loans shall or may be made as set forth below.

(a) From time to time on any Business Day, the Borrower may make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Loans; provided that (A) the Borrower shall give the Administrative Agent one Business Day notice of its intent to make such prepayment; and (B) all such voluntary partial prepayments shall be in an aggregate minimum amount of $1,000,000 and an integral multiple of $500,000.

(b) Subject to Section 7.1.11, each Lender will have the option at any time or from time to time after the Bridge Loan Repayment Date to receive Exchange Notes as evidence of all or a part of the principal amount of the Rollover Loans of such Lender then outstanding. The principal amount of the Exchange Notes will equal 100% of the aggregate principal amount (for

certainty, including all capitalized interest thereon) of the Rollover Loans which they evidence. If a Default shall have occurred and be continuing on the date such Exchange Notes are issued to evidence the principal amount of the Rollover Loans, any notices given or cure periods commenced while the Rollover Loan was outstanding shall be deemed given or commenced (as of the actual dates thereof) for all purposes with respect to the Exchange Note (with the same effect as if the Exchange Note had been outstanding as of the actual dates thereof).

(c) Following the Senior Secured Termination Dates, concurrently with the receipt by the Borrower of any Net Equity Proceeds, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to the product of (i) such Net Equity Proceeds multiplied by (ii) the Applicable Percentage, to be applied as set forth in Section 3.1.2.

(d) Following the Senior Secured Termination Dates, the Borrower shall (subject to the next proviso) within 5 Business Days receipt of any Net Disposition Proceeds or Net Casualty Proceeds, by the Borrower or any of its U.S. Subsidiaries, deliver to the Administrative Agent a calculation of the amount of such proceeds, and, to the extent the aggregate amount of such (i) Net Disposition Proceeds received by the Borrower and its U.S. Subsidiaries in any period of twelve consecutive calendar months since the Closing Date exceeds $10,000,000 and (ii) Net Casualty Proceeds received by the Borrower and its U.S. Subsidiaries in any period of twelve consecutive calendar months since the Closing Date exceeds $50,000,000, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to 100% of such excess Net Disposition Proceeds or Net Casualty Proceeds, as applicable; provided that, so long as (i) no Event of Default has occurred and is continuing, such proceeds may be retained by the Borrower and its U.S. Subsidiaries (and be excluded from the prepayment requirements of this clause) to be invested or reinvested within one year or, subject to immediately succeeding clause (ii), 18 months or 36 months, as applicable, to the acquisition or construction of other assets or properties consistent with the businesses permitted to be conducted pursuant to Section 7.2.1 (including by way of merger or Investment), and (ii) within one year following the receipt of such Net Disposition Proceeds or Net Casualty Proceeds, such proceeds are (A) applied or (B) committed to be, and actually are, applied within (I) 18 months following the receipt of such Net Disposition Proceeds or (II) 36 months following the receipt of such Net Casualty Proceeds, in each case to such acquisition or construction plan. The amount of such Net Disposition Proceeds or Net Casualty Proceeds unused or uncommitted after such one year, 18 months or 36 months, as applicable, period shall be applied to prepay the Loans as set forth in Section 3.1.2.

(e) Following the Senior Secured Termination Dates, concurrently with the receipt by the Borrower or any of its U.S. Subsidiaries of any Net Debt Proceeds, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to 100% of such Net Debt Proceeds, to be applied as set forth in Section 3.1.2.

(f) Following the Senior Secured Termination Dates, concurrently with the receipt by the Borrower or any of its U.S. Subsidiaries of any Net Receivables Proceeds, the Borrower shall make a mandatory prepayment of the Loans in an amount equal to 100% of such Net Receivables Proceeds, to be applied as set forth in Section 3.1.2.

(g) Immediately upon any acceleration of the Stated Maturity Date of the Loans pursuant to Section 8.2 or Section 8.3, the Borrower shall repay all the Loans, unless, pursuant to

Section 8.3, only a portion of all the Loans is so accelerated (in which case the portion so accelerated shall be so repaid).

Each prepayment of any Loans made pursuant to this Section shall be without premium or penalty.

SECTION 3.1.2 Application. Each prepayment of Loans pursuant to clauses (c), (d), (e), and (f) of Section 3.1.1, shall be applied pro rata to a mandatory prepayment of the outstanding principal amount of all Loans.

SECTION 3.2 Interest Provisions. Interest on the outstanding principal amount of the Loans shall accrue and be payable in accordance with the terms set forth below.

SECTION 3.2.1 Contract Rate. The unpaid principal amount of the Loans shall bear interest from the Closing Date to but excluding the date of repayment or exchange for Exchange Notes at a rate per annum that at all times be the Contract Rate, as in effect from time to time. Notwithstanding the foregoing, the interest rate borne by the Loans shall not (subject to Section 3.2.2) exceed 11.50% per annum. To the extent the per annum interest on any Loan exceeds a rate of 11.00% per annum, such excess interest shall be paid by the Borrower by adding the amount thereof to the then principal amount of the Loans, in which event the interest so capitalized shall be treated as principal for all purposes.

SECTION 3.2.2 Post-Default Rates. After the occurrence and during the continuance of an Event of Default, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on all outstanding Obligations at a rate per annum equal to (a) in the case of principal on any Loan, the rate of interest that otherwise would be applicable to such Loan plus 2% per annum; and (b) in the case of overdue interest, fees, and other monetary Obligations, at a rate per annum equal to the rate then applicable to the Loans, plus 2% per annum.

SECTION 3.2.3 Payment Dates. Interest accrued on each Loan shall be payable, without duplication:

(a) on the Stated Maturity Date;

(b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the principal amount so paid or prepaid;

(c) on each Quarterly Payment Date occurring after the Closing Date;

(d) on the date the Exchange Notes are issued to evidence the principal amount of the Rollover Loans evidencing the same underlying Indebtedness (but only with respect to the principal amount of the Rollover Loan so evidenced); and

(e) on that portion of any Loans the Stated Maturity Date of which is accelerated pursuant to Section 8.2 or Section 8.3, immediately upon such acceleration.

Interest accrued on Loans or other monetary Obligations after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3 Administrative Agent and Lead Arrangers' Fees. The Borrower agrees to pay to each of the Administrative Agent and each Lead Arranger, for its own account, the fees in the amounts and on the dates set forth in the Fee Letter or in such other fee letter(s) negotiated by the parties thereto.

## ARTICLE IV
## TAXES AND OTHER PROVISIONS

SECTION 4.1 Increased Costs, etc. The Borrower agrees to reimburse each Lender for any increase in the cost to such Lender of, or any reduction in the amount of any sum receivable by such Loan Party in respect of, such Loan Party's Commitments and the making of Loans hereunder that arise in connection with any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in after the Closing Date of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any Governmental Authority, except for such changes with respect to increased capital costs and Taxes which are governed by Sections 4.2 and 4.3, respectively. Each affected Loan Party shall promptly notify the Administrative Agent and the Borrower in writing of the occurrence of any such event, stating the reasons therefor and the additional amount required fully to compensate such Loan Party for such increased cost or reduced amount. Such additional amounts shall be payable by the Borrower directly to such Loan Party within five Business Days of its receipt of such notice, and such notice shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower.

SECTION 4.2 Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any Governmental Authority after the Closing Date affects or would affect the amount of capital required or expected to be maintained by any Loan Party or any Person controlling such Loan Party, and such Loan Party determines (in good faith but in its sole and absolute discretion) that as a result thereof the rate of return on its or such controlling Person's capital as a consequence of the Commitments or the Loans made by such Loan Party is reduced to a level below that which such Loan Party or such controlling Person could have achieved but for the occurrence of any such circumstance, then upon notice (together with reasonably detailed supporting documentation) from time to time by such Loan Party to the Borrower, the Borrower shall within five Business Days following receipt of such notice pay directly to such Loan Party additional amounts sufficient to compensate such Loan Party or such controlling Person for such reduction in rate of return. A statement in reasonable detail of such Loan Party as to any such additional amount or amounts shall, in the absence of manifest error, constitute prima facie evidence thereof and shall be binding on the Borrower. In determining such amount, such Loan Party may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

SECTION 4.3 Taxes. The Borrower covenants and agrees as follows with respect to Taxes.

(a) Any and all payments by the Borrower under each Loan Document shall be made without setoff, counterclaim or other defense, and free and clear of, and without deduction or withholding for or on account of, any Taxes. In the event that any Taxes are imposed and required to be deducted or withheld from any payment required to be made by any Obligor to or on behalf of any Loan Party under any Loan Document, then:

(i) subject to clause (f), if such Taxes are Non-Excluded Taxes, the amount of such payment shall be increased as may be necessary so that such payment is made, after withholding or deduction for or on account of such Taxes, in an amount that is not less than the amount provided for in such Loan Document; and

(ii) the Borrower shall withhold the full amount of such Taxes from such payment (as increased pursuant to clause (a)(i)) and shall pay such amount to the Governmental Authority imposing such Taxes in accordance with applicable law.

(b) In addition, the Borrower shall pay all Other Taxes imposed to the relevant Governmental Authority imposing such Other Taxes in accordance with applicable law.

(c) Upon the written request of the Administrative Agent, as promptly as practicable after the payment of any Taxes or Other Taxes, and in any event within 45 days of any such written request, the Borrower shall furnish to the Administrative Agent a copy of an official receipt (or a certified copy thereof) evidencing the payment of such Taxes or Other Taxes. The Administrative Agent shall make copies thereof available to any Lender upon request therefor.

(d) Subject to clause (f), the Borrower shall indemnify each Loan Party for any Non-Excluded Taxes and Other Taxes levied, imposed or assessed on (and whether or not paid directly by) such Loan Party whether or not such Non-Excluded Taxes or Other Taxes are correctly or legally asserted by the relevant Governmental Authority; provided that if the Borrower reasonably believes that such Taxes were not correctly or legally asserted, such Loan Party will use reasonable efforts to cooperate with the Borrower to obtain a refund of such Taxes so long as such efforts would not, in the sole determination of such Loan Party, result in any additional costs, expenses or risks or be otherwise disadvantageous to it. Promptly upon having knowledge that any such Non-Excluded Taxes or Other Taxes have been levied, imposed or assessed, and promptly upon notice thereof by any Loan Party, the Borrower shall pay such Non-Excluded Taxes or Other Taxes directly to the relevant Governmental Authority (provided that no Loan Party shall be under any obligation to provide any such notice to the Borrower). In addition, the Borrower shall indemnify each Loan Party for any incremental Taxes that may become payable by such Loan Party as a result of any failure of the Borrower to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Administrative Agent, pursuant to clause (c), documentation evidencing the payment of Taxes or Other Taxes (other than incidental taxes resulting directly as a result of the willful misconduct or gross negligence of the Administrative Agent or a respective Loan Party ); provided that if the Loan Party or the Administrative Agent, as applicable, fails to give notice to the Borrower of the imposition of any Non-Excluded Taxes or Other Taxes within 120 days following its receipt of actual written notice of the imposition of such Non-Excluded Taxes or Other Taxes, there will be no obligation for the Borrower to pay interest or penalties attributable to the period beginning after such 120th day and ending seven days after the Borrower receives notice from the Loan Party or the

Administrative Agent as applicable. With respect to indemnification for Non-Excluded Taxes and Other Taxes actually paid by any Loan Party or the indemnification provided in the immediately preceding sentence, such indemnification shall be made within 30 days after the date such Loan Party makes written demand therefor (together with supporting documentation in reasonable detail). The Borrower acknowledges that any payment made to any Loan Party or to any Governmental Authority in respect of the indemnification obligations of the Borrower provided in this clause shall constitute a payment in respect of which the provisions of clause (a) and this clause shall apply.

(e) Each Non-U.S. Lender, on or prior to the date on which such Non-U.S. Lender becomes a Lender hereunder (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only for so long as such non-U.S. Lender is legally entitled to do so), shall deliver to the Borrower and the Administrative Agent either (i) two duly completed copies of either (x) Internal Revenue Service Form W-8BEN claiming eligibility of the Non-U.S. Lender for benefits of an income tax treaty to which the United States is a party or (y) Internal Revenue Service Form W-8ECI, or in either case an applicable successor form; or (ii) in the case of a Non-U.S. Lender that is not legally entitled to deliver either form listed in clause (e)(i), (x) a certificate to the effect that such Non-U.S. Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (referred to as an "Exemption Certificate") and (y) two duly completed copies of Internal Revenue Service Form W-8BEN or applicable successor form.

(f) The Borrower shall not be obligated to pay any additional amounts to any Lender pursuant to clause (a)(i), or to indemnify any Lender pursuant to clause (d), in respect of United States federal withholding taxes to the extent imposed as a result of (i) the failure of such Lender to deliver to the Borrower the form or forms and/or an Exemption Certificate, as applicable to such Lender, pursuant to clause (e), (ii) such form or forms and/or Exemption Certificate not establishing a complete exemption from U.S. federal withholding tax or the information or certifications made therein by the Lender being untrue or inaccurate on the date delivered in any material respect, or (iii) the Lender designating a successor lending office at which it maintains its Loans which has the effect of causing such Lender to become obligated for tax payments in excess of those in effect immediately prior to such designation; provided that the Borrower shall be obligated to pay additional amounts to any such Lender pursuant to clause (a)(i) and to indemnify any such Lender pursuant to clause (d), in respect of United States federal withholding taxes if (i) any such failure to deliver a form or forms or an Exemption Certificate or the failure of such form or forms or Exemption Certificate to establish a complete exemption from U.S. federal withholding tax or inaccuracy or untruth contained therein resulted from a change in any applicable statute, treaty, regulation or other applicable law or any interpretation of any of the foregoing occurring after the Closing Date, which change rendered such Lender no longer legally entitled to deliver such form or forms or Exemption Certificate or otherwise ineligible for a complete exemption from U.S. federal withholding tax, or rendered the information or certifications made in such form or forms or Exemption Certificate untrue or inaccurate in a material respect, (ii) the redesignation of the Lender's lending office was made at the request of the Borrower or (iii) the obligation to pay any additional amounts to any such Lender pursuant to clause (a)(i) or to indemnify any such Lender pursuant to clause (d) is with

respect to an Eligible Assignee that becomes an assignee Lender as a result of an assignment made at the request of the Borrower.

(g) If the Administrative Agent or a Lender determines in its sole, good faith discretion that amounts recovered or refunded are a recovery or refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to clause (d), or to which the Borrower has paid additional amounts pursuant to clause (a)(i), it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 4.3 with respect to the Non-Excluded Taxes or Other Taxes that give rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that in no event will any Lender be required to pay an amount to the Borrower that would place such Lender in a less favorable net after-tax position than such Lender would have been in if the additional amounts giving rise to such refund of any Non-Excluded Taxes or Other Taxes had never been paid, and provided further that the Borrower, upon the written request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest, or other charges imposed by the relevant Governmental Authority unless the Governmental Authority assessed such penalties, interest, or other charges due to the gross negligence or willful misconduct of the Administrative Agent or such Lender) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to the Governmental Authority. Nothing in this clause (g) shall require any Lender to make available its tax returns or any other information related to its taxes that it deems confidential.

SECTION 4.4 Payments, Computations, etc. (a) Unless otherwise expressly provided in a Loan Document, all payments by the Borrower pursuant to each Loan Document shall be made by the Borrower to the Administrative Agent for the pro rata account of the Loan Parties entitled to receive such payment. All payments shall be made without setoff, deduction or counterclaim not later than 11:00 a.m. on the date due in same day or immediately available funds, in Dollars, to such account as the Administrative Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Administrative Agent on the next succeeding Business Day. The Administrative Agent shall promptly remit in same day funds to each Loan Party its share, if any, of such payments received by the Administrative Agent for the account of such Loan Party. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days. Payments due on other than a Business Day shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees in connection with that payment.

(b) All amounts received as a result of the exercise of remedies under the Loan Documents or under applicable law shall be applied upon receipt to the Obligations as follows: (i) first, to the payment of all Obligations owing to the Administrative Agent, in its capacity as Administrative Agent (including the fees and expenses of counsel to the Administrative Agent), (ii) second, after payment in full in cash of the amounts specified in clause (b)(i), to the ratable payment of all interest (including interest accruing after the commencement of a proceeding in bankruptcy, insolvency or similar law, whether or not permitted as a claim under such law) and

fees owing under the Loan Documents, and all costs and expenses owing to the Loan Parties pursuant to the terms of the Loan Documents, until paid in full in cash, (iii) third, after payment in full in cash of the amounts specified in clauses (b)(i) and (b)(ii), to the ratable payment of the principal amount of the Loans then outstanding, (iv) fourth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iii), to the ratable payment of all other Obligations owing to the Loan Parties, and (v) fifth, after payment in full in cash of the amounts specified in clauses (b)(i) through (b)(iv), and following the Termination Date, to each applicable Obligor or any other Person lawfully entitled to receive such surplus.

SECTION 4.5 Sharing of Payments. If any Loan Party shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of Sections 4.1, 4.2, or 4.3) in excess of its pro rata share of payments obtained by all Loan Parties, such Loan Party shall purchase from the other Loan Parties such participations in Loans made by them as shall be necessary to cause such purchasing Loan Party to share the excess payment or other recovery ratably (to the extent such other Loan Parties were entitled to receive a portion of such payment or recovery) with each of them; provided that, if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Loan Party, the purchase shall be rescinded and each Loan Party which has sold a participation to the purchasing Loan Party shall repay to the purchasing Loan Party the purchase price to the ratable extent of such recovery together with an amount equal to such selling Loan Party's ratable share (according to the proportion of (a) the amount of such selling Loan Party's required repayment to the purchasing Loan Party to (b) total amount so recovered from the purchasing Loan Party) of any interest or other amount paid or payable by the purchasing Loan Party in respect of the total amount so recovered. The Borrower agrees that any Loan Party purchasing a participation from another Loan Party pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.6) with respect to such participation as fully as if such Loan Party were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law any Loan Party receives a secured claim in lieu of a setoff to which this Section applies, such Loan Party shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Loan Parties entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.6 Setoff. Each Loan Party shall, upon the occurrence and during the continuance of any Event of Default described in clauses (a) through (d) of Section 8.1.9 or, with the consent of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (if then due and payable), and (as security for such Obligations) the Borrower hereby grants to each Loan Party a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter maintained with such Loan Party (other than payroll, trust or tax accounts); provided that any such appropriation and application shall be subject to the provisions of Section 4.5. Each Loan Party agrees promptly to notify the Borrower and the Administrative Agent after any such appropriation and application made by such Loan Party; provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Loan Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Loan Party may have.

SECTION 4.7 Mitigation. Each Lender agrees that, if it makes any demand for payment under Section 4.1 or 4.3, it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for the Borrower to make payments under Section 4.1. or 4.3.

SECTION 4.8 Removal of Lenders. If any Lender (an "Affected Lender") (i) fails to consent to an election, consent, amendment, waiver or other modification to this Agreement or other Loan Document (a "Non-Consenting Lender") that requires the consent of a greater percentage of the Lenders than the Required Lenders and such election, consent, amendment, waiver or other modification is otherwise consented to by Non-Defaulting Lenders holding more than 66 and 2/3% of the Total Exposure Amount of all Non-Defaulting Lenders, (ii) makes a demand upon the Borrower for (or if the Borrower is otherwise required to pay) amounts pursuant to Section 4.1, 4.2 or 4.3, or (iii) becomes a Defaulting Lender, the Borrower may, at its sole cost and expense, within 90 days of receipt by the Borrower of such demand or notice (or the occurrence of such other event causing Borrower to be required to pay such compensation) or within 90 days of such Lender becoming a Non-Consenting Lender or a Defaulting Lender, as the case may be, give notice (a "Replacement Notice") in writing to the Administrative Agent and such Affected Lender of its intention to cause such Affected Lender to sell all or any portion of its Loans, Commitments and/or Notes to another financial institution or other Person (a "Replacement Lender") designated in such Replacement Notice; provided that no Replacement Notice may be given by the Borrower if (A) such replacement conflicts with any applicable law or regulation or (B) prior to any such replacement, such Lender shall have taken any necessary action under Section 4.2 or 4.3 (if applicable) so as to eliminate the continued need for payment of amounts owing pursuant to Section 4.2 or 4.3 and withdrew its request for compensation under Section 4.1, 4.2 or 4.3. If the Administrative Agent shall, in the exercise of its reasonable discretion and within 30 days of its receipt of such Replacement Notice, notify the Borrower and such Affected Lender in writing that the Replacement Lender is reasonably satisfactory to the Administrative Agent (such consent not being required where the Replacement Lender is already a Lender), then such Affected Lender shall assign, in accordance with Section 10., the portion of its Commitments, Loans, Notes (if any) and other rights and obligations under this Agreement and all other Loan Documents designated in the replacement notice to such Replacement Lender; provided that (A) such assignment shall be without recourse, representation or warranty and shall be on terms and conditions reasonably satisfactory to such Affected Lender and such Replacement Lender, and (B) the purchase price paid by such Replacement Lender shall be in the amount of such Affected Lender's Loans designated in the Replacement Notice together with all accrued and unpaid interest and fees in respect thereof, plus all other amounts (including the amounts demanded and unreimbursed under Sections 4.1, 4.2 and 4.3), owing to such Affected Lender hereunder. Upon the effective date of an assignment described above, the Replacement Lender shall become a "Lender" for all purposes under the Loan Documents. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender as assignor, any assignment agreement necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section.

SECTION 4.9 Limitation on Additional Amounts, etc. Notwithstanding anything to the contrary contained in Section 4.1 or 4.2 of this Agreement, unless a Lender gives notice to the Borrower that it is obligated to pay an amount under any such Section within 90 days after the later of (i) the date such Lender incurs the respective increased costs, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital or (ii) the date such Lender has actual knowledge of its incurrence of their respective increased costs, loss, expense or liability, reductions in amounts received or receivable or reduction in return on capital, then such Lender shall only be entitled to be compensated for such amount by the Borrower pursuant to Section 4.1 or 4.2, as the case may be, to the extent the costs, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital are incurred or suffered on or after the date which occurs 90 days prior to such Lender giving notice to the Borrower that it is obligated to pay the respective amounts pursuant to Section 4.1 or 4.2, as the case may be. This Section shall have no applicability to any Section of this Agreement other than Sections 4.1 and 4.2.

ARTICLE V
CONDITIONS TO CREDIT EXTENSIONS

SECTION 5.1 Bridge Loans. Subject to Section 7.1.14, the obligations of the Lenders to make the Bridge Loans shall be subject to the prior or concurrent satisfaction (or waiver) in all material respects of each of the conditions precedent set forth in this Article.

SECTION 5.1.1 Resolutions, etc. The Lead Arrangers shall have received from each Obligor, as applicable, (i) a copy of a good standing certificate, dated a date reasonably close to the Closing Date, for each such Obligor from its jurisdiction of organization and (ii) a certificate, dated as of the Closing Date, duly executed and delivered by such Obligor's Secretary or Assistant Secretary, managing member or general partner, as applicable, as to

(a) resolutions of each such Obligor's Board of Directors (or other managing body, in the case of a Person other than a corporation) then in full force and effect authorizing, to the extent relevant, all aspects of the Transaction applicable to such Obligor and the execution, delivery and performance of each Loan Document to be executed by such Obligor and the transactions contemplated hereby and thereby;

(b) the incumbency and signatures of those of its officers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Obligor; and

(c) the full force and validity of each Organic Document of such Obligor and copies thereof;

upon which certificates each Loan Party may conclusively rely until it shall have received a further certificate of the Secretary, Assistant Secretary, managing member or general partner, as applicable, of any such Obligor canceling or amending the prior certificate of such Obligor.

SECTION 5.1.2 Closing Date Certificate. The Lead Arrangers shall have received the Closing Date Certificate, dated as of the Closing Date and duly executed and delivered by an Authorized Officer of the Borrower, in which certificate the Borrower shall agree and

acknowledge and certify that the statements made therein are, true and correct representations and warranties of the Borrower as of such date, and, at the time each such certificate is delivered, such statements shall in fact be true and correct. All documents and agreements (including Transaction Documents) required to be appended to the Closing Date Certificate shall be in form and substance reasonably satisfactory to the Lead Arrangers, shall have been executed and delivered by the requisite parties, and shall be in full force and effect.

SECTION 5.1.3 Consummation of Transaction. The Lead Arrangers shall have received evidence reasonably satisfactory to it that all actions necessary to consummate the Transaction (other than the entering into of the Senior Notes Documents and the issuance of the Senior Notes) shall have been taken in accordance in all material respects with all applicable law and in accordance with the terms of each applicable Transaction Document, without amendment or waiver of any material provision thereof, unless approved by the Lead Arrangers in their reasonable discretion.

SECTION 5.1.4 Patriot Act Disclosures. Within five Business Days' prior to the Closing Date, the Lenders or the Lead Arrangers shall have received copies of all Patriot Act Disclosures as reasonably requested by the Lenders or the Lead Arrangers.

SECTION 5.1.5 Delivery of Notes. The Administrative Agent shall have received, for the account of each Lender that has requested a Note, such Lender's Notes duly executed and delivered by an Authorized Officer of the Borrower.

SECTION 5.1.6 Financial Information, etc. The Lead Arrangers shall have received,

(a) audited consolidated balance sheets and related statements of income, stockholders' equity and cash flows of (i) the Borrower and its Subsidiaries as at July 2, 2003, July 2, 2004 and July 2, 2005;

(b) unaudited consolidated balance sheets and related statements of income, stockholders' equity and cash flows for the 39-week period ended April 1, 2006;

(c) a pro forma consolidated balance sheet and related pro forma consolidated statements of income and cash flows as of and for the twelve-month period ending at the most recent Fiscal Quarter ending at least 45 days prior to the Closing Date, prepared after giving effect to the Transaction as if the Transaction had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such other financial statements), in each case which financial statements shall not be materially inconsistent with the financial statements or forecasts previously provided to the Lenders; and

(d) detailed projected financial statements of the Borrower and its Subsidiaries for the seven Fiscal Years ended after the Closing Date, which projections shall include quarterly projections for the first two Fiscal Years after the Closing Date.

SECTION 5.1.7 Compliance Certificate. The Lead Arrangers shall have received an initial Compliance Certificate on a pro forma basis as if the Transaction had been consummated and the Bridge Loans had been made as of April 1, 2006 and as to such items therein as the Lead

Arrangers reasonably request, dated the date of the Bridge Loans, duly executed (and with all schedules thereto duly completed) and delivered by the chief financial or accounting Authorized Officer of the Borrower which Compliance Certificate shall set forth such items therein as the Lead Arrangers may reasonably request, including demonstrating that the Borrower's pro forma Leverage Ratio is not greater than 4.80:1.00.

SECTION 5.1.8 Guaranty. The Lead Arrangers shall have received counterparts of the Guaranty, dated as of the Closing Date, duly executed and delivered by an Authorized Officer of each U.S. Subsidiary.

SECTION 5.1.9 Opinions of Counsel. The Lead Arrangers shall have received opinions, dated the Closing Date and addressed to the Lead Arrangers, the Administrative Agent and all Lenders, from

(a) Kirkland & Ellis LLP, counsel to the Obligors, in form and substance reasonably satisfactory to the Lead Arrangers; and

(b) Maryland counsel to the Borrower, in form and substance, and from counsel, reasonably satisfactory to the Lead Arrangers.

SECTION 5.1.10 Closing Fees, Expenses, etc. The Lead Arrangers shall have received for its own account, or for the account of each Lender, as the case may be, all fees, costs and expenses due and payable pursuant to Sections 3.3 and, if then invoiced, 10.3.

SECTION 5.1.11 Form 10. The financial information concerning the Branded Apparel Business and the Borrower and its Subsidiaries and the management, corporate and legal structure of the Borrower and each of the Subsidiary Guarantors contained in the Borrower's Form 10 filed with the Securities and Exchange Commission in connection with the Spin-Off, including all amendments and modifications thereto, shall be consistent in all material respects with the information previously provided to the Lead Arrangers and the other Lenders.

SECTION 5.1.12 Litigation. There shall exist no action, suit, investigation or other proceeding pending or threatened in writing in any court or before any arbitrator or governmental or regulatory agency or authority that could reasonably be expected to have a Material Adverse Effect.

SECTION 5.1.13 Approval. All material and necessary governmental and third party consents and approvals shall have been obtained (without the imposition of any material and adverse conditions that are not reasonably acceptable to the Lenders) and shall remain in effect and all applicable waiting periods shall have expired without any material and adverse action being taken by any competent authority. The Lead Arrangers shall be reasonably satisfied that the Spin-Off is to be consummated and the Dividend issued, in each case in accordance with applicable laws and governmental regulations.

SECTION 5.1.14 Debt Rating. The Borrower shall have obtained a senior unsecured debt rating (of any level) in respect of the Loans from each of S&P and Moody's, which ratings (of any level) shall remain in effect on the Closing Date.

SECTION 5.1.15 Satisfactory Legal Form. All documents executed or submitted pursuant hereto by or on behalf of any Obligor on or before the Closing Date shall be reasonably satisfactory in form and substance to the Lead Arrangers, and the Lead Arrangers shall have received all information, approvals, opinions, documents or instruments as the Lead Arrangers or their counsel may reasonably request.

SECTION 5.1.16 Borrowing Request, etc. The Administrative Agent shall have received a Borrowing Request. The delivery of a Borrowing Request and the acceptance by the Borrower of the proceeds of the Bridge Loans shall constitute a representation and warranty by the Borrower that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the statements made in Section 5.2 are true and correct.

SECTION 5.2 All Credit Extensions — Compliance with Warranties, No Default, etc. . The obligation of each Lender to make any Credit Extension shall be subject to the satisfaction of the condition that both before and after giving effect to any Credit Extension (but, if any Default of the nature referred to in Section 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds thereof) the following statements shall be true and correct:

(a) the representations and warranties set forth in each Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); and

(b) no Default shall have then occurred and be continuing.

SECTION 5.3 Rollover Loans. The issuance of the Rollover Loans on the Bridge Loan Repayment Date shall be subject to the satisfaction of each of the conditions precedent set forth below.

SECTION 5.3.1 Payment of Fees, Interest, etc. The Lenders shall have received all fees, interest and other amounts due and payable to the Lenders on the Bridge Loan Repayment Date pursuant to Sections 3.2, 3.3 and, if then invoiced, 10.3.

SECTION 5.3.2 Litigation, etc. No injunction, decree, order or judgment enjoining the issuance of the Rollover Loans shall be in effect.

## ARTICLE VI
## REPRESENTATIONS AND WARRANTIES

In order to induce the Loan Parties to enter into this Agreement and to make Credit Extensions hereunder, the Borrower represents and warrants to each Loan Party, after giving effect to the consummation of the IP Purchase and the Spin Off, as set forth in this Article.

SECTION 6.1 Organization, etc. Each Obligor (i) is validly organized and existing and in good standing under the laws of the state or jurisdiction of its incorporation or organization,

(ii) is duly qualified to do business and is in good standing as a foreign entity in each jurisdiction where the nature of its business requires such qualification, except where the failure to be so qualified or in good standing could not reasonably be expected to have a Material Adverse Effect and (iii) has full organizational power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under each Loan Document to which it is a party, and except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect, to (a) own and hold under lease its property and (b) to conduct its business substantially as currently conducted by it.

SECTION 6.2 Due Authorization, Non-Contravention, etc. The execution, delivery and performance by each Obligor of each Loan Document executed or to be executed by it, each Obligor's participation in the consummation of all aspects of the Transaction, and the execution, delivery and performance by the Borrower or (if applicable) any Obligor of the agreements executed and delivered by it in connection with the Transaction are in each case within such Person's powers, have been duly authorized by all necessary action, and do not

(a) contravene any (i) Obligor's Organic Documents, (ii) court decree or order binding on or affecting any Obligor or (iii) law or governmental regulation binding on or affecting any Obligor; or

(b) result in (i) or require the creation or imposition of, any Lien on any Obligor's properties (except as permitted by this Agreement) or (ii) a default under any material contractual restriction binding on or affecting any Obligor.

SECTION 6.3 Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person (other than those that have been, or on the Closing Date will be, duly obtained or made and which are, or on the Closing Date will be, in full force and effect) is required for the consummation of the Transaction or the due execution, delivery or performance by any Obligor of any Loan Document to which it is a party, or for the due execution, delivery and/or performance of Transaction Documents, in each case by the parties thereto or the consummation of the Transaction. Neither the Borrower nor any of its Subsidiaries is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

SECTION 6.4 Validity, etc. Each Obligor has duly executed and delivered each of the Loan Documents and each of the Transaction Documents to which it is a party, and each Loan Document and each Transaction Document to which any Obligor is a party constitutes the legal, valid and binding obligations of such Obligor, enforceable against such Obligor in accordance with their respective terms (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity).

SECTION 6.5 Financial Information. The financial statements of the Borrower and its Subsidiaries furnished to the Administrative Agent and each Lender pursuant to Section 5.1.6 (other than forecasts, projections, budgets and forward-looking information) have been prepared in accordance with GAAP consistently applied (except where specifically so noted on such

financial statements), and present fairly in all material respects the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. All balance sheets, all statements of income and of cash flow and all other financial information of each of the Borrower and its Subsidiaries furnished pursuant to Section 7.1.1 have been and will for periods following the Closing Date be prepared in accordance with GAAP consistently applied with the financial statements delivered pursuant to Section 5.1.6, and do or will present fairly in all material respects the consolidated financial condition of the Persons covered thereby as at the dates thereof and the results of their operations for the periods then ended. Notwithstanding anything contained herein to the contrary, it is hereby acknowledged and agreed by the Administrative Agent, each Lead Arranger and each Lender that (i) any financial or business projections furnished to the Administrative Agent, any Lead Arranger or any Lender by the Borrower or any of its Subsidiaries under any Loan Document are subject to significant uncertainties and contingencies, which may be beyond the Borrower's and/or its Subsidiaries' control, (ii) no assurance is given by any of the Borrower or its Subsidiaries that the results forecast in any such projections will be realized and (iii) the actual results may differ from the forecast results set forth in such projections and such differences may be material.

SECTION 6.6 No Material Adverse Change. There has been no material adverse change in the business, financial condition, operations, performance or assets of the Borrower and its Subsidiaries, taken as a whole, since July 2, 2005.

SECTION 6.7 Litigation, Labor Controversies, etc. There is no pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened (in writing) litigation, action, proceeding, labor controversy or investigation:

(a) affecting the Borrower any of its Subsidiaries or any other Obligor, or any of their respective properties, businesses, assets or revenues, which could reasonably be expected to have a Material Adverse Effect; or

(b) which purports to affect the legality, validity or enforceability of any Loan Document, the Transaction Documents or the Transaction.

SECTION 6.8 Subsidiaries. The Borrower has no Subsidiaries, except those Subsidiaries which are (a) identified in Item 6.8 of the Disclosure Schedule, (b) permitted to have been organized or acquired in accordance with Sections 7.2.5 or 7.2.10 or (c) a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary.

SECTION 6.9 Ownership of Properties. The Borrower and each of its Subsidiaries (other than a Receivables Subsidiary) owns (a) in the case of owned real property, good and legal title to, (b) in the case of owned personal property, good and valid title to, and (c) in the case of leased real or personal property, valid and enforceable (subject to bankruptcy, insolvency, reorganization or similar laws) leasehold interests (as the case may be) in, all of its properties and assets, tangible and intangible, of any nature whatsoever, free and clear in each case of all Liens or claims, except for Permitted Liens.

SECTION 6.10 Taxes. The Borrower and each of its Subsidiaries has filed all material tax returns and reports required by law to have been filed by it and has paid all Taxes thereby shown to be due and owing, except any such Taxes which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or except to the extent such failure could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.11 Pension and Welfare Plans. During the twelve-consecutive-month period prior to the Closing Date and prior to the date of any Credit Extension hereunder, no steps have been taken to terminate any Pension Plan which has caused or could reasonably be expected to cause Borrower or any Subsidiary to incur any liability, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA with respect to any assets of Borrower or any Subsidiary. No condition exists or event or transaction has occurred with respect to any Pension Plan which might result in the incurrence by the Borrower of any material liability, fine or penalty.

SECTION 6.12 Environmental Warranties.

(a) All facilities and property (including underlying groundwater) owned or leased by the Borrower or any of its Subsidiaries have been, and continue to be, owned or leased by the Borrower and its Subsidiaries in compliance with all Environmental Laws, except for any such noncompliance which could not reasonably be expected to have a Material Adverse Effect;

(b) there have been no past, and there are no pending or, to the Borrower's knowledge (after due inquiry), threatened (in writing) (i) claims, complaints, notices or requests for information received by the Borrower or any of its Subsidiaries with respect to any alleged violation of any Environmental Law, or (ii) complaints, notices or inquiries to the Borrower or any of its Subsidiaries regarding potential liability under any Environmental Law except for claims, complaints, notices, requests for information or inquiries with respect to violations of or potential liability under any Environmental Laws that could not reasonably be expected to have a Material Adverse Effect;

(c) there have been no Releases of Hazardous Materials at, on or under any property now or previously owned, operated or leased by the Borrower or any of its Subsidiaries that have had, or could reasonably be expected to have, a Material Adverse Effect;

(d) the Borrower and its Subsidiaries have been issued and are in compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters, except for any such non-issuance or any such noncompliance which could not reasonably be expected to have a Material Adverse Effect;

(e) no property now or, to the Borrower's knowledge (after due inquiry), previously owned, operated or leased by the Borrower or any of its Subsidiaries is listed or proposed for listing (with respect to owned, operated property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites

requiring investigation or clean-up, which listing could reasonably be expected to have a Material Adverse Effect;

(f) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned, operated or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect;

(g) neither the Borrower nor any Subsidiary has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which could reasonably be expected to lead to material claims against the Borrower or such Subsidiary for any remedial work, damage to natural resources or personal injury, including claims under CERCLA which, if adversely resolved could, in any of the foregoing cases, reasonably be expected to have a Material Adverse Effect;

(h) there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned, operated or leased by the Borrower or any Subsidiary that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect; and

(i) no conditions exist at, on or under any property now or, to the knowledge of the Borrower (after due inquiry), previously owned, operated or leased by the Borrower which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law, except for such liability that could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.13 Accuracy of Information. None of the factual information (other than projections, forecasts, budgets and forward-looking information) heretofore or contemporaneously furnished in writing to any Loan Party by or on behalf of any Obligor in connection with any Loan Document or any transaction contemplated hereby (including the Transaction) (taken as a whole) contains any untrue statement of a material fact, or omits to state any material fact necessary to make any such information not materially misleading as of the date such information was furnished; provided however that (i) any financial or business projections furnished to the Administrative Agent, any Lead Arranger or any Lender by the Borrower or any of its Subsidiaries under any Loan Document are subject to significant uncertainties and contingencies, which may be beyond the Borrower's and/or its Subsidiaries' control, (ii) no assurance is given by any of the Borrower or its Subsidiaries that the results forecast in any such projections will be realized and (iii) the actual results may differ from the forecast results set forth in such projections and such differences may be material.

SECTION 6.14 Regulations U and X. No Obligor is engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no proceeds of any Credit Extensions will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U or Regulation X.

Terms for which meanings are provided in F.R.S. Board Regulation U or Regulation X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.15 Compliance with Contracts, Laws, etc. The Borrower and each of its Subsidiaries have performed their obligations under agreements to which the Borrower or a Subsidiary is a party and have complied with all applicable laws, rules, regulations and orders except were the failure to do so could not reasonably be expected to have a Material Adverse Effect. The Borrower and each of its Subsidiaries (a) are not listed on the "Specially Designated Nationals and Blocked Person List" maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury, or included in any executive orders relating thereto and (b) have used the proceeds of the Loans without violating in any material respect any of the foreign asset control regulations of OFAC or any enabling statute or executive order relating thereto having the force of law.

SECTION 6.16 Solvency. The Borrower and its Subsidiaries (taken as a whole), both before and after giving effect to any Credit Extensions, are Solvent.

## ARTICLE VII
## COVENANTS

SECTION 7.1 Affirmative Covenants. The Borrower agrees with each Lender and the Administrative Agent that until the Termination Date has occurred, the Borrower will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.1.1 Financial Information, Reports, Notices, etc. The Borrower will furnish each Lender and the Administrative Agent copies of the following financial statements, reports, notices and information:

(a) within the earlier of (i) 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year and (ii) so long as the Borrower is a public reporting company at such time, such earlier date as the SEC requires the filing of such information (or if the Borrower is required to file such information on a Form 10-Q with the SEC, promptly following such filing), an unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of income and cash flow of the Borrower and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, and including (in each case), in comparative form, the figures for the corresponding Fiscal Quarter in, and year to date portion of, the immediately preceding Fiscal Year, certified as complete and correct in all material respects (subject to audit, normal year-end adjustments and the absence of footnote disclosure) by the chief financial officer, chief executive officer, president, treasurer or assistant treasurer of the Borrower;

(b) within the earlier of (i) 90 days after the end of each Fiscal Year and (ii) so long as the Borrower is a public reporting company at such time, such earlier date as the SEC requires the filing of such information (or if the Borrower is required to file such

information on a Form 10-K with the SEC, promptly following such filing), (i) a copy of the consolidated balance sheet of the Borrower and its Subsidiaries, and the related consolidated statements of income and cash flow of the Borrower and its Subsidiaries for such Fiscal Year, setting forth in comparative form the figures for the immediately preceding Fiscal Year, audited (without any Impermissible Qualification) by Pricewaterhouse Coopers LLP or such other independent public accountants selected by the Borrower and reasonably acceptable to the Administrative Agent, which shall include a calculation of the financial covenants set forth in Section 7.2.4 and stating that, in performing the examination necessary to deliver the audited financial statements of the Borrower, no knowledge was obtained of any Event of Default with respect to financial matters and (ii) a consolidated budget (within level of detail comparable to the quarterly financial statements delivered pursuant to clause (a)) for the following Fiscal Year including a projected consolidated balance sheet and related statements of projected operations and cash flows as of the end of and for such following Fiscal Year;

(c) concurrently with the delivery of the financial information pursuant to clauses (a) and (b), a Compliance Certificate, executed by the chief financial officer, chief executive officer, president, treasurer or assistant treasurer of the Borrower, (i) showing compliance with the financial covenants set forth in Section 7.2.4 and stating that no Default has occurred and is continuing (or, if a Default has occurred, specifying the details of such Default and the action that the Borrower or an Obligor has taken or proposes to take with respect thereto) and (ii) stating that no Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate (or, if a Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate, a statement that such Subsidiary has complied with Section 7.1.8 if applicable);

(d) as soon as possible and in any event within three Business Days after the Borrower or any other Obligor obtains knowledge of the occurrence of a Default, a statement of an Authorized Officer on behalf of the Borrower setting forth details of such Default and the action which the Borrower or such Obligor has taken and proposes to take with respect thereto;

(e) as soon as possible and in any event within three Business Days after the Borrower or any other Obligor obtains knowledge of (i) the commencement of any litigation, action, proceeding or labor controversy of the type and materiality described in Section 6.7 or (ii) any other event, change or circumstance that has had, or could reasonably be expected to have, a Material Adverse Effect, notice thereof and, to the extent the Administrative Agent requests, copies of all documentation relating thereto, if any;

(f) within three Business Days after the sending or filing thereof, copies of all reports, notices, prospectuses and registration statements which any Obligor files with the SEC or any national securities exchange; provided that such delivery shall be deemed to have been made upon delivery of notice to the Administrative Agent that such statements or reports are available on the Internet via the EDGAR system of the SEC;

(g) promptly upon becoming aware of (i) the institution of any steps by any Person to terminate any Pension Plan, (ii) the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA, (iii) the taking of any action with respect to a Pension Plan which could result in the requirement that any Obligor furnish a bond or other security to the PBGC or such Pension Plan, or (iv) the occurrence of any event with respect to any Pension Plan which could reasonably be expected to result in the incurrence by any Obligor of any material liability, fine or penalty, notice thereof and copies of all documentation relating thereto;

(h) promptly upon receipt thereof, copies of all final "management letters" submitted to the Borrower or any other Obligor by the independent public accountants referred to in clause (b) in connection with each audit made by such accountants;

(i) promptly following the mailing or receipt of any notice or report (other than identical reports or notices delivered hereunder) delivered under the terms of the First Lien Loan Documents, the Second Lien Loan Documents or the Senior Note Documents, copies of such notice or report;

(j) all Patriot Act Disclosures, to the extent reasonably requested by the Administrative Agent or any Lender; and

(k) such other financial and other information as any Lender through the Administrative Agent may from time to time reasonably request (including information and reports in such detail as the Administrative Agent may request with respect to the terms of and information provided pursuant to the Compliance Certificate).

Information required to be delivered pursuant to clauses (a) and (b) of Section 7.1.1 shall be deemed to have been delivered to the Administrative Agent on the date on which the Borrower provides written notice to the Administrative Agent that such information is available on the Internet via the EDGAR system of the SEC (to the extent such information is available as described in such notice). Information required to be delivered pursuant to this Section 7.1.1 may also be delivered by electronic communication pursuant to procedures approved by the Administrative Agent pursuant to Section 9.11.

SECTION 7.1.2 Maintenance of Existence; Material Obligations; Compliance with Contracts, Laws, etc. The Borrower will, and will cause each of its Subsidiaries to, preserve and maintain its legal existence, rights (charter and statutory), franchises, permits, licenses and approvals (in each case, except as otherwise permitted by Section 7.2.10), perform in all respects their obligations, including obligations under agreements to which the Borrower or a Subsidiary is a party, and comply in all respects with all applicable laws, rules, regulations and orders, including the payment (before the same become delinquent), of all obligations, including all Taxes imposed upon the Borrower or its Subsidiaries or upon their property except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on the books of the Borrower or its Subsidiaries, as applicable except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.3 Maintenance of Properties. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect the Borrower will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep its and their respective properties in good repair, working order and condition (ordinary wear and tear, casualty and condemnation excepted), and make necessary repairs, renewals and replacements so that the business carried on by the Borrower and its Subsidiaries may be properly conducted at all times, unless the Borrower or such Subsidiary determines in good faith that the continued maintenance of such property is no longer economically desirable, necessary or useful to the business of the Borrower or any of its Subsidiaries or the Disposition of such property is otherwise permitted by Sections 7.2.10 or 7.2.11.

SECTION 7.1.4 Insurance. The Borrower will, and will cause each of its Subsidiaries to maintain:

(a) insurance on its property with financially sound and reputable insurance companies against loss and damage in at least the amounts (and with only those deductibles) customarily maintained, and against such risks as are typically insured against in the same general area, by Persons of comparable size engaged in the same or similar business as the Borrower and its Subsidiaries; and

(b) all worker's compensation, employer's liability insurance or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business.

Without limiting the foregoing, all insurance policies required pursuant to this Section shall without duplication, be in addition to any requirements to maintain specific types of insurance contained in the other Loan Documents.

SECTION 7.1.5 Books and Records. The Borrower will, and will cause each of its Subsidiaries to, keep books and records in accordance with GAAP which accurately reflect in all material respects all of its business affairs and transactions and permit each Loan Party or any of their respective representatives, at reasonable times during normal business hours and intervals upon reasonable notice to the Borrower and except after the occurrence and during the continuance of an Event of Default not more frequently than once per Fiscal Year, to visit each Obligor's offices, to discuss such Obligor's financial matters with its officers and employees, and its independent public accountants (provided that management of the Borrower shall be notified and allowed to be present at all such meetings and the Borrower hereby authorizes such independent public accountant to discuss each Obligor's financial matters with each Loan Party or their representatives) and to examine (and photocopy extracts from) any of its books and records. The Borrower shall pay any reasonable fees of such independent public accountant incurred in connection with any Loan Party's exercise of its rights pursuant to this Section.

SECTION 7.1.6 Environmental Law Covenant. The Borrower will, and will cause each of its Subsidiaries to:

(a) use and operate all of its and their facilities and properties in compliance with all Environmental Laws, keep all permits, approvals, certificates, licenses and other

authorizations required under Environmental Laws in effect and remain in compliance therewith, and handle all Hazardous Materials in compliance with all applicable Environmental Laws, in each case except where failure to do so could not reasonably be expected to have a Material Adverse Effect; and

(b) promptly notify the Administrative Agent and provide copies upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties in respect of, or as to compliance with, Environmental Laws, the subject matter of which could reasonably be expected to have a Material Adverse Effect, and shall promptly resolve any non-compliance with Environmental Laws (except as could not reasonably be expected to have a Material Adverse Effect) and keep its property free of any Lien imposed by any Environmental Law.

SECTION 7.1.7 Use of Proceeds. The Borrower will apply the proceeds of the Bridge Loans to finance, in part, the Transaction, including the Dividend, and to pay the fees, costs and expenses related to the Transaction.

SECTION 7.1.8 Future Guarantors, etc. The Borrower will, and will cause each U.S. Subsidiary to, execute any documents, execute agreements and instruments, and take all commercially reasonable further action that may be required under applicable law, or that the Administrative Agent may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents. The Borrower will cause any subsequently acquired or organized U.S. Subsidiary to execute a supplement (in form and substance reasonably satisfactory to the Administrative Agent) to the Guaranty and each other applicable Loan Document in favor of the Loan Parties.

SECTION 7.1.9 Hedging Agreements. Within 60 days following the Closing Date, the Borrower and/or the IP Subsidiary will enter into interest rate swap, cap, collar or similar arrangements with a First Lien Lender, Second Lien Lender or any other Person reasonably acceptable to the Lenders designed to protect the Borrower and/or the IP Subsidiary against fluctuations in interest rates for a period of at least three years from the Closing Date, in an amount that would cause not less than 50% of the Indebtedness outstanding, under the Loan Documents, the First Lien Loan Documents, the Second Lien Loan Documents and the Senior Note Documents to bear interest at a fixed rate.

SECTION 7.1.10 Maintenance of Ratings. The Borrower will use its commercially reasonable efforts to cause a senior unsecured credit rating with respect to the Loans from each of S&P and Moody's to be available at all times until the Stated Maturity Date.

SECTION 7.1.11 Exchange Notes.

(a) At least 30 days prior to the Bridge Loan Repayment Date, the Borrower shall (i) select a bank or trust company to act as Exchange Note Trustee, (ii) enter into the Exchange Note Indenture and the Registration Rights Agreement, (iii) deliver to the Administrative Agent customary closing documentation (including an executed legal opinion in form and substance customary for a transaction of that type) to be mutually agreed upon by the Borrower and the Administrative Agent.

(b) So long as the Borrower has received requests to issue at least $25,000,000 in the aggregate principal amount of Exchange Notes, the Borrower will, on the fifth Business Day following the written request (the "Exchange Request") of the holder of any Rollover Loan (or beneficial owner of a portion thereof), which request may be given at any time on or after the Bridge Loan Repayment Date:

(i) execute and deliver, and cause the Exchange Note Trustee to execute and deliver, the Exchange Note Indenture and the Registration Rights Agreement if such documents have not previously been executed and delivered; and

(ii) execute and deliver to such holder or beneficial owner in accordance with the Exchange Note Indenture one or more Exchange Notes as evidence of all or a part of the principal amount of such Rollover Loan bearing interest as set forth therein dated the date of the issuance of such Exchange Note, payable to the order of such holder or owner, as the case may be, in the same principal amount as such Loan being evidenced (for certainty, including any capitalized interest).

(c) The Exchange Request shall specify the principal amount of the Loans to be evidenced by Exchange Notes pursuant to this Section, which shall be at least $100,000 and integral multiples of $50,000 in excess thereof or the entire remaining aggregate principal amount of the Loan of such Lender (for certainty, including any capitalized interest). Loans delivered to the Borrower in exchange for Exchange Notes under this Section to be evidenced by Exchange Notes shall be governed by and construed in accordance with the terms of the Exchange Note Indenture.

(d) The Exchange Note Trustee shall at all times be a corporation organized and doing business under the laws of the United States or the State of New York, in good standing and having its principal offices in the Borough of Manhattan, in The City of New York, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by federal or state authority and which has a combined capital and surplus of not less than $500,000,000.

(e) If Exchange Notes are issued pursuant to the terms hereof, then the Exchange Note Holders shall have the registration rights with respect to such Exchange Notes as set forth in the Registration Rights Agreement.

(f) The Exchange Note Indenture shall provide that the unpaid principal amount of each Exchange Note shall bear interest at a rate per annum equal to that of the Rollover Loans on the date of issuance of the Exchange Note.

(g) It is understood and agreed that the Rollover Loans exchanged for Exchange Notes constitute the same Indebtedness as such Exchange Notes and that no novation shall be effected by any such exchange.

SECTION 7.1.12 Change of Control.

(a) Upon a Change of Control, the Borrower shall prepay each Lender's Loans (including any Bridge Loans and Rollover Loans), without any premium, plus accrued and unpaid interest, if any, to the date of prepayment (the "Change of Control Payment"), in accordance with the terms contemplated in this Section 7.1.12.

(b) Prior to complying with the provisions of this Section 7.1.12, but in any event within 30 days following a Change of Control, the Borrower shall either repay all outstanding Indebtedness under the Senior Secured Facilities or obtain the requisite consents, if any, under the Senior Secured Facilities necessary to permit the prepayment of the Loans required by this Section 7.1.12, provided that the failure to repay such Indebtedness or obtain such consent shall not affect the obligation of the Borrower pursuant to clause (a) above.

SECTION 7.1.13. Refinancing the Loans. Upon the request of the Administrative Agent, the Borrower shall take all commercially reasonable actions to refinance, or cause the refinancing of, the Loans as promptly as the Borrower and the Administrative Agent reasonably agree is appropriate and practicable after the Closing Date through a public offering or private placement of up to $500,000,000 aggregate principal amount (or such lesser amount equal to the sum of the outstanding Bridge Loans plus the capitalization of amounts, if any, of any default interest on the Bridge Loans) of Senior Notes by the Borrower or such other corporation or entity agreed to by the Administrative Agent and the Borrower. Without limiting the foregoing the Borrower will cause its officers to participate in due diligence and marketing efforts (including participation in a roadshow and preparation of an offering memorandum) to effect such refinancing. The Borrower shall provide the Lead Arrangers (or their Affiliates) as soon as reasonably practicable following the filing of its Form 10K with the Securities and Exchange Commission ("SEC") for its 2006 fiscal year, but in no event later than October 15, 2006, a complete printed preliminary offering memorandum or prospectus relating to the issuance of the Senior Notes including all financial statements and other data to be included therein (including all audited financial statements and all unaudited financial statements (which unaudited financial statements shall have undergone an SAS 71 or 100 review, as applicable)) prepared in accordance with GAAP and prepared in accordance with Regulation S-X under the Securities Act (provided that with respect to Rule 3-10 thereunder the Borrower shall use commercially reasonable efforts to comply with such rule) and substantially all other data (including selected financial data and pro forma financial statements) that the SEC would require in a registered offering of the Senior Notes.

SECTION 7.1.14. Post-Closing Obligations.

(a) Excluded Contracts. The Borrower agrees to use commercially reasonable efforts to cause the Excluded Contracts to become owned by the Borrower or the applicable Subsidiary within 180 days of the Closing Date.

(b) Spin-Off Related Transfers. Within 180 days following the Closing Date (or such later dates from time to time as consented to by the Administrative Agent in its reasonable discretion), the Borrower will (i) cause Hanesbrands Philippines, Inc.; HBI Sourcing Asia Limited; Sara Lee Apparel International (Shanghai) Co. Ltd. (to be renamed Hanesbrands International (Shanghai) Co. Ltd.); Sara Lee Apparel India Private

Limited (to be renamed Hanesbrands India Private Limited); and SL Sourcing India Private Ltd. (to be renamed HBI Sourcing India Private Ltd.) to become Subsidiaries of the Borrower, (ii) own 50% of the issued and outstanding Capital Securities of Playtex Marketing Corporation and (iii) consummate the transfer of assets relating to the Branded Apparel Business from SL Hong Kong Ltd., Sara Lee Philippines Inc. and Hanesbrands Philippines Inc. to Subsidiaries of the Borrower. The Borrower represents and warrants that the fair market value of the assets to be transferred pursuant to this clause have a fair market value of less than $6,500,000.

(c) NT Investment Company, Inc. Within three Business Days following the Closing Date, the Borrower shall cause NT Investment Company, Inc. to be in good standing (and deliver to the Administrative Agent a copy of the good standing certificate) in the State of Delaware.

SECTION 7.2 Negative Covenants. The Borrower covenants and agrees with each Lender and the Administrative Agent that until the Termination Date has occurred, the Borrower will, and will cause its Subsidiaries to, perform or cause to be performed the obligations set forth below.

SECTION 7.2.1 Business Activities; Accounting Policies. The Borrower will not, and will not permit any of its Subsidiaries to, (a) engage in any business activity except those business activities engaged in on the date of this Agreement and activities reasonably related, supportive, complementary, ancillary or incidental thereto or reasonable extensions thereof or (b) change its accounting policies or financial reporting practices from such policies and practices in effect of the Closing Date, including any change to the ending dates with respect to the Borrower and its Subsidiaries' Fiscal Year (except to the extent set forth in the definition thereof) or Fiscal Quarters.

SECTION 7.2.2 Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, other than:

(a) Indebtedness in respect of the Obligations;

(b) unsecured Indebtedness of the Obligors (i) under the Senior Note Documents in an aggregate principal amount not to exceed $500,000,000, as such amount is reduced on or after the Closing Date in accordance with the terms hereof and (ii) under senior notes whether issued pursuant to a supplement to the Senior Note Indenture or any other senior note indenture, the terms of which are reasonably satisfactory to the Administrative Agent, so long as (x) the aggregate principal amount thereunder does not exceed $500,000,000 and (y) the proceeds therefor are applied to repay Loans in accordance with clause (h) of Section 3.1.1;

(c) Indebtedness existing as of the Closing Date which is identified in Item 7.2.2(c) of the Disclosure Schedule, and refinancings, refundings, reallocations, renewals or extensions of such Indebtedness in a principal amount not in excess of that which is outstanding on the Closing Date (as such amount has been reduced following the Closing Date);

(d) unsecured Indebtedness (i) incurred in the ordinary course of business of the Borrower and its Subsidiaries (including open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services which are not overdue for a period of more than 90 days or, if overdue for more than 90 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of the Borrower or such Subsidiary) and (ii) in respect of performance, surety or appeal bonds provided in the ordinary course of business, but excluding (in each case), Indebtedness incurred through the borrowing of money or Contingent Liabilities of borrowed money;

(e) Indebtedness (i) in respect of industrial revenue bonds or other similar governmental or municipal bonds, (ii) evidencing the deferred purchase price of newly acquired property or incurred to finance the acquisition of equipment of the Borrower and its Subsidiaries (pursuant to purchase money mortgages or otherwise, whether owed to the seller or a third party) used in the ordinary course of business of the Borrower and its Subsidiaries (provided that, such Indebtedness is incurred within 270 days of the acquisition of such property) and (iii) in respect of Capitalized Lease Liabilities; provided that, the aggregate amount of all Indebtedness outstanding pursuant to this clause shall not at any time exceed (x) $150,000,000 prior to the Bridge Loan Repayment Date and (y) $180,000,000 on and after the Bridge Loan Repayment Date;

(f) Indebtedness of (i) an Obligor owing to any other Obligor and of (ii) any Subsidiary (other than a Receivables Subsidiary) that is not a Subsidiary Guarantor or any Foreign Supply Chain Entity owing to an Obligor, which Indebtedness (A) shall, if payable to the Borrower or a Subsidiary Guarantor, not be discharged for any consideration other than payment in full or in part in cash or through the conversion of such Indebtedness to equity (provided that only the amount repaid in part shall be discharged); and (B) shall not (when aggregated with the amount of Investments made by the Borrower and the Subsidiary Guarantors in Subsidiaries which are not Subsidiary Guarantors and in Foreign Supply Chain Entities under clause (e)(i) of Section 7.2.5 and Indebtedness converted to equity pursuant to clause (f)(ii)(A)), exceed (x) $275,000,000 prior to the Bridge Loan Repayment Date and (y) $330,000,000 on and after the Bridge Loan Repayment Date, in each case at any one time outstanding;

(g) unsecured Indebtedness (not evidenced by a note or other instrument) of an Obligor owing to a Subsidiary that is not a Subsidiary Guarantor and has previously executed and delivered to the Administrative Agent the Interco Subordination Agreement;

(h) Indebtedness of the Obligors incurred pursuant to the terms of (i) the First Lien Loan Documents in a principal amount not to exceed $2,150,000,000 and (ii) the Second Lien Loan Documents in a principal amount not to exceed $450,000,000;

(i) Indebtedness of a Person existing at the time such Person became a Subsidiary of the Borrower, but only if such Indebtedness was not created or incurred in contemplation of such Person becoming a Subsidiary and the aggregate outstanding amount of all Indebtedness existing pursuant to this clause does not at any time exceed

(x) $100,000,000 prior to the Bridge Loan Repayment Date and (y) $120,000,000 on and after the Bridge Loan Repayment Date;

(j) Indebtedness incurred pursuant to a Permitted Securitization and Standard Securitization Undertakings;

(k) unsecured Indebtedness of the Borrower and its Subsidiaries incurred to (i) finance Permitted Acquisitions (including obligations of the Borrower and its Subsidiaries under indemnification, adjustment of purchase price, earn-out, incentive, non-compete, consulting, deferred compensation or other similar arrangements incurred by such Person in connection therewith) or (ii) refinance any other Indebtedness permitted to be incurred under clauses (a), (b), (e), (i) and (n) of this Section 7.2.2;

(l) Indebtedness in respect of Hedging Obligations entered into in the ordinary course of business and not for speculative purposes;

(m) Indebtedness of any Foreign Subsidiary owing to any other Foreign Subsidiary;

(n) Indebtedness (whether unsecured or secured by Liens) of Foreign Subsidiaries in an aggregate outstanding principal amount not to exceed (x) $150,000,000 prior to the Bridge Loan Repayment Date and (y) $180,000,000 on and after the Bridge Loan Repayment Date, in each case at any one time outstanding and Contingent Liabilities of any Obligor in respect thereof;

(o) Indebtedness incurred in the ordinary course of business in connection with cash pooling arrangements, cash management and other Indebtedness incurred in the ordinary course of business in respect of netting services, overdraft protections and similar arrangements in each case in connection with cash management and deposit accounts;

(p) Indebtedness consisting of the financing of insurance premiums in the ordinary course of business;

(q) unsecured Indebtedness of Borrower and its Subsidiaries representing the obligation of such Person to make payments with respect to the cancellation or repurchase of Capital Securities of officers, employees or directors (or their estates) of the Borrower or such Subsidiaries; and

(r) other Indebtedness of the Borrower and its Subsidiaries (other than Indebtedness of Foreign Subsidiaries owing to the Borrower or Subsidiary Guarantors or of a Receivables Subsidiary) in an aggregate amount at any time outstanding not to exceed (x) $100,000,000 prior to the Bridge Loan Repayment Date and (y) $120,000,000 on and after the Bridge Loan Repayment Date;

provided that, no Indebtedness otherwise permitted by clauses (c), (e), (f)(ii), (i), (k) or (r) shall be assumed, created or otherwise incurred if an Event of Default has occurred and is then continuing.

SECTION 7.2.3 Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Lien upon any of its property (including Capital Securities of any Person), revenues or assets, whether now owned or hereafter acquired, except the following (collectively "Permitted Liens"):

(a) Liens securing Indebtedness permitted by clause (h) of Section 7.2.2;

(b) Liens in connection with a Permitted Securitization;

(c) Liens existing as of the Closing Date and disclosed in Item 7.2.3(c) of the Disclosure Schedule securing Indebtedness described in clause (c) of Section 7.2.2, and refinancings, refundings, reallocations, renewals or extensions of such Indebtedness; provided that, no such Lien shall encumber any additional property (except for accessions to such property and the products and proceeds thereof) and the amount of Indebtedness secured by such Lien is not increased from that existing on the Closing Date;

(d) Liens securing Indebtedness of the type permitted under clause (e) of Section 7.2.2; provided that (i) such Lien is granted within 270 days after such Indebtedness is incurred, (ii) the Indebtedness secured thereby does not exceed the lesser of the cost or the fair market value of the applicable property, improvements or equipment at the time of such acquisition (or construction) and (iii) such Lien secures only the assets that are the subject of the Indebtedness referred to in such clause;

(e) Liens securing Indebtedness permitted by clause (i) of Section 7.2.2; provided that such Liens existed prior to such Person becoming a Subsidiary, were not created in anticipation thereof and attach only to specific tangible assets of such Person;

(f) Liens in favor of carriers, warehousemen, mechanics, repairmen, materialmen, customs and revenue authorities and landlords and other similar statutory Liens and Liens in favor of suppliers (including sellers of goods pursuant to customary reservations or retention of title, in each case) granted in the ordinary course of business for amounts not overdue for a period of more than 60 days or are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect;

(g) (i) Liens incurred or deposits made in the ordinary course of business in connection with worker's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, bids, leases, trade contracts or other similar obligations (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety and appeal bonds or performance bonds, performance and completion guarantees and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business and (ii) obligations in respect of letters of credit or bank guarantees that have been posted to support payment of the items set forth in the immediately preceding clause (i);

(h) judgment Liens that are being appealed in good faith or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies and which do not otherwise result in an Event of Default under Section 8.1.6;

(i) easements, rights-of-way, covenants, conditions, building codes, restrictions, reservations, minor defects or irregularities in title and other similar encumbrances and matters that would be disavowed by a full survey of real property not interfering in any material respect with the value or use of the affected or encumbered real property to which such Lien is attached;

(j) Liens securing Indebtedness permitted by clause (n) of Section 7.2.2;

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution and Liens attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business;

(l) (i) licenses, sublicenses, leases or subleases granted to third Persons in the ordinary course of business not interfering in any material respect with the business of the Borrower or any of its Subsidiaries, (ii) other agreements with respect to the use and occupancy of real property entered into in the ordinary course of business or in connection with a Disposition permitted under the Loan Documents or (iii) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by Borrower or any of its Subsidiaries or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(m) Liens on the property of the Borrower or any of its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, licenses and statutory obligations, (ii) Contingent Obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business;

(n) Liens on Receivables transferred to a Receivables Subsidiary under a Permitted Securitization;

(o) Liens upon specific items or inventory or other goods and proceeds of the Borrower or any of its Subsidiaries securing such Person's obligations in respect of bankers' acceptances or documentary letters of credit issued or created for the account of such Person to facilitate the shipment or storage of such inventory or other goods;

(p) Liens (i) (A) on advances of cash or Cash Equivalent Investments in favor of the seller of any property to be acquired in an Investment permitted pursuant to Section 7.2.5 to be applied against the purchase price for such Investment and (B) consisting of an agreement to Dispose of any property in a Disposition permitted under Section 7.2.11, in each case under this clause (i), solely to the extent such Investment or

Disposition, as the case may be, would have been permitted on the date of the creation of such Lien and (ii) on earnest money deposits of cash or Cash Equivalent Investments made by the Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement permitted hereunder;

(q) Liens arising from precautionary Uniform Commercial Code financing statement filings (or similar filings under other applicable Law) regarding leases entered into by the Borrower or any of its Subsidiaries in the ordinary course of business;

(r) Liens (i) arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods (including under Article 2 of the UCC) and Liens that are contractual rights of set-off relating to purchase orders and other similar agreements entered into by the Borrower or any of its Subsidiaries and (ii) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness and (iii) relating to pooled deposit or sweep accounts of any Borrower or any Subsidiary to permit satisfaction of overdraft or similar obligations in each case in the ordinary course of business and not prohibited by this Agreement;

(s) other Liens securing Indebtedness or other obligations permitted under this Agreement in an aggregate principal amount at any time outstanding not to exceed (x) $75,000,000 prior to the Bridge Loan Repayment Date and (y) $90,000,000 on and after the Bridge Loan Repayment Date;

(t) ground leases in respect of real property on which facilities owned or leased by the Borrower or any of its Subsidiaries are located or any Liens senior to any lease, sub-lease or other agreement under which the Borrower or any of its Subsidiaries uses or occupies any real property;

(u) Liens constituting security given to a public or private utility or any Governmental Authority as required in the ordinary course of business;

(v) pledges or deposits of cash and Cash Equivalent Investments securing deductibles, self-insurance, co-payment, co-insurance, retentions and similar obligations to providers of insurance in the ordinary course of business;

(w) Liens on (A) incurred premiums, dividends and rebates which may become payable under insurance policies and loss payments which reduce the incurred premiums on such insurance policies and (B) rights which may arise under State insurance guarantee funds relating to any such insurance policy, in each case securing Indebtedness permitted to be incurred pursuant to clause (p) of Section 7.2.2; and

(x) Liens for Taxes not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books or with respect to which the failure to make payment could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.2.4 Financial Condition and Operations. The Borrower will not permit any of the events set forth below to occur.

(a) The Borrower will not permit the Leverage Ratio as of the last day of any Fiscal Quarter occurring during any period set forth below to be greater than the ratio set forth opposite such period:

| Period | Leverage Ratio |
|---|---|
| Each Fiscal Quarter ending between December 15, 2006 and April 15, 2007 | 5.50:1.00 |
| Each Fiscal Quarter ending between April 16, 2007 and July 15, 2007 | 5.00:1.00 |
| Each Fiscal Quarter ending between July 16, 2007 and September 15, 2007 | 4.75:1.00 |
| Each Fiscal Quarter ending between September 16, 2007 and October 15, 2007 | 5.25:1.00 |
| Each Fiscal Quarter ending between October 16, 2007 and April 15, 2008 | 5.00:1.00 |
| Each Fiscal Quarter ending between April 16, 2008 and October 15, 2008 | 4.75:1.00 |
| Each Fiscal Quarter ending between October 16, 2008 and April 15, 2009 | 4.50:1.00 |
| Each Fiscal Quarter ending between April 16, 2009 and July 15, 2009 | 4.25:1.00 |
| Each Fiscal Quarter ending between July 16, 2009 and October 15, 2009 | 4.00:1.00 |
| Each Fiscal Quarter thereafter | 3.75:1.00 |

(b) The Borrower will not permit the Interest Coverage Ratio as of the last day of any Fiscal Quarter occurring during any period set forth below to be less than the ratio set forth opposite such period:

| Period | Interest Coverage Ratio |
|---|---|
| Each Fiscal Quarter ending between December 15, 2006 and July 15, 2007 | 2.00:1.00 |
| Each Fiscal Quarter ending between July 16, 2007 and September 15, 2007 | 2.25:1.00 |
| Each Fiscal Quarter ending between September 16, 2007 and January 15, 2008 | 1.75:1.00 |
| Each Fiscal Quarter ending between January 16, 2008 and October 15, 2008 | 2.00:1.00 |
| Each Fiscal Quarter ending between October 16, 2008 and April 15, 2009 | 2.25:1.00 |
| Each Fiscal Quarter thereafter | 2.50:1.00 |

SECTION 7.2.5 Investments. The Borrower will not, and will not permit any of its Subsidiaries to, purchase, make, incur, assume or permit to exist any Investment in any other Person, except:

(a) Investments existing on the Closing Date and identified in Item 7.2.5(a) of the Disclosure Schedule;

(b) Cash Equivalent Investments;

(c) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(d) Investments consisting of any deferred portion (including promissory notes and non-cash consideration) of the sales price received by the Borrower or any Subsidiary in connection with any Disposition permitted under Section 7.2.11;

(e) Investments by way of contributions to capital or purchases of Capital Securities (i) by the Borrower in any Subsidiaries or by any Subsidiary in other Subsidiaries or by the Borrower or any Subsidiary in any Foreign Supply Chain Entity; provided that, the aggregate amount of intercompany loans made pursuant to clause (f)(ii) of Section 7.2.2, Indebtedness converted into equity pursuant to clause (f)(ii)(A) of Section 7.2.2 and Investments under this clause made by the Borrower and Subsidiary Guarantors in (x) Subsidiaries that are not Subsidiary Guarantors or (y) any Foreign Supply Chain Entity shall not exceed the amount set forth in clause (f)(ii) of Section 7.2.2 at any one time outstanding, or (ii) by any Subsidiary in the Borrower;

(f) Investments constituting (i) accounts receivable arising or acquired, (ii) trade debt granted, or (iii) deposits made in connection with the purchase price of goods or services, in each case in the ordinary course of business;

(g) Investments by way of the acquisition of Capital Securities or the purchase or other acquisition of all or substantially all of the assets or business of any Person, or of assets constituting a business unit, or line of business or division of, such Person, in each case constituting Permitted Acquisitions in an amount, when aggregated with the amount expended under clause (b) of Section 7.2.10, does not exceed the amount set forth in clause (b) of Section 7.2.10 in any Fiscal Year;

(h) Investments constituting Capital Expenditures permitted pursuant to Section 7.2.7;

(i) Investments in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person under a Permitted Securitization; provided that any Investment in a Receivables Subsidiary is in the form of a Purchase Money Note, contribution of additional receivables and related assets or any equity interests;

(j) Investments constituting loans or advances to officers, directors or employees made in the ordinary course of business (including for travel, entertainment and relocation expenses) on and after the Closing Date in an aggregate amount not to exceed (x) $10,000,000 prior to the Bridge Loan Repayment Date and (y) $12,000,000 on and after the Bridge Loan Repayment Date;

(k) Investments by any Foreign Subsidiary in any other Foreign Subsidiary;

(l) Investments in the ordinary course of business consisting of (i) endorsements for collection or deposit, (ii) customary arrangements with customers or (iii) Hedging Obligations not for speculative purposes;

(m) advances of payroll payments to employees in the ordinary course of business; and

(n) other Investments in an amount not to exceed (x) $100,000,000 prior to the Bridge Loan Repayment Date and (y) $120,000,000 on and after the Bridge Loan Repayment Date, in each case over the term of this Agreement;

provided that (I) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; and (II) no Investment otherwise permitted by clauses (e)(i) (to the extent such Investment relates to an Investment in a Foreign Subsidiary or a Foreign Supply Chain Entity), (g) or (n) shall be permitted to be made if any Event of Default has occurred and is continuing.

SECTION 7.2.6 Restricted Payments, etc. The Borrower will not, and will not permit any of its Subsidiaries (other than a Receivables Subsidiary) to, declare or make a Restricted Payment, or make any deposit for any Restricted Payment, other than (a) Restricted Payments

made by Subsidiaries to the Borrower or wholly owned Subsidiaries, (b) the Dividend, (c) cashless exercises of stock options, (d) cash payments by Borrower in lieu of the issuance of fractional shares upon exercise or conversion of Equity Equivalents, (e) Restricted Payments in connection with the share repurchases required by the employee stock ownership programs or required under employee agreements, (f) so long as (i) no Specified Default has occurred and is continuing or would result therefrom, and (ii) both before and after giving effect to such Restricted Payment, the Borrower is in pro forma compliance with Section 7.2.4, Permitted Additional Restricted Payments and (g) Restricted Payments made by a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary, to the Persons owning such Foreign Subsidiary's Capital Securities.

SECTION 7.2.7 Capital Expenditures.

(a) Subject (in the case of Capitalized Lease Liabilities), to clause (e) of Section 7.2.2, the Borrower will not, and will not permit any of its Subsidiaries to, make or commit to make Capital Expenditures except Capital Expenditures in an aggregate amount not to exceed (x) $130,000,000 prior to the Bridge Loan Repayment Date and (y) $156,000,000 on and after the Bridge Loan Repayment Date, in each case in any Fiscal Year; provided that, to the extent that the amount of Capital Expenditures made by the Borrower and its Subsidiaries during any Fiscal Year is less than the aggregate amount permitted (including after giving effect to this proviso) for such Fiscal Year, then such unutilized amount may be carried forward and utilized by the Borrower and its Subsidiaries to make Capital Expenditures in any succeeding Fiscal Year. Notwithstanding anything to the contrary with respect to any Fiscal Year of the Borrower during which a Permitted Acquisition is consummated and for each Fiscal Year subsequent thereto, the amount of Capital Expenditures permitted under the preceding sentence applicable to each such Fiscal Year shall be increased by an amount equal to 5% of the purchase price of each Permitted Acquisition (the "Acquired Permitted Capital Expenditure Amount"); provided, however, with respect to the Fiscal Year during which any such Permitted Acquisition occurs, the amount of additional Capital Expenditures permitted as a result of this sentence shall be an amount equal to the product of (x) the Acquired Permitted Capital Expenditure Amount and (y) a fraction, the numerator of which is the number of days remaining in such Fiscal Year after the date such Permitted Acquisition is consummated and the denominator of which is the actual number of days in such Fiscal Year.

(b) Notwithstanding anything to the contrary contained in clause (a) above, for any Fiscal Year, the amount of Capital Expenditures that would otherwise be permitted in such Fiscal Year pursuant to this Section 7.2.7 (including as a result of the carry-forward described in the proviso to the first sentence of clause (a) above) may be increased by an amount not to exceed (x) $10,000,000 in any Fiscal Year prior to the Bridge Loan Repayment Date and (y) $12,000,000 in any Fiscal Year on and after the Bridge Loan Repayment Date (the "CapEx Pull-Forward Amount"). The actual CapEx Pull-Forward Amount in respect of any such Fiscal Year shall reduce, on a dollar-for-dollar basis, the amount of Capital Expenditures that would have been permitted to be made in the immediately succeeding Fiscal Year (provided that the Borrower and its Subsidiaries may apply the CapEx Pull-Forward Amount in such immediately succeeding Fiscal Year).

SECTION 7.2.8 Payments With Respect to Certain Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to,

(a) make any payment or prepayment of principal of, or premium or interest on, any Indebtedness incurred under the Senior Note Documents (including any redemption or retirement thereof) (i) other than on (or after) the stated, scheduled date for payment of interest set forth in the Senior Note Documents or (ii) which would violate the terms of this Agreement or the Senior Note Documents;

(b) except as otherwise permitted by clause (a) above, prior to the Termination Date, redeem, retire, purchase, defease or otherwise acquire any Indebtedness under the Senior Note Documents (other than with proceeds from the issuance of the Borrower's Capital Securities (to the extent not otherwise required to be used to repay Loans pursuant to clause (e) of Section 3.1.1) permitted to be used to redeem Senior Notes in accordance with the terms of the Senior Note Documents);

(c) make any deposit (including the payment of amounts into a sinking fund or other similar fund) for any of the foregoing purposes; or

(d) make any payment or prepayment of principal of, or premium or interest on, any Indebtedness that is by its express written terms subordinated to the payment of the Obligations at any time when an Event of Default has occurred and is continuing.

SECTION 7.2.9 Issuance of Capital Securities. The Borrower will not permit any of its Subsidiaries (other than a Receivables Subsidiary and any Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary) to issue any Capital Securities (whether for value or otherwise) to any Person other than to the Borrower or another wholly owned Subsidiary (other than any director's qualifying shares or investments by foreign nationals mandated by applicable laws).

SECTION 7.2.10 Consolidation, Merger; Permitted Acquisitions, etc. The Borrower will not, and will not permit any of its Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other Person, or purchase or otherwise acquire all or substantially all of the assets of any Person (or any division or line of business thereof), except

(a) any Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any other Subsidiary (provided that a Subsidiary Guarantor may only liquidate or dissolve into, or merge with and into, the Borrower or another Subsidiary Guarantor), and the assets or Capital Securities of any Subsidiary may be purchased or otherwise acquired by the Borrower or any other Subsidiary (provided that the assets or Capital Securities of any Subsidiary Guarantor may only be purchased or otherwise acquired by the Borrower or another Subsidiary Guarantor); and

(b) so long as no Event of Default has occurred and is continuing or would occur after giving effect thereto, the Borrower or any of its Subsidiaries may purchase the Capital Securities, all or substantially all of the assets of any Person (or any division or line of business thereof), or acquire such Person by merger, in each case, if such purchase or acquisition constitutes a Permitted Acquisition, and the amount expended in

connection with such transaction, when aggregated with the amount expended under clause (g) of Section 7.2.5, does not exceed (x) $100,000,000 prior to the Bridge Loan Repayment Date and (y) $120,000,000 on and after the Bridge Loan Repayment Date, in each case per Fiscal Year plus the amount of Net Disposition Proceeds the Borrower is not required to repay pursuant to Section 3.1.1, Section 3.1.1 of the First Lien Credit Agreement and Section 3.1.1 of the Second Lien Credit Agreement and not otherwise reinvested hereunder (so long as such proceeds are actually used for such purpose) and the Excluded Equity Proceeds Amount (so long as such proceeds are actually used for such purpose); provided that any Capital Securities of the Borrower issued to the seller in connection with any Permitted Acquisition shall not result in a deduction of amounts available to consummate Permitted Acquisitions hereunder.

SECTION 7.2.11 Permitted Dispositions. The Borrower will not, and will not permit any of its Subsidiaries to, Dispose of any of the Borrower's or such Subsidiaries' assets (including accounts receivable and Capital Securities of Subsidiaries) to any Person in one transaction or series of transactions unless such Disposition is:

(a) inventory or obsolete, no longer used or useful, damaged, worn out or surplus property Disposed of in the ordinary course of its business (including, the abandonment of intellectual property which is obsolete, no longer used or useful or that in the Borrower's good faith judgment is no longer material in the conduct of the Borrower and its Subsidiaries' business taken as a whole):

(b) permitted by Section 7.2.10;

(c) accounts receivable or any related asset Disposed of pursuant to a Permitted Securitization;

(d) of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property;

(e) of property by the Borrower or any Subsidiary provided that if the transferor of such property is the Borrower or a Subsidiary Guarantor (i) the transferee must either be the Borrower or a Subsidiary Guarantor or (ii) to the extent such transaction constitutes an Investment such transaction is permitted under Section 7.2.5;

(f) of cash or Cash Equivalent Investments;

(g) of accounts receivable in connection with compromise, write down or collection thereof in the ordinary course of business;

(h) constituting leases, subleases, licenses or sublicenses of property (including intellectual property) in the ordinary course of business and which do not materially interfere with the business of the Borrower and its Subsidiaries;

(i) constituting a transfer of property subject to a Casualty Event (i) upon receipt of Net Casualty Proceeds of such Casualty Event or (ii) to a Governmental Authority as a result of condemnation;

(j) sales of a non-core assets acquired in connection with a Permitted Acquisition which are not used or useful or are duplicative in the business of the Borrower or its Subsidiaries;

(k) a grant of options to purchase, lease or acquire real or personal property in the ordinary course of business, so long as the Disposition resulting from the exercise of such option would otherwise be permitted under this Section 7.2.11;

(l) Dispositions of Investments in Foreign Supply Chain Entities (or a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary), to the extent required by, or made pursuant to buy/sell arrangements between the Foreign Supply Chain Entity parties forth in, the contracts applicable to such Foreign Supply Chain Entity (or a Foreign Supply Chain Entity that has been redesignated as a Foreign Subsidiary);

(m) Dispositions of the property described on Item 7.2.11(m) of the Disclosure Schedule; or

(n) a Disposition of assets not otherwise permitted pursuant to preceding clauses (a)-(m) and (i) is for fair market value and the consideration received consists of no less than 75% in cash and Cash Equivalent Investments, (ii) the Net Disposition Proceeds received from such Disposition, together with the Net Disposition Proceeds of all other assets Disposed of pursuant to this clause since the Closing Date, does not exceed (individually or in the aggregate) (x) $100,000,000 prior to the Bridge Loan Repayment Date and (y) $120,000,000 on and after the Bridge Loan Repayment Date and (iii) the Net Disposition Proceeds from such Disposition are applied pursuant to Sections 3.1.1 and 3.1.2.

SECTION 7.2.12 Modification of Certain Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, consent to any amendment, supplement, waiver or other modification of, or enter into any forbearance from exercising any rights with respect to the terms or provisions contained in,

(a) any of the Transaction Documents (other than the First Lien Loan Documents and the Second Lien Loan Documents) other than any amendment, supplement, waiver or modification which would not be materially adverse to the Loan Parties; or

(b) the Organic Documents of the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary) other than any amendment, supplement, waiver or modification which would not be materially adverse to the Loan Parties.

SECTION 7.2.13 Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, enter into or cause or permit to exist any arrangement,

transaction or contract (including for the purchase, lease or exchange of property or the rendering of services) with any of its other Affiliates, unless such arrangement, transaction or contract is on fair and reasonable terms no less favorable to the Borrower or such Subsidiary than it could obtain in an arm's-length transaction with a Person that is not an Affiliate other than arrangements, transactions or contracts (a) between or among the Borrower and any of its Subsidiaries, (b) in connection with the cash management of the Borrower and its Subsidiaries in the ordinary course of business, (c) in connection with a Permitted Securitization including Standard Securitization Undertakings or (d) that is a Transaction Document.

SECTION 7.2.14 Restrictive Agreements, etc. The Borrower will not, and will not permit any of its Subsidiaries (other than a Receivables Subsidiary) to, enter into any agreement prohibiting

(a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired;

(b) the ability of any Obligor to amend or otherwise modify any Loan Document; or

(c) the ability of any Subsidiary (other than a Receivables Subsidiary) to make any payments, directly or indirectly, to the Borrower, including by way of dividends, advances, repayments of loans, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments.

The foregoing prohibitions shall not apply to restrictions contained (i) in any Loan Document, in any First Lien Loan Document or in any Second Lien Loan Document, (ii) in the cases of clause (a) and (c), in any Senior Note Document, (iii) in the case of clause (a), any agreement governing any Indebtedness permitted by clause (e) of Section 7.2.2 as to the assets financed with the proceeds of such Indebtedness, (iv) in the case of clauses (a) and (c), any agreement of a Foreign Subsidiary governing the Indebtedness permitted to be incurred or permitted to exist hereunder, (v) with respect to any Receivables Subsidiary, in the case of clauses (a) and (c), the documentation governing any Securitization permitted hereunder, (vi) solely with respect to clause (a), any arrangement or agreement arising in connection with a Disposition permitted under this Agreement (but then only with respect to the assets being so Disposed), (vii) solely with respect to clause (a) and (c), are already binding on a Subsidiary when it is acquired, (viii) solely with respect to clause (a), customary restrictions in leases, subleases, licenses and sublicenses and (ix) solely with respect to clause (a) and (c), any agreement of a Foreign Supply Chain Entity that was redesignated as a Foreign Subsidiary.

SECTION 7.2.15 Sale and Leaseback. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly enter into any agreement or arrangement providing for the sale or transfer by it of any property (now owned or hereafter acquired) to a Person and the subsequent lease or rental of such property or other similar property from such Person, except for agreements and arrangements with respect to property the fair market value (as determined in good faith by the Board of Directors of the Borrower) of which does not exceed $120,000,000 in the aggregate following the Closing Date and the Net Disposition Proceeds of which are applied pursuant to Sections 3.1.1 and 3.1.2.

SECTION 7.2.16 Amendments or Waivers of Certain Documents. Without the consent of the Required Lenders, the Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into any amendment, modification, supplement or waiver with respect to the Senior Secured Facilities as in effect on the Closing Date that would modify any of the provisions thereof or any of the definitions relating to the provisions thereof in respect of (i) the issuance of the Exchange Notes or (ii) the issuance or sale of any equity or debt securities or the incurrence of any Indebtedness to repay or refinance the Bridge Loans, in either case in a manner materially adverse to the Lenders.

SECTION 7.2.17 Investments in European TM SPV. Notwithstanding anything else set forth herein, the Borrower will not, and will not permit any of its Subsidiaries to make any additional Investment in European TM SPV or transfer any of their respective assets to European TM SPV.

## ARTICLE VIII
## EVENTS OF DEFAULT

SECTION 8.1 Listing of Events of Default. Each of the following events or occurrences described in this Article shall constitute an "Event of Default".

SECTION 8.1.1 Non-Payment of Obligations. The Borrower shall default in the payment or prepayment when due of

(a) any principal of any Loan;

(b) any interest on any Loan or any fee described in Article III, and such default shall continue unremedied for a period of three days after such interest or fee was due; or

(c) any other monetary Obligation, and such default shall continue unremedied for a period of 10 Business Days after such amount was due.

SECTION 8.1.2 Breach of Warranty. Any representation or warranty of any Obligor made or deemed to be made in any Loan Document (including any certificates delivered pursuant to Article V) is or shall be incorrect in any material respect when made or deemed to have been made.

SECTION 8.1.3 Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance or observance of any of its obligations under Section 7.1.1, Section 7.1.7, Section 7.1.11, Section 7.1.12, Section 7.1.13 or Section 7.2.

SECTION 8.1.4 Non-Performance of Other Covenants and Obligations. Any Obligor shall default in the due performance and observance of any other agreement contained in any Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after the earlier to occur of (a) notice thereof given to the Borrower by the Administrative Agent or any Lender or (b) the date on which any Obligor has knowledge of such default.

SECTION 8.1.5 Default on Other Indebtedness. A default shall occur in the payment of any amount when due (subject to any applicable grace period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Indebtedness (other than Indebtedness described in Section 8.1.1) of the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary) or any other Obligor having a principal or stated amount, individually or in the aggregate, in excess of (x) $50,000,000 prior to the Bridge Loan Repayment Date and (y) $60,000,000 on and after the Bridge Loan Repayment Date, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause or declare such Indebtedness to become due and payable or to require such Indebtedness to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity.

SECTION 8.1.6 Judgments. Any (a) judgment or order for the payment of money individually or in the aggregate in excess of (x) $50,000,000 prior to the Bridge Loan Repayment Date and (y) $60,000,000 on and after the Bridge Loan Repayment Date (exclusive of any amounts fully covered by insurance (less any applicable deductible) or an indemnity by any other third party Person and as to which the insurer or such Person has acknowledged its responsibility to cover such judgment or order not denied in writing) shall be rendered against the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary) and such judgment shall not have been vacated or discharged or stayed or bonded pending appeal within 45 days after the entry thereof or enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (b) non-monetary judgment or order that has had, or could reasonably be expected to have, a Material Adverse Effect.

SECTION 8.1.7 Pension Plans. Any of the following events shall occur with respect to any Pension Plan

(a) the institution of any steps by the Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrower or any such member could be required to make a contribution to such Pension Plan, or could reasonably expect to incur a liability or obligation to such Pension Plan, in excess of (x) $50,000,000 prior to the Bridge Loan Repayment Date and (y) $60,000,000 on and after the Bridge Loan Repayment Date; or

(b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA.

SECTION 8.1.8 [Intentionally Omitted].

SECTION 8.1.9 Bankruptcy, Insolvency, etc. The Borrower, any of its Subsidiaries (other than a Receivables Subsidiary) or any other Obligor shall

(a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness generally to pay, debts as they become due;

(b) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, sequestrator or other custodian for any substantial part of the property of any thereof, or make a general assignment for the benefit of creditors;

(c) in the absence of such application, consent or acquiescence in or permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged, stayed, vacated or bonded pending appeal within 60 days; provided that, the Borrower, each Subsidiary and each other Obligor hereby expressly authorizes each Loan Party to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

(d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law or any dissolution, winding up or liquidation proceeding, in respect thereof, and, if any such case or proceeding is not commenced by the Borrower, any Subsidiary or any Obligor, such case or proceeding shall be consented to or acquiesced in by the Borrower, such Subsidiary or such Obligor, as the case may be, or shall result in the entry of an order for relief or shall remain for 60 days undismissed, undischarged, unstayed or unbonded pending appeal; provided that, the Borrower, each Subsidiary and each Obligor hereby expressly authorizes each Loan Party to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or

(e) take any action authorizing, or in furtherance of, any of the foregoing.

SECTION 8.1.10 Impairment of Loan Documents. Any Loan Document shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto; or any Obligor or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability.

SECTION 8.2 Action if Bankruptcy. If any Event of Default described in clauses (a) through (d) of Section 8.1.9 with respect to the Borrower shall occur, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other Obligations shall automatically be and become immediately due and payable, without notice or demand to any Person.

SECTION 8.3 Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (a) through (d) of Section 8.1.9 with respect to the Borrower) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Administrative Agent, upon the direction of the Required Lenders, shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall

be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment.

ARTICLE IX
THE ADMINISTRATIVE AGENT, THE LEAD ARRANGERS
AND THE SYNDICATION AGENTS

SECTION 9.1 Actions. Each Lender hereby appoints Morgan Stanley as its Administrative Agent, under and for purposes of each Loan Document. Each Lender authorizes the Administrative Agent to act on behalf of such Lender under each Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Administrative Agent (with respect to which the Administrative Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel in order to avoid contravention of applicable law), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof, together with such powers as may be incidental thereto. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) the Administrative Agent, pro rata according to such Lender's proportionate Total Exposure Amount, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, the Administrative Agent in any way relating to or arising out of any Loan Document (including attorneys' fees and expenses), and as to which the Administrative Agent is not reimbursed by the Borrower (and without limiting its obligation to do so); provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted from the Administrative Agent's gross negligence or willful misconduct. The Administrative Agent shall not be required to take any action under any Loan Document, or to prosecute or defend any suit in respect of any Loan Document, unless it is indemnified hereunder to its reasonable satisfaction. If any indemnity in favor of the Administrative Agent shall be or become, in the Administrative Agent's determination, inadequate, the Administrative Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 9.2 Funding Reliance, etc. Unless the Administrative Agent shall have been notified in writing by any Lender by 3:00 p.m. on the Business Day prior to a Borrowing that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Administrative Agent, such Lender and the Borrower severally agree to repay the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Administrative Agent made such amount available to the Borrower to the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to Loans comprising such Borrowing (in the case of the Borrower) and (in the case of a Lender), at the Federal Funds Rate (for the first two Business Days after which such amount has not been repaid), and thereafter at the interest rate applicable to Loans comprising such Borrowing.

SECTION 9.3 Exculpation. Neither any Lead Arranger, the Administrative Agent nor any of its directors, officers, employees, agents or Affiliates shall be liable to any Loan Party for any action taken or omitted to be taken by it under any Loan Document, or in connection therewith, except for its own willful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of any Loan Document, nor for the creation, perfection or priority of any Liens purported to be created by any of the Loan Documents, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by any Obligor of its Obligations. Any such inquiry which may be made by a Lead Arranger or the Administrative Agent shall not obligate it to make any further inquiry or to take any action. Each Lead Arranger and the Administrative Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which such Lead Arranger or the Administrative Agent believes to be genuine and to have been presented by a proper Person.

SECTION 9.4 Successor. The Administrative Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If the Administrative Agent at any time shall resign, the Required Lenders may appoint (subject to, so long as no Event of Default has occurred and is continuing, the reasonable consent of the Borrower not to be unreasonably withheld or delayed) another Lender as such Person's successor Administrative Agent which shall thereupon become the Administrative Agent hereunder. If no successor Administrative Agent shall have been so appointed by the Required Lenders (and consented to by the Borrower), and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the United States (or any State thereof) or a United States branch or agency of a commercial banking institution, and having a combined capital and surplus of at least $250,000,000; provided that, if such retiring Administrative Agent is unable to find a commercial banking institution which is willing to accept such appointment and which meets the qualifications set forth in above, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor as provided for above. Upon the acceptance of any appointment as the Administrative Agent hereunder by any successor Administrative Agent, such successor Administrative Agent shall be entitled to receive from the retiring Administrative Agent such documents of transfer and assignment as such successor Administrative Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Administrative Agent's resignation hereunder as the Administrative Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under the Loan Documents, and Section 10.3 and Section 10.4 shall continue to inure to its benefit.

SECTION 9.5 Loans by Morgan Stanley. Morgan Stanley shall have the same rights and powers with respect to (a) the Loans made by it or any of its Affiliates, and (b) the Notes held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not

the Administrative Agent. Morgan Stanley and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if Morgan Stanley were not the Administrative Agent hereunder.

SECTION 9.6 Credit Decisions. Each Lender acknowledges that it has, independently of the Administrative Agent and each other Lender, and based on such Lender's review of the financial information of the Borrower, the Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitments. Each Lender also acknowledges that it will, independently of the Administrative Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under the Loan Documents.

SECTION 9.7 Copies, etc. The Administrative Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to the Administrative Agent by the Borrower pursuant to the terms of the Loan Documents (unless concurrently delivered to the Lenders by the Borrower). The Administrative Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by the Administrative Agent from the Borrower for distribution to the Lenders by the Administrative Agent in accordance with the terms of the Loan Documents. The Administrative Agent shall not, except as expressly set forth in the Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Administrative Agent or any of its Affiliates in any capacity.

SECTION 9.8 Reliance by The Administrative Agent. The Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telecopy, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Administrative Agent. As to any matters not expressly provided for by the Loan Documents, the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, thereunder in accordance with instructions given by the Required Lenders or all of the Lenders as is required in such circumstance, and such instructions of such Lenders and any action taken or failure to act pursuant thereto shall be binding on all Loan Parties.

SECTION 9.9 Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default (other than a Default under Section 8.1.1) unless the Administrative Agent has received a written notice from a Lender or the Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall (subject to Section 10.1) take such action with respect to such Default as shall be directed by the Required Lenders; provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable

in the best interest of the Loan Parties except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Required Lenders or all Lenders.

SECTION 9.10 Lead Arrangers and Syndication Agents. Notwithstanding anything else to the contrary contained in this Agreement or any other Loan Document, the Lead Arrangers and the Syndication Agents, in their respective capacities as such, each in such capacity, shall have no duties or responsibilities under this Agreement or any other Loan Document nor any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against such Person in such capacity. Each Lead Arranger shall at all times have the right to receive current copies of the Register and any other information relating to the Lenders and the Loans that they may request from the Administrative Agent. Each Lead Arranger shall at all times have the right to receive a current copy of the Register and any other information relating to the Lenders and the Loans that they may request from the Administrative Agent.

SECTION 9.11 Posting of Approved Electronic Communications.

(a) The Borrower hereby agrees, unless directed otherwise by the Administrative Agent or unless the electronic mail address referred to below has not been provided by the Administrative Agent to the Borrower, that it will, or will cause its Subsidiaries to, provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents or to the Lenders under Section 7.1.1, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) is or relates to a Borrowing Request, (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor and (iii) provides notice of any Default (all such non-excluded communications being referred to herein collectively as “Communications”), by transmitting the Communications in an electronic/soft medium that is properly identified in a format reasonably acceptable to the Administrative Agent to an electronic mail address as directed by the Administrative Agent; provided for the avoidance of doubt the items described in clauses (i) and (iii) above may be delivered via facsimile transmissions. In addition, the Borrower agrees, and agrees to cause its Subsidiaries, to continue to provide the Communications to the Administrative Agent or the Lenders, as the case may be, in the manner specified in the Loan Documents but only to the extent requested by the Administrative Agent.

(b) The Borrower further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar secure electronic transmission system (the “Platform”).

(c) THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE”. THE INDEMNIFIED PARTIES DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND,

EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS IS MADE BY THE INDEMNIFIED PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL ANY PARTY HERETO HAVE ANY LIABILITY TO ANY OBLIGOR, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES OF ANY KIND, WHETHER OR NOT BASED ON STRICT LIABILITY AND INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY OBLIGOR'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF SUCH PERSON IS FOUND IN A FINAL RULING BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH INDEMNIFIED PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(d) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at the e-mail address set forth on Schedule II shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that receipt of notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and that the foregoing notice may be sent to such e-mail address.

(e) Nothing herein shall prejudice the right of the Administrative Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

## ARTICLE X
## MISCELLANEOUS PROVISIONS

SECTION 10.1 Waivers, Amendments, etc. The provisions of each Loan Document (other than the Fee Letter, which shall be modified only in accordance with its terms) may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; provided that, no such amendment, modification or waiver shall:

(a) modify Section 4.4, Section 4.5 (as it relates to sharing of payments) or this Section, in each case, without the consent of all Lenders;

(b) increase the aggregate amount of any Loans required to be made by a Lender pursuant to its Commitments, extend the Commitment Termination Date of Loans made (or participated in) by a Lender or extend the final Stated Maturity Date for any

Lender’s Loan, in each case without the consent of such Lender (it being agreed, however, that any vote to rescind any acceleration made pursuant to Section 8.2 and Section 8.3 of amounts owing with respect to the Loans and other Obligations shall only require the vote of the Required Lenders);

(c) reduce (by way of forgiveness), the principal amount of or reduce the rate of interest on any Lender’s Loan, reduce any fees described in Article III payable to any Lender or extend the date on which interest or fees are payable in respect of such Lender’s Loans, in each case without the consent of such Lender (provided that, the vote of Required Lenders shall be sufficient to waive the payment, or reduce the increased portion, of interest accruing under Section 3.2.2 and such waiver shall not constitute a reduction of the rate of interest hereunder);

(d) reduce the percentage set forth in the definition of “Required Lenders” or modify any requirement hereunder that any particular action be taken by all Lenders without the consent of all Lenders;

(e) except as otherwise expressly provided in a Loan Document, release the Borrower from its Obligations under the Loan Documents or any Subsidiary Guarantor from its obligations under the Guaranty, in each case without the consent of all Lenders;

(f) amend, modify or waive any provision in the Exchange Note Indenture that requires (or would, if any Exchange Notes were outstanding, require) the approval of all holders of Exchange Notes, in each case without the consent of all Lenders;

(g) restrict the right of any Lender to exchange Loans for Exchange Notes or amend the rate of such exchange or amend the terms of the Exchange Notes in any manner that requires (or would, if the Exchange Notes were outstanding, require) the approval of all holders of Exchange Notes, in each case without the consent of each Lender directly affected thereby; or

(h) affect adversely the interests, rights or obligations of the Administrative Agent (in its capacity as the Administrative Agent) unless consented to by the Administrative Agent.

No failure or delay on the part of any Loan Party in exercising any power or right under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on any Obligor in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by any Loan Party under any Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

Notwithstanding anything to the contrary contained in Section 10.1, if within sixty days following the Closing Date, the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Borrower

shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders within five Business Days following receipt of notice thereof.

SECTION 10.2 Notices; Time. All notices and other communications provided under each Loan Document shall be in writing or by facsimile (except to the extent provided below in this Section 10.2 with respect to financial information) and addressed, delivered or transmitted, if to the Borrower, the Administrative Agent or a Lender, to the applicable Person at its address or facsimile number set forth on the signature pages hereto, Schedule II hereto or set forth in the Lender Assignment Agreement, or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter. Except as set forth in Section 9.11 and below, electronic mail and Internet and intranet websites may be used only to distribute routine communications by the Administrative Agent to the Lenders, such as financial statements and other information as provided in Section 7.1.1 and for the distribution and execution of Loan Documents for execution by the parties thereto, and may not be used for any other purpose. Notwithstanding the foregoing, the parties hereto agree that delivery of an executed counterpart of a signature page to this Agreement and each other Loan Document by facsimile (or other electronic) transmission shall be effective as delivery of an original executed counterpart of this Agreement or such other Loan Document. Unless otherwise indicated, all references to the time of a day in a Loan Document shall refer to New York time.

SECTION 10.3 Payment of Costs and Expenses. The Borrower agrees to pay within 20 days of demand (to the extent invoiced together with reasonably detailed supporting documentation) all reasonable out-of-pocket expenses of each Lead Arranger and the Administrative Agent (including the reasonable fees and reasonable out-of-pocket expenses of Mayer, Brown, Rowe & Maw LLP, counsel to the Lead Arrangers and the Administrative Agent and of local counsel, if any, who may be retained by or on behalf of the Lead Arrangers and the Administrative Agent) in connection with

(a) the negotiation, preparation, execution and delivery of each Loan Document, the Exchange Note Indenture, the Exchange Notes, and the guarantees of the Exchange Notes, in each case including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications thereto as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated; and

(b) the filing or recording of any Loan Document and all amendments, supplements, amendment and restatements and other modifications to any thereof, and any and all other documents or instruments of further assurance required to be filed or recorded by the terms of any Loan Document; and

(c) the preparation and review of the form of any document or instrument relevant to any Loan Document.

The Borrower further agrees to pay, and to save each Loan Party harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of each Loan Document, the Credit Extensions or the issuance of the Notes. The Borrower also agrees to reimburse the Administrative Agent upon demand for all reasonable out-of-pocket expenses (including reasonable attorneys' fees and legal out-of-pocket expenses of counsel to the Administrative Agent and the Loan Parties) incurred by the Administrative Agent and/or the Loan Parties in connection with (A) the negotiation of any restructuring or "work-out" with the Borrower, whether or not consummated, of any Obligations and (B) the enforcement of any Obligations; provided that the Borrower shall not be required to reimburse the legal fees and expenses of more than one outside counsel (in addition to any local counsel) for all Persons indemnified under this Section 10.3 unless, as reasonably determined by such Person seeking indemnification hereunder or its counsel, representation of all such indemnified persons by the same counsel would be inappropriate due to actual or potential differing interests between them.

SECTION 10.4 Indemnification. In consideration of the execution and delivery of this Agreement by each Loan Party, the Borrower hereby indemnifies, exonerates and holds each Loan Party, each Syndication Agent and each of their respective officers, directors, employees, agents, trustees, fund advisors and Affiliates (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements, whether incurred in connection with actions between or among the parties hereto or the parties hereto and third parties (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Credit Extension, including all Indemnified Liabilities arising in connection with the Transaction;

(b) the entering into and performance of any Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of the Borrower as the result of any determination by the Required Lenders pursuant to Article V not to fund any Credit Extension, provided that, any such action is resolved in favor of such Indemnified Party);

(c) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by any Obligor or any Subsidiary thereof of all or any portion of the Capital Securities or assets of any Person, whether or not an Indemnified Party is party thereto;

(d) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by any Obligor or any Subsidiary thereof of any Hazardous Material;

(e) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated

by any Obligor or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, such Obligor or Subsidiary; or

(f) each Lender's Environmental Liability (the indemnification herein shall survive repayment of the Obligations and any transfer of the property of any Obligor or its Subsidiaries by foreclosure or by a deed in lieu of foreclosure for any Lender's Environmental Liability, regardless of whether caused by, or within the control of, such Obligor or such Subsidiary);

except for (i) Indemnified Liabilities arising for the account of any Indemnified Party by reason of any Indemnified Party's gross negligence, bad faith or willful misconduct as finally determined by a court of competent jurisdiction, (ii) Indemnified Liabilities arising out of any action, suit, proceeding or claim against an Indemnified Party by any other Indemnified Party not involving the Borrower or any of its Subsidiaries. The Borrower shall not be required to reimburse the legal fees and expenses of more than one outside counsel for all Indemnified Parties with respect to any matter for which indemnification is sought unless, as reasonably determined by any such Indemnified Party or its counsel, representation of all such Indemnified Parties would create an actual conflict of interest. Each Obligor and its successors and assigns hereby waive, release and agree not to make any claim or bring any cost recovery action against, any Indemnified Party under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted. It is expressly understood and agreed that to the extent that any Indemnified Party is strictly liable under any Environmental Laws, each Obligor's obligation to such Indemnified Party under this indemnity shall likewise be without regard to fault on the part of any Obligor with respect to the violation or condition which results in liability of an Indemnified Party. If and to the extent that the foregoing undertaking may be unenforceable for any reason, each Obligor agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 10.5 Survival. The obligations of the Borrower under Sections 4.1, 4.2, 4.3, 10.3 and 10.4, and the obligations of the Lenders under Section 9.1, shall in each case survive any assignment from one Lender to another (in the case of Sections 10.3 and 10.4) and the occurrence of the Termination Date. The representations and warranties made by each Obligor in each Loan Document shall survive the execution and delivery of such Loan Document.

SECTION 10.6 Severability. Any provision of any Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 Headings. The various headings of each Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of such Loan Document or any provisions thereof.

SECTION 10.8 Execution in Counterparts, Effectiveness, etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower, the Administrative Agent and each Lender (or notice thereof satisfactory to the Administrative Agent), shall have been received by the Administrative Agent.

SECTION 10.9 Governing Law; Entire Agreement. EACH LOAN DOCUMENT WILL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). The Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.10 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided that the Borrower may not assign or transfer its rights or obligations hereunder without the consent of all Lenders.

SECTION 10.11 Sale and Transfer of Loans; Participations in Loans; Notes. Each Lender may assign, or sell participations in, its Loans and Commitments to one or more other Persons in accordance with the terms set forth below.

(a) Subject to clause (b), any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under the Loan Documents (including all or a portion of its Commitments and the Loans at the time owing to it); provided that:

(i) except in the case of (A) an assignment of the entire remaining amount of the assigning Lender’s Commitments and the Loans at the time owing to it or (B) an assignment to a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitments (which for this purpose includes Loans outstanding thereunder) or principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Lender Assignment Agreement with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000, unless the Administrative Agent and the Borrower, otherwise consent (which consent shall not be unreasonably withheld or delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement with respect to the Loans and the Commitments assigned; and

(iii) the parties to each assignment shall execute and deliver to the Administrative Agent a Lender Assignment Agreement, together with, if the Eligible Assignee is not already Lender, administrative details information with respect to such Eligible Assignee and applicable tax forms.

(b) Any assignment proposed pursuant to clause (a) to any Person (other than a Lender, an Approved Fund or an Affiliate of any Lender) shall be subject to the prior written approval of the Administrative Agent (not to be unreasonably withheld or delayed).

(c) Subject to acceptance and recording thereof by the Administrative Agent pursuant to clause (d), from and after the effective date specified in each Lender Assignment Agreement, (i) the Eligible Assignee thereunder shall (if not already a Lender) be a party hereto and, to the extent of the interest assigned by such Lender Assignment Agreement, have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender thereunder shall (subject to Section 10.5) be released from its obligations under the Loan Documents, to the extent of the interest assigned by such Lender Assignment Agreement (and, in the case of a Lender Assignment Agreement covering all of the assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party hereto, but shall (as to matters arising prior to the effectiveness of the Lender Assignment Agreement) continue to be entitled to the benefits of any provisions of the Loan Documents which by their terms survive the termination of this Agreement). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with the terms of this Section shall be treated for purposes of the Loan Documents as a sale by such Lender of a participation in such rights and obligations in accordance with clause (e).

(d) The Administrative Agent shall record each assignment made in accordance with this Section in the Register pursuant to clause (a) of Section 2.4. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time upon reasonable prior notice to the Administrative Agent.

(e) Any Lender may, without the consent of, or notice to, any Person, sell participations to one or more Persons (other than individuals) (a "Participant") in all or a portion of such Lender's rights or obligations under the Loan Documents (including all or a portion of its Commitments or the Loans owing to it); provided that, (i) such Lender's obligations under the Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. Any agreement or instrument pursuant to which a Lender sells a participation shall provide that such Lender shall retain the sole right to enforce the rights and remedies of a Lender under the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that, such agreement or instrument may provide that such Lender will not, without the consent of the Participant, take any action of the type described in clauses (a) through (d) or clause (f) of Section 10.1 with respect to Obligations participated in by that Participant. Subject to clause (f), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.1, 4.2, 4.3, 7.1.1, 10.3 and 10.4 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (c). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4.6 as though it were a Lender, but only if such Participant agrees to be subject to Section 4.5 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 4.1, 4.2, 4.2, 10.3 or 10.4 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 4.3 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with the requirements set forth in Section 4.3 as though it were a Lender. Any Lender that sells a participating interest in any Loan, Commitment or other interest to a Participant under this Section shall indemnify and hold harmless the Borrower and the Administrative Agent from and against any taxes, penalties, interest or other costs or losses (including reasonable attorneys' fees and expenses) incurred or payable by the Borrower or the Administrative Agent as a result of the failure of the Borrower or the Administrative Agent to comply with its obligations to deduct or withhold any Taxes from any payments made pursuant to this Agreement to such Lender or the Administrative Agent, as the case may be, which Taxes would not have been incurred or payable if such Participant had been a Non-U.S. Lender that was entitled to deliver to the Borrower, the Administrative Agent or such Lender, and did in fact so deliver, a duly completed and valid Form W-8BEN or W-8ECI (or applicable successor form) entitling such Participant to receive payments under this Agreement without deduction or withholding of any United States federal taxes.

(g) Any Lender may, without the consent of any other Person, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.12 Other Transactions. Nothing contained herein shall preclude the Administrative Agent or any other Lender from engaging in any transaction, in addition to those contemplated by the Loan Documents, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.13 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE LENDERS OR THE BORROWER IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. THE BORROWER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 10.2. EACH PERSON PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY

CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY PERSON PARTY HERETO HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH PERSON HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 10.14 Waiver of Jury Trial. THE ADMINISTRATIVE AGENT, EACH LENDER AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, SUCH LENDER OR THE BORROWER IN CONNECTION THEREWITH. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT AND EACH LENDER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 10.15 Patriot Act. Each Lender that is subject to Section 326 of the Patriot Act and/or the Administrative Agent and/or the Lead Arrangers (each of the foregoing acting for themselves and not acting on behalf of any of the Lenders) hereby notify the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender, the Administrative Agent or the Lead Arrangers, as the case may be, to identify the Borrower in accordance with the Patriot Act.

SECTION 10.16 Counsel Representation. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT IT HAS BEEN REPRESENTED BY COMPETENT COUNSEL IN THE NEGOTIATION OF THIS AGREEMENT, AND THAT ANY RULE OR CONSTRUCTION OF LAW ENABLING SUCH PERSON TO ASSERT THAT ANY AMBIGUITIES OR INCONSISTENCIES IN THE DRAFTING OR PREPARATION OF THE TERMS OF THIS AGREEMENT SHOULD DIMINISH ANY RIGHTS OR REMEDIES OF ANY OTHER PERSON ARE HEREBY WAIVED.

SECTION 10.17 Confidentiality. Each Loan Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National

Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (provided that except to the extent prohibited by such subpoena or similar legal process, such Secured Party shall notify the Borrower of such request or disclosure), (d) to any other party hereto, (e) to the extent reasonably necessary, in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the written consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section (or any other confidentiality obligation owed to the Borrower or any Subsidiary or their Affiliates) or (ii) becomes available to any Loan Party or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower or any Subsidiary and not in violation of any confidentiality obligation owed to the Borrower or any Subsidiary by any Loan Party or any Affiliate thereof. For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to any Loan Party on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information and in accordance with applicable law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

HANESBRANDS INC.

By: /s/ Richard Moss
Name: Richard Moss
Title: Treasurer

Address: 1000 East Hanes Mills Road
Winston-Salem, NC 27105

Facsimile No.: 336-519-5212

Attention: Treasurer

MORGAN STANLEY SENIOR FUNDING, INC.,

Individually and as the Administrative Agent, Co-Syndication Agent and Joint Lead Arranger

By: /s/ Jaap Tonckens
Name: Jaap Tonckens
Title: Vice President

Address:

Facsimile No.:

Attention:

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as Co-Syndication Agent and Joint Lead Arranger

By: /s/ Nancy Meadows
Name: Nancy Meadows
Title: Vice President

MERRILL LYNCH CAPITAL CORPORATION

By: /s/ Nancy Meadows
Name: Nancy Meadows
Title: Vice President

**DISCLOSURE SCHEDULES**

**TO**

BRIDGE LOAN AGREEMENT

**dated as of September 5, 2006,**

**among**

**HANESBRANDS INC.,**

**as the Borrower,**

**VARIOUS FINANCIAL INSTITUTIONS AND**

**OTHER PERSONS FROM TIME TO TIME**

**PARTY HERETO,**

**as the Lenders,**

**MORGAN STANLEY SENIOR FUNDING, INC.**

**and**

**MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,**

**as the Co-Syndication Agents,**

**and**

**MORGAN STANLEY SENIOR FUNDING, INC.,**

**as the Administrative Agent.**

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**MORGAN STANLEY SENIOR FUNDING, INC.**

**and**

**MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,**

**as the Joint Lead Arrangers and Joint Bookrunners**

**SCHEDULE I**

| | |
|---|---|
| ITEM 1.1. | Foreign Supply Chain Entities |
| ITEM 1.2. | Excluded Contracts |
| ITEM 6.8. | Existing Subsidiaries |
| ITEM 7.2.2(c) | Ongoing Indebtedness |
| ITEM 7.2.3(c) | Ongoing Liens |
| ITEM 7.2.5(a) | Ongoing Investments |
| ITEM 7.2.11(m) | Permitted Dispositions |

**SCHEDULE II** Percentages, Libor Office, Domestic Office

ITEM 1.1. Foreign Supply Chain Entities

None.

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**ITEM 1.2. Excluded Contracts**

| Vendor | Nature of Agreement |
|---|---|
| 1. **[*****]** | Trademark License Agmt. **[*****]** |
| 2. **[*****]** | Trademark License Agmt. **[*****]** |
| 3. **[*****]** | Trademark License Agmt. **[*****]** |
| 4. **[*****]** | Trademark License Agmt. **[*****]** |
| 5. **[*****]** | Trademark License Agmt. **[*****]** |
| 6. **[*****]** | Trademark License Agmt. **[*****]** |
| 7. **[*****]** | Trademark License Agmt. **[*****]** |
| 8. **[*****]** | License Agmt. |
| 9. **[*****]** | Trademark License Agmt. **[*****]** |
| 10. **[*****]** | License Agmt. **[*****]** |
| 11. **[*****]** | Trademark License Agreement **[*****]** |
| 12. **[*****]** | |
| 13. **[*****]** | IT Agreement – software license and maintenance |
| 14. **[*****]** | IT Agreement – software license and maintenance |
| 15. **[*****]** | IT Agreement – supply chain software license and maintenance |
| 16. **[*****]** | Compensation/Benefits Agreement |
| 17. **[*****]** | Real Property Lease **[*****]** |
| 18. **[*****]** | Supplier Services **[*****]** |
| 19. **[*****]** | Supplier Goods-materials |
| 20. **[*****]** | Real Property Lease **[*****]** |
| 21. **[*****]** | Real Property Lease **[*****]** |
| 22. **[*****]** | Real Property Lease **[*****]** |
| 23. **[*****]** | Real Property Lease **[*****]** |
| 24. **[*****]** | Real Property Lease **[*****]** |
| 25. **[*****]** | Real Property Lease **[*****]** |
| 26. **[*****]** | Real Property Lease **[*****]** |
| 27. **[*****]** | Real Property Lease |
| 28. **[*****]** | Real Property Lease |
| 29. **[*****]** | Real Property Lease **[*****]** |

## ITEM 6.8. Existing Subsidiaries

**Domestic Subsidiaries**

BA International, L.L.C.
Caribesock, Inc.
Caribetex, Inc.
CASA International, LLC
Ceibena Del, Inc.
Hanes Menswear, LLC
Hanes Puerto Rico, Inc.
Hanesbrands Direct, LLC
Hanesbrands Distribution, Inc.
HbI International, LLC
HBI Branded Apparel Enterprises, LLC
HBI Branded Apparel Limited, Inc.
HBI Sourcing, LLC
Inner Self LLC
Jasper-Costa Rica, L.L.C.
National Textiles, L.L.C.
NT Investment Company, Inc.
Playtex Dorado, LLC
Playtex Industries, Inc.
Seamless Textiles, LLC
UPCR, Inc.
UPEL, Inc.

**Foreign Subsidiaries**

Allende Internacional S. de R.L. de C.V.
Bali Domincana, Inc.
Bali Dominicana Textiles, S.A.
Bal-Mex S. de R.L de C.V.
Canadelle Holdings Corporation Ltd.
Canadelle LP
Cartex Manufacturera S. A.
Caysock, Inc.
Caytex, Inc.
Caywear, Inc.
Ceiba Industrial, S. de R.L.
Champion Products S. de R.L. de C.V.
Choloma, Inc.
Confecciones Atlantida S. de R.L.
Confecciones de Nueva Rosita S. de R.L. de C.V.
Confecciones El Pedregal Inc.
Confecciones El Pedregal S.A. de C.V.
Confecciones Jiboa S.A. de C.V.
Confecciones La Caleta, Inc.
Confecciones La Herradura S.A. de C.V.
Confecciones La Libertad, S.A. de C.V.
DFK International Ltd.
Dos Rios Enterprises, Inc.
Hanes Caribe, Inc.
Hanes Choloma, S. de R. L.
Hanes Colombia, S.A.
Hanes de Centro America S.A.

**Foreign Subsidiaries**

Hanes de El Salvador, S.A. de C.V.
Hanes de Honduras S. de R.L. de C.V.
Hanes Dominican, Inc.
Hanes Panama Ltd.
Hanes Brands Incorporated de Costa Rica, S.A.
Hanesbrands Argentina S.A.
Hanesbrands Brasil Textil Ltda.
Hanesbrands Dominicana, Inc.
Hanesbrands (HK) Limited
HBI Alpha Holdings, Inc.
HBI Beta Holdings, Inc.
HBI Compania de Servicios, S.A. de C.V.
HBI Servicios Administrativos de Costa Rica, S.A.
HBI Socks de Honduras, S. de R.L. de C.V.
Indumentaria Andina S.A.
Industria Textileras del Este, S. de R.L.
Industrias Internacionales de San Pedro S. de R.L. de C.V.
J.E. Morgan de Honduras, S.A.
Jasper Honduras, S.A.
Jogbra Honduras, S.A.
Madero Internacional S. de R.L. de C.V.
Manufacturera Ceibena S. de R.L.
Manufacturera Comalapa S.A. de C.V.
Manufacturera de Cartago, S.R.L.
Manufacturera San Pedro Sula, S. de R.L.
Monclova Internacional S. de R.L. de C.V.
PT SL Sourcing Indonesia (to be named PT HBI Sourcing Indonesia)
PTX (D.R.), Inc.
Rinplay S. de R.L. de C.V.
Santiago Internacional Textil Limitada (in liquidation)
Sara Lee of Canada NSULC (to be renamed Hanesbrands Canada NSULC)
Sara Lee Intimates, S. de R.L. (to be renamed Confecciones del Valle, S. de R.L. de C.V.)
Sara Lee Japan Ltd. (to be renamed Hanesbrands Japan Inc.)
Sara Lee Knit Products Mexico S.A. de C.V. (to be renamed Inmobilaria Rinplay S. de R.L. de C.V.)
Sara Lee Moda Femenina, S.A. de C.V. (to be renamed Servicios Rinplay, S. de R.L de C.V.)
Sara Lee Printables GmbH (to be renamed HBI Europe GmbH)
Servicios de Soporte Intimate Apparel, S de RL
Socks Dominicana S.A.
Texlee El Salvador, S.A. de C.V.
The Harwood Honduras Companies, S. de R.L.
TOS Dominicana, Inc.
HBI Sourcing Asia Limited*
Sara Lee Apparel International (Shanghai) Co. Ltd. (to be renamed Hanesbrands International (Shanghai) Co. Ltd.)*
Sara Lee Apparel India Private Limited (to be renamed Hanesbrands India Private Limited)*
SL Sourcing India Private Ltd. (to be renamed HBI Sourcing India Private Ltd.)*
Hanesbrands (Thailand) Ltd.*
Hanesbrands Philippines Inc.*

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* These companies are Foreign Subsidiaries subject to the completion of the post closing obligations set forth in Section 7.1.11 of the Credit Agreement.

**ITEM 7.2.2(c) Ongoing Indebtedness**

HANESBRANDS INC. — CAPITAL LEASE LISTING

| Lease # | | Interest | FY06 Principal | Total |
|---|---|---|---|---|
| BALI95 | Xerox | 182.68 | 5,985.32 | 6,168.00 |
| BALI138 | Pitney Bowes | 175.11 | 2,176.89 | 2,352.00 |
| BALI139 | Pitney Bowes | 175.32 | 2,176.67 | 2,351.99 |
| BALI140 | Pitney Bowes | | | 4,680.00 |
| BALI147 | Carolina Tractor | 2,599.99 | 4,263.05 | 6,863.04 |
| BALI148 | Carolina Tractor | 2,625.05 | 4,305.67 | 6,930.72 |
| BALI150 | Carolina Tractor | 2,294.59 | 4,169.45 | 6,464.04 |
| BALI151 | Carolina Tractor | 125.38 | 3,894.62 | 4,020.00 |
| BALI152 | Konica | 4.71 | 515.29 | 520.00 |
| BALI153 | Bassett Office Supply | 648.80 | 4,262.33 | 4,911.13 |
| BALI157 | Konica | 11.37 | 1,296.63 | 1,308.00 |
| BALI160 | De Lage Landem Financial Services | 625.71 | 3,907.65 | 4,533.36 |
| PLAY115 | Citi Capital | 1,922.30 | 9,177.70 | 11,100.00 |
| US97 | Citi Capital | 478.71 | 8,993.65 | 9,472.36 |
| 727 | Pitney Bowes | 11.98 | 180.52 | 192.50 |
| 729 | Xerox | 419.87 | 6,856.19 | 7,276.06 |
| 738 | Gill Security Systems | 0.00 | 0.00 | 3,000.00 |
| 739 | Gill Security Systems | 0.00 | 0.00 | 2,160.00 |
| 2 trailers | Salem Leasing | 171.50 | 3,428.50 | 3,600.00 |
| OB40 | Outerbanks land and building | 30,244.38 | 183,702.54 | 213,946.92 |
| 13639 tr | Salem Leasing | 17,235.75 | 344,564.25 | 361,800.00 |
| 4400 tr | Salem Leasing | 11,703.39 | 3,686.61 | 15,390.00 |
| 4750 tr | Salem Leasing | 2,950.22 | 1,389.78 | 4,340.00 |
| 7399 tr | Salem Leasing | 1,939.46 | 2,380.54 | 4,320.00 |
| 9904 tr | Salem Leasing | 9,658.89 | 29,221.11 | 38,880.00 |
| 11887 tr | Salem Leasing | 886.36 | 7,753.64 | 8,640.00 |
| 6 | Simplex Grinnell | 174.31 | 4,853.69 | 5,028.00 |
| 7 | Telimagine, Inc. | 2,552.32 | 17,355.68 | 19,908.00 |
| 7420 tr | Salem Leasing | 29,330.28 | 121,869.72 | 151,200.00 |
| 15201 tr | Salem Leasing | 202.78 | 7,097.22 | 7,300.00 |
| 82638 tr | Salem Leasing | 5,882.15 | 13,041.85 | 18,924.00 |
| 13639 tr | Salem Leasing | 14,320.25 | 286,279.75 | 300,600.00 |
| 13639 tr | Salem Leasing | 1,886.50 | 37,713.50 | 39,600.00 |
| 3121 | Highwoods Realty Ltd Partnership | 77,175.96 | 319,286.05 | 396,462.00 |

HANESBRANDS INC. — CAPITAL LEASE LISTING

| Lease # | | Interest | FY06 Principal | Total |
|---|---|---|---|---|
| 3129 | Zona Franca De Exportacion el Pedregal | 13,442.26 | 200,973.74 | 214,416.00 |
| 13639 tr | Salem Leasing | 16,635.50 | 332,564.50 | 349,200.00 |
| 86728 tr | Salem Leasing | 5,749.89 | 16,762.11 | 22,512.00 |
| 1 | Xerox | 267.00 | 681.00 | 948.00 |
| 2 | Xerox | 351.79 | 596.21 | 948.00 |
| 3 | Xerox | 142.82 | 1,045.18 | 1,188.00 |
| 4 | Xerox | 226.26 | 3,061.74 | 3,288.00 |
| 5 | Xerox | 2,316.96 | 29,651.04 | 31,968.00 |
| 6 | Xerox | 93.04 | 1,682.96 | 1,776.00 |
| 7 | Xerox | 937.40 | 17,062.60 | 18,000.00 |
| 8 | Xerox | 1,059.04 | 5,324.96 | 6,384.00 |
| 9 | Xerox | 180.87 | 2,447.13 | 2,628.00 |
| 10 | Xerox | 2,824.29 | 38,215.71 | 41,040.00 |
| 11 | Xerox | 215.38 | 4,123.34 | 4,338.72 |
| 12 | Xerox | 1,498.80 | 28,693.80 | 30,192.60 |
| 13 | Xerox | 692.60 | 13,259.32 | 13,951.92 |
| 14 | Xerox | 1,356.00 | 19,158.00 | 20,514.00 |
| 15 | Xerox | 3,390.00 | 64,990.00 | 68,380.00 |
| 16 | Xerox | 1,244.16 | 19,270.08 | 20,514.24 |
| 17 | Xerox | 335.50 | 6,422.66 | 6,758.16 |
| 18 | Xerox | 4,478.32 | 6,237.68 | 10,716.00 |
| 19 | Xerox | 3,256.65 | 8,035.35 | 11,292.00 |
| 20 | Xerox | 580.00 | 8,576.00 | 9,156.00 |
| 21 | Xerox | 530.00 | 8,626.00 | 9,156.00 |
| 22 | Xerox | 920.56 | 8,815.72 | 9,736.28 |
| 23 | Xerox | 1,261.96 | 24,159.08 | 25,421.04 |
| IBM | IBM | 156,321.59 | 369,278.41 | 525,600.00 |
| PHH Leases | PHH — automobiles from SLC | 104,574.00 | 1,207,923.00 | 1,312,497.00 |
| TOTAL | | | | 4,446,762.08 |

**ITEM 7.2.3(c) Ongoing Liens**

1. Lien on the shares of SN Fibers (an Israeli company owned by HBI International, LLC) pursuant to the SN Fibers Memorandum of Articles.

2. Mortages as listed below[1]

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| 4185 W. 5th Street Lumberton North Carolina<br><br>Robeson County | Robeson County Committee of 100, Inc., a NC non-profit corporation | Sara Lee Corporation, a Maryland corporation (formerly SL Outer Banks, LLC) | North Carolina Deed of Trust recorded in Book 623, Page 37 dated 3/26/87 executed by Robeson County Committee of 100, Inc.<br><br>Loan Amount — $115,170.00 | Douglas B. Mills, Nicky D. Carter, (Successor Trustee) and John C. Hasty, Trustees of the Cape Fear Construction Company, Inc. |
| 933 Meacham Road Statesville North Carolina<br><br>Iredell County | Flexnit Company, Inc., a Delaware Corporation | Bali Company, a Delaware corporation<br><br>**(Dissolved)** | Deed of Trust dated 12/27/1974 recorded in Book 447, Page 200 (missing pages 3-7)<br>and<br>Deed of Trust and Security Agreement dated 12/26/ 1979 recorded in Book 509, Page 436 (missing pages 438 and 440-451)<br><br>Loan Amount – originally secured $1,7000,000 and then modified to secure up to $4,000,000 | Irving Trust Company, a New York Corporation |
| 645 West Pine Street Mount Airy North Carolina<br><br>Surry County | The Surry County Industrial Facilities and Pollution Control Financing Authority | The Surry County Industrial Facilities and Pollution Control Financing Authority | Deed of Trust dated 4/1/1979 and recorded in Book 348, Page 606 Loan Amount secured — $4,000,000 | Prudential Reinsurance Company, a Delaware corporation |
| 143 Mahanoy Avenue | Schuylkill County | Greater Tamaqua | Supplemental Mortgage recorded in Mortgage Book | American Bank |

[1] Please note that for all mortgages listed, there is no outstanding indebtedness in connection with the mortgage, however a mortgage release has not been recorded. These releases are a post-closing item.

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| Tamaqua Pennsylvania<br><br>Schuylkill County | Industrial Development Authority | Industrial Development Enterprises (originally leased to J.E. Morgan Knitting Mills, Inc.) | 34-P, Page 782, dated 10/24/1984<br>Loan Amount secured originally $650,000 | and Trust Co. of PA. |
| 480 Hanes Mill Road Winston-Salem, NC 27105 (336) 714-8400<br>Forsyth County | National Textiles, LLC | National Textiles, L.L.C., a Delaware limited liability company | 1. Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases from National Textiles, L.L.C., a Delaware limited liability company, to The Fidelity Company, Trustee for The First National Bank of Chicago, dated as of December 22, 1997 and recorded December 23, 1997 in Book 1978, Page 3969, Forsyth County Registry, securing an original amount of 210,000,000.00. (Also covers additional property)<br><br>2. Deed of Trust Modification and Reaffirmation Agreement by and between National Textiles, L.L.C., a Delaware limited liability company, and Bank One, NA f/k/a The First National Bank of Chicago, dated as of December 22, 2000 and recorded January 16, 2001 in Book 2150, Page 2439, Forsyth County Registry, **regarding** the Deed of Trust recorded in Book 1978, Page 3969, Forsyth County Registry. Loan Amount $210,000,000 but linked to $300,000,000<br><br>Loan matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
| --- | --- | --- | --- | --- |
| 308 East Thom Street<br>China Grove, NC 2802<br><br>Rowan County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of trust, security Agreement, Financing Statement and Assignment of Rents and Leases recorded in Book 879, Page 692, dated 4/28/2000 as modified by that Deed of Trust Modification and reaffirmation recorded in Book 898, Page 124, dated 12/22/2000<br><br>Loan Amount secured– up to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
| --- | --- | --- | --- | --- |
| 6295 Clementine Dr. #4 Clemmons, NC 27012<br><br>Forsyth County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | 1. Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases from National Textiles, L.L.C., a Delaware limited liability company, to The Fidelity Company, Trustee for The First National Bank of Chicago, dated as of December 22, 1997 and recorded December 23, 1997 in Book 1978, Page 3969, Forsyth County Registry, securing an original amount of 210,000,000.00. (Also covers additional property)<br><br>2. Deed of Trust Modification and Reaffirmation Agreement by and between National Textiles, L.L.C., a Delaware limited liability company, and Bank One, NA f/k/a The First National Bank of Chicago, dated as of December 22, 2000 and recorded January 16, 2001 in Book 2150, Page 2439, Forsyth County Registry, **regarding** the Deed of Trust recorded in Book 1978, Page 3969,<br>Forsyth County Registry.<br><br>Loan Amount $210,000,000 but linked to $300,000,000<br><br>Loan matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |
| 136 Gant Road Eden, NC 27288-7935 (336) 635-1354<br><br>Rockingham County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases recorded in Book 972, Page 2267, dated 12/22/1997<br><br>Loan amount secured – up to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |
| 328 Gant Road<br>Eden, NC 27288-7935 | Eden Yarns, Inc., a Delaware | Sara Lee<br>Corporation, a | Deed of Trust recorded in Book 804, Page 1004, dated 11/30/1987 as modified by that; | |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
|---|---|---|---|---|
| Rockingham County | corporation | Maryland corporation | First Amendment to Deed of Trust, Assignment of rents and security Agreement recorded in Book 842, Page 44, dated 12/31/1987 as modified by that;<br><br>Amendment to Deed of Trust recorded in Book 836, Page 1533, dated 5/15/1990 as modified by that;<br><br>Third Amendment to deed of Trust recorded in Book 842, Page 66, dated 10/24/1990 as modified by that;<br><br>Fourth Amendment to Deed of Trust recorded in Book 871, Page 2321, dated 9/17/1992 as modified by that;<br><br>Fifth Amendment to Deed of Trust recorded in Book 906, Page 1959, dated 7/27/1994 as modified by that;<br><br>Sixth Amendment to Deed of Trust recorded in Book 941, Page 1268, dated 7/23/1996 as modified by that;<br><br>Seventh Amendment to Deed of Trust recorded in Book 989, Page 1624, dated 7/29/1998<br><br>Loan amount secured — $66,000,000 ($33,000,000 to Wachovia Bank and $33,000,000 to Suntrust Bank)<br><br>matures 11/30/2009 | of North Carolina<br><br>2. Suntrust Bank |
| 1311 West Main Street<br>Forest City, NC 28043<br><br>Rutherford County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases recorded in Book 524, Page 383 as modified by that;<br><br>Deed of Trust Modification and Reaffirmation Agreement recorded in Book 768, Page 334, dated 12/22/2000 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
| --- | --- | --- | --- | --- |
| | | | Loan amount secured $210,000,000.00, but linked to $300,000,000 in future advance section. | |
| 1012 Glendale Drive<br>Galax, VA 24333<br><br>Carroll County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust Security Agreement, Financing Statement and Assignment of Rents and Leases, dated December 22, 1997, recorded on December 23, 1997 in Book 523, Page 283, Clerk's Office of Carroll County, Virginia;<br><br>This is a credit line deed of trust in the amount of $2,250,000.00, but linked to secure the $210,000,000 in the recitals | Bank One, NA f/k/a The First National Bank of Chicago |
| 501 Brown Street (P.O. Box 12500) Gastonia, NC 28053<br><br>Gaston County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust Security Agreement, Financing Statement and Assignment of Rents and Leases, recorded in Book 3091, Page 284, dated 5/30/2000<br><br>Loan Amount $210,000,000 but linked to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |
| 1925 West Poplar Street<br>Gastonia, NC 28052<br><br>Gaston County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases recorded in Book 3079, Page 737, dated 4/28/2000<br><br>Loan Amount $210,000,000 but linked to $300,000,000 | Bank One, NA f/k/a The First National Bank of Chicago |
| 100 Reep Drive<br>Morganton, NC 28655<br><br>Burke<br>County | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases recorded in Book 892, Page 1011, dated 12/22/1997 as modified by that;<br><br>Deed of Trust Modification and Reaffirmation Agreement Book 979, Page 557, dated 12/22/2000<br><br>Matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |

| Address | Original Borrower | Current Owner | Deed of Trust Information (Date, Amount, Book and Page) | Name of Lender |
| --- | --- | --- | --- | --- |
| | | | Loan Amount — $210,000,000.00 but secures up to $300,000,000 in future advances section | |
| 3916 Highway 421 South Mountain City, TN 37683 (423) 727-5270<br><br>Johnson Co | National Textiles, LLC | The Industrial Development Board of the County of Johnson County, Tennessee, a Tennessee public, not-for-profit corporation | Leasehold Deed of Trust, Security Agreement, Financing Statement and Assignment of Rents and Leases dated 12/22/1997<br>TD Book 135, Page 578 as modified by Leasehold Deed of trust Modification and Reaffirmation Agreement dated 12/22/2000<br>TD Book 157, Page 288<br><br>First National Bank of Chicago<br><br>Loan Amount — $15,418,929.00 but linked to $300,000,000 in the recitals | Bank One, NA f/k/a The First National Bank of Chicago |
| 815 John Beck Dockins Road<br><br>Rabun County | National Textiles, LLC | Development Authority of Rabun County, Georgia, a public body corporate and politic of the State of Georgia | Deed to Secure debt, Security Agreement, and Assignment of Rents and Leases from National Textiles, LLC (as grantor) and Development Authority of Rabun County, Georgia (solely for purpose of consenting), recorded in Book O-17/1, dated 12/22/1997, as modified by that Deed to Secure Debt Modification and Reaffirmation Agreement<br>Agreement recorded in Book K-20/306, dated 12/22/2000<br><br>Loan Amount — $8,500,000.00<br><br>matures 6/22/2007 | Bank One, NA f/k/a The First National Bank of Chicago |
| 2652 Dalrymple Street Sanford, NC 27330<br><br>Lee Co. | National Textiles, L.L.C., a Delaware limited liability company | National Textiles, L.L.C., a Delaware limited liability company | Deed of Trust, Security Agreement, Financing Statement, and Assignment of Rents and Leases recorded in Book 625, Page 330, dated 12/22/1997<br><br>Loan Amount — $210,000,000.00 but secures up to $300,000,000 in future advances section | Bank One, NA f/k/a The First National Bank of Chicago |

3. Equipment Leases as listed below

| Debtor | Jurisdiction | Filing Type | Through Date | Secured Party | File Number and Date | Collateral Description |
|---|---|---|---|---|---|---|
| National Textiles, L.L.C.<br>480 E. Hanes Mill Road<br>Winston-Salem, NC 27105 | Secretary of State, Delaware | UCC | 8/4/2006 | LaSalle National Leasing Corporation<br>One West Pennsylvania Avenue<br>Towson, MD 21204 | 2031537-8<br>1/14/2002 | Leased equipment pursuant to Master Lease Agreement dated 6/13/2001. |
| National Textiles, L.L.C.<br>480 E. Hanes Mill Road<br>Winston-Salem, NC 27105<br>**Additional Debtors:**<br>National Textiles Services I, L.L.C. 480 E. Hanes Mill Road<br>Winston-Salem, NC 27105<br><br>National Textiles Services II, L.L.C.<br>480 E. Hanes Mill Road<br>Winston-Salem, NC 27105<br><br>National Textiles Services III, L.L.C.<br>480 E. Hanes Mill Road<br>Winston-Salem, NC 27105 | Secretary of State, Delaware | UCC | 8/4/2006 | LaSalle National Leasing Corporation<br>One West Pennsylvania Avenue<br>Towson, MD 21204 | 3055776-2<br>3/7/2003 | Leased manufacturing equipment. |

**ITEM 7.2.5(a) Ongoing Investments**

1. Subsidiaries as listed in ITEM 6.8 above along with the below listed companies.

SN Fibers (49% interest)
Playtex Marketing Corporation (50% interest)*

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* This company is an investment subject to the completion of the post closing obligations set forth in Section 7.1.11 of the Credit Agreement.

2. Deposit and Securities accounts

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Parent | Bank of America | Hanesbrands PR Checks | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | Hanesbrands Direct Deposit | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | HanesbrandsTravel Adv. E-cash | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | Hanesbrands PR E-cash | Business Checking | **[*****]** |
| Hanesbrands Parent | Bank of America | Hanesbrands PR funding | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands AP Checks | Business Checking | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Tax Clearing | Clearing | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands AP ACH | Clearing | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Master | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Casualwear Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Direct Note | Concentration | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Parent | Chase | Eden Yarns Inc. Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Leggs Products Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Playtex Apparel Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Outer Banks LLC Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Sock Company Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Printables Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Jogbra Inc Notes | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Champion Products Inc Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | JE Morgan (Harwood Companies) Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Host Apparel Note Account Harwood Industries | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Knit Products Note | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | The Harwood Companies Note Account | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | Hanesbrands Pacific Rim Note C/O Hanesbrands Export | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HBI LEASING WYOMING INC | Other | **[*****]** |
| Hanesbrands Parent | Chase | CAYWEAR | Other | **[*****]** |
| Hanesbrands Parent | Chase | ROOT CONSULTING INC UPEL | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY CUSTOMER EFT RECEIPTS | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY REFUNDS GUARANTEE DISBURSEMENTS | Business Checking | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY CONCENTRATION | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS HOSIERY CONCENTRATION | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | PLAYTEX DORADO HANESBRANDS INC | Other | **[*****]** |
| Hanesbrands Parent | Chase | BALI FDN INC | Business Checking | **[*****]** |
| Hanesbrands Parent | Chase | PLAYTEX CONCENTRATION(HANESBRANDS INTIMATES & HOSIERY CON ACCT P) | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS INTIMATES & HOSIERY CO-OP ADVERTISING | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS PRINTABLES CONCENTRATION | Concentration | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS SPORTSWEAR | Other | **[*****]** |
| Hanesbrands Parent | Chase | CHAMPION CUSTOMS | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS KNIT PRODUCTS HANES MENSWEAR ACCT | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS UNDERWEAR GENERAL ACCOUNT | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Hanesbrands Parent | Chase | HANESBRANDS UNDERWEAR CUSTOMS ACH | Other | **[*****]** |
| Hanesbrands Parent | Chase | HARWOOD COMPANIES, INC | Other | **[*****]** |
| Hanesbrands Parent | Chase | HANESBRANDS UNDERWEAR/CASUALWEAR LOCKBOX | Other | **[*****]** |
| Hanesbrands Parent | Wachovia | HANEBRANDS SOCK | Lock Box | **[*****]** |
| Hanesbrands Parent | Wachovia | JE Morgan | Depository | **[*****]** |
| Hanesbrands Parent | Wachovia | JE Morgan | Depository | **[*****]** |
| Hanesbrands Parent | Wachovia | Export | Depository | **[*****]** |
| Hanesbrands Parent | Wachovia | Outer Banks | Lock Box | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| BA International LLC | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Caribesock, Inc. | Chase | Caribesock, Inc. | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Caribetex, Inc. | Chase | Caribetex | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| CASA International, LLC | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Ceibena Del Inc. | Chase | CEIBENA DEL INC | Other | **[*****]** |
| Ceibena Del Inc. | Chase | MANUFACTURERS CEIBENA | General | **[*****]** |
| Ceibena Del Inc. | Banco Mercantil | Manufacturera Ceibena | Operating | **[*****]** |
| Ceibena Del Inc. | Banco Mercantil | Manufacturera Ceibena | Operating | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Concentration | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Business Checking | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Business Checking | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | Business Checking | **[*****]** |
| Hanes Menswear, LLC | Banco Popular | Hanes Menswear | General | **[*****]** |
| Hanes Menswear, LLC | Chase | Hanes Menswear | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Hanes Puerto Rico, Inc. | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Chase | Direct Note | Concentration | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Costumer Refund | Disbursement — non payroll | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Costumer Refund | Disbursement — non payroll | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Security Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Alliance Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | American National Bank of TX | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Americana Community Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Amsouth Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | BancorpSouth | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | BancorpSouth | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of America | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of Clarendon | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of New York | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of Ocean City | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of Odessa | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of Petaluma | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Bank of the Cascades | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Bank of the West | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | BB&T | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Borrego Springs Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Centura Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Centura Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Chittenden Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Citizens Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Citizens Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Citizens National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | City National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | City National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Columbia State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Commerce Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Community Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Community Bank of Homestead | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Community National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Compass Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Covenant Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Dalton Whitfield Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | F&M Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Farmers Bank & Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Farmers Trust & Savings | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Farmers Trust & Savings | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First American Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank of Douglas City | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Bank of the Lake | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Banking Center | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Century | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First Citizens | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | First National Bank of (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of Gwinnett | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of NE | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of Olathe | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First National Bank of TX | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | First State Bank of Gainesville | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Frost National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Gibsland Bank and Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Glens Falls National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Harris Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | HSBC Bank USA | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Huntington National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Irwin Union Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | JPMorgan Chase | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Legacy Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Legacy Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | M&T Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | McIntosh State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Mid State Bank and Trust | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Montgomery Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Five Star Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National City Bank (unspec) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | National Penn | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Old Second National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Ozark Mountain Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Ozark Mountain Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Park Avenue Bank (GA, FL) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Pinnacle Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | PNC Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | PNC Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Premier Bank (Missouri) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Premier Banks (Minnesota) | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Queenstown Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Regions Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Regions Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Security National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Security State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Skagit State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Skagit State Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Sky Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Somerset Trust Co | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | South Carolina Bank and Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Southeastern Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Southeastern Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | SunTrust | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Susquehanna Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | TD North | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Trustmark National Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Tuscola National | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | US Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | US Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | US Bank | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wachovia | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Washington Mutual | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Washington Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wells Fargo | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wilmington Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wilson Bank & Trust | Direct Store Deposits | Depository/Collection | **[*****]** |
| Hanesbrands Direct, LLC | Wrentham Cooperative Bank | Direct Store Deposits | Depository/Collection | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| HBI Branded Apparel Enterprises. LLC | None | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Hanesbrands Distribution, Inc. | Chase | Hanesbrands Distribution | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| HBI Branded Apparel Limited Inc | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| HBI International, LLC | Chase | HBI International LLC | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| HBI Sourcing, LLC | Chase | HBI Sourcing LLC | Other | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Inner Self, LLC | Chase | Inner Self, LLC | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Jasper-Costa Rica, L.L.C. | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| National Textiles, LLC | Chase | NATIONAL TEXTILES NOTE | Concentration | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES A/P | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES HOURLY PAYROLL | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES SALARY PAYROLL | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | NATIONAL TEXTILES MEDICAL/DENTAL | Business Checking | **[*****]** |
| National Textiles, LLC | Chase | EDEN YARNS NOTE | Concentration | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| NT Investment Company | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Playtex Dorado, LLC | BANCO POPULAR | PLAYTEX DORADO CORPORATION | Business Checking | **[*****]** |
| Playtex Dorado, LLC | BANCO POPULAR | PLAYTEX DORADO CORPORATION | Business Checking | **[*****]** |
| Playtex Dorado, LLC | Chase | PLAYTEX DORADO CORPORATION | Depository | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
| --- | --- | --- | --- | --- |
| Playtex Industries Inc | NONE | | | |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| Seamless Textiles LLC | Banco Popular | SEAMLESS TEXTILES, INC. | Business Checking | **[*****]** |
| Seamless Textiles LLC | Banco Popular | SEAMLESS TEXTILES, INC. | Business Checking | **[*****]** |
| Seamless Textiles LLC | Chase | SEAMLESS TEXTILES, INC. | Depository | **[*****]** |
| Seamless Textiles LLC | Banco Popular | Seamless MMIA Short Term | Cert of Deposit | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| UPCR Inc | CHASE | UPCR INC | General | **[*****]** |

| Name of Grantor | Bank Name | Account Title | Type of Account | Bank Account Number |
|---|---|---|---|---|
| UPEL Inc | CHASE | UPEL Inc | Other | **[*****]** |

BA International, L.L.C.
Caribesock, Inc.
Caribetex, Inc.
CASA International, LLC
Ceibena Del, Inc.
Hanes Menswear, LLC
Hanes Puerto Rico, Inc.
Hanesbrands Direct, LLC
Hanesbrands Distribution, Inc.
HBI Branded Apparel Enterprises, LLC
HBI Branded Apparel Limited, Inc.
HbI International, LLC
HBI Sourcing, LLC
Inner Self LLC
National Textiles, L.L.C.
NT Investment Company, Inc.
Playtex Dorado, LLC
Playtex Industries, Inc.
Seamless Textiles, LLC
UPCR, Inc.
UPEL, Inc.

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**ITEM 7.2.11(m) Permitted Dispositions**

| Location of property | Description |
|---|---|
| [*****] | Approximately 4.93 acres[*****] |
| [*****] | Approximately 54,524 square foot building located on approximately 5.47 acres |
| [*****] | Property currently leased to third party |
| [*****] | [*****] |
| [*****] | Approximately 267 acres [*****] |
| [*****] | Approximately 173,805 square foot building |
| [*****] | Approximately 28,000 square foot building |
| [*****] | Several buildings aggregating approximately 47,802 square feet |
| [*****] | Approximately 43,859 square foot building |
| [*****] | Approximately 56,505 square foot building |
| [*****] | Approximately 148,477 square foot building |
| [*****] | Approximately 48,653 square foot building |
| [*****] | Approximately 24,326 square foot building |
| [*****] | Approximately 97,546 square foot building |
| [*****] | Approximately 22,539 square foot building located on approximately 112,816 square feet of land |
| [*****] | Approximately 603,338 square foot building located on approximately 13.9 acres |

SCHEDULE II

PERCENTAGES;
DOMESTIC OFFICE

| NAME AND NOTICE ADDRESS OF LENDER | DOMESTIC OFFICE | COMMITMENT |
|---|---|---|
| Merrill Lynch Capital Corporation | Merrill Lynch Capital Corporation<br>4 World Financial Center<br>22nd Floor<br>New York, NY 10080<br>Attn: Nancy Meadows<br>Tel: (212) 449-2879<br>Fax: (212) 738-1186<br>Email: Nancy_Meadows@ml.com | 50% |
| Morgan Stanley Senior Funding, Inc. | Morgan Stanley Senior Funding, Inc.<br>1585 Broadway<br>New York, NY 10036 | 50% |

**NOTICE ADDRESS FOR ADMINISTRATIVE AGENT**:

Morgan Stanley Senior Funding, Inc.
1585 Broadway
New York, NY 10036

EXHIBIT A

[FORM OF] NOTE

$___________________ [DATE]

FOR VALUE RECEIVED, HANESBRANDS INC., a Maryland corporation (the "Borrower"), promises to pay to the order of **[**NAME OF LENDER**]** (the "Lender") on the Stated Maturity Date the principal sum of ___ DOLLARS ($___) or, if less, the aggregate unpaid principal amount of all Loans shown on the schedule attached hereto (and any continuation thereof) made (or continued) by the Lender pursuant to that certain Bridge Loan Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the various financial institutions and other Persons from time to time parties thereto (including the Lender), Morgan Stanley Senior Funding, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as the Co-Syndication Agents, Morgan Stanley Senior Funding, Inc., as the Administrative Agent, and Morgan Stanley Senior Funding, Inc., and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used in this Note, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made pursuant to the terms of the Credit Agreement.

This Note is one of the Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Note and on which such Indebtedness may be declared to be immediately due and payable.

All parties hereto, to the extent permitted by applicable law, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

**THIS NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).**

HANESBRANDS INC.

By ______________________________________

Name:

Title:

LOANS AND PRINCIPAL PAYMENTS

| Date | Amount of Loans Made | | Amount of Principal Repaid | | Unpaid Principal Balance | | Total | Notation Made By |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
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| | | | | | | | | |

EXHIBIT B

[FORM OF] BORROWING REQUEST

Morgan Stanley Senior Funding, Inc.,
  as Administrative Agent
1585 Broadway
New York, New York 10036

Attention:
Fax:

HANESBRANDS INC.

Ladies and Gentlemen:

This Borrowing Request is delivered to you pursuant to Section 2.3 of the Bridge Loan Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among Hanesbrands Inc. (the "Borrower"), the Lenders, Morgan Stanley Senior Funding, Inc. and Merrill Lynch Pierce, Fenner & Smith Incorporated, as the Co-Syndication Agents, Morgan Stanley Senior Funding, Inc., as the Administrative Agent, and Morgan Stanley Senior Funding, Inc. and Merrill Lynch Pierce, Fenner & Smith Incorporated, as the Joint Lead Arrangers and Joint Bookrunners. Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that a Bridge Loan be made in the aggregate principal amount of $500,000,000 on September 5, 2006.

The Borrower hereby acknowledges that, pursuant to Section 5.1.16 of the Credit Agreement, each of the delivery of this Borrowing Request and the acceptance by the Borrower of the proceeds of the Loans requested hereby constitutes a representation and warranty by the Borrower that, on the date of the making of such Loans, and both before and after giving effect thereto, all statements set forth in Section 5.2. of the Credit Agreement are true and correct.

The Borrower agrees that if prior to the time of the Borrowing requested hereby any matter certified to herein by it will not be true and correct to the extent set forth in Section 5.2 of the Credit Agreement at such time as if then made, it will promptly so notify the Administrative Agent. Except to the extent, if any, that prior to the time of the Borrowing requested hereby the

Administrative Agent shall receive written notice to the contrary from the Borrower, each matter certified to herein shall be deemed once again to be certified as true and correct to the extent set forth in Section 5.2 of the Credit Agreement at the date of such Borrowing as if then made.

Please wire transfer the proceeds of the Borrowing to the accounts of the following persons at the financial institutions indicated respectively:

| Amount to be Transferred | Person to be Paid | | Name, Address, etc. Of Transferee Lender |
|---|---|---|---|
| | Name | Account No. | |
| $__________ | __________ | __________ | __________ |
| | | | __________ |
| | | | Attention: __________ |
| $__________ | __________ | __________ | __________ |
| | | | __________ |
| | | | Attention: __________ |
| $__________ | __________ | __________ | __________ |
| | | | __________ |
| | | | Attention: __________ |
| Balance of such proceeds | The Borrower | | __________ |
| | | | __________ |
| | | | Attention: __________ |

IN WITNESS WHEREOF, the Borrower has caused this Borrowing Request to be executed and delivered, and the certifications and warranties contained herein to be made, by its duly Authorized Officer, solely in such capacity and not as an individual, this ___ day of ___, ___.

HANESBRANDS INC.

By ______________________________

Name:

Title:

[FORM OF] LENDER ASSIGNMENT AGREEMENT

_____ _______, __________

To: HANESBRANDS INC.,
as the Borrower
1000 East Hanes Mill Rd
Winston Salem, NC 27105
Attn: General Counsel

MORGAN STANLEY SENIOR FUNDING, INC.,
as the Administrative Agent
One Pierrepont Plaza, 7th Floor
300 Cadman Plaza West
Brooklyn, NY 11201
Attn: Lisa Malone/ Gabriela Nevergold

HANESBRANDS INC.

Gentlemen and Ladies:

This Lender Assignment Agreement (this "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the "Standard Terms and Conditions") are hereby agreed to be incorporated herein by reference and made a part of this Assignment and Acceptance.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent (as defined below) as contemplated below (i) all of the Assignor's rights, benefits, obligations, liabilities and indemnities in its capacity as a Lender under (and in connection with) the Credit Agreement and any other Loan Documents to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether

known or unknown, arising under or in connection with the Credit Agreement, the other Loan Documents or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by the Assignor.

This Assignment and Acceptance shall be effective as of the Effective Date [upon the written consent of the Administrative Agent [and the Borrower][1] ][2] being subscribed in the space indicated below.

| | | |
|---|---|---|
| 1. | Assignor: | ____________________ |
| 2. | Assignee: | ____________________<br>[and is an Affiliate/Approved Fund of [*identify Lender*][3]] |
| 3. | Borrower: | HANESBRANDS INC. (the "Borrower") |
| 4. | Administrative Agent: | MORGAN STANLEY SENIOR FUNDING, INC., as the administrative agent under the Credit Agreement ("Administrative Agent") |
| 5. | Credit Agreement: | The Bridge Loan Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Lenders, Morgan Stanley Senior Funding, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the Co-Syndication Agents, the Administrative Agent, and Morgan Stanley Senior Funding, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the Joint Lead Arrangers and Joint Bookrunners. |
| 6. | Assigned Interest: | |

| Aggregate Amount of Loans for all Lenders | Amount of Loans Assigned | Percentage Assigned of Loans |
|---|---|---|
| $ | $ | % |
| $ | $ | % |
| $ | $ | % |

1 Borrower consent required only pursuant to clause (a)(i) of Section 10.11 of the Credit Agreement.

2 Administrative Agent consent required for assignments (i) to an Eligible Assignee that is not a Lender, an Approved Fund or an Affiliate of a Lender and (ii) pursuant to clause (a)(i) of Section 10.11 of the Credit Agreement.

3 Select as applicable.

Effective Date: [MONTH] ___, 20___

The terms set forth in this Assignment and Acceptance are hereby agreed to as of the Effective Date:

ASSIGNOR
[NAME OF ASSIGNOR]

By: ________________________________
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNOR]

By: ________________________________
Name:
Title:

[Consented to and] Accepted:
MORGAN STANLEY SENIOR FUNDING, INC.
as the Administrative Agent

By: ________________________________

Name:
Title:

[Consented to:
HANESBRANDS INC.,
as the Borrower

By: ________________________________

Name:
Title:

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) except as provided in clause (a) above, assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents, (iii) the financial condition of the Borrower or any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower or any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it is an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1.6 or 7.1.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Non-U.S. Lender, attached to this Assignment and Acceptance is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the

Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by telecopy or facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be deemed to be a contract made under, governed by, and construed in accordance with, the laws of the State of New York (including for such purposes Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York) without regard to conflicts of laws principles.

EXHIBIT D

COMPLIANCE CERTIFICATE (BRIDGE CREDIT AGREEMENT)

HANESBRANDS INC.

This Compliance Certificate is delivered pursuant to clause (c) of Section 7.1.1 of the Bridge Loan Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among Hanesbrands Inc. (the "Borrower"), the Lenders, Morgan Stanley Senior Funding, Inc. and Merrill Lynch Pierce, Fenner & Smith Incorporated, as the Co-Syndication Agents, Morgan Stanley Senior Funding, Inc., as the Administrative Agent, and Morgan Stanley Senior Funding, Inc. and Merrill Lynch Pierce, Fenner & Smith Incorporated, as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Terms used herein that are defined in the Credit Agreement, unless otherwise defined herein, have the meanings provided (or incorporated by reference) in the Credit Agreement.

The Borrower hereby certifies, represents and warrants as follows in respect of the period (the "Computation Period") commencing on ___ ___, ___ and ending on ___ ___, ___ (such latter date being the "Computation Date") and with respect to the Computation Date:

1. Defaults. As of the Computation Date, no Default had occurred and was continuing. [1]

2. Financial Covenants.

a. Leverage Ratio. The Leverage Ratio on the Computation Date was ___, as computed on Attachment 1 hereto. The maximum Leverage Ratio permitted pursuant to clause (a) of Section 7.2.4 of the Credit Agreement on the Computation Date was ___.

b. Interest Coverage Ratio. The Interest Coverage Ratio for the Computation Period was ___, as computed on Attachment 2 hereto. The minimum Interest Coverage Ratio permitted pursuant to clause (b) of Section 7.2.4 of the Credit Agreement for the Computation Period was ___.

3. Subsidiaries: Except as set forth below, no Subsidiary has been formed or acquired since the delivery of the last Compliance Certificate. The formation and/or acquisition of such Subsidiary was in compliance with Section 7.1.8 of the Credit Agreement.

[Insert names of any new entities.]

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1 If a Default has occurred, specify the details of such default and the action that the Borrower or other Obligor has taken or proposes to take with respect thereto.

4. Neither the Borrower nor any Obligor has changed its legal name or jurisdiction of organization, during the Computation Period, except as indicated on Attachment 3 hereto.

IN WITNESS WHEREOF, the Borrower has caused this Compliance Certificate to be executed and delivered, and the certification and warranties contained herein to be made, by the treasurer, chief financial or accounting Authorized Officer of the Borrower, solely in such capacity and not as an individual, as of ___ ___, 200_.

HANESBRANDS INC.

By ______________________________

Name:
Title:

*Compliance Certificate (Bridge)*

LEVERAGE RATIO
on ___________
(the "Computation Date")

**Leverage Ratio:**

| | | |
|---|---|---|
| 1. | Total Debt: on the Computation Date, in each case exclusive of intercompany Indebtedness between the Borrower and its Subsidiaries and any Contingent Liability in respect of any of the following, the outstanding principal amount of all Indebtedness of the Borrower and its Subsidiaries (other than a Receivables Subsidiary), comprised of: | |
| | (a) all obligations of such Person for borrowed money or advances and all obligations of such Person evidenced by bonds, debentures, notes or similar instruments | $__________ |
| | (b) all monetary obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person | $__________ |
| | (c) all Capitalized Lease Liabilities of such Person | $__________ |
| | (d) monetary obligations arising under Synthetic Leases | $__________ |
| | (e) TOTAL DEBT: The sum of Item 1(a) through 1(d) | $__________ |
| 2. | Net Income (the aggregate of all amounts which would be included as net income on the consolidated financial statements of the Borrower and its Subsidiaries for the Computation Period)[2] | $__________ |
| 3. | to the extent deducted in determining Net Income, amounts attributable to amortization (including amortization of goodwill and other intangible assets) | $__________ |
| 4. | to the extent deducted in determining Net Income, Federal, state, local and foreign income withholding, franchise, state single business unitary and similar Tax expense | $__________ |

[2] The calculation of Net Income shall not include any net income of any Foreign Supply Chain Entity, except to the extent cash is distributed by such Foreign Supply Chain Entity during such period to the Borrower or any other Subsidiary as a dividend or other distribution.

| | | |
|---|---|---|
| 5. | to the extent deducted in determining Net Income, Interest Expense (the aggregate interest expense (both, without duplication, when accrued or paid and net of interest income paid during such period to the Borrower and its Subsidiaries) of the Borrower and its Subsidiaries for such applicable period, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense) | $__________ |
| 6. | to the extent deducted in determining Net Income, depreciation of assets | $__________ |
| 7. | to the extent deducted in determining Net Income, all non-cash charges, including all non-cash charges associated with announced restructurings, whether announced previously or in the future | $__________ |
| 8. | to the extent deducted in determining Net Income, net cash charges associated with or related to any contemplated restructurings in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Restructuring Charge[3] Amount for such Fiscal Year | $__________ |
| 9. | to the extent deducted in determining Net Income, net cash restructuring charges associated with or related to the Spin-Off in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Spin-Off Charge Amount for such Fiscal Year[4] | $__________ |
| 10. | to the extent deducted in determining Net Income, all amounts in respect of extraordinary losses | $__________ |
| 11. | to the extent deducted in determining Net Income, non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements) | $__________ |
| 12. | to the extent included in determining Net Income, any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early | |

[3] The Permitted Cash Restructuring Charge Amount shall be $120,000,000 in the aggregate for the Fiscal Year 2006 and all Fiscal Years ending after the Closing Date.

[4] The Permitted Cash Spin-Off Charge Amount for the Fiscal Year 2006 shall be $20,000,000 and for the Fiscal Year 2007 shall be $55,000,000.

|  |  |  |
|---|---|---|
|  | retirement of Indebtedness, and related out-of-pocket expenses incurred by the Borrower or any of its Subsidiaries as a result of the Transaction, including fees and expenses in connection with the issuance, redemption or exchange of the Bridge Loans, all determined in accordance with GAAP | $__________ |
| 13. | to the extent included in determining Net Income, non-cash or unrealized losses on agreements with respect to Hedging Obligations | $__________ |
| 14. | to the extent included in determining Net Income and to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of the Borrower and its Subsidiaries incurred as a result of Permitted Acquisitions, Investments, Dispositions permitted under the Credit Agreement and the issuance of Capital Securities or Indebtedness permitted under the Credit Agreement, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Permitted Acquisition or Dispositions | $__________ |
| 15. | to the extent included in determining Net Income, and to the extent the related loss in not added back pursuant to Item 21, all proceeds of business interruption insurance policies | $__________ |
| 16. | to the extent included in determining Net Income, expenses incurred by the Borrower or any Subsidiary to the extent reimbursed in cash by a third party | $__________ |
| 17. | to the extent included in determining Net Income, extraordinary, unusual or non-recurring cash charges not to exceed $10,000,000 in any Fiscal Year | $__________ |
| 18. | to the extent included in determining Net Income, all amounts in respect of extraordinary gains or extraordinary losses | $__________ |
| 19. | to the extent included in determining Net Income, non-cash gains on agreements with respect to Hedging Obligations | $__________ |
| 20. | to the extent included in determining Net Income, reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period | $__________ |
| 21. | to the extent included in determining Net Income, non-cash items increasing such Net Income for such period, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash |  |

reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period $__________

22. EBITDA[5]: The sum of Items 2 through 17 minus Items 18 through 21 $__________

23. LEVERAGE RATIO: ratio of Item 1 to Item 22 ___:1___

5 For purposes of calculating the Leverage Ratio with respect to the four consecutive Fiscal Quarter period ending (i) nearest to December 31, 2006, EBITDA shall be actual EBITDA for the Fiscal Quarter nearest to December 31, 2006 multiplied by four; (ii) nearest to March 31, 2007, EBITDA shall be actual EBITDA for the two Fiscal Quarter period nearest to March 31, 2007 multiplied by two; and (iii) nearest to June 30, 2007, EBITDA shall be actual EBITDA for the three Fiscal Quarter period ending on June 30, 2007 multiplied by one and one-third.

Attachment 2
(to __/__/__ Compliance
Certificate)

INTEREST COVERAGE RATIO
on ___________
(the "Computation Date")

**Interest Coverage Ratio:**

| | | |
|---|---|---|
| 1. | EBITDA (see Item 22 of Attachment 1) | $__________ |
| 2. | Interest Expense of the Borrower and its Subsidiaries (see Item 5 of Attachment 1)[6] | $__________ |
| 3. | INTEREST COVERAGE RATIO: ratio of Item 1 to Item 2 | ___:1___ |

6 For purposes of calculating Interest Expense with respect to the calculation of the Interest Coverage Ratio with respect to the four consecutive Fiscal Quarter period ending (i) December 31, 2006, Interest Expense shall be actual Interest Expense for the Fiscal Quarter ending on December 31, 2006 multiplied by four; (ii) March 31, 2007, Interest Expense shall be actual Interest Expense for the two Fiscal Quarter period ending on March 25, 2007 multiplied by two; and (iii) June 24, 2007, Interest Expense shall be actual Interest Expense for the three Fiscal Quarter period ending on June 24, 2007 multiplied by one and one-third.

Attachment 3
(to __/__/__ Compliance
Certificate)

CHANGE OF LEGAL NAME OR JURISDICTION OF INCORPORATION

| Name of Borrower or Other Obligor | New Legal Name or Jurisdiction of Incorporation |
| --- | --- |
| | |
| | |
| | |

EXHIBIT E

GUARANTY

This GUARANTY (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Guaranty"), dated as of September 5, 2006, is made by each U.S. Subsidiary (such capitalized term and all other capitalized terms, unless otherwise defined herein, used herein have the meanings set forth in or incorporated by reference in Article I) of the Borrower (as defined below), from time to time party to this Guaranty (each individually, a "Guarantor" and collectively, the "Guarantors"), in favor of MORGAN STANLEY SENIOR FUNDING, INC., as administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Loan Parties.

W I T N E S S E T H:

WHEREAS, pursuant to a Bridge Loan Agreement, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among Hanesbrands Inc., a Maryland corporation (the "Borrower"), the Lenders, Morgan Stanley Senior Funding, Inc. and Merrill Lynch, Pierce, Fenner &Smith Incorporated, as the Co-Syndication Agents, the Administrative Agent, and Morgan Stanley Senior Funding, Inc. and Merrill Lynch, Pierce, Fenner &Smith Incorporated, as the Joint Lead Arrangers and Joint Bookrunners, the Lenders have extended Commitments to make Credit Extensions to the Borrower; and

WHEREAS, as a condition precedent to the making of the Credit Extensions under the Credit Agreement, each Guarantor is required to execute and deliver this Guaranty;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor agrees, for the benefit of each Loan Party, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Borrower" is defined in the first recital.

"Credit Agreement" is defined in the first recital.

"Guarantor" and "Guarantors" are defined in the preamble.

"Guaranty" is defined in the preamble.

SECTION 1.2. Credit Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Credit Agreement.

ARTICLE II

GUARANTY PROVISIONS

SECTION 2.1. Guaranty. Each Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably

(a) guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations of each Obligor now or hereafter existing, whether for principal, interest (including interest accruing at the then applicable rate provided in the Credit Agreement after the occurrence of any Event of Default set forth in Section 8.1.9 of the Credit Agreement, whether or not a claim for post-filing or post-petition interest is allowed under applicable law following the institution of a proceeding under bankruptcy, insolvency or similar laws), fees, expenses or otherwise (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. §502(b) and §506(b)); and

(b) indemnifies and holds harmless each Loan Party for any and all costs and reasonable out-of-pocket expenses (including reasonable attorneys' fees) incurred by such Loan Party in enforcing any rights under this Guaranty (in each case to the same extent the Loan Parties are indemnified and held harmless pursuant to Sections 10.3 and 10.4 of the Credit Agreement);

provided, however, that each Guarantor shall only be liable under this Guaranty for the maximum amount of such liability that can be hereby incurred without rendering this Guaranty, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount. This Guaranty constitutes a guaranty of payment when due and not of collection, and each Guarantor specifically agrees that to the extent permitted by applicable law it shall not be necessary or required that any Loan Party exercise any right, assert any claim or demand or enforce any remedy whatsoever against any Obligor or any other Person before or as a condition to the obligations of such Guarantor hereunder.

SECTION 2.2. Reinstatement, etc. Each Guarantor hereby jointly and severally agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is invalidated, declared to be fraudulent or preferential, set aside, rescinded or must otherwise be restored by any Loan Party, including upon the occurrence of any Default set forth in Section 8.1.9 of the Credit Agreement or otherwise, all as though such payment had not been made.

SECTION 2.3. Guaranty Absolute, etc. To the extent permitted by applicable law, this Guaranty shall in all respects be a continuing, absolute, unconditional and irrevocable guaranty of payment, and shall remain in full force and effect until the Termination Date has occurred. Each Guarantor jointly and severally guarantees that the Obligations will be paid strictly in accordance with the terms of each Loan Document, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Loan Party with respect thereto. The liability of each Guarantor under this Guaranty shall be joint and several, absolute, unconditional and irrevocable to the extent permitted by applicable law irrespective of:

(a) any lack of validity, legality or enforceability of any Loan Document;

(b) the failure of any Loan Party

(i) to assert any claim or demand or to enforce any right or remedy against any Obligor or any other Person (including any other guarantor) under the provisions of any Loan Document, or

(ii) to exercise any right or remedy against any other guarantor (including any Guarantor) of, or collateral securing, any Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other extension, compromise or renewal of any Obligation;

(d) any reduction, limitation, impairment or termination of any Obligations for any reason (other than the occurrence of the Termination Date), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Guarantor hereby waives to the extent permitted by law, any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise (other than the occurrence of the Termination Date);

(e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Loan Document;

(f) any addition, exchange or release of any collateral or of any Person that is (or will become) a guarantor (including a Guarantor hereunder) of the Obligations, or any surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Loan Party guaranteeing any of the Obligations; or

(g) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any Obligor, any surety or any guarantor (other than payment or performance of the Obligations, in each case in full and, with respect to payments, in cash).

SECTION 2.4. Setoff. Each Loan Party shall, upon the occurrence and during the continuance of any Event of Default described in clauses (a) through (d) of Section 8.1.9 of the Credit Agreement or, with the consent of the Required Lenders, upon the occurrence and during the continuance of any other Event of Default, have the right to appropriate and apply to the payment of the Secured Obligations owing to it (if then due and payable), any and all balances, credits, deposits, accounts or moneys of such Guarantor then or thereafter maintained with such Loan Party (other than payroll, trust or tax accounts); provided that, any such appropriation and application shall be subject to the provisions of Section 4.5 of the Credit Agreement. Each Loan Party agrees promptly to notify the applicable Guarantor and the Administrative Agent after any such appropriation and application made by such Loan Party; provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Loan Party under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Loan Party may have.

SECTION 2.5. Waiver, etc. Each Guarantor hereby waives, to the extent permitted by law, promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Guaranty and any requirement that any Loan Party protect, secure, perfect or insure and Lien, if any, or any property subject thereto, or exhaust any right or take any action against the Borrower or any of its Subsidiaries or any other Person (including any other guarantor) or entity or any collateral securing the Obligations, as the case may be.

SECTION 2.6. Postponement of Subrogation, etc. Each Guarantor agrees that it will, to the extent permitted by law, not exercise any rights which it may acquire by way of rights of subrogation under any Loan Document, nor shall any Guarantor seek any contribution or reimbursement from any Obligor in respect of any payment made under any Loan Document or otherwise, until following the Termination Date. Any amount paid to any Guarantor on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Loan Parties and shall immediately be paid and turned over to the Administrative Agent for the benefit of the Loan Parties in the exact form received by such Guarantor (duly endorsed in favor of the Administrative Agent, if required), to be credited and applied against the outstanding Obligations, in accordance with Section 2.7; provided, however, that if any Guarantor has made payment to the Loan Parties of all or any part of the Obligations and the Termination Date has occurred, then at such Guarantor's request, the Administrative Agent (on behalf of the Loan Parties) will, at the expense of such Guarantor, execute and deliver to such Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, each Guarantor shall refrain from taking any action or commencing any proceeding against any Obligor (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Guaranty to any Loan Party other than as required by applicable law to preserve such rights.

SECTION 2.7. Payments; Application. Each Guarantor hereby agrees with each Loan Party as follows to the extent permitted by applicable law:

(a) Each Guarantor agrees that all payments made by such Guarantor hereunder will be made in Dollars to the Administrative Agent, without set-off, counterclaim or

other defense (other than the defense of payment or performance) and in accordance with Sections 4.3 and 4.4 of the Credit Agreement, free and clear of and without deduction for any Taxes, each Guarantor hereby agreeing to comply with and be bound by the provisions of Sections 4.3 and 4.4 of the Credit Agreement in respect of all payments made by it hereunder and the provisions of which Sections are hereby incorporated into and made a part of this Guaranty by this reference as if set forth herein; provided, that references to the "Borrower" in such Sections shall also be deemed to be references to each Guarantor, and references to "this Agreement" in such Sections shall be deemed to be references to this Guaranty.

(b) All payments made hereunder shall be applied upon receipt as set forth in Section 4.4 of the Credit Agreement.

## ARTICLE III

## REPRESENTATIONS AND WARRANTIES

In order to induce the Loan Parties to enter into the Credit Agreement and make Credit Extensions thereunder, each Guarantor represents and warrants to each Loan Party as set forth below.

SECTION 3.1. Credit Agreement Representations and Warranties. The representations and warranties contained in Article VI of the Credit Agreement, insofar as the representations and warranties contained therein are applicable to any Guarantor and its properties, are true and correct in all material respects, each such representation and warranty set forth in such Article (insofar as applicable as aforesaid) and all other terms of the Credit Agreement to which reference is made therein, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

SECTION 3.2. Financial Condition, etc. Each Guarantor has knowledge of each other Obligor's financial condition and affairs and that it has adequate means to obtain from each such Obligor on an ongoing basis information relating thereto and to such Obligor's ability to pay and perform the Obligations, and agrees to assume the responsibility for keeping, and to keep, so informed for so long as this Guaranty is in effect. Each Guarantor acknowledges and agrees that the Loan Parties shall have no obligation to investigate the financial condition or affairs of any Obligor for the benefit of such Guarantor nor to advise such Guarantor of any fact respecting, or any change in, the financial condition or affairs of any other Obligor that might become known to any Loan Party at any time, whether or not such Loan Party knows or believes or has reason to know or believe that any such fact or change is unknown to such Guarantor, or might (or does) materially increase the risk of such Guarantor as guarantor, or might (or would) affect the willingness of such Guarantor to continue as a guarantor of the Obligations.

SECTION 3.3. Best Interests. It is in the best interests of each Guarantor to execute this Guaranty inasmuch as such Guarantor will, as a result of being a Subsidiary of the Borrower, derive substantial direct and indirect benefits from the Credit Extensions made from time to time to the Borrower by the Lenders pursuant to the Credit Agreement and each Guarantor agrees that

the Loan Parties are relying on this representation in agreeing to make Credit Extensions to the Borrower.

ARTICLE IV

COVENANTS, ETC.

Each Guarantor covenants and agrees that, at all times prior to the Termination Date, it will perform, comply with and be bound by all of the agreements to which it is a party, covenants and obligations contained in the Credit Agreement which are applicable to such Guarantor or its properties, each such agreement, covenant and obligation contained in the Credit Agreement and all other terms of the Credit Agreement to which reference is made in this Article, together with all related definitions and ancillary provisions, being hereby incorporated into this Guaranty by this reference as though specifically set forth in this Article.

ARTICLE V

MISCELLANEOUS PROVISIONS

SECTION 5.1. Loan Document. This Guaranty is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof, including Article X thereof.

SECTION 5.2. Binding on Successors, Transferees and Assigns; Assignment. This Guaranty shall remain in full force and effect until the Termination Date has occurred, shall be jointly and severally binding upon each Guarantor and its successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Loan Party and its successors, transferees and permitted assigns; provided, however, that no Guarantor may (unless otherwise permitted under the terms of the Credit Agreement) assign any of its obligations hereunder without the prior written consent of all Lenders.

SECTION 5.3. Amendments, etc. No amendment to or waiver of any provision of this Guaranty, nor consent to any departure by any Guarantor from its obligations under this Guaranty, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent (on behalf of the Lenders or the Required Lenders, as the case may be, pursuant to Section 10.1 of the Credit Agreement) and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.4. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party (in the case of any Guarantor, in care of the Borrower) set forth on Schedule II to the Credit Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice, if transmitted by

facsimile, shall be deemed given when the confirmation of transmission thereof is received by the transmitter.

SECTION 5.5. Additional Guarantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such Person shall become a "Guarantor" hereunder with the same force and effect as if it were originally a party to this Guaranty and named as a "Guarantor" hereunder. The execution and delivery of such supplement shall not require the consent of any other Guarantor hereunder, and the rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Guaranty.

SECTION 5.6. Release of Guarantor. Upon the occurrence of the Termination Date, this Guaranty and all obligations of each Guarantor hereunder shall terminate, without delivery of any instrument or performance of any act by any party. In addition, at the request of the Borrower, and at the sole expense of the Borrower, a Guarantor shall be automatically released from its obligations hereunder in the event that the Capital Securities of such Subsidiary Guarantor are Disposed of in a transaction permitted by the Credit Agreement; provided that the Borrower shall have delivered to the Administrative Agent, prior to the date of the proposed release, a written request for release identifying the relevant Guarantor. The Administrative Agent agrees to deliver to the Borrower, at the Borrower's sole expense, such documents as the Borrower may reasonably request to evidence such termination and release.

SECTION 5.7. No Waiver; Remedies. In addition to, and not in limitation of, Sections 2.3 and 2.5, no failure on the part of any Loan Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.8. Section Captions. Section captions used in this Guaranty are for convenience of reference only, and shall not affect the construction of this Guaranty.

SECTION 5.9. Severability. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 5.10. Governing Law, Entire Agreement, etc. THIS GUARANTY WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Guaranty and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 5.11. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, ANY LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE LENDERS OR ANY GUARANTOR IN CONNECTION HEREWITH OR THEREWITH MAY BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH GUARANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED FOR THE BORROWER IN SECTION 10.2 OF THE CREDIT AGREEMENT. EACH GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH GUARANTOR HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THE LOAN DOCUMENTS.

SECTION 5.12. Waiver of Jury Trial. THE ADMINISTRATIVE AGENT (ON BEHALF OF ITSELF AND EACH OTHER LOAN PARTY) AND EACH GUARANTOR HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, EACH LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, SUCH LENDER OR SUCH GUARANTOR IN CONNECTION THEREWITH. EACH GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT AND EACH LENDER ENTERING INTO THE LOAN DOCUMENTS.

SECTION 5.13. Counterparts. This Guaranty may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a

signature page to this Guaranty by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Guaranty.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed and delivered by its Authorized Officer, solely in such capacity and not as an individual, as of the date first above written.

HBI BRANDED APPAREL LIMITED, INC.

By: ____________________________
Name:
Title:

HANESBRANDS DIRECT, LLC

By: ____________________________
Name:
Title:

UPEL, INC.

By: ____________________________
Name:
Title:

CARIBETEX, INC.

By: ____________________________
Name:
Title:

SEAMLESS TEXTILES, LLC

By: ____________________________
Name:
Title:

BA INTERNATIONAL, L.L.C.

By: ______________________________
Name:
Title:

HBI INTERNATIONAL, LLC

By: ______________________________
Name:
Title:

HBI BRANDED APPAREL ENTERPRISES, LLC

By: ______________________________
Name:
Title:

CASA INTERNATIONAL, LLC

By: ______________________________
Name:
Title:

UPCR, INC.

By: ______________________________
Name:
Title:

HBI SOURCING, LLC

By: ____________________________________
Name:
Title:

CEIBENA DEL, INC.

By: ____________________________________
Name:
Title:

NT INVESTMENT COMPANY, INC.

By: ____________________________________
Name:
Title:

HANESBRANDS DISTRIBUTION, INC.

By: ____________________________________
Name:
Title:

CARIBESOCK, INC.

By: ____________________________________
Name:
Title:

NATIONAL TEXTILES, L.L.C.

By: ______________________________
Name:
Title:

HANES PUERTO RICO, INC.

By: ______________________________
Name:
Title:

PLAYTEX INDUSTRIES, INC.

By: ______________________________
Name:
Title:

INNER SELF LLC

By: ______________________________
Name:
Title:

PLAYTEX DORADO, LLC

By: ______________________________
Name:
Title:

HANES MENSWEAR, LLC

By: ______________________________

Name:

Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE LOAN PARTIES:

MORGAN STANLEY SENIOR FUNDING, INC.,
as Administrative Agent

By: ______________________________________
Name:
Title:

ANNEX I to
the Guaranty

THIS SUPPLEMENT, dated as of ___ ___, ___ (this "Supplement"), is to the Guaranty, dated as of September 5, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Guaranty"), among the Guarantors (such capitalized term, and other terms used in this Supplement, to have the meanings set forth or incorporated by reference in Article I of the Guaranty) from time to time party thereto, in favor of MORGAN STANLEY SENIOR FUNDING, INC., as administrative agent (together with its successor(s) thereto in such capacity, the "Administrative Agent") for each of the Loan Parties.

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Section 5.5 of the Guaranty, each of the undersigned is becoming a Guarantor under the Guaranty; and

WHEREAS, each of the undersigned desires to become a "Guarantor" under the Guaranty in order to induce each Loan Party to continue the Credit Extensions under the Credit Agreement;

NOW, THEREFORE, in consideration of the premises, and for other consideration (the receipt and sufficiency of which is hereby acknowledged), each of the undersigned agrees, for the benefit of each Loan Party, as follows.

SECTION 1. Party to Guaranty, etc. In accordance with the terms of the Guaranty, by its signature below, each of the undersigned hereby irrevocably agrees to become a Guarantor under the Guaranty with the same force and effect as if it were an original signatory thereto and each of the undersigned hereby (a) agrees to be bound by and comply with all of the terms and provisions of the Guaranty applicable to it as a Guarantor and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct in all material respects as of the date hereof. In furtherance of the foregoing, each reference to a "Guarantor" and/or "Guarantors" in the Guaranty shall be deemed to include each of the undersigned.

SECTION 2. Representations. Each of the undersigned hereby represents and warrants that this Supplement has been duly authorized, executed and delivered by it and that this Supplement and the Guaranty constitute the legal, valid and binding obligation of each of the undersigned, enforceable (except, in any case, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity) against it in accordance with its terms.

SECTION 3. Full Force of Guaranty. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect in accordance with its terms.

SECTION 4. Severability. Wherever possible each provision of this Supplement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Supplement shall be prohibited by or invalid under such law, such provision

shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Supplement or the Guaranty.

SECTION 5. Indemnity; Fees and Expenses, etc. Without limiting the provisions of any other Loan Document, each of the undersigned agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses incurred in connection with this Supplement, including reasonable attorney's fees and out-of-pocket expenses of the Administrative Agent's counsel.

SECTION 6. Governing Law, Entire Agreement, etc. THIS SUPPLEMENT WILL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). This Supplement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 7. Counterparts. This Supplement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Supplement by facsimile (or other electronic) transmission shall be effective as delivery of a manually executed counterpart of this Supplement.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be duly executed and delivered by its Authorized Officer as of the date first above written.

[NAME OF ADDITIONAL SUBSIDIARY]

By: ______________________________
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: ______________________________
Name:
Title:

[NAME OF ADDITIONAL SUBSIDIARY]

By: ______________________________
Name:
Title:

ACCEPTED AND AGREED FOR ITSELF
AND ON BEHALF OF THE LOAN PARTIES:

MORGAN STANLEY SENIOR FUNDING, INC.,
as Administrative Agent

By: ______________________________
Name:
Title:

EXHIBIT F

CLOSING DATE CERTIFICATE

HANESBRANDS INC.

September 5, 2006

This certificate is delivered pursuant to Section 5.1.2 of the Bridge Loan Agreement, dated as of September 5, 2006 (the "Credit Agreement"), among Hanesbrands Inc. (the "Borrower"), the Lenders, Morgan Stanley Senior Funding, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the Co-Syndication Agents, Morgan Stanley Senior Funding, Inc., as the Administrative Agent, and Morgan Stanley Senior Funding, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the joint lead arrangers and joint bookrunners (in such capacities, the "Lead Arrangers"). Capitalized terms used herein that are defined in the Credit Agreement, unless otherwise defined herein, have the meanings provided (or incorporated by reference) in the Credit Agreement.

The undersigned Authorized Officer, solely in such capacity and not as an individual, hereby certifies, represents and warrants that, as of the Closing Date:

1. Consummation of Transactions. (a) All actions necessary to consummate the Transaction (other than the entering into of the Senior Note Documents and the issuance of the Senior Notes) have been taken in accordance in all material respects with all applicable law and in accordance with the terms of each applicable Transaction Document, without amendment or waiver of any material provision thereof, unless approved by the Lead Arrangers in their reasonable discretion.

(b) Attached hereto as Annex I are true and correct copies of the material First Lien Loan Documents which are in full force and effect and pursuant to which the Borrower will incur $[___][1] of credit extensions thereunder on the Closing Date.

(c) Attached hereto as Annex II are true and correct copies of the material Second Lien Loan Documents which are in full force and effect and pursuant to which HBI Branded Apparel Limited, Inc. will borrow $450,000,000 in loans thereunder on the Closing Date.

2. Litigation, etc. There exists no action, suit, investigation, litigation or proceeding pending or threatened in writing in any court or before any arbitrator or governmental or regulatory agency or authority that could reasonably be expected to have a Material Adverse Effect.

3. Approval. All material and necessary governmental and third party consents and approvals have been obtained (without the imposition of any material and adverse conditions that are not reasonably acceptable to the Lenders) and remain in effect and all applicable waiting

---

1 To be confirmed.

periods have expired without any material and adverse action being taken by any competent authority.

4. Debt Ratings. The Borrower has obtained a senior unsecured debt rating (of any level) in respect of the Loans from each of S&P and Moody's and such ratings (of any level) are in effect as of the date hereof.

5. Form 10. The financial information concerning the Branded Apparel Business and the Borrower and its Subsidiaries contained in the Borrower's Form 10 filed with the Securities and Exchange Commission in connection with the Spin-Off, including all amendments and modifications thereto, is consistent in all material respects with the information previously provided to the Lead Arrangers and the Lenders.

6. Compliance with Warranties, No Default, etc. The following statements are true and correct as of the date hereof (after giving effect to the making of the Bridge Loans):

(a) the representations and warranties set forth in each Loan Document are, in each case, true and correct in all material respects (unless stated to relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date); and

(b) no Default has occurred and is continuing.

IN WITNESS WHEREOF, the undersigned has caused this Closing Date Certificate to be executed and delivered, and the certification, representations and warranties contained herein, by its Authorized Officer, are made solely in such capacity and not as an individual, as of the date first written above.

HANESBRANDS INC.

By: ______________________________
Name:
Title:

Annex I

Material First Lien Loan Documents

Annex II

Material Second Lien Loan Documents

EXHIBIT G

---

**HANESBRANDS INC.**

**AND EACH OF THE SUBSIDIARY GUARANTORS PARTY HERETO**

**[ ]% SENIOR FIXED RATE NOTES DUE 2014**

**SENIOR FLOATING RATE NOTES DUE 2014**

---

**INDENTURE**

**Dated as of [ ]**

---

---

**[ ]**

**Trustee**

---

EXHIBIT G

**CROSS-REFERENCE TABLE**

| *Trust Indenture Act Section* | *Indenture Section* |
|---|---|
| 310(a)(1) | 7.10 |
| (a)(2) | 7.10 |
| (a)(3) | N.A. |
| (a)(4) | N.A. |
| (a)(5) | 7.10 |
| (b) | 7.10 |
| (c) | N.A. |
| 311(a) | 7.11 |
| (b) | 7.11 |
| (c) | N.A. |
| 312(a) | 2.05 |
| (b) | 13.03 |
| (c) | 13.03 |
| 313(a) | 7.06 |
| (b)(2) | 7.06; 7.07 |
| (c) | 7.06; 13.02 |
| (d) | 7.06 |
| 314(a) | 4.03; 13.02; 13.05 |
| (c)(1) | 13.04 |
| (c)(2) | 13.04 |
| (c)(3) | N.A. |
| (e) | 13.05 |
| (f) | N.A. |
| 315(a) | 7.01 |
| (b) | 7.05, 13.02 |
| (c) | 7.01 |
| (d) | 7.01 |
| (e) | 6.11 |
| 316(a) (last sentence) | 2.09 |
| (a)(1)(A) | 6.05 |
| (a)(1)(B) | 6.04 |
| (a)(2) | N.A. |
| (b) | 6.07 |
| (c) | 2.12 |
| 317(a)(1) | 6.08 |
| (a)(2) | 6.09 |
| (b) | 2.04 |
| 318(a) | N.A. |
| (b) | N.A. |
| (c) | 13.01 |

N.A. means not applicable.

* This Cross Reference Table is not part of this Indenture.

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Exhibit E FORM OF CERTIFICATE OF ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR
Exhibit F FORM OF NOTE GUARANTEE
Exhibit G FORM OF SUPPLEMENTAL INDENTURE

INDENTURE dated as of [ ], 2006 among Hanesbrands Inc., a Maryland corporation (the "Company"), the Subsidiary Guarantors (as defined below) and [ ], as trustee (the "Trustee"). Upon execution and delivery by all parties hereto, this Indenture shall be effective as to all such parties.

The Company wishes to provide lenders under its Bridge Loan Agreement with the opportunity to have the Rollover Loans issued thereunder evidenced by Converted Notes (as defined below) evidencing the same indebtedness.

The Company has duly authorized the creation of an issue of (i) [ ]% Senior Notes Due 2014 (the "Converted Fixed Rate Notes") issued on the date hereof and (ii) Senior Floating Rate Notes due 2014 issued on the date hereof (the "Converted Floating Rate Notes" and, together with the Converted Fixed Rate Notes, the "Converted Notes") and, if and when issued as required by the Exchange and Registration Rights Agreement dated the date hereof, among the Company, the Subsidiary Guarantors and the Purchasers (as defined therein) (the "Registration Rights Agreement"), (iii) [ ]% Senior Exchange Notes Due 2014 (the "Fixed Rate Exchange Notes") and (iv) Senior Floating Rate Exchange Notes due 2014 (the "Floating Rate Exchange Notes" and together with the Fixed Rate Exchange Notes, the "Exchange Notes") issued in an Exchange Offer in exchange for any Converted Notes representing the same indebtedness, of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture.

Each Subsidiary Guarantor has duly authorized its Guarantee of the Converted Notes, and if and when issued, the Exchange Notes and to provide therefor each of the each Subsidiary Guarantor has duly authorized the execution and delivery of this Indenture.

All things necessary have been done to make the Notes, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid and legally binding obligations of the Company and to make this Indenture a valid and legally binding agreement of the Company, in accordance with their and its terms.

All things necessary have been done to make the Guarantees, upon execution and delivery of this Indenture, the valid obligations of each of the Company and each Subsidiary Guarantor and to make this Indenture a valid and legally binding agreement of each of the Company and each Subsidiary Guarantor, in accordance with their and its terms.

**NOW, THEREFORE, THIS INDENTURE WITNESSETH:**

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and ratable benefit of all Holders, as follows:

## ARTICLE 1
## DEFINITIONS AND INCORPORATION
## BY REFERENCE

SECTION 1.01 Definitions.

"144A Global Note" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary; provided such Indebtedness was not Incurred in connection with or in contemplation of such Person becoming a Restricted Subsidiary or such Asset Acquisition.

"Additional Notes" means an unlimited principal amount of additional Notes (other than the Indebtedness evidenced by the Converted Notes) issued under this Indenture in accordance with Sections 2.02 and 4.09 hereof, as part of the same series as the Exchange Notes.

"Adjusted Consolidated Net Income" means, for any period, the aggregate net income (or loss) of the Company and its Restricted Subsidiaries for such period determined in conformity with GAAP; provided that the following items shall be excluded in computing Adjusted Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary;

(2) solely for purposes of calculating the amount of Restricted Payments that may be made pursuant to clause (C) of the first paragraph of Section 4.07, the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;

(3) the net income of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) any gains or losses (on an after tax basis) attributable to sales of assets outside the ordinary course of business of the Company and its Restricted Subsidiaries;

(5) all extraordinary gains or, solely for purposes of calculating the Fixed Charge Coverage Ratio and the Leverage Ratio, extraordinary losses;

(6) the cumulative effect of a change in accounting principles; and

(7) income or loss attributable to discontinued operations (including, without limitation, operations disposed of during such period whether or not such operations were classified as discontinued).

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" means any Registrar, co-registrar, Paying Agent or additional paying agent.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

"Asset Acquisition" means (1) an investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any of its Restricted Subsidiaries or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

"Asset Disposition" means the sale or other disposition by the Company or any of its Restricted Subsidiaries of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any of its Restricted Subsidiaries.

"Asset Sale" means any sale, transfer or other disposition (including by way of merger or consolidation or Sale Leaseback Transaction) in one transaction or a series of related transactions by the Company or any of its Restricted Subsidiaries to any Person other than the Company or any of its Restricted Subsidiaries of:

(1) all or any of the Capital Stock of any Restricted Subsidiary,

(2) all or substantially all of the property and assets of an operating unit or business of the Company or any of its Restricted Subsidiaries, or

(3) any other property and assets (other than the Capital Stock or other Investment in an Unrestricted Subsidiary) of the Company or any of its Restricted Subsidiaries outside the ordinary course of business of the Company or such Restricted Subsidiary, and

in each case, that is not governed by the provisions of this Indenture applicable to mergers, consolidations and sales of assets of the Company; provided that "Asset Sale" shall not include:

(a) sales, transfers or other dispostions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under Section 4.07,

(b) sales, transfers or other dispositions of assets with a fair market value not in excess of $5 million in any transaction or series of related transactions,

(c) any sale, transfer, assignment or other disposition of any property equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries, or

(d) sales or grants of licenses to use the Company's or any Restricted Subsidiary's patents, trade secrets, know-how and technology to the extent that such license does not prohibit the licensor from using the patent, trade secret, know-how or technology.

"Attributable Debt" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Average Life" means, at any date of determination with respect to any debt security, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such debt security and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means, with respect to any Person, the Board of Directors of such Person or any duly authorized committee of such Board of Directors. Unless otherwise indicated, the "Board of Directors" refers to the Board of Directors of the Company.

"Bridge Loan Agreement" means that certain loan agreement, dated as of September 5, 2006, among the Company, the guarantors party thereto, Morgan Stanley Senior Funding, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as co-syndication agents, Morgan Stanley Senior Funding, Inc. as the administrative agent, Morgan Stanley Senior Funding, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as the joint lead arrangers and joint bookrunners and the lenders party thereto.

"Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Business Day" means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in New York State.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Closing Date or issued thereafter, including, without limitation, all common stock and preferred stock.

"Capitalized Lease" means, as applied to any Person, any lease of any property (whether real, personal or mixed) of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"Capitalized Lease Obligations" means the discounted present value of the rental obligations under a Capitalized Lease.

"Change of Control" means such time as:

(1) the adoption of a plan relating to the liquidation or dissolution of the Company;

(2) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) becomes the ultimate "beneficial owner" (as defined in Rule 13d 3 under the Exchange Act) of more than 50% of the total voting power of the Voting Stock of the Company on a fully diluted basis;

(3) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election to such Board or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office.

"Clearstream" means Clearstream Banking, S.A.

"Closing Date" means the date on which the Notes are first issued under this Indenture.

"Commodity Agreement" means any forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement.

"Company" means Hanesbrands Inc. and any and all successors thereto.

"Consolidated EBITDA" means, for any period, Adjusted Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Adjusted Consolidated Net Income:

(1) Fixed Charges;

(2) income taxes;

(3) depreciation expense;

(4) amortization expense;

(5) (a) net cash charges associated with or related to any contemplated restructurings (such cost restructuring charges being "Cash Restructuring Charges") in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Restructuring Charge Amount for such Fiscal Year, (b) net cash restructuring charges associated with or related to the Spin-Off (such cost restructuring charges being "Cash Spin-Off Charges") in an aggregate amount not to exceed, in any Fiscal Year, the Permitted Cash Spin-Off Charge Amount for such Fiscal Year, (c) non-cash compensation expense, or other non-cash expenses or charges, arising from the sale of stock, the granting of stock options, the granting of stock appreciation rights and similar arrangements (including any repricing, amendment, modification, substitution or change of any such stock, stock option, stock appreciation rights or similar arrangements), (d) any financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees, cash charges in respect of strategic market reviews, management bonuses and early retirement of Indebtedness, and related out-of-pocket expenses incurred by the Company or any of its Restricted Subsidiaries as a result of the Transaction, all determined in accordance with GAAP, (e) to the extent non-recurring and not capitalized, any financial advisory fees, accounting fees, legal fees and similar advisory and consulting fees and related costs and expenses of the Company and its Restricted Subsidiaries incurred as a result of Asset Acquisitions, Investments, Asset Sales permitted under this Indenture and the issuance of Capital Stock or Indebtedness permitted hereunder, all determined in accordance with GAAP and in each case eliminating any increase or decrease in income resulting from non-cash accounting adjustments made in connection with the related Asset Acquisition, Investment or Asset Sale, (f) to the extent the related loss in not added back pursuant to the definition of Adjusted Consolidated Net Income, all proceeds of business interruption insurance policies, (g) expenses incurred by the Company or any Restricted Subsidiary to the extent reimbursed in cash by a third party, and (h) extraordinary, unusual or non-recurring cash charges not to exceed $10 million in any Fiscal Year; and

(6) all other non cash charges, including all non-cash charges associated with announced restructurings, whether announced previously or in the future (such non-cash restructuring charges being "Non-Cash Restructuring Charges") reducing Adjusted Consolidated Net Income (other than items that will require cash payments and for which an accrual or reserve is, or is required by GAAP to be, made); minus

(7) to the extent included in determining such Adjusted Consolidated Net Income, the sum of (a) reversals (in whole or in part) of any restructuring charges previously treated as Non-Cash Restructuring Charges in any prior period, (b) all non cash items increasing Adjusted Consolidated Net Income, other than (A) the accrual of revenue consistent with past practice and (B) the reversal in such period of an accrual of, or cash reserve for, cash expenses in a prior period, to the extent such accrual or reserve did not increase EBITDA in a prior period;

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; provided that, if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Adjusted Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of its Restricted Subsidiaries.

"Consolidated Interest Expense" means, for any period, the aggregate amount of interest in respect of Indebtedness (including, without limitation, amortization of original issue discount on any Indebtedness and the interest portion of any deferred payment obligation, calculated in accordance with the effective interest method of accounting; all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing; the net costs associated with Interest Rate Agreements; and Indebtedness that is Guaranteed or secured by the Company or any of its Restricted Subsidiaries); imputed interest with respect to Attributable Debt; and all but the principal component of rentals in respect of Capitalized Lease Obligations paid, in each case, accrued or scheduled to be paid or to be accrued by the Company and its Restricted Subsidiaries during such period; excluding, however, (1) any amount of such interest of any Restricted Subsidiary if the net income of such Restricted Subsidiary is excluded in the calculation of Adjusted Consolidated Net Income pursuant to clause (3) of the definition thereof (but only in the same proportion as the net income of such Restricted Subsidiary is excluded from the calculation of Adjusted Consolidated Net Income pursuant to clause (3) of the definition thereof) and (2) any premiums, fees and expenses (and any amortization thereof) payable in connection with the offering of the Notes, all as determined on a consolidated basis (without taking into account Unrestricted Subsidiaries) in conformity with GAAP.

"Converted Fixed Rate Notes" has the meaning set forth in the preamble.

"Converted Floating Rate Notes" has the meaning set forth in the preamble.

"Converted Notes" has the meaning set forth in the preamble.

"Corporate Trust Office of the Trustee" will be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Company.

"Credit Agreement" means that certain Credit Agreement, dated as of September 5, 2006, among the Company as borrower, the guarantors party thereto, the several banks and other financial institutions or entities from time to time party thereto as lenders, Citicorp USA, Inc., as administrative agent, and Merrill Lynch. Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as joint lead arrangers and joint book runners.

"Credit Facilities" means, with respect to the Company and its Restricted Subsidiaries, one or more debt facilities (including the Credit Agreement and the Second Lien Credit Agreement), commercial paper facilities, or indentures providing for revolving credit loans, term, loans, notes or other financings or letters of credit, or other credit facilities, in each case, as amended, modified, renewed, refunded, replaced or refinanced from time to time.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement.

"Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 91 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 91 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 91 days after the Stated Maturity of the Notes; provided that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the date that is 91 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in Section 4.10 and Section 4.15 and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to Section 4.10 and Section 4.15.

"Domestic Subsidiary" means any Restricted Subsidiary of the Company that is not Foreign Subsidiary.

"Euroclear" means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Notes" has the meaning set forth in the preamble.

"Exchange Offer" has the meaning set forth in the Registration Rights Agreement.

"Exchange Offer Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"fair market value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a resolution of the Board of Directors.

"Fiscal Year" means any period of twelve consecutive calendar months ending on the last Saturday of June ; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "2006 Fiscal Year") refer to the Fiscal Year ending on the last Saturday of June of such calendar year; provided that in the event that the Company gives notice to the Trustee that it intends to change its Fiscal Year to a Fiscal Year ending on the last Saturday in December, Fiscal Year will mean any period of twelve consecutive calendar months ending on such date.

"Fixed Charge Coverage Ratio" means, for any Person on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which reports have been filed with the SEC or provided to the Trustee (the "Four Quarter Period") to (2) the aggregate Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(A) pro forma effect shall be given to any Indebtedness Incurred or repaid during the period (the "Reference Period") commencing on the first day of the Four Quarter Period and ending on the Transaction Date, in each case, as if such Indebtedness had been Incurred or repaid on the first day of such Reference Period;

(B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(C) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(D) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period; provided that to the extent that clause

(C) or (D) of this paragraph requires that pro forma effect be given to an Asset Acquisition or Asset Disposition, such pro forma calculation shall be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense plus

(2) the product of (x) the amount of all dividend payments on any series preferred stock of such Person or any of its Restricted Subsidiaries (other than dividends payable solely in Capital Stock of such Person or such Restricted Subsidiary (other than Disqualified Stock) or to such Person or a Restricted Subsidiary of such Person) paid, accrued or scheduled to be paid or accrued during such period times (y) a fraction, the numerator of which is one and the denominator of which is one minus the then current effective consolidated federal, state and local income tax rate of such Person, expressed as a decimal, as determined on a consolidated basis in accordance with GAAP.

"Fixed Rate Exchange Notes" has the meaning set forth in the preamble.

"Floating Rate Exchange Notes" has the meaning set forth in the preamble.

"Foreign Subsidiary" means any Restricted Subsidiary of the Company that is an entity which is a controlled foreign corporation under Section 957 of the Internal Revenue Code.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the Closing Date as determined by the Public Company Accounting Oversight Board. All ratios and computations contained or referred to in this Indenture shall be computed in conformity with GAAP applied on a consistent basis, except that calculations made for purposes of determining compliance with the terms of the covenants and with other provisions of this Indenture shall be made without giving effect to (1) the amortization of any expenses incurred in connection with the offering of the Notes and (2) except as otherwise provided, the amortization of any amounts required or permitted by Accounting Principles Board Opinion Nos. 16 and 17.

"Global Note Legend" means the legend set forth in Section 2.06(f)(2), which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depository or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4), 2.06(d)(2) or 2.06(f) hereof.

"Government Securities" means securities that are direct obligations of, or obligations guaranteed by, the United States of America for the timely payment of which its full faith and credit is pledged.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services (unless such purchase arrangements are on arm's length terms and are entered into in the normal course of business), to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the normal course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Holder" means a holder of any Notes.

"IAI Global Note" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold to Institutional Accredited Investors.

"Immaterial Subsidiary" shall mean, at any time, any Restricted Subsidiary of the Company that is designated by the Company as an "Immaterial Subsidiary" if and for so long as such Restricted Subsidiary, together with all other Immaterial Subsidiaries, has (i) total assets at such time not exceeding 5% of the Company's consolidated assets as of the most recent fiscal quarter for which balance sheet information is available and (ii) total revenues and operating income for the most recent 12-month period for which income statement information is available not exceeding 5% of the Company's consolidated revenues and operating income, respectively; provided that such Restricted Subsidiary shall be an Immaterial Subsidiary only to the extent that and for so long as all of the above requirements are satisfied, provided, that a Restricted Subsidiary will not be considered to be an Immaterial Subsidiary if it, directly or indirectly, guarantees or otherwise provides credit support for any Indebtedness of the Company.

"Incur" means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; provided that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness (to the extent provided for when the Indebtedness on which such interest is paid was originally issued) shall be considered an Incurrence of Indebtedness.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, but excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in (1) or (2) above or (5), (6) or (7) below) entered into in the normal course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the third business day following receipt by such Person of a demand for reimbursement);

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than six months after the date of placing such property in service or taking delivery and title thereto or the completion of such services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Debt;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, obligations under Commodity Agreements, Currency Agreements and Interest Rate Agreements (other than Commodity Agreements, Currency Agreements and Interest Rate Agreements designed solely to protect the Company or its Restricted Subsidiaries against fluctuations in commodity prices, foreign currency exchange rates or interest rates and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in commodity prices, foreign currency exchange rates or interest rates or by reason of fees, indemnities and compensation payable thereunder); and

(9) all Disqualified Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent

obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, provided that:

(A) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(B) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest; and

(C) Indebtedness shall not include:

(x) any liability for federal, state, local or other taxes,

(y) performance, surety or appeal bonds provided in the normal course of business, or

(z) agreements providing for indemnification, adjustment of purchase price or similar obligations, or Guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Company or any of its Restricted Subsidiaries pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition), so long as the principal amount does not to exceed the gross proceeds actually received by the Company or any Restricted Subsidiary in connection with such disposition.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Subsidiary Guarantors" means each Restricted Subsidiary of the Company (other than a Foreign Subsidiary) on the Closing Date.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who are not also QIBs.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

"Investment" in any Person means any direct or indirect advance, loan or other extension of credit (including, without limitation, by way of Guarantee or similar arrangement, but excluding advances to customers or suppliers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the Company or its Restricted Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, bonds, notes, debentures or other similar instruments issued by, such Person and shall include (1) the designation of a Restricted Subsidiary as an Unrestricted Subsidiary and (2) the retention of the Capital Stock (or any other Investment) by the Company or any of its Restricted Subsidiaries of (or in) any Person that has ceased to be a Restricted Subsidiary, including without limitation, by reason of any transaction permitted by clause (3) or (4) of Section 4.16. For purposes of the definition of "Unrestricted Subsidiary" and Section 4.07, (a) the amount of or a reduction in an Investment shall be equal to the fair market value thereof at the time such Investment is made or reduced and (b) in the event the Company or a Restricted Subsidiary makes an Investment by transferring assets to any Person and as part of such transaction receives Net Cash Proceeds, the amount of such Investment shall be the fair market value of the assets less the amount of Net Cash Proceeds so received, provided the Net Cash Proceeds are applied in accordance with Section 4.10.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders for use by such Holders in connection with the Exchange Offer.

"Leverage Ratio" means, as of any date, the ratio of

(a) Total Debt outstanding on the last day of the most recently ended fiscal quarter for which reports have been filed with the SEC or provided to the Trustee

to

(b) Consolidated EBITDA computed for the then most recent four fiscal quarters prior to such date for which reports have been filed with the SEC or provided to the Trustee;

provided that, for purposes of calculating the Leverage Ratio with respect to the four consecutive fiscal quarter period ending (i) December 31, 2006, Consolidated EBITDA shall be actual Consolidated EBITDA for the fiscal quarter ending on December 31, 2006 multiplied by four; (ii) March 25, 2007, Consolidated EBITDA shall be actual Consolidated EBITDA for the two fiscal quarter period ending on March 25, 2007 multiplied by two; and (iii) June 24, 2007, Consolidated EBITDA shall be actual Consolidated EBITDA for the three fiscal quarter period ending on June 24, 2007 multiplied one and one-third.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to give any security interest).

“Moody’s” means Moody’s Investors Service, Inc. and its successors and assigns.

“Net Cash Proceeds” means:

(a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

(1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

(3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and

(4) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorney’s fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Non-U.S. Person” means a Person who is not a U.S. Person.

“Note Guarantee” means the guarantee by each Subsidiary Guarantor of the Company’s obligations under this Indenture and the Notes, executed pursuant to the provisions of this Indenture.

"Notes" means, collectively, the Converted Notes, the Exchange Notes and any Additional Notes issued under this Indenture. The Converted Notes, the Exchange Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Converted Notes, the Exchange Notes and any Additional Notes.

"Offer to Purchase" means an offer to purchase Notes by the Company from the Holders commenced by mailing a notice to the Trustee and each Holder stating:

(1) the provision of this Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase, which shall be a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed (the "Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the business day immediately preceding the Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third business day immediately preceding the Payment Date, a telegram, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of $1,000 or integral multiples of $1,000.

On the Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of

the Note surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of $1,000 or integral multiples of $1,000. the Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Payment Date. The Trustee shall act as the Paying Agent for an Offer to Purchase. the Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder, to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Indenture relating to an Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under such provisions of this Indenture by virtue of such conflict.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary, any Senior Vice-President, any Vice-President or any Assistant Vice President of such Person.

"Officers' Certificate" means a certificate signed on behalf of the Company by at least two Officers of the Company, one of whom must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company, that meets the requirements of Section 13.05 hereof.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company or any Subsidiary of the Company.

"Participant" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Permitted Additional Restricted Payment" means, for any Fiscal Year set forth below, Restricted Payments made by the Company in the amount set forth opposite such Fiscal Year:

| Fiscal Year | Cash Amount |
| --- | --- |
| 2006 | $24,000,000 |
| 2007 | $30,000,000 |
| 2008 | $36,000,000 |
| 2009 | $42,000,000 |
| 2010 and thereafter | $48,000,000 |

provided, to the extent that the amount of Permitted Additional Restricted Payments made by the Company during any Fiscal Year is less than the aggregate amount permitted (including after giving effect to this proviso) for such Fiscal Year, then such unutilized amount may be carried forward and utilized by the Company to make Permitted Additional Restricted Payments in any succeeding Fiscal Year and provided further that, for Fiscal Year 2009 and each Fiscal Year thereafter, the amounts set forth above in such Fiscal Years shall be increased by an additional

$120 million so long as both before and after giving effect to such Restricted Payment, the Leverage Ratio is less than 3.75:1.00.

"Permitted Business" means the business of the Company and its Subsidiaries engaged in on the Closing Date and any other activities that are reasonably related, supportive, complementary, ancillary or incidental thereto or reasonable extensions thereof.

"Permitted Cash Restructuring Charge Amount" means, $120 million in the aggregate for Fiscal Year 2006 and all Fiscal Years ending after the Closing Date.

"Permitted Cash Spin-Off Charge Amount" means, for any Fiscal Year set forth below, the amount set forth opposite such Fiscal Year:

| Fiscal Year | Cash Amount |
| --- | --- |
| 2006 | $20,000,000 |
| 2007 | $55,000,000 |

"Permitted Investment" means:

(1) an Investment in the Company or a Subsidiary Guarantor or a Person which will, upon the making of such Investment, become a Subsidiary Guarantor or be merged or consolidated with or into, or transfer or convey all or substantially all its assets to, the Company or a Subsidiary Guarantor and Investments by any Foreign Subsidiary in any other Foreign Subsidiary ;

(2) Temporary Cash Investments;

(3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) Commodity Agreements, Interest Rate Agreements and Currency Agreements designed solely to protect the Company or its Restricted Subsidiaries against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(7) loans and advances to employees and officers of the Company and its Restricted Subsidiaries made in the ordinary course of business for bona fide business purposes not to exceed $12 million in the aggregate at any one time outstanding;

(8) Investments in securities of trade creditors or customers received

(a) pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers, or

(b) in settlement of delinquent obligations of, and other disputes with, customers, suppliers and others, in each case arising in the ordinary course of business or otherwise in satisfaction of a judgment;

(9) Investments made by the Company or its Restricted Subsidiaries consisting of consideration received in connection with an Asset Sale made in compliance with Section 4.10; or

(10) Investments of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary of the Company or at the time such Person merges or consolidates with the Company or any of its Restricted Subsidiaries, in either case, in compliance with this Indenture; provided that such Investments were not made by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary of the Company or such merger or consolidation;

(11) Investments in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person under a Permitted Securitization; provided that any Investment in a Receivables Subsidiary is in the form of a Purchase Money Note, contribution of additional receivables and related assets or any equity interests; and

(12) repurchases of the Notes.

"Permitted Liens" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;

(4) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return of money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(5) easements, rights of way, municipal and zoning ordinances and similar charges, encumbrances, title defects or other irregularities that do not materially interfere with the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(6) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;

(7) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;

(8) any interest or title of a lessor in the property subject to any Capitalized Lease or operating lease;

(9) Liens arising from filing Uniform Commercial Code financing statements regarding leases;

(10) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired;

(11) Liens in favor of the Company or any Restricted Subsidiary;

(12) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;

(13) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(14) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(15) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Interest Rate Agreements, Currency Agreements or Commodity Agreements designed solely to protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities;

(16) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business in accordance with the past practices of the Company and its Restricted Subsidiaries prior to the Closing Date; and

(17) Liens on shares of Capital Stock of any Unrestricted Subsidiary to secure Indebtedness of such Unrestricted Subsidiary.

"Permitted Securitization" means any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries of Receivables and related collateral, credit support and similar rights and any other assets that are customarily transferred in a securitization of receivables, pursuant to one or more securitization programs, to a Receivables Subsidiary or a Person who is not an Affiliate of the Company; provided that (i) the consideration to be received by the Company and its Restricted Subsidiaries other than a Receivables Subsidiary for any such disposition consists of cash, a promissory note or a customary contingent right to receive cash in the nature of a "hold-back" or similar contingent right, (ii) no Default shall have occurred and be continuing or would result therefrom, and (iii) the aggregate outstanding balance of the Indebtedness in respect of all such programs at any point in time is not in excess of $250 million.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Private Placement Legend" means the legend set forth in Section 2.06(f)(1) to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"Purchase Money Note" means a promissory note evidencing a line of credit, or evidencing other Indebtedness owed to the Company or any Restricted Subsidiary in connection with a Permitted Securitization, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated accounts receivable.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Receivable" shall mean a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for good or services under terms that permit the purchase of such goods and services on credit and shall include, in any event, any items of property that would be classified as an "account," "chattel paper," "payment intangible" or "instrument" under the UCC and any supporting obligations.

"Receivables Subsidiary" shall mean any Wholly Owned Restricted Subsidiary of the Company (or another Person in which the Company or any Restricted Subsidiary makes an Investment and to which the Company or one or more of its Restricted Subsidiaries transfer Receivables and related assets) which engages in no activities other than in connection with the financing of Receivables and which is designated by the Board of Directors of the applicable Restricted Subsidiary (as provided below) as a Receivables Subsidiary:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

(i) is guaranteed by the Company or any Restricted Subsidiary (that is not a Receivables Subsidiary);

(ii) is recourse to or obligates the Company or any Restricted Subsidiary (that is not a Receivables Subsidiary); or

(iii) subjects any property or assets of the Company or any Restricted Subsidiary (that is not a Receivables Subsidiary), directly or indirectly, contingently or otherwise, to the satisfaction thereof;

(b) with which neither the Company nor any Restricted Subsidiary (that is not a Receivables Subsidiary) has any material contract, agreement, arrangement or understanding (other than Standard Securitization Undertakings); and

(c) to which neither the Company nor any Restricted Subsidiary (that is not a Receivables Subsidiary) has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the applicable Restricted Subsidiary shall be evidenced by a certified copy of the resolution of the Board of Directors of such Restricted Subsidiary giving effect to such designation and an officers certificate certifying, to the best of such officer's knowledge and belief, that such designation complies with the foregoing conditions.

"Registration Rights Agreement" has the meaning set forth in the preamble.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means a Temporary Regulation S Global Note or Regulation S Permanent Global Note, as appropriate.

"Regulation S Permanent Global Note" means a permanent global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Temporary Regulation S Global Note upon expiration of the Restricted Period.

"Replacement Assets" means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business (or an Investment in a Permitted Business).

"Representative" means this Indenture trustee or other trustee, agent or representative.

"Responsible Officer," when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and

familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Period" means the 40-day restricted period as defined in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Rollover Loans" means the rollover loans issued on [          ] in accordance with the Bridge Loan Agreement.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated under the Securities Act.

"Sale and Leaseback Transaction" means a transaction whereby a Person sells or otherwise transfers assets or properties and then or thereafter leases such assets or properties or any part thereof or any other assets or properties which such Person intends to use for substantially the same purpose or purposes as the assets or properties sold or otherwise transferred.

"S&P" means Standard & Poor's Ratings Services and its successors and assigns.

"SEC" means the Securities and Exchange Commission.

"Second Lien Credit Agreement" means that certain Second Lien Credit Agreement, dated as of September 5, 2006, among the Company Branded Apparel Limited, Inc., as borrower, the guarantors party thereto, the several banks and other financial institutions or entities from time to time party thereto as lenders, Citicorp USA, Inc., as administrative agent, and Merrill Lynch. Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as joint lead arrangers and joint book runners.

"Securities Act" means the Securities Act of 1933, as amended.

"Shelf Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Significant Subsidiary" means, at any date of determination, any Restricted Subsidiary that, together with its Subsidiaries, (1) for the most recent fiscal year of the Company, accounted for more than 10% of the consolidated revenues of the Company and its Restricted Subsidiaries or (2) as of the end of such fiscal year, was the owner of more than 10% of the consolidated assets of the Company and its Restricted Subsidiaries, all as set forth on the most recently available consolidated financial statements of the Company for such fiscal year.

"Spin-Off" means the distribution of the Company's common stock by Sara Lee Corporation to its stockholders.

"Standard Securitization Undertakings" shall mean representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary which are reasonably customary in a securitization of Receivables.

"Stated Maturity" means, (1) with respect to any debt security, the date specified in such debt security as the fixed date on which the final installment of principal of such debt security is due and payable and (2) with respect to any scheduled installment of principal of or interest on any debt security, the date specified in such debt security as the fixed date on which such installment is due and payable.

"Subsidiary" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"Subsidiary Guarantor" means any Initial Subsidiary Guarantor and any other Restricted Subsidiary of the Company which provides a Note Guarantee of the Company's obligations under this Indenture and the Notes pursuant to Section 4.19.

"Temporary Cash Investment" means any of the following:

any direct obligation of (or unconditionally guaranteed by) the United States or a State thereof (or any agency or political subdivision thereof, to the extent such obligations are supported by the full faith and credit of the United States or a State thereof) maturing not more than one year after such time;

(d) commercial paper maturing not more than 270 days from the date of issue, which is issued by (i) a corporation (other than an Affiliate of the Company or any Subsidiary of the Company) organized under the laws of any State of the United States or of the District of Columbia and rated A 1 or higher by S&P or P 1 or higher by Moody's;

(e) any certificate of deposit, time deposit or bankers acceptance, maturing not more than one year after its date of issuance, which is issued by either (i) any bank organized under the laws of the United States (or any State thereof) and which has (A) a credit rating of A2 or higher from Moody's or A or higher from S&P and (B) a combined capital and surplus greater than $500 million;

(f) any repurchase agreement having a term of 30 days or less entered into with any commercial banking institution satisfying the criteria set forth in clause (c)(i) which (i) is secured

by a fully perfected security interest in any obligation of the type described in clause (a), and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such commercial banking institution thereunder;

(g) with respect to any Foreign Subsidiary, non-Dollar denominated (i) certificates of deposit of, bankers acceptances of, or time deposits with, any commercial bank which is organized and existing under the laws of the country in which such Person maintains its chief executive office or principal place of business or is organized provided such country is a member of the Organization for Economic Cooperation and Development, and which has a short-term commercial paper rating from S&P of at least "A-1" or the equivalent thereof or from Moody's of at least "P-1" or the equivalent thereof (any such bank being an "Approved Foreign Bank") and maturing within one year of the date of acquisition and (ii) equivalents of demand deposit accounts which are maintained with an Approved Foreign Bank; or

(h) readily marketable obligations issued or directly and fully guaranteed or insured by the government or any agency or instrumentality of any member nation of the European Union whose legal tender is the Euro and which are denominated in Euros or any other foreign currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Foreign Subsidiary organized in such jurisdiction, having (i) one of the three highest ratings from either Moody's or S&P and (ii) maturities of not more than one year from the date of acquisition thereof; provided that the full faith and credit of any such member nation of the European Union is pledged in support thereof.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Temporary Regulation S Global Note" means a temporary global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend, the Private Placement Legend and the legend specified in Section 2.06(g)(3) and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified thereunder, as may be amended from time to time.

"Transaction Date" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"Transaction" means, collectively, (i) the consummation of the Spin-Off, (ii) the payment by the Company to Sarah Lee Corporation of a cash dividend in the approximate amount of $2.4 billion, (iii) the transfer of all the assets and certain associated liabilities of the branded apparel

Americas/Asia business of Sarah Lee Corporation to the Company and the sale to the Company of certain related trademarks and other intellectual property related, (iv) the entering into of the documents governing the Credit Agreement and Second Lien Credit Agreement and the making of the loans thereunder, (v) the receipt by the Company of the proceeds from unsecured increasing rate loans and the entering into of the related documents in an aggregate amount of $500 million (the "Bridge Loans"), (vi) the issuance of the Notes and the redemption of the Bridge Loans, and (vii) the payment of fees and expenses in connection and in accordance with the foregoing.

"Trustee" means the party named as such in the preamble to this Indenture until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Unrestricted Global Note" means a Global Note that does not bear and is not required to bear the Private Placement Legend.

"Unrestricted Definitive Note" means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

"Unrestricted Subsidiary" means (1) [List foreign supply chain entities], (2) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below and (2) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Restricted Subsidiary (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Company or any Restricted Subsidiary; provided that (A) any Guarantee by the Company or any Restricted Subsidiary of any Indebtedness of the Subsidiary being so designated shall be deemed an "Incurrence" of such Indebtedness and an "Investment" by the Company or such Restricted Subsidiary (or both, if applicable) at the time of such designation; (B) either (I) the Subsidiary to be so designated has total assets of $1,000 or less or (II) if such Subsidiary has assets greater than $1,000, such designation would be permitted under Section 4.07 and (C) if applicable, the Incurrence of Indebtedness and the Investment referred to in clause (A) of this proviso would be permitted under Section 4.07 and Section 4.09. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that (a) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such designation and (b) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately after such designation would, if Incurred at such time, have been permitted to be Incurred (and shall be deemed to have been Incurred) for all purposes of this Indenture. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith

and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the Company thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"U.S. Person" means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

"Voting Stock" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

SECTION 1.02 Other Definitions.

| Term | Defined in Section |
|---|---|
| "Affiliate Transaction" | 4.11 |
| "Authentication Order" | 2.02 |
| "Change of Control Offer" | 4.15 |
| "Change of Control Payment" | 4.15 |
| "Change of Control Payment Date" | 4.15 |
| "Covenant Defeasance" | 8.03 |
| "DTC" | 2.03 |
| "Event of Default" | 6.01 |
| "Excess Proceeds" | 4.10 |
| "incur" | 4.09 |
| "Legal Defeasance" | 8.02 |
| "Paying Agent" | 2.03 |
| "Permitted Debt" | 4.09 |
| "Payment Blockage Notice" | 10.03 |
| "Payment Default" | 6.01 |
| "Redemption Date" | 3.07 |
| "Registrar" | 2.03 |
| "Restricted Payments" | 4.07 |

SECTION 1.03 Incorporation by Reference of Trust Indenture Act. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the Notes and the Note Guarantees means the Company and the Subsidiary Guarantors, respectively, and any successor obligor upon the Notes and the Note Guarantees, respectively.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

SECTION 1.04 Rules of Construction. Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular;

(5) "will" shall be interpreted to express a command;

(6) provisions apply to successive events and transactions; and

(7) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

SECTION 2.01 Form and Dating.

(a) General. The Notes and the Trustee's certificate of authentication will be substantially in the form of Exhibit A and Exhibit B hereto. The Notes may have

notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in denominations of $1,000 and integral multiples thereof.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Subsidiary Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) Global Notes. Notes issued in global form will be substantially in the form of Exhibit A and Exhibit B attached hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A and Exhibit B attached hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) Temporary Global Notes. Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Temporary Regulation S Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, at its New York office, as custodian for the Depositary, and registered in the name of the Depositary or the nominee of the Depositary for the accounts of the designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Company and authenticated by the Trustee as hereinafter provided. Following the termination of the Restricted Period, beneficial interests in the Temporary Regulation S Global Note shall be exchanged for beneficial interests in the Regulation S Permanent Global Notes pursuant to the Applicable Procedures. Simultaneously with the authentication of Regulation S Permanent Global Notes, the Trustee shall cancel the Temporary Regulation S Global Note. The aggregate principal amount of the Temporary Regulation S Global Note and the Regulation S Permanent Global Notes may from time to time be increased or decreased by adjustments endorsed thereon as specified in Section 2.01(b) in connection with transfers of interests as hereinafter provided.

(d) Euroclear and Clearstream Procedures Applicable. The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream will be applicable to transfers of beneficial

interests the Regulation S Global Note that are held by Participants through Euroclear or Clearstream.

SECTION 2.02 Execution and Authentication. At least one Officer must sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Company signed by two Officers (an "Authentication Order"), authenticate Notes for original issue up to the aggregate principal amount stated on the face of the Notes.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

SECTION 2.03 Registrar and Paying Agent. The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

SECTION 2.04 Paying Agent to Hold Money in Trust. The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal or premium, if any, or interest on the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further

liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

SECTION 2.05 Holder Lists. The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA § 312(a). If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with TIA § 312(a).

SECTION 2.06 Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary; or

(2) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee, provided that in no event shall the Temporary Regulation S Global Note be exchanged by the Company for Definitive Notes prior to (x) the expiration of the Restricted Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act.

Upon the occurrence of either of the preceding events in (1) or (2) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c), (d) or (f) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Temporary Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(a) both:

(1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(b) both:

(1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above, provided that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Temporary Regulation S Global Note prior to (x) the expiration of the Restricted Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act. Upon consummation of an Exchange Offer by the Company in accordance with Section 2.06(f) hereof, the requirements of this Section 2.06(b)(2) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(3) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(a) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit C hereto, including the certifications in item (1) thereof;

(b) if the transferee will take delivery in the form of a beneficial interest in the Temporary Regulation S Global Note or the Regulation S Permanent Global Note, then the transferor must deliver a certificate in the form of Exhibit C hereto, including the certifications in item (2) thereof; and

(c) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate in the form of Exhibit C hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(4) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person

who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and:

(a) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (i) a Broker-Dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company

(b) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit D hereto, including the certifications in item (1)(a) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit D hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (A), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (A) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (A) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(1) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(a) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit D hereto, including the certifications in item (2)(a) thereof,

(b) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (1) thereof;

(c) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (2) thereof;

(d) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (3)(a) thereof;

(e) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit C hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable; or

(f) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (3)(b) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a

Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) Beneficial Interests in Temporary Regulation S Global Note to Definitive Notes. Notwithstanding Sections 2.06(c)(1)(a) and (c) hereof, a beneficial interest in the Temporary Regulation S Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to (x) the expiration of the Restricted Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(3) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if

(a) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (i) a Broker-Dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(b) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such

holder in the form of Exhibit D hereto, including the certifications in item (1)(b) thereof, or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (4) thereof,

and, in each such case set forth in this subparagraph (A), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(4) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(1) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(a) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit D hereto, including the certifications in item (2)(b) thereof;

(b) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (1) thereof;

(c) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (2) thereof;

(d) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (3)(a) thereof;

(e) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (b) through (d) above, a certificate to the effect set forth in Exhibit C hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable; or

(f) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (3)(b) thereof,

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (a) above, the appropriate Restricted Global Note, in the case of clause (b) above, the 144A Global Note, in the case of clause (c) above, the Regulation S Global Note, and in all other cases, the IAI Global Note.

(2) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(a) the Registrar receives the following:

(1) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of

Exhibit D hereto, including the certifications in item (1)(c) thereof; or

(2) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (a), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraph (2)(a) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the

requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(a) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit C hereto, including the certifications in item (1) thereof;

(b) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit C hereto, including the certifications in item (2) thereof; and

(c) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit E hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(a) the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit D hereto, including the certifications in item (1)(d) thereof; or

(2) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (a), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) Exchange Offer. Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate:

(1) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes accepted for exchange in the Exchange Offer

by Persons that certify in the applicable Letters of Transmittal that (A) they are not Broker-Dealers, (B) they are not participating in a distribution of the Exchange Notes and (z) they are not affiliates (as defined in Rule 144) of the Company; and

(2) Unrestricted Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in the Exchange Offer.

Concurrently with the issuance of such Notes, the Trustee will cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company will execute and the Trustee will authenticate and deliver to the Persons designated by the Holders of Definitive Notes so accepted Unrestricted Definitive Notes in the appropriate principal amount.

(g) Legends. The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) Private Placement Legend.

(a) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ''SECURITIES ACT''), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A ''QUALIFIED INSTITUTIONAL BUYER'' (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S

UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO IN RULE 144(k) UNDER THE SECURITIES ACT AFTER THE ORIGINAL ISSUANCE OF THESE NOTES, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO HANESBRANDS INC. OR ANY SUBSIDIARY THEREOF, (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) INSIDE THE UNITED STATES TO AN INSTITUTIONAL ''ACCREDITED INVESTOR'' (AS DEFINED IN RULE 501(A)(1),(2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT) THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS NOTE (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE) AND IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES OF LESS THAN $100,000 AN OPINION OF COUNSEL ACCEPTABLE TO HANESBRANDS INC. THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL) OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS NOTE WITHIN THE TIME PERIOD REFERRED TO IN RULE 144(k) UNDER THE SECURITIES ACT AFTER THE ORIGINAL ISSUANCE OF THESE NOTES, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE TRUSTEE. IF THE PROPOSED TRANSFEREE IS AN INSTITUTIONAL ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND HANESBRANDS INC. SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS ''OFFSHORE TRANSACTION,'' ''UNITED STATES'' AND ''U.S. PERSON'' HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

(b) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(2), (c)(3), (d)(2), (d)(3), (e)(2), (e)(3) or (f) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) Global Note Legend. Each Global Note will bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(3) Temporary Regulation S Global Note Legend. The Temporary Regulation S Global Note will bear a legend in substantially the following form:

"THE RIGHTS ATTACHING TO THIS TEMPORARY REGULATION S GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTE, ARE SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS TEMPORARY REGULATION S GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON."

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not

in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 4.10, 4.15 and 9.05 hereof).

(3) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(4) Neither the Registrar nor the Company will be required:

(a) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(b) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(c) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(5) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(6) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(7) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

SECTION 2.07 Replacement Notes. If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

SECTION 2.08 Outstanding Notes. The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 or Sections 2.09, 8.02 or 8.03 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

SECTION 2.09 Treasury Notes. In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by

the Company or any Subsidiary Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Subsidiary Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned will be so disregarded.

SECTION 2.10 Temporary Notes. Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

SECTION 2.11 Cancellation. The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will dispose of such canceled Notes (subject to the record retention requirement of the Exchange Act) in its customary manner. Certification of the destruction of all canceled Notes will be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12 Defaulted Interest. If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date, provided that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

## ARTICLE 3
## REDEMPTION AND PREPAYMENT

SECTION 3.01 Notices to Trustee. If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least 30 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth:

(1) the clause of this Indenture pursuant to which the redemption shall occur,

(2) the redemption date;

(3) the principal amount of Notes to be redeemed;

(4) the redemption price; and

(5) applicable CUSIP numbers.

SECTION 3.02 Selection of Notes to Be Redeemed or Purchased. If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee will select Notes for redemption or purchase as follows:

(1) if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or

(2) if the Notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate.

In the event of partial redemption or purchase the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption or purchase date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

The Trustee will promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of $1,000 or whole multiples of $1,000. No notes of $1,000 or less shall be redeemed in part. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

SECTION 3.03 Notice of Redemption. At least 30 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 12 of this Indenture.

The notice will identify the Notes to be redeemed and will state:

(1) the redemption date;

(2) the redemption price;

(3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at its expense; provided, however, that the Company has delivered to the Trustee, at least 40 days (unless a shorter time shall be acceptable to the Trustee) prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

SECTION 3.04 Effect of Notice of Redemption. Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

SECTION 3.05 Deposit of Redemption or Purchase Price. One Business Day prior to the redemption or purchase date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest on, all Notes to be redeemed or purchased.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

SECTION 3.06 Notes Redeemed or Purchased in Part. Upon surrender of a Note that is redeemed or purchased in part, the Company will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

SECTION 3.07 Optional Redemption. (a) At any time prior to [ ], the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture (including any Additional Notes issued after the date hereof) at a redemption price of [ ]% of the principal amount thereof, plus accrued and unpaid interest, to, but not including, the redemption date, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date, with the net cash proceeds of one or more sales of Capital Stock (other than Disqualified Stock) of the Company; provided that:

(1) at least 65% of the aggregate principal amount of Notes originally issued under this Indenture on the Closing Date (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such sale of Capital Stock.

(b) On or after [ ], the Company may redeem all or a part of the Converted Fixed Rate Notes at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest on the Converted Fixed Rate Notes to be redeemed, to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on [ ] of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

| Year | Percentage |
| --- | --- |
| 20 | [ ]% |
| 20 | [ ]% |
| 20 and thereafter | 100.000% |

(c) At any time after the date hereof, the Company may redeem all or a part of the Converted Floating Rate Notes upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each Holder's registered address as provided in Section 3.03, at a redemption price equal to 100% of the principal amount of Converted Floating Rate Notes redeemed and accrued and unpaid interest to the date of redemption (the "Redemption Date"), subject to the rights of Holders of Converted Floating Rate Notes on the relevant record date to receive interest due on the relevant interest payment date. If the Company has provided notice of a redemption pursuant to this clause (c) prior to a Holder fixing the interest rate on a Converted Floating Rate Note pursuant to the terms of the Converted Floating Rate Notes, such Holder will be subject to the Optional Redemption provisions of this clause (c) and not to those contained in clause (b) above.

(d) All redemptions of the Notes will be made upon not less than 30 days' nor more than 60 days' prior notice mailed by first class mail to each Holder's registered address as provided in Section 3.03. Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(e) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through 3.06 hereof.

SECTION 3.08 Mandatory Redemption. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

## ARTICLE 4
## COVENANTS

SECTION 4.01 Payment of Notes. The Company will pay or cause to be paid the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 4.02 Maintenance of Office or Agency. The Company will maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate or an agent of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03 hereof.

SECTION 4.03 Reports.

(a) Whether or not required by the SEC's rules and regulations, so long as any Notes are outstanding, the Company will furnish to the Holders or cause the Trustee to furnish to the Holders, within the time periods specified in the SEC's rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Company were required to file such reports; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports.

All such reports will be prepared in all material respects in accordance with the rules and regulations applicable to such reports. Each annual report on Form 10-K will include a report on the Company's consolidated financial statements by the Company's certified independent accountants.

(b) In addition, following the consummation of the exchange offer contemplated by the Registration Rights Agreement, the Company will file a copy of each of the reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the rules and regulations applicable to such reports (unless the SEC will not accept such a filing) and will post the reports on its website within those time periods.

(c) If, at any time after consummation of the exchange offer contemplated by the Registration Rights Agreement, the Company is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Company will nevertheless continue filing the reports specified in the preceding paragraphs of this covenant with the SEC within the time periods specified above unless the SEC will not accept such a filing. The Company will not take any action for the purpose of causing the SEC not to accept any such filings. If, notwithstanding the foregoing, the SEC will not accept the Company's filings for any reason, the Company will post the reports referred to in the preceding paragraphs on its website within the time periods that would apply if the Company were required to file those reports with the SEC.

(d) If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraphs will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

(e) In addition, the Company and the Subsidiary Guarantors agree that, for so long as any Notes remain outstanding, if at any time they are not required to file with the

SEC the reports required by the preceding paragraphs, they will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

SECTION 4.04 Compliance Certificate.

(a) The Company and each Subsidiary Guarantor (to the extent that such Subsidiary Guarantor is so required under the TIA) shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto).

(b) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, forthwith upon any Officer becoming aware of any Default or Event of Default that has not been cured, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

SECTION 4.05 Taxes. The Company will pay, and will cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

SECTION 4.06 Stay, Extension and Usury Laws. The Company and each of the Subsidiary Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each of the Subsidiary Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.07 Restricted Payments.

(a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly:

(1) declare or pay any dividend or make any distribution on or with respect to its Capital Stock (other than (x) dividends or distributions payable

solely in shares of Capital Stock (other than Disqualified Stock) of the Company or in options, warrants or other rights to acquire shares of such Capital Stock and (y) pro rata dividends or distributions on common stock of Restricted Subsidiaries held by minority stockholders) held by Persons other than the Company or any of its Restricted Subsidiaries;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock) of the Company or any Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness of the Company that is subordinated in right of payment to the Notes or any Indebtedness of a Subsidiary Guarantor that is subordinated in right of payment to a Note Guarantee; or

(4) make any Investment, other than a Permitted Investment, in any Person;

(such payments or any other actions described in clauses (1) through (4) above being collectively "Restricted Payments") if, at the time of, and after giving effect to, the proposed Restricted Payment:

(A) a Default or Event of Default shall have occurred and be continuing,

(B) the Company could not Incur at least $1.00 of Indebtedness under the first paragraph of part (a) of Section 4.09, or

(C) the aggregate amount of all Restricted Payments made after the Closing Date would exceed the sum of:

(1) 50% of the aggregate amount of the Adjusted Consolidated Net Income (or, if the Adjusted Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter immediately following the Closing Date and ending on the last day of the last fiscal quarter preceding the Transaction Date for which reports have been filed with the SEC or provided to the Trustee, *plus*

(2) the aggregate Net Cash Proceeds received by the Company after the Closing Date as a capital contribution or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including an issuance or sale permitted by this Indenture of Indebtedness of the Company for cash subsequent to the Closing

Date upon the conversion of such Indebtedness into Capital Stock (other than Disqualified Stock) of the Company, or from the issuance to a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (in each case, exclusive of any Disqualified Stock or any options, warrants or other rights that are redeemable at the option of the holder, or are required to be redeemed, prior to the Stated Maturity of the Notes) *plus*

(3) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) in any Person resulting from payments of interest on Indebtedness, dividends, repayments of loans or advances, or other transfers of assets, in each case, to the Company or any Restricted Subsidiary or from the Net Cash Proceeds from the sale of any such Investment (except, in each case, to the extent any such payment or proceeds are included in the calculation of Adjusted Consolidated Net Income) or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of “Investments”), not to exceed, in each case, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Person or Unrestricted Subsidiary.

(b) The preceding provisions of Section 4.07(a) will not prohibit:

(1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption were permitted under this Section 4.07;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Indebtedness that is subordinated in right of payment to the Notes or any Note Guarantee with the proceeds of, or in exchange for, Indebtedness Incurred under clause (3) of the second paragraph of part (a) of Section 4.09;

(3) the repurchase, redemption or other acquisition of Capital Stock of the Company or a Restricted Subsidiary (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the proceeds of a capital contribution or a substantially concurrent offering of, shares of Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); provided that such options, warrants or other rights are not redeemable at the option of the holder, or required to be redeemed, prior to the Stated Maturity of the Notes;

(4) the making of any principal payment or the repurchase, redemption, retirement, defeasance or other acquisition for value of Indebtedness

which is subordinated in right of payment to the Notes or any Note Guarantee in exchange for, or out of the proceeds of a capital contribution or a substantially concurrent offering of, shares of the Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); provided that such options, warrants or other rights are not redeemable at the option of the holder, or required to be redeemed, prior to the Stated Maturity of the Notes;

(5) payments or distributions, to dissenting stockholders required by applicable law, pursuant to or in connection with a consolidation, merger or transfer of assets of the Company that complies with the provisions of this Indenture applicable to mergers, consolidations and transfers of all or substantially all of the property and assets of the Company;

(6) Investments acquired as a capital contribution to, or in exchange for, or out of the proceeds of a substantially concurrent offering of, Capital Stock (other than Disqualified Stock) of the Company;

(7) the repurchase of Capital Stock deemed to occur upon the exercise of options or warrants if such Capital Stock represents all or a portion of the exercise price thereof;

(8) Investments by any Foreign Subsidiary in any other Foreign Subsidiary;

(9) the repurchase, redemption, retirement or otherwise acquisition of Capital Stock required by the employee stock ownership programs of the Company or required or permitted under employee agreements;

(10) other Investments in an amount not to exceed $120 million at any time outstanding; or

(11) Permitted Additional Restricted Payments;

provided that, in the case of clauses (2), (4) and (11), no Default (of the type described in clauses (a), (b), (g) or (h) under Section 6.01) or Event of Default shall have occurred and be continuing or occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to the preceding paragraph (other than the Restricted Payment referred to in clause (2) or (7) thereof or an exchange of Capital Stock for Capital Stock or Indebtedness referred to in clause (3) or (4) thereof or an Investment acquired as a capital contribution or in exchange for Capital Stock referred to in clause (6) thereof) shall be included in calculating whether the conditions of clause (C) of the first paragraph of this Section 4.07 have been met with respect to any subsequent Restricted Payments, and the Net Cash Proceeds from any issuance of Capital Stock referred to in clause (3), (4) or (6) of the preceding paragraph shall not be included in such calculation. In the event the proceeds of an issuance of Capital Stock of the Company are used for the redemption, repurchase or other acquisition of the Notes, or Indebtedness that is *pari passu* with the Notes or any Note Guarantee, then the Net

Cash Proceeds of such issuance shall be included in clause (C) of the first paragraph of this Section 4.07 only to the extent such proceeds are not used for such redemption, repurchase or other acquisition of Indebtedness.

For purposes of determining compliance with this Section 4.07, (x) the amount, if other than in cash, of any Restricted Payment shall be determined in good faith by the Board of Directors, whose determination shall be conclusive and evidenced by a Board Resolution and (y) in the event that a Restricted Payment meets the criteria of more than one of the types of Restricted Payments described in the above clauses, including the first paragraph of this Section 4.07, the Company, in its sole discretion, may order and classify, and from time to time may reclassify, such Restricted Payment if it would have been permitted at the time such Restricted Payment was made and at the time of such reclassification.

SECTION 4.08 Dividend and Other Payment Restrictions Affecting Subsidiaries.

(a) The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Restricted Subsidiary (other than a Receivables Subsidiary) to:

(1) pay dividends or make any other distributions permitted by applicable law on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

(2) repay any Indebtedness owed to the Company or any other Restricted Subsidiary;

(3) make loans or advances to the Company or any other Restricted Subsidiary; or

(4) transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) The restrictions in Section 4.08(a) will not restrict any encumbrances or restriction:

(1) existing on the Closing Date in the Credit Agreement, this Indenture or any other agreements in effect on the Closing Date, and any extensions, refinancings, renewals or replacements of such agreements; provided that the encumbrances and restrictions in any such extensions, refinancings, renewals or replacements taken as a whole are no less favorable in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(2) existing under or by reason of applicable law;

(3) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the

time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired and any extensions, refinancings, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extensions, refinancings, renewals or replacements taken as a whole are no less favorable in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(4) in the case of clause (4) of the first paragraph of this Section 4.08:

(A) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset,

(B) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by this Indenture, or

(C) arising or agreed to in the normal course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary;

(6) relating to a Subsidiary Guarantor and contained in the terms of any Indebtedness or any agreement pursuant to which such Indebtedness was issued if:

(A) the encumbrance or restriction is not materially more disadvantageous to the Holders of the Notes than is customary in comparable financings (as determined by the Company in good faith); and

(B) the Company determines that any such encumbrance or restriction will not materially affect the Company's ability to make principal or interest payments on the Notes;

(7) arising from customary provisions in joint venture agreements and other similar agreements entered into in the ordinary course of business;

(8) existing in the documentation governing any Permitted Securitization; or;

(9) contained in any agreement governing Indebtedness permitted under clause (8) of the second paragraph of part (a) of Section 4.09.

Nothing contained in this Section 4.08 shall prevent the Company or any Restricted Subsidiary from (1) creating, incurring, assuming or suffering to exist any Liens otherwise permitted in Section 4.12 or (2) restricting the sale or other disposition of property or assets of the Company or any of its Restricted Subsidiaries that secure Indebtedness of the Company or any of its Restricted Subsidiaries.

SECTION 4.09 Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (other than the Notes, the Note Guarantees and other Indebtedness existing on the Closing Date) and the Company will not permit any of its Restricted Subsidiaries to issue any preferred stock; provided, however, that the Company or any Subsidiary Guarantor may Incur Indebtedness (including, without limitation, Acquired Indebtedness) if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, the Fixed Charge Coverage Ratio would be greater than 2.0:1.0.

(b) The provisions of Section 4.09(a) will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence by the Company and any Subsidiary Guarantor of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and such Subsidiary Guarantor thereunder) (together with refinancings thereof) not to exceed $2.6 billion less any amount of such Indebtedness permanently repaid as provided under Section 4.10;

(2) Indebtedness owed (A) to the Company or any Subsidiary Guarantor evidenced by an unsubordinated promissory note or (B) to any other Restricted Subsidiary; provided that (x) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or another Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (2) and (y) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated in right of payment to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Subsidiary Guarantor;

(3) Indebtedness issued in exchange for, or the net proceeds of which are used to refinance or refund, then outstanding Indebtedness including the Notes (other than Indebtedness outstanding under clauses (1), (2), (5), (6), (7), (8), (9) and (13) and any refinancings thereof) in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses);

provided that (a) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Note Guarantee shall only be permitted under this clause (3) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Note Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is *pari passu* with, or expressly subordinate in right of payment to, the remaining Notes or the Note Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Note Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or the Note Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or the Note Guarantee, (b) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded and (c) such new Indebtedness is Incurred by the Company or a Subsidiary Guarantor or by the Restricted Subsidiary that is the obligor on the Indebtedness to be refinanced or refunded;

(4) Indebtedness of the Company, to the extent the net proceeds thereof are promptly (A) used to purchase Notes tendered in an Offer to Purchase made as a result of a Change in Control or (B) deposited to defease the Notes as described under Article 8 and Article 12;

(5) Guarantees of the Notes and Guarantees of Indebtedness of the Company or any Restricted Subsidiary of the Company by any other Restricted Subsidiary of the Company; provided the Guarantee of such Indebtedness is permitted by and made in accordance with Section 4.19;

(6) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business provided, however, that such Indebtedness is extinguished within two business days of incurrence;

(7) Indebtedness (i) in respect of industrial revenue bonds or other similar governmental or municipal bonds, (ii) evidencing the deferred purchase price of newly acquired property or incurred to finance the acquisition of equipment of the Company and its Restricted Subsidiaries (pursuant to purchase money mortgages or otherwise, whether owed to the seller or a third party) used in the ordinary course of business of the Company and its Restricted Subsidiaries (provided that, such Indebtedness is incurred within 270 days of the acquisition of such property) and (iii) in respect of Capitalized Lease Obligations; provided that,

the aggregate amount of all Indebtedness outstanding pursuant to this clause shall not at any time exceed $180 million;

(8) Indebtedness of Foreign Subsidiaries in an aggregate outstanding principal amount not to exceed $180 million at any one time outstanding;

(9) Indebtedness of a Person existing at the time such Person became a Restricted Subsidiary of the Company, but only if such Indebtedness was not created or incurred in contemplation of such Person becoming a Restricted Subsidiary and the aggregate outstanding amount of all Indebtedness existing pursuant to this clause (together with refinancings thereof) does not exceed $120 million at any time;

(10) Indebtedness incurred in the ordinary course of business in connection with cash pooling arrangements, cash management and other Indebtedness incurred in the ordinary course of business in respect of netting services, overdraft protections and similar arrangements in each case in connection with cash management and deposit accounts;

(11) Indebtedness incurred pursuant to a Permitted Securitization and Standard Securitization Undertakings;

(12) Indebtedness consisting of the financing of insurance premiums in the ordinary course of business; and

(13) additional Indebtedness of the Company or any Subsidiary Guarantor (in addition to Indebtedness permitted under clauses (1) through (12) above) in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed $120 million.

Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that may be Incurred pursuant to this Section 4.09 will not be deemed to be exceeded, with respect to any outstanding Indebtedness due solely to the result of fluctuations in the interest rates or exchange rates of currencies.

For purposes of determining any particular amount of Indebtedness under this Section 4.09, (x) Indebtedness outstanding under the Credit Agreement and the Second Lien Credit Agreement on the Closing Date shall be treated as Incurred pursuant to clause (1) of the second paragraph of part (a) of this Section 4.09, (y) Guarantees, Liens or obligations with respect to letters of credit supporting Indebtedness otherwise included in the determination of such particular amount shall not be included and (z) any Liens granted pursuant to the equal and ratable provisions referred to in Section 4.12 shall not be treated as Indebtedness. For purposes of determining compliance with this Section 4.09, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above (other than Indebtedness referred to in clause (x) of the preceding sentence), including under the first paragraph of clause (a), the Company, in its sole discretion, may classify, and from time to time may reclassify, such item of Indebtedness.

The Company and its Restricted Subsidiaries will not Incur any Indebtedness if such Indebtedness is subordinate in right of payment to any other Indebtedness unless such Indebtedness is also subordinate in right of payment to the Notes (in the case of the Company) or the Note Guarantees (in the case of any Subsidiary Guarantor), in each case, to the same extent.

SECTION 4.10 Asset Sales. The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless:

(1) the consideration received by the Company or such Restricted Subsidiary is at least equal to the fair market value of the assets sold or disposed of; and

(2) at least 75% of the consideration received consists of (a) cash or Temporary Cash Investments, (b) the assumption of unsubordinated Indebtedness of the Company or any Subsidiary Guarantor or Indebtedness of any other Restricted Subsidiary (in each case, other than Indebtedness owed to the Company or any Affiliate of the Company), provided that the Company, such Subsidiary Guarantor or such other Restricted Subsidiary is irrevocably and unconditionally released in writing from all liability under such Indebtedness, or (c) Replacement Assets.

The Company will, or will cause the relevant Restricted Subsidiary to:

(1) within twelve months after the date of receipt of any Net Cash Proceeds from an Asset Sale:

(A) apply an amount equal to such Net Cash Proceeds to permanently repay Indebtedness under any Credit Facility or other unsubordinated secured Indebtedness of the Company or any Subsidiary Guarantor or Indebtedness of any other Restricted Subsidiary, in each case, owing to a Person other than the Company or any Affiliate of the Company (and to cause a corresponding permanent reduction in commitments if such repaid Indebtedness was outstanding under the revolving portion of a Credit Facility); or

(B) invest an equal amount, or the amount not so applied pursuant to clause (A) (or enter into a definitive agreement committing to so invest within 12 months after the date of such agreement) in Replacement Assets; and;

(2) apply (no later than the end of the 12-month period referred to in clause (1)) any excess Net Cash Proceeds (to the extent not applied pursuant to clause (1)) as provided in the following paragraphs of this Section 4.10.

The amount of such excess Net Cash Proceeds required to be applied (or to be committed to be applied) during such 12-month period as set forth in clause (1) of the preceding sentence and not applied as so required by the end of such period shall constitute “Excess Proceeds.”

If, as of the first day of any calendar month, the aggregate amount of Excess Proceeds not theretofore subject to an Offer to Purchase pursuant to this Section 4.10 totals at least $35 million, the Company must commence, not later than the 15th business day of such month, and consummate an Offer to Purchase from the Holders (and, if required by the terms of any

Indebtedness that is pari passu with the Notes ("Pari Passu Indebtedness"), from the holders of such Pari Passu Indebtedness) on a pro rata basis an aggregate principal amount of Notes (and Pari Passu Indebtedness) equal to the Excess Proceeds on such date, at a purchase price equal to 100% of their principal amount, plus, in each case, accrued interest (if any) to the Payment Date. To the extent that any Excess Proceeds remain after consummation of an Offer to Purchase pursuant to this Section 4.10, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture and the amount of Excess Proceeds shall be reset to zero.

Pending the final application of any Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the Limitation on Transactions with Shareholders and Affiliates.

SECTION 4.11 Limitation on Transactions with Shareholders and Affiliates.

(a) the Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with any holder (or any Affiliate of such holder) of 5% or more of any class of Capital Stock of the Company or with any Affiliate of the Company or any Restricted Subsidiary, except upon fair and reasonable terms no less favorable to the Company or such Restricted Subsidiary than could be obtained, at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor, in a comparable arm's-length transaction with a Person that is not such a holder or an Affiliate.

(b) The foregoing limitation does not limit, and shall not apply to:

(1) transactions (A) approved by a majority of the disinterested members of the Board of Directors or (B) for which the Company or a Restricted Subsidiary delivers to the Trustee a written opinion of a nationally recognized investment banking, accounting, valuation or appraisal firm stating that the transaction is fair to the Company or such Restricted Subsidiary from a financial point of view;

(2) any transaction solely between the Company and any of its Restricted Subsidiaries or solely among Restricted Subsidiaries;

(3) the payment of reasonable and customary regular fees to directors of the Company who are not employees of the Company and indemnification arrangements entered into by the Company consistent with past practices of the Company;

(4) transactions in connection with a Permitted Securitization including Standard Securitization Undertakings;

(5) any sale of shares of Capital Stock (other than Disqualified Stock) of the Company;

(6) any Permitted Investments or any Restricted Payments not prohibited by Section 4.07; and

(7) any agreement as in effect or entered into as of the Closing Date (as disclosed in this offering memorandum) or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) and any replacement agreement thereto so long as any such amendment or replacement agreement is not more disadvantageous to the Holders in any material respect than the original agreement as in effect on the Closing Date.

(c) Notwithstanding the foregoing, any transaction or series of related transactions covered by the first paragraph of this Section 4.11 and not covered by clauses (2) through (7) of this paragraph, (a) the aggregate amount of which exceeds $25 million in value, must be approved or determined to be fair in the manner provided for in clause (1)(A) or (B) above and (b) the aggregate amount of which exceeds $50 million in value, must be determined to be fair in the manner provided for in clause (1)(B) above.

SECTION 4.12 Liens. The Company will not, and will not permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Lien on any of its assets or properties of any character (including any shares of Capital Stock or Indebtedness of any Restricted Subsidiary), without making effective provision for all of the Notes and all other amounts due under this Indenture to be directly secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes, prior to) the obligation or liability secured by such Lien.

The foregoing limitation does not apply to:

(1) Liens existing on the Closing Date;

(2) Liens granted on or after the Closing Date on any assets or Capital Stock of the Company or its Restricted Subsidiaries created in favor of the Holders;

(3) Liens in connection with a Permitted Securitization;

(4) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (3) of the second paragraph of part (a) of Section 4.09; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(5) Liens to secure Indebtedness permitted under clause (1) of the second paragraph of part (a) of Section 4.09;

(6) Liens (including extensions and renewals thereof) securing Indebtedness permitted under clause (7) of the second paragraph of part (a) of Section 4.09; provided that, (i) such Lien is granted within 270 days after such Indebtedness is incurred, (ii) the Indebtedness secured thereby does not the lesser of the cost or the fair market value of the applicable property, improvements or equipment at the time of such acquisition (or construction) and (iii) such Lien secures only the assets that are the subject of the Indebtedness referred to in such clause;

(7) Liens on cash set aside at the time of the Incurrence of any Indebtedness, or government securities purchased with such cash, in either case, to the extent that such cash or government securities pre-fund the payment of interest on such Indebtedness and are held in a collateral or escrow account or similar arrangement to be applied for such purpose;

(8) Lien on any assets or properties of Foreign Subsidiaries to secure Indebtedness permitted under clause (8) of the second paragraph of part (a) of Section 4.09;

(9) Liens on (A) incurred premiums, dividends and rebates which may become payable under insurance policies and loss payments which reduce the incurred premiums on such insurance policies and (B) rights which may arise under State insurance guarantee funds relating to any such insurance policy, in each case securing Indebtedness permitted to be incurred pursuant to clause (12) of the second paragraph of part (a) of Section 4.09;

(10) other Liens securing Indebtedness or other obligations permitted under this Indenture and outstanding in an aggregate principal amount not to exceed $90 million; or

(11) Permitted Liens.

SECTION 4.13 Business Activities. The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses.

SECTION 4.14 Corporate Existence. Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(1) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; and

(2) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if at least two Officers of the Company, one of which is the Chief Executive Officer or the Chief Financial Officer of the Company, shall

determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders.

SECTION 4.15 Offer to Repurchase Upon Change of Control.

(a) If a Change of Control occurs, the Company will make an offer (a "Change of Control Offer") to each Holder to repurchase all or any part (equal to $1,000 or an integral multiple of $1,000) of each Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest on the Notes repurchased, if any, to, but not including, the date of purchase, subject to the rights of the Holders on the relevant record date to receive interest due on the relevant interest payment date (the "Change of Control Payment"). Within 10 days following any Change of Control, the Company will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.15 and that all Notes tendered and not withdrawn will be accepted for payment;

(2) the purchase price and the purchase date, which will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission, email or letter setting forth the name of the Holder, the principal amount of Notes the Holder delivered for purchase, and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change in Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.15, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.15 by virtue of such compliance.

(b) On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

Upon receipt of the Change of Control Payment and Officers' Certificate described above, the Paying Agent will promptly mail to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company will publicly announce the results of the Change of Control Offer on or as soon as reasonably practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 4.15, the Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (2) notice of redemption has been given pursuant to Section 3.07 hereof, unless and until there is a default in payment of the applicable redemption price.

SECTION 4.16 Limitation on Issuances and Sale of Capital Stock of Restricted Subsidiaries. The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Wholly Owned Restricted Subsidiary;

(2) issuances of director's qualifying shares or sales to foreign nationals of shares of Capital Stock of foreign Restricted Subsidiaries, to the extent required by applicable law;

(3) if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect to such issuance or sale would have been permitted to be made under Section 4.07 if made on the date of such issuance or sale; or

(4) sales of Capital Stock (other than Disqualified Stock) (including options, warrants or other rights to purchase shares of such Capital Stock) of a Restricted Subsidiary, provided that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of any such sale in accordance with Section 4.10, and provided, further that sales of Preferred Stock are permitted under Section 4.09.

SECTION 4.17 Limitation on Sale and Leaseback Transactions. The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction involving any of its assets or properties whether now owned or hereafter acquired; provided, however, that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the consideration received in such Sale and Leaseback Transaction is at least equal to the fair market value of the property so sold or otherwise transferred, as determined by a resolution of the Board of Directors;

(2) the Company or such Restricted Subsidiary, as applicable, would be permitted to grant a Lien to secure Indebtedness under Section 4.12 in the amount of the Attributable Debt in respect of such Sale Leaseback Transaction;

(3) prior to and after giving effect to the Attributable Debt in respect of such Sale and Leaseback Transaction, the Company and such Restricted Subsidiary comply with Section 4.09; and

(4) the Company or such Restricted Subsidiary applies the proceeds received from such sale in accordance with Section 4.10.

SECTION 4.18 Payments for Consent. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

SECTION 4.19 Limitations on Issuance of Guarantees by Restricted Subsidiaries. The Company will cause each Restricted Subsidiary other than a Foreign Subsidiary or an Immaterial Subsidiary to execute and deliver a supplemental indenture to this Indenture providing for a Guarantee (a "Subsidiary Guarantee") of payment of the Notes by such Restricted Subsidiary.

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("Guaranteed Indebtedness") of

the Company or any other Restricted Subsidiary (other than a Foreign Subsidiary or an Immaterial Subsidiary), unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to this Indenture providing for a Guarantee (also a "Subsidiary Guarantee") of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness is (A) *pari passu* in right of payment with the Notes or any Note Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (B) subordinated in right of payment to the Notes or any Note Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Note Guarantee.

Notwithstanding the foregoing, any Subsidiary Guarantee by a Restricted Subsidiary may provide by its terms that it shall be automatically and unconditionally released and discharged upon:

(1) sale, exchange or transfer, to any Person not an Affiliate of the Company, of all of the Company's and each Restricted Subsidiary's Capital Stock in, or all or substantially all the assets of, such Restricted Subsidiary (which sale, exchange or transfer is not prohibited by this Indenture) or upon the designation of such Restricted Subsidiary as an Unrestricted Subsidiary in accordance with the terms of this Indenture; or

(2) the release or discharge of the Guarantee which resulted in the creation of such Subsidiary Guarantee, except a discharge or release by or as a result of payment under such Guarantee.

## ARTICLE 5
## SUCCESSORS

SECTION 5.01 Merger, Consolidation, or Sale of Assets.

(a) The Company may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either

(A) the Company is the surviving corporation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer,

conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Company under the Notes, this Indenture and the Registration Rights Agreement, in each case pursuant to agreements reasonably satisfactory to the Trustee;

(3) no Default or Event of Default shall otherwise be caused by such transaction; and

(4) the Fixed Charge Coverage Ratio for the Company, or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made would be the same or greater than such Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries immediately prior to such transaction.

(b) In addition, the Company will not, directly or indirectly, lease all or substantially all of its properties or assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person. This Section 5.01 will not apply to:

(5) a merger of the Company with an Affiliate solely for the purpose of reincorporating the Company in another jurisdiction; or

(6) any merger or consolidation, or any sale, transfer, assignment, conveyance, lease or other disposition of assets between or among the Company and its Restricted Subsidiaries.

SECTION 5.02 Successor Corporation Substituted. Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the “Company” shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; provided, however, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale or other disposition of all or substantially all of the properties or assets of the Company (determined on a consolidated basis for the Company and its Subsidiaries), in one or more related transactions subject to, and in compliance with the provisions of, Section 5.01 hereof.

## ARTICLE 6
## DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default. Each of the following is an "Event of Default:"

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on the Notes;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions of Section 4.07, Section 4.09, Section 4.10, Section 4.15 or Section 5.01 hereof;

(4) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to the Company by the trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in this Indenture;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness or the maturity of which has been so accelerated, aggregates $75 million or more;

(6) failure by the Company or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of $75 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by this Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Subsidiary Guarantor denies or disaffirms its obligations under its Note Guarantee;

(8) the Company or any of its Restricted Subsidiaries pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian of it or for all or substantially all of its property, or

(D) makes a general assignment for the benefit of its creditors; and

(9) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Restricted Subsidiaries in an involuntary case;

(B) appoints a custodian of the Company or any of its Restricted Subsidiaries or for all or substantially all of the property of the Company or any of its Restricted Subsidiaries; or

(C) orders the liquidation of the Company or any of its Restricted Subsidiaries;

and the order or decree remains unstayed and in effect for 60 consecutive days.

SECTION 6.02 Acceleration. In the case of an Event of Default specified in clause (8) or (9) of Section 6.01 hereof, with respect to the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

SECTION 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04 Waiver of Past Defaults. The Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the Holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of

Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of interest or premium, if any, on, or the principal of, the Notes. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05 Control by Majority. Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

SECTION 6.06 Limitation on Suits. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) Holders of a majority in aggregate principal amount of the then outstanding Notes voting as a single class have not given the Trustee a direction inconsistent with such request within such 60-day period.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

SECTION 6.07 Rights of Holders of Notes to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium, if any and interest, on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08 Collection Suit by Trustee. If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as Trustee of an express trust against the Company for the whole amount of principal of, premium, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs

and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09 Trustee May File Proofs of Claim. The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10 Priorities. If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, reasonable expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

SECTION 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable

costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

## ARTICLE 7
## TRUSTEE

SECTION 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of certificates specifically required by any provision herein to be furnished to it, the Trustee will examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability. The Trustee will be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder has offered to the Trustee reasonable security and indemnity against any loss, liability or expense.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02 Rights of Trustee.

(a) The Trustee may conclusively rely upon any document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company will be sufficient if signed by an Officer of the Company.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(g) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(h) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

SECTION 7.03 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee (if this Indenture has been qualified under the TIA) or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

SECTION 7.04 Trustee's Disclaimer. The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.05 Notice of Defaults. If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee will mail to Holders a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

SECTION 7.06 Reports by Trustee to Holders of the Notes.

(a) Within 60 days after each December 31 beginning with the December 31 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee will mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA § 313(a) (but if no event described in TIA § 313(a) has occurred

within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also will comply with TIA § 313(b)(2). The Trustee will also transmit by mail all reports as required by TIA § 313(c).

(b) A copy of each report at the time of its mailing to the Holders of Notes will be mailed by the Trustee to the Company and filed by the Trustee with the SEC and each stock exchange on which the Notes are listed in accordance with TIA § 313(d). The Company will promptly notify the Trustee when the Notes are listed on any stock exchange.

SECTION 7.07 Compensation and Indemnity.

(a) The Company will pay to the Trustee from time to time compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and the Subsidiary Guarantors, jointly and severally, will indemnify the Trustee against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company and the Subsidiary Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by the Company, the Subsidiary Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability, claim, damage or expense as shall be determined to have been caused by its negligence or bad faith. The Trustee will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company will not relieve the Company or any of the Subsidiary Guarantors of their obligations hereunder. The Company or such Subsidiary Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. Neither the Company nor any Subsidiary Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Company and the Subsidiary Guarantors under this Section 7.07 will survive the satisfaction and discharge of this Indenture.

(d) To secure the Company's and the Subsidiary Guarantors' payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(8) or (9) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

(f) The Trustee will comply with the provisions of TIA § 313(b)(2) to the extent applicable.

SECTION 7.08 Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law,

(3) a custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights,

powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof will continue for the benefit of the retiring Trustee.

SECTION 7.09 Successor Trustee by Merger, etc. If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

SECTION 7.10 Eligibility; Disqualification. There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $100 million as set forth in its most recent published annual report of condition.

This Indenture will always have a Trustee who satisfies the requirements of TIA § 310(a)(1), (2) and (5). The Trustee is subject to TIA § 310(b).

SECTION 7.11 Preferential Collection of Claims Against Company. The Trustee is subject to TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein.

## ARTICLE 8
## LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 8.01 Option to Effect Legal Defeasance or Covenant Defeasance. The Company may, any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes and the Note Guarantees upon compliance with the conditions set forth below in this Article 8.

SECTION 8.02 Legal Defeasance and Discharge. Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each of the Subsidiary Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company and the Subsidiary Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) below, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the

Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on such Notes when such payments are due from the trust referred to in Section 8.04 hereof;

(2) the Company's obligations with respect to such Notes under Article 2 and Section 4.02 hereof;

(3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's and the Subsidiary Guarantors' obligations in connection therewith; and

(4) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

SECTION 8.03 Covenant Defeasance. Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Subsidiary Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 4.10 and 4.15 hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "Covenant Defeasance"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Note Guarantees, the Company and the Subsidiary Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03 hereof, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(5) and 6.01(6) hereof will not constitute Events of Default.

SECTION 8.04 Conditions to Legal or Covenant Defeasance. In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts

as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants to pay the principal of, or interest and premium, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of an election under Section 8.02 hereof, the Company has delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee (subject to customary exceptions and exclusions) confirming that:

(A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(B) since the date of this Indenture, there has been a change in the applicable federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred,

(3) in the case of an election under Section 8.03 hereof, the Company has delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(7) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.05 Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06 Repayment to Company. Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust pursuant to Section 8.04 or Section 12.01 for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 8.07 Reinstatement. If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or

governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Subsidiary Guarantors' obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided, however, that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

## ARTICLE 9
## AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 9.01 Without Consent of Holders of Notes. Notwithstanding Section 9.02 of this Indenture (but subject in any event to Section 10.13), without the consent of any Holder of Notes, the Company, the Subsidiary Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Note Guarantees:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Company's or a Subsidiary Guarantor's obligations to the Holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Subsidiary Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the Holders or that does not materially and adversely affect the legal rights hereunder of any such Holder;

(5) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date of this Indenture;

(7) to allow any Subsidiary Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;

After an amendment becomes effective, the Company is required to mail to each registered Holder of the Notes a notice briefly describing such amendment. However, the failure to give such notice to all Holders of the Notes, or any defect therein, will not impair or affect the validity of the amendment.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture permitted by the terms

of this Indenture, and upon receipt by the Trustee of the documents described in Section 13.04 hereof, the Trustee will join with the Company and the Subsidiary Guarantors in the execution of any such amended or supplemental indenture, but the Trustee will not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.02 With Consent of Holders of Notes. Except as provided below in this Section 9.02 and Section 10.13, the Company, the Subsidiary Guarantors and the Trustee may amend or supplement this Indenture (including, without limitation, Section 4.10 and 4.15 hereof), the Note Guarantees and the Notes with the consent of the Holders of at least a majority in aggregate principal amount of the Notes (including, without limitation, Additional Notes, if any) then outstanding (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Note Guarantees or the Notes may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 13.04 hereof, the Trustee will join with the Company and the Subsidiary Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental Indenture.

It is not necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amendment, supplement or waiver. However, without the consent of each Holder affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or extend the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than the provisions of Sections 4.10 or 4.15 hereof);

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or impair the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by Sections 4.10 or 4.15 hereof);

(8) release any Subsidiary Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture; or

(9) make any change in the preceding amendment and waiver provisions.

SECTION 9.03 Compliance with Trust Indenture Act. Every amendment or supplement to this Indenture or the Notes will be set forth in an amended or supplemental indenture that complies with the TIA as then in effect.

SECTION 9.04 Revocation and Effect of Consents. Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder’s Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

For purposes of this Indenture, the consent of the Holder of a Global Security shall be deemed to include any consent delivered by any member of, or participant in, any Depository or DTC, any nominees thereof and their respective successors and assigns, or such other depository institution hereinafter appointed by the Company (“Depository Entity”) by electronic means in accordance with the Automated Tender Offer Procedures system or other customary procedures of, and pursuant to authorization by, such Depository Entity.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the first paragraph of this Section 9.04, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall become valid or effective more than 120 days after such record date.

Any Holder entitled hereunder to give, make or take any action under this Indenture with regard to any particular Note may do so, or duly appoint any Person or Persons as its agent or agents to do so, with regard to all or any part of the principal amount of such Note.

SECTION 9.05 Notation on or Exchange of Notes. The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Any consent of any Holder of Notes may include, without limitation, any consent obtained in connection with a tender offer or exchange offer for, or purchase of, Notes.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06 Trustee to Sign Amendments, etc. The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amended or supplemental indenture until its Board of Directors approves it. In executing any amended or supplemental indenture, the Trustee will be provided with and (subject to Section 7.01 hereof) will be fully protected in relying upon, in addition to the documents required by Section 13.04 hereof, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

## ARTICLE 10
## [INTENTIONALLY OMITTED]

## ARTICLE 11
## NOTE GUARANTEES

SECTION 11.01 Guarantee.

(a) Subject to this Article 11, each of the Subsidiary Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns,

irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(1) the principal of, premium, if any, and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(2) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors will be jointly and severally obligated to pay the same immediately. Each Subsidiary Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Subsidiary Guarantors hereby agree that their obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. Each Subsidiary Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Note Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Subsidiary Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

(d) Each Subsidiary Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Subsidiary Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any

declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Subsidiary Guarantors for the purpose of this Note Guarantee, in each case subject to any rescission of any such acceleration pursuant to Section 6.04. The Subsidiary Guarantors will have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantee.

SECTION 11.02 Intentionally Omitted

SECTION 11.03 Limitation on Subsidiary Guarantor Liability. Each Subsidiary Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Subsidiary Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Subsidiary Guarantors hereby irrevocably agree that the obligations of such Subsidiary Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Subsidiary Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Subsidiary Guarantor in respect of the obligations of such other Subsidiary Guarantor under this Article 11, result in the obligations of such Subsidiary Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

SECTION 11.04 Execution and Delivery of Note Guarantee. To evidence its Note Guarantee set forth in Section 11.01 hereof, each Subsidiary Guarantor hereby agrees that a notation of such Note Guarantee substantially in the form attached as Exhibit F hereto will be endorsed by an Officer of such Subsidiary Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture will be executed on behalf of such Subsidiary Guarantor by one of its Officers.

Each Subsidiary Guarantor hereby agrees that its Note Guarantee set forth in Section 11.01 hereof will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Note Guarantee.

If an Officer whose signature is on this Indenture or on the Note Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Note Guarantee is endorsed, the Note Guarantee will be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, will constitute due delivery of the Note Guarantee set forth in this Indenture on behalf of the Subsidiary Guarantors.

In the event that the Company or any of its Restricted Subsidiaries creates or acquires any Domestic Subsidiary after the date of this Indenture, if required by Section 4.20 hereof, the

Company will cause such Domestic Subsidiary to comply with the provisions of Section 4.20 hereof and this Article 11, to the extent applicable.

SECTION 11.05 Subsidiary Guarantors May Consolidate, etc., on Certain Terms. Except as otherwise provided in this Section 11.05, no Subsidiary Guarantor may sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Subsidiary Guarantor is the surviving Person) another Person, other than the Company or another Subsidiary Guarantor, unless:

(1) no Default or Event of Default shall otherwise be caused by such transaction; and

(2) either

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if other than the Subsidiary Guarantor or the Company) assumes all the obligations of that Subsidiary Guarantor under this Indenture and its Note Guarantee and the Registration Rights Agreement on the terms set forth herein and therein, pursuant to a supplemental indenture and an amendment to the Registration Rights Agreement each satisfactory to the trustee and, in the case of any supplemental indenture, substantially in the form set forth in Exhibit G to this Indenture; or

(b) in the case of any such sale or disposition (including by way of any such consolidation or merger), the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture, including without limitation, Section 4.10 hereof.

In case of any such consolidation, merger, sale or disposition and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and substantially in the form of Exhibit G hereto, of the Note Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Subsidiary Guarantor, such successor Person will succeed to and be substituted for the Subsidiary Guarantor with the same effect as if it had been named herein as a Subsidiary Guarantor. Such successor Person thereupon may cause to be signed any or all of the Note Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Note Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses (a) and (b) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation or merger of a Subsidiary Guarantor with or into the Company or another Subsidiary Guarantor, or will prevent any sale or disposition of all or substantially all of the assets of a Subsidiary Guarantor to the Company or another Subsidiary Guarantor.

SECTION 11.06 Releases.

The Note Guarantee of a Subsidiary Guarantor will be released, and such Subsidiary Guarantor will be released from and relieved of all of its obligations under its Note Guarantee and this Indenture:

(1) in connection with any sale, disposition or transfer of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale, disposition or transfer does not violate the first paragraph of Section 4.10;

(2) in connection with any sale, disposition or transfer of all of the Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale, disposition or transfer does not violate the first paragraph of Section 4.10;

(3) if the Company designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of this Indenture; or

(4) upon Legal Defeasance in accordance with Article 8 hereof or satisfaction and discharge of this Indenture in accordance with Article 12 hereof.

Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that a release of a Subsidiary Guarantor in accordance with this Section 11.06 is authorized or permitted by this Indenture, Trustee will, upon the request and at the expense of the Company, execute any documents reasonably requested by the Company in order to evidence the release of such Subsidiary Guarantor from its obligations under its Note Guarantee and this Indenture.

## ARTICLE 12
## SATISFACTION AND DISCHARGE

SECTION 12.01 Satisfaction and Discharge. This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder when:

(1) either

(a) all Notes that have been authenticated and, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the

Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(3) the Company or any Subsidiary Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied. Upon satisfaction of the conditions set forth in this Section 12.01, and the receipt of such Officers' Certificate and Opinion of counsel, the Trustee, upon request and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section, the provisions of Sections 12.02 and 8.06 will survive. In addition, nothing in this Section 12.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

SECTION 12.02 Application of Trust Money. Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any

order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and any Subsidiary Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01 hereof; provided that if the Company has made any payment of principal of, premium, if any, or interest on any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

## ARTICLE 13
## MISCELLANEOUS

SECTION 13.01 Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA § 318(c), the imposed duties will control.

SECTION 13.02 Notices. Any notice or communication by the Company, any Subsidiary Guarantor or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company and/or any Subsidiary Guarantor:

Hanesbrands Inc.<br>
[ ]<br>
[ ]<br>
[ ]<br>
Attention: [ ]

With a copy to:

[ ]<br>
[ ]<br>
[ ]<br>
Attention: [ ]

If to the Trustee:

[ ]<br>
[ ]<br>
[ ]<br>
Attention: [ ]

The Company, any Subsidiary Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed, when answered back, if telexed;

when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication will also be so mailed to any Person described in TIA § 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it will mail a copy to the Trustee and each Agent at the same time.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Where this Indenture provides for notice of any event to a Holder of a Global Note, such notice shall be sufficiently given if given to the Depository for such Note (or its designee), pursuant to the Applicable Procedures, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice.

SECTION 13.03 Communication by Holders of Notes with Other Holders of Notes. Holders may communicate pursuant to TIA § 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c).

SECTION 13.04 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee (except that the Opinion of Counsel referred to in Section 13.04(2) hereof shall not be required in connection with the Authentication Order):

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer of the Company or any Subsidiary Guarantor may be based, insofar as it relates to legal matters, upon a certificate of opinion of, or representations by, counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, and may state that it is so based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers of the Company or such Subsidiary Guarantor stating that the information with respect to such factual matters is in possession of the Company or such Subsidiary Guarantor, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate of opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 13.05 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA § 314(a)(4)) must comply with the provisions of TIA § 314(e) and must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

SECTION 13.06 Rules by Trustee and Agents. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 13.07 No Personal Liability of Directors, Officers, Employees and Stockholders. No director, manager, officer, employee, incorporator, stockholder or member of the Company or any Subsidiary Guarantor, as such, will have any liability for any obligations of

the Company or the Subsidiary Guarantors under the Notes, this Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

SECTION 13.08 Governing Law. THIS INDENTURE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO AND THERETO, INCLUDING THE INTERPRETATION, CONSTRUCTION, VALIDITY AND ENFORCEABILITY THEREOF, SHALL BE GOVERNED BY AND SHALL BE CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW).

SECTION 13.09 No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 13.10 Successors. All agreements of the Company in this Indenture and the Notes will bind its successors. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Subsidiary Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 11.06.

SECTION 13.11 Severability. In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

SECTION 13.12 Counterpart Originals. The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement.

SECTION 13.13 Table of Contents, Headings, etc. The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

SECTION 13.14 Benefits of Indenture. Nothing in this Indenture or in the Notes or Note Guarantees, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders of Notes, any benefit or any legal or equitable right, remedy or claim under this Indenture, the Notes or the Note Guarantees.

[Signatures on following page]

**SIGNATURES**

HANESBRANDS INC.

By: ______________________________

Name:

Title:

[**INSERT NAMES OF SUBSIDIARY GUARANTORS**]

[ ], as Trustee

By: ______________________________

Name:

Title:

**Exhibit 21.1**

**SUBSIDIARIES OF HANESBRANDS INC.**

All subsidiaries are wholly-owned, directly or indirectly, by Hanesbrands Inc. (other than directors' qualifying shares or similar interests )

**U.S. Subsidiaries**

| Name of Subsidiary | Jurisdiction of Formation |
| --- | --- |
| BA International, L.L.C. | Delaware |
| Caribesock, Inc. | Delaware |
| Caribetex, Inc. | Delaware |
| CASA International, LLC | Delaware |
| Ceibena Del, Inc. | Delaware |
| Hanes Menswear, LLC | Delaware |
| Hanes Puerto Rico, Inc. | Delaware |
| Hanesbrands Direct, LLC | Colorado |
| Hanesbrands Distribution, Inc. | Delaware |
| HBI Branded Apparel Limited, Inc. | Delaware |
| HBI Branded Apparel Enterprises, LLC | Delaware |
| HBI Playtex BATH LLC | Delaware |
| HbI International, LLC | Delaware |
| HBI Sourcing, LLC | Delaware |
| Inner Self, LLC | Delaware |
| Jasper-Costa Rica, L.L.C. | Delaware |
| National Textiles, L.L.C. | Delaware |
| NT Investment Company, Inc. | Delaware |
| Playtex Dorado, LLC | Delaware |
| Playtex Industries, Inc. | Delaware |
| Playtex Marketing Corporation (50% owned) | Delaware |
| Seamless Textiles, LLC | Delaware |
| UPCR, Inc. | Delaware |
| UPEL, Inc. | Delaware |

**Non-U.S. Subsidiaries**

| Name of Subsidiary | Jurisdiction of Formation |
| --- | --- |
| Allende Internacional S. de R.L. de C.V. | Mexico |
| Bali Dominicana, Inc. | Panama/DR |
| Bali Dominicana Textiles, S.A. | Panama/DR |

| Name of Subsidiary | Jurisdiction of Formation |
| --- | --- |
| Bal-Mex S. de R.L. de C.V. | Mexico |
| Canadelle LP | Canada |
| Canadelle Holdings Corporation Limited | Canada |
| Cartex Manufacturera S. A. | Costa Rica |
| Caysock, Inc. | Cayman Islands |
| Caytex, Inc. | Cayman Islands |
| Caywear, Inc. | Cayman Islands |
| Ceiba Industrial, S. de R.L. | Honduras |
| Champion Products S. de R.L. de C.V. | Mexico |
| Choloma, Inc. | Cayman Islands |
| Confecciones Atlantida S. de R.L. | Honduras |
| Confecciones de Nueva Rosita S. de R.L. de C.V. | Mexico |
| Confecciones El Pedregal Inc. | Cayman Islands |
| Confecciones El Pedregal S.A. de C.V. | El Salvador |
| Confecciones del Valle, S. de R.L. de C.V. | Honduras |
| Confecciones Jiboa S.A. de C.V. | El Salvador |
| Confecciones La Caleta, Inc. | Cayman Islands |
| Confecciones La Herradura S.A. de C.V. | El Salvador |
| Confecciones La Libertad, S.A. de C.V. | El Salvador |
| DFK International Ltd. | Hong Kong |
| Dos Rios Enterprises, Inc. | Cayman Islands |
| Hanes Caribe, Inc. | Cayman Islands |
| Hanes Choloma, S. de R. L. | Honduras |
| Hanes Colombia, S.A. | Colombia |
| Hanes de Centro America S.A. | Guatemala |
| Hanes de El Salvador, S.A. de C.V. | El Salvador |
| Hanes de Honduras S. de R.L. de C.V. | Honduras |
| Hanes Dominican, Inc. | Cayman Islands |
| Hanesbrands Japan Inc. | Japan |
| Hanes Panama Ltd. | Panama |
| Hanes Brands Incorporated de Costa Rica, S.A. | Costa Rica |
| Hanesbrands Argentina S.A. | Argentina |
| Hanesbrands Brasil Textil Ltda. | Brazil |
| Hanesbrands Canada NSULC | Canada |
| Hanesbrands Dominicana, Inc. | Cayman Islands |
| Hanesbrands Europe GmbH | Germany |
| Hanesbrands Philippines Inc. | Philippines |
| Hanesbrands (HK) Limited | Hong Kong |
| Hanesbrands (Thailand) Ltd. | Thailand |
| HBI Alpha Holdings, Inc. | Cayman Islands |
| HBI Beta Holdings, Inc. | Cayman Islands |

| Name of Subsidiary | Jurisdiction of Formation |
|---|---|
| HBI Compania de Servicios, S.A. de C.V. | El Salvador |
| HBI Servicios Administrativos de Costa Rica, S.A. | Costa Rica |
| HBI Socks de Honduras, S. de R.L. de C.V. | Honduras |
| HBI Sourcing Asia Limited | Hong Kong |
| Indumentaria Andina S.A. | Argentina |
| Industria Textileras del Este, S. de R.L. | Costa Rica |
| Industrias Internacionales de San Pedro S. de R.L. de C.V. | Mexico |
| J.E. Morgan de Honduras, S.A. | Honduras |
| Jasper Honduras, S.A. | Honduras |
| Jogbra Honduras, S.A. | Honduras |
| Madero Internacional S. de R.L. de C.V. | Mexico |
| Manufacturera Ceibena S. de R.L. | Honduras |
| Manufacturera Comalapa S.A. de C.V. | El Salvador |
| Manufacturera de Cartago, S.R.L. | Costa Rica |
| Manufacturera San Pedro Sula, S. de R.L. | Honduras |
| Monclova Internacional S. de R.L. de C.V. | Mexico |
| PT HBI Sourcing Indonesia | Indonesia |
| PTX (D.R.), Inc. | Cayman Islands |
| Rinplay S. de R.L. de C.V. | Mexico |
| Santiago Internacional Textil Limitada (in liquidation) | Chile |
| Sara Lee Apparel India Private Limited (to be renamed Hanesbrands India Private Limited) | India |
| Sara Lee Apparel International (Shanghai) Co. Ltd. (to be renamed Hanesbrands International (Shanghai) Co. Ltd.) | China |
| Sara Lee Knit Products Mexico S.A. de C.V. (to be renamed Inmobilaria Rinplay S. de R.L. de C.V.) | Mexico |
| Sara Lee Moda Femenina, S.A. de C.V. (to be renamed Servicios Rinplay, S. de R.L de C.V.) | Mexico |
| Servicios de Soporte Intimate Apparel, S de RL | Costa Rica |
| SL Sourcing India Private Ltd. (to be renamed HBI Sourcing India Private Ltd.) | India |
| SN Fibers (49% owned) | Israel |
| Socks Dominicana S.A. | Dominican Republic |
| Texlee El Salvador, S.A. de C.V. | El Salvador |
| The Harwood Honduras Companies, S. de R.L. | Honduras |
| TOS Dominicana, Inc. | Cayman Islands |

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-137143) of Hanesbrands, Inc. of our report dated September 28, 2006 relating to the financial statements, which appears in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated September 28, 2006 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chicago, Illinois
September 28, 2006

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 Annual Report on Form 10-K 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)) 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) 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

(c) 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.

Date: September 28, 2006

/s/ Richard A. Noll

Richard A. Noll
Chief Executive Officer

Exhibit 31.2

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

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

1. I have reviewed this Annual Report on Form 10-K 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)) 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) 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

(c) 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.

Date: September 28, 2006

/s/ E. Lee Wyatt Jr.

E. Lee Wyatt Jr.<br>Executive Vice President and Chief Financial Officer

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 Annual Report of Hanesbrands Inc. ("Hanesbrands") on Form 10-K for the fiscal year ended July 1, 2006 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.

Date: September 28, 2006

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

The foregoing certification is being furnished to accompany Hanesbrands Inc.'s Annual Report on Form 10-K for the fiscal year ended July 1, 2006 (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 Annual Report of Hanesbrands Inc. ("Hanesbrands") on Form 10-K for the fiscal year ended July 1, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, E. Lee Wyatt, 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.

Date: September 28, 2006

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

The foregoing certification is being furnished to accompany Hanesbrands Inc.'s Annual Report on Form 10-K for the fiscal year ended July 1, 2006 (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 99.1**

**CATEGORICAL STANDARDS FOR DIRECTOR INDEPENDENCE**

No director will qualify as an independent director of Hanesbrands Inc. ("Hanesbrands") unless the Board of Directors of Hanesbrands (the "Board") has affirmatively determined that the director meets the standards for being an independent director established from time to time by the New York Stock Exchange ("NYSE"), the U.S. Securities and Exchange Commission and any other applicable governmental and regulatory bodies. To be considered independent under the rules of the NYSE, the Board must affirmatively determine that a director has no material relationship with Hanesbrands (either directly or as a partner, shareholder or officer of an organization that has a relationship with Hanesbrands). To assist it in determining each director's independence in accordance with the NYSE's rules, the Board has established guidelines, which provide that a Hanesbrands will be deemed independent unless:

- within the preceding three years, the Hanesbrands director was an employee, or an immediate family member of the director was an executive officer, of Hanesbrands;
- within the preceding three years, the Hanesbrands director received during any twelve-month period more than $100,000 in direct compensation from Hanesbrands, or an immediate family member of the director received during any twelve-month period more than $100,000 in direct compensation for services as an executive officer of Hanesbrands, excluding director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- any of (1) the Hanesbrands director or an immediate family member of the Hanesbrands director is a current partner of a firm that is Hanesbrands' internal or independent auditor; (2) the Hanesbrands director is a current employee of such a firm; (3) an immediate family member of the Hanesbrands director is a current employee of such a firm and participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (4) the Hanesbrands director or an immediate family member of the Hanesbrands director was, within the last three years (but is no longer), a partner or employee of such a firm and personally worked on Hanesbrands' audit within that time;
- within the preceding three years, a Hanesbrands executive officer served on the board of directors of a company that, at the same time, employed the Hanesbrands director, or an immediate family member of the director, as an executive officer;

- the Hanesbrands director is a current executive officer or employee, or an immediate family member of the Hanesbrands director is a current executive officer, of another company that made payments to or received payments from Hanesbrands for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or two percent (2%) of such other company's consolidated gross revenues;
- the Hanesbrands director serves as an officer, director or trustee of a charitable organization, and discretionary charitable contributions by Hanesbrands to such organization, in the aggregate in any one year, exceed the greater of $1 million, or two percent (2%) of that organization's total annual charitable receipts (and "discretionary charitable contributions" shall include corporate cash contributions (including support for benefit events), grants from any charitable foundation established by Hanesbrands, and product donations); or
- the Hanesbrands director is an executive officer of another company which is indebted to Hanesbrands, or to which Hanesbrands is indebted, and the total amount of either company's indebtedness to the other is more than two percent (2%) of the total consolidated assets of the company the Hanesbrands director serves as an executive officer.

For purposes of these guidelines, an "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home, and references to "Hanesbrands" include all subsidiaries and divisions that are consolidated with Hanesbrands Inc.

The Board annually will review all commercial and charitable relationships between its directors and Hanesbrands to determine whether the directors meet these categorical independence tests. If a director has a relationship with Hanesbrands that is not covered by these independence guidelines, those Hanesbrands directors who satisfy such guidelines will consider the relevant circumstances and make an affirmative determination regarding whether such relationship is material or immaterial, and whether the director would therefore be considered independent under the NYSE's rules.

Hanesbrands will disclose in its proxy statement (a) the basis for any Board determination that a relationship was immaterial despite the fact that it did not meet the categorical independence tests of immateriality set forth above, and (b) any charitable contributions made by Hanesbrands to any charitable organization in which a Hanesbrands director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year exceeded the greater of $1 million, or two percent (2%) of such charitable organization's consolidated gross revenues.