

Company Name: Hanesbrands Inc. (HBI)
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<<T.C. Robillard, Vice President of Investor Relations>>

Good morning. My name is T.C. Robillard and I am the Vice President of Investor Relations here at Hanesbrands. We are pleased you have taken the time to hear about our business and the opportunities that lie ahead. You should have a handout in front of you that includes information about forward-looking statements and non-GAAP performance measures that may be presented today, and the press release issued last night that highlights the topics of today's meeting.

Let me first take a moment to review the information about forward-looking statements and non-GAAP performance measures that is on the current slide as well as in our handouts. I want to remind everyone that we may make forward-looking statements, either in our prepared remarks or in the associated question-and-answer session. These statements are based on current expectations or beliefs and are subject to certain risks and uncertainties that may cause actual results to differ materially. These risks are detailed in our various filings with the SEC, such as our most recent Forms 10-K and 10-Q and may be found on our website, as well as in our news release and other communications. The company does not undertake to update or revise any forward-looking statements which speak only to the time at which they are made.

Unless otherwise noted, today's references to our consolidated financial results as well as our 2014 guidance exclude all one time charges and expenses. Additional information, including a reconciliation of these and other non-GAAP performance measures to GAAP can be found in the Investor section of our Hanes.com website.

Our presentation materials, including slides with the presenters prepared remarks will be posted to our website following today's events. In terms of today's agenda, Rich will start by highlighting our accomplishments and lay out the key themes for the day. Next, our senior management team will discuss strategies and other aspects of our business model.

Then Rick will come up and discuss how this business model translates into a great financial model. And finally, Rich will return at the end to discuss our future potential. Following the presentations, we'll leave time for questions from our audience here in New York.

And with that, I'll show you a brief video and then turn it over to our Chairman and CEO, Rich Noll.

[Video Presentation]

<<Richard A. Noll, Chairman and Chief Executive Officer>>

Welcome to the Hanesbrands Investor Day meeting. And now here is Rich Noll. So I had a choice to be introduced either TC or MJ, and while both of them are known by just two initials, share a similar hairstyle and according to TC, are about the same expertise on the cord, I decided to go with MJ. Now what's funny is all of you know what that's about but everybody listening on the web who doesn't hear the video, have no idea of what we are talking about, they actually might have thought that Michael Jordan was here introducing me. And for those of you in Web-land that's exactly what happened next time you come.

So as noted in the video, we've had a relationship with Michael Jordan for 25 years, it's a milestone we celebrated last April at Michael's charity event where a number of you joined us. At that event we achieved a new milestone initiating a dividend. So for many reasons, 2013 was a very good year for celebration.

So before I discuss the business, let me start by welcoming you and thanking you for joining us here in the city at our design center. We have a great morning planned with the purpose helping you understand how we intend to build upon our current momentum to drive future financial performance. A great future depends upon a great past. So let me spend a few minutes reviewing our recent financial accomplishments.

Since 2010, we grew revenue \$500 million, operating profit over \$200 million, EPS nearly \$2 and generated cumulative cash flow of nearly \$1.5 billion. And we accomplished this feat by focusing on high-quality revenue growth, driving our Innovate-to-Elevate strategy, and wisely deploying our cash flow.

If you'll turn your attention to the red boxes on this slide, you'll see relationship of the compound annual growth rate for sales, operating profits, and EPS from 2010 to 2013. Each growth rate increases substantially as you walk down the P&L, from a 4% CAGR for sales increasing to 16% for operating profit, and increasing again to 26% for earnings per share. That's the relationship for which we continually strive, magnifying single-digit sales growth into faster operating profit growth, and ultimately into double-digit EPS growth.

Given that these results happened in spite of cost inflation, it demonstrates that our Innovate-to-Elevate strategy is working, that we have pricing power, and that we can successfully manage volatility. And we are not done.

Looking to 2014, we are confident that the momentum we have in Innovate-to-Elevate should continue. Using the mid-point of our guidance, we intend to grow sales another \$500 million, operating profits over \$50 million, and generate another \$0.5 billion of cash.

These results are a function of three things. The first is that we have a strong consumer franchise, similar to our consumer packaged goods company. We focus on large, stable categories where brands matter. Our consumers know and prefer our brands; and

importantly, they wear many of our products each and every day of their lives, each and every day, and they purchase these products multiple times per year. So when you think of our customers, think of hundreds of millions of consumers, not just a dozen retailers. This consumer franchise provides a level of stability and predictability that is one of the foundations of our business model.

The second item is our Innovate-to-Elevate strategy, which is working very well. As we graft Innovate-to-Elevate onto more and more portions of our business, it should continue to drive margin expansion for years to come. The third item is that we generate a significant amount of cash flow that can be deployed to create value, particularly now as it relates to bolt-on acquisitions. When you combine all three, we can truly unleash the power of our business model, which should help us drive double-digit EPS growth for many years to come.

I'll come back at the end to talk about acquisitions; but first, let me turn it over to Gerald and his team to discuss Innovate-to-Elevate. Gerald?

<<Gerald W. Evans, Chief Operating Officer>>

Good morning. I am pleased to join you today. Our strong performance over the last year across every segment of our business is a solid testament to the power of our Innovate-to-Elevate strategy to drive margin expansion, and we think there is a lot more to come.

Over the next hour we will discuss our plans for the year ahead. I'll start with an overview of our Innovate-to-Elevate strategy and then briefly discuss our progress in Integrating the Maidenform acquisition. I'll then hand it off to our management team to discuss the momentum across our business segments. Our Innovate-to-Elevate strategy consistently drives profitability improvement in our business, now and in the future.

So let me spend some time discussing our Innovate-to-Elevate strategy. Innovate-to-Elevate is not simply a cost play nor is it a focus on premium products at the expense of our successful core. Rather, Innovate-to-Elevate, known internally as I2E is composed of three distinct pieces, brand power, our innovation platforms, and our low cost supply chain that work synergistically to drive sustainable margin expansion across our brands and product lines by generating a higher average price per unit and a lower cost per unit.

Our Innovate-to-Elevate strategy started in our underwear business where we have achieved sustainable margin expansion for many years, and now we are pushing it across the various pieces of our business and consistently driving up margins as we go. Let me spend a little time describing each distinct piece of our Innovate-to-Elevate strategy.

The first is our brand power. Our outstanding portfolio of brands, Hanes, Champion, Playtex, Bali, and Maidenform to name a few, are the tie that binds our customers to our consumer franchise. Apparel consumers prefer brands. Brands are the number one, driver of consumer purchase in our categories, while price is a distant fifth. Brands are built over time, and we consistently invest behind our strong portfolio. Over the last decade we

have spent nearly \$1 billion on advertising, R&D, and quality improvements to further strengthen our brands and they have never been stronger.

The strong preference for Hanes over the closest competitor in our core innerwear categories is a solid testament to the enduring strength of the relationship between our brands and our consumer franchise. So what does brand power give you? Brand power provides pricing power to offset inflation and maintain margins in inflationary periods. And it allows brand leaders to price at a premium to weaker brands and private label. Also, consumers trust strong brands, making them more willing to try new innovations. And finally, brand power provides the strength to drive broad brand distribution across channels of trade and geographies. Our brands are our greatest asset, and we will continue to invest in them.

The second element of our Innovate-to-Elevate strategy is platform innovation. We follow a disciplined CPG process that focuses on identifying long-term consumer needs, megatrends that will impact our categories over the next 10 years or longer. These are not fads, but big needs across big categories that we can fashion into an innovation platform.

Once we find one, we carefully combine consumer insights with our latest R&D and technology breakthroughs to create a new platform. When our testing says we have it right, we pair this new innovation with consumer-tested advertising, strong media support, and a big statement at retail to effectively deliver the innovation platform to our customer.

For example, you will hear our team talk today about the continuing success of our ComfortBlend and Flexible Fit platforms. You will also hear that we have broadened our focus to develop even bigger ideas, technology platforms, like X-Temp, that are being launched across categories and brands simultaneously. Both our core business and our innovation platforms have great gross margins and as we innovate, we are able to drive our profit dollars even higher. Whether they are ideas like Tagless that enhanced our core products or a completely new line of premium priced products like X-Temp. Our goal is to deliver big ideas that we can manufacture at large scale in our supply chain and expand margins by driving the cost per unit down.

That brings me to the third part of our Innovate-to-Elevate strategy that we like to think of as our secret sauce, and that's our supply chain. So what sets us apart from most apparel companies is that we own our supply chain. Over 80% of our products come through our network of large-scale facilities and dedicated contractors, which gives us tremendous ability to manufacture at low cost and scale up production of our latest big ideas to enhance margins.

And, our deep understanding of the technical aspects of producing our products allows us to invent platform innovations like no one else. Our supply chain is a true competitive advantage and you'll hear more today from Mike Faircloth, our Chief Global Operations officer.

So that's Innovate-to-Elevate, brand power, innovation platforms and our supply chain leverage working synergistically to drive sustainable margin expansion. And this strategy is clearly driving new levels of profitability across our business. So when you have a strategy that's working, what do you do next? You drive it harder across current business and look for new businesses to apply it, and that's exactly what we are doing. While Innovate-to-Elevate started in our underwear business, we are rapidly pushing it across our intimates business, as well as Activewear, International, and now Maidenform, as we consistently drive margin expansion.

And speaking of Maidenform, let me spend a minute updating you on our acquisition. We're making great progress in integrating the Maidenform business into our Innerwear, International, and direct to consumer segment. Adding Maidenform has strengthened our portfolio of intimate apparel brands in all of our business categories and positioned us well across classic and contemporary consumers.

In a few short months we have created one US sales team; merged Maidenform marketing into our brand marketing team; and, as you will see on your tour this morning, we have created one design team focused on creating fewer, bigger ideas for bras and shapewear. Over the next three quarters, we will complete integration of the various support functions into Hanes. We will also begin internalizing Maidenform production into our supply chain in the third quarter of this year.

Now over the years we have consistently proven our ability to execute big complex projects from the successful spinoff of our Company through the global transformation of our supply chain. As you can see from our quick progress in integrating Maidenform, we are extending the execution competency to acquisition integration. We have an integration team composed of 200 people and 53 project teams focused on quickly and effectively integrating Maidenform. These teams have assembled detailed integration plans with over 4000 tasks to be completed.

And in order to insure success, we maintain a team of project management professionals who track our progress on every task – and we are right on track. We believe we are positioned to unleash the full potential of Maidenform with our Innovate-to-Elevate strategy and contribute over \$500 million in revenue. And by 2016, we should see \$80 million in operating profit.

Howard Upchurch and Bill Nictakis will give you a deeper overview of our Maidenform plans in the Innerwear and International segments during their presentations today.

So in summary, we are deploying our Innovate-to-Elevate strategy across the business and driving up margins. We have generated great results so far with operating margins up 370 basis points over the past three years, and we are just getting started. Now let me turn it over to the team to give you more detail on our progress and what lies ahead, beginning with Howard Upchurch, President of our Innerwear Group.

<<W. Howard Upchurch, President-Innerwear Segment>>

Thanks Gerald. Good morning. I am pleased to spend the next few minutes updating you on the Innerwear business including an overview of our plans for the domestic Maidenform business. We have employed Innovate-to-Elevate successfully for a number of years in Innerwear. We started with our men's underwear category and expanded to the rest of our basics businesses. We have been grafting this on to the intimates businesses with strong results.

2013 was another record breaking year for Innerwear with an operating profit margin of 19.1% up 170 basis points in 2012. And going forward, we expect further margin improvement as we apply Innovate-to-Elevate to our Maidenform business.

So let's talk about the Innerwear category characteristics. First, we play in a large category over \$20 billion of retail sales in 2013. Innerwear is apparel essentials you wear close to the body virtually everyday of your life. We group the category as basics, which includes underwear and socks, and intimates, which includes bras, shapewear, and hosiery. While per-capita unit consumption is relatively consistent over time, category units grow with the population. Category dollar growth comes from the population increases and consumer trade-up to higher-priced products, such as ComfortBlend and X-Temp. This is a great stable category.

Second, we have brand power, our strong portfolio of brands includes five brands with retail sales in excess of \$300 million led by our largest brand Hanes with over \$3.6 billion in retail sales. And leveraging this brand power translates to leading Innerwear market shares. We are number one or number two in every category in which we compete. Our market position is driven by the broad appeal of the Hanes brands.

Hanes is found in eight out of ten households. The demographic of the Hanes consumer in the red bars aligns with the demographic profile of the American consumer, shown in the purple bars. More than one-half of our consumers are under 35 and almost 30% have household incomes over \$75,000.

Leveraging Innovate-to-Elevate is working in Innerwear. It is driving sales growth, margin expansion and market-share gains. We have executed this strategy the longest in men's underwear. We continue to strengthen key equity measures, while growing sales and market share. The key equity measure "for someone like me" continues to strengthen among both older and younger consumers.

This brand power has given us pricing power. The retail price of an underwear T-shirt in 2007 versus today is 21% higher, approximately a 3% CAGR. But, if you go back to 2000, the CAGR is only 1.5%. Costs such as cotton are substantially higher in that timeframe; however, the strength of our brand has allowed us to cover inflation and maintain our margins. Even in a tough retail environment, Hanes men's underwear sales increased 4% in 2013. Over the past five years, Hanes' sales CAGR is 7%, and unit market share has increased 9 points.

The successful formula in Innerwear is leveraging our big-idea process from consumer products companies to bring consumer-driven innovation to market. I will update you on the success of our key platforms and introduce you to our new technology platform innovation X-Temp, and discuss how we are grafting this process onto our intimates business.

Last year, I introduced you to the ComfortBlend platform, a fabric innovation that leverages the active megatrend for performance apparel. We introduced ComfortBlend men's underwear in 2012 and have extended to socks, panties and kids' underwear. ComfortBlend sales grew over 125% in 2013 and represent approximately 5% of basics sales. We have additional products in the pipeline and will support them with new advertising later this year.

X-Temp is our newest platform and brings a whole new level of technology to Innerwear. Let's take a look at the new advertising we will run at back-to-school to support this platform.

[Video Presentation]

As you can see, Hanes X-Temp works in the most stressful situations. Hanes X-Temp technology is designed to keep consumers cooler and drier by increasing the rate of evaporation when your temperature rises and reducing the rate of evaporation when you're cooler. We introduced this technological breakthrough in men's underwear and socks last year at approximately a 75% price premium to core products, and the results have been strong.

In 2014, we will expand distribution of the men's line and introduce this technology in women's panties and socks.

Our third platform, renamed from Smart Sizes to Flexible Fit, continues to resonate with consumers. Let's take a look at this short video that showcases this exciting new innovation.

[Video Presentation]

Initially we call this platform Smart Sizes. We've now renamed it Flexible Fit to more accurately describe the primary consumer benefit of this product. We introduced this platform innovation in barely there and Hanes in 2010, and expanded to Bali in 2012 and to Playtex and Just My Size in 2013.

Retail sales on Flexible Fit bras were up 23% over 2012. The Bali Flexible Fit business grew over 120%, and drove Bali bras to a 14% retail sales increase. We will continue to expand this platform in 2014 and obviously Flexible Fit to the perfect opportunity for Maidenform. So, let's talk about Maidenform to understand the opportunity with

Maidenform, you need to understand how the business is managed over the past few years.

In a nutshell, we adhere to our strict seven step big idea process to drive after fewer and bigger ideas driving profitable growth, while Maidenform focused primarily on the product step and pursued many smaller ideas to drove sales but were margin dilutive. From 2007 to 2012 sales grew 42%, but operating income dropped 22% and operating margin declined 728 basis points.

New product introductions were dilutive to margins. For example, the new Comfort Devotion line grew to over 40% bra sales for Maidenform; however, the margins were significantly below the core One Fab Fit. Unfocused new product development led to high SKU counts, large inventory write-offs, which left little money for brand building. As a result, Maidenform spent less than \$1 million in consumer media.

We will manage very differently and leverage all three parts of the Innovate-to-Elevate strategy. We will focus behind four major product line, some of which leverage the core heritage, such as One Fab Fit, and others that revolve around new benefits such as Comfort Devotion. We have begun rationalizing the Maidenform SKU count, with a 56% reduction already being executed. New design concepts for 2015 will come down 65%.

We will leverage our big idea process for summer 2015, the first season where we can began development using innovation process. And we will graft the Flexible Fit technology on to the Maidenform brand. Maidenform will benefit substantially from Innovate-to-Elevate. Plugging Maidenform volume in our global supply chain will reduced cost as we leverage our scale. Selected styles in the new Comfort Devotion line for early margin dilutive for reduced cost of goods of 20%.

Our leveraging Innovate-to-Elevate in focusing on fewer bigger initiative, we believe we can improve Maidenform brand operating margins are roughly 1000 basis points over the next three years.

So to sum up, Innerwear is successfully delivering strong results with the Innovate-to-Elevate strategy. Price per unit is up and cost per unit is down and we have margin expansion. And we have the opportunity to continue to drive margin expansion both in Maidenform and the core HBI business for many years to come.

Now I like to introduce John Marsh, President of Activewear.

<<John T. Marsh, President-Activewear>>

Thanks, Howard and good morning. Last year on our Investor Day meeting I presented Activewear strategies and objectives. Today I'll provide an update on our progress in achieving those objectives and where we are going next. I will then turn the time over to Nadine Hall, President of Retail Activewear, who will focus specifically on our efforts to

drive the Champion brand. Our goal was to take a business that historically delivered only mid-single digit operating margins to double-digit margins over time.

We focused on remaking the Activewear business over the past couple of years, and as a result, the individual components and the business as a whole looked very different. We adhered to the Innovate-to-Elevate strategy, and we made an accretive acquisition in Gear for Sports. We also exited low-margin printwear segments. Our business is now more predictable, and the headwinds of private-label printwear are behind us.

I'm happy to report that we did what we said we would do. We achieved a 13.1% operating margin in 2013, and we're not done. We see lots of opportunity for further margin expansion. The graph on the right demonstrates just how important the Innovate-to-Elevate strategy has been in reaching this new level of profitability, accounting for more than half of our margin-rate improvement. Our acquisition of Gear for Sports, combined with leveraging SG&A, accounted for about 40% and exiting private label accounted for the remainder.

Before I address the Active megatrend, let me provide some perspective on the components that comprise our \$1.3 billion Activewear business. The biggest portion of our business is our retail division which includes the company's second-largest brand, Champion, as well as Hanes and Just My Size, with distribution in traditional retailers. The next-largest division is Gear for Sports, the market leader in the college bookstore channel, followed by the branded printwear business which sells tees and sweats in the screenprint channel.

As we optimize our Innovate-to-Elevate business strategy, we have the wind at our back with the rise of the active category as a megatrend. Not only is the active category big and more than \$33 billion, it is outpacing the growth of total apparel. Both men's and kids' active apparel are growing at high single-digit rates and women's is growing at low double-digit rates. And the active category spans usage occasions from working out at the gym to cheering on your favorite sports team and includes T-shirts, sweats and performance apparel.

Increased participation in personal fitness and team sports is helping to drive this momentum, but it's really being propelled by the versatility of active apparel in our everyday lives. In fact, a recent poll showed that only about a third of men and women think of their active apparel as solely for exercise purposes. And Champion is a perfect brand to ride the active megatrend.

Champion is a big brand with retail sales in excess of \$2 billion, and it continues to gain space and market share. The brand holds the #3 position overall in the market #2 in units with the #1 position in the important sports bra category. And champion's active line is for the entire family and can be found from target to mid-tier department stores, to the sporting goods channel and even at high-end specialty retailers demonstrating the brand's strong heritage and broad consumer appeal.

Further, as we focus our product and media messages we are seeing growth in key consumer equities that drive brand preference and purchase intent. Now, since I'll be the only person not talking about the Maidenform acquisition, let me provide an update on how we are dealing with our first acquisition, Gear for Sports.

Just like in other parts of our Activewear business, we are applying the Innovate-to-Elevate model to the industry leader in customized quick-turn graphic apparel. First, we are focused on growing our strong consumer brands. Champion is the market-share leader in the college bookstore channel, and it continues to grow. Secondly, we are leveraging technology and fabric platforms across Activewear and internalizing core styles where there is sufficient scale.

And the synergies have gone both ways. We leveraged Gear's graphic design capabilities by consolidating our New York and L.A. graphic-design offices in our Center of Excellence in Lenexa, Kansas, that now provides for all of Activewear's graphic needs.

The Gear for Sports acquisition and integration has been successful, providing another 250 basis points improvement in profitability on a business that already had double digit operating margins at acquisition. So our fewer, bigger go-to-market approach is driving sales and profits. Our strong brands, combined with consumer insights and our scale, allow us to leverage our global supply chain, driving improved economics.

We have an economic model that is working, and we see opportunity for continued margin expansion. We are now focused on driving our brands in a segment that is growing rapidly.

To demonstrate how our strategy is working within Champion, Activewear's biggest and fastest growing brand, I want to introduce Nadine Hall, President of Retail Activewear. As Nadine comes up, enjoy the following Champion highlight video.

[Video Presentation]

<<Nadine Hall, President-Retail Activewear>>

Thank you, John. Good morning. John showed how the Innovate-to-Elevate strategy is impacting total Activewear. I'd like to show you how we have used the Innovate-to-Elevate strategy to grow Champion's share, expand margins and how we are building momentum with the brand. We have built brand power, utilized innovation platforms and leveraged our global supply chain to deliver these results, and this is just the beginning.

The active category is large and growing, and we will continue to build brand power by focusing on Champion's distinct brand positioning that is centered on the amateur athlete. This positioning is resonating with consumers and retailers alike, as we continue to gain momentum, adding new space at retail, elevating the brand and expanding margins.

Our brand is building momentum as we connect with the everyday amateur athlete. One way that we are driving it is through our partnership with the ESPN Wide World of Sports complex. Each year, 2 million athletes and spectators participate in athletic competition at the complex, providing Champion important on-field brand presence and credibility.

We're also the official partner of U.S. Lacrosse, one of the fastest-growing amateur sports in the U.S. As we build this important on-field presence, it is helping to drive key brand equities that are most closely tied to purchase intent, such as Brand I Prefer and For Someone like Me. Both of these measures have shown increases in ratings versus last year of 4 points and 6 points, respectively.

In addition to driving brand power through on-field credibility, we are elevating our distribution to strengthen the brand, through placement of our products with high-end retailers, such as Urban Outfitters and Supreme.

We are also elevating our brand through our design collaboration with Todd Snyder, one of the up and coming menswear designers on the New York design scene today. This partnership has enhanced our brand power and enabled the placement of Champion in additional premium retailers such as Nordstrom and Barney's. If you get the chance, go see the Champion Todd Snyder store in Soho on Elizabeth Street.

So, our distribution spans from Target to specialty retail outlets, which speaks to the brand's broad consumer appeal and strength of heritage.

We are also driving brand power through enhanced interaction with consumers at retail as Champion looks better and better. We have made substantial improvements to Champion's visual presentation and it is working.

As you will see later today during our store tour of Modell's on 42nd Street, Champion's improved brand presence and product merchandising are building Champion's brand power. This has allowed us to secure more fixtures and to increase rack productivity. The concept shop results have shown meaningful increases in retail sales performance, with as much as a 50 percent increase relative to non-concept-shop stores.

We are also driving the brand faster through fewer, bigger ideas utilizing core platform innovations with advanced technology. We follow the big-idea process, just like in Innerwear. We've leveraged the Flexible Fit technology platform with the latest example being the Marathon sports bra.

The key consumer insight is consumers' need for comfort for women who go the distance: a chafe-free workout, especially beyond the 6-mile mark, for a more comfortable workout. We are leveraging the Flexible Fit platform to deliver superior comfort and fit as well as an easier shopping experience.

Consumers are gravitating toward this product and we have placed it in almost every

Champion account. We are able to leverage our global bra supply chain to deliver superior economics. Let's take a look at the Marathon sports bra and how this technology came to market.

[Video Presentation]

Another key innovation within Champion is Vapor performance products, focused on addressing the key consumer need that a drier tee equals more comfortable workout. The Champion Vapor tee brings one of the fastest drying tees to the marketplace.

This core performance product offering for men and women across multiple styles for scale is driving brand power and leverages our global supply chain. Our Innovate-to-Elevate strategy has worked well for Vapor. Just like the Marathon sports bra, this compelling consumer innovation has secured placement in nearly every Champion account.

All of this comes together for great economic results, particularly margin expansion. We invent the innovations. As volume grows on a style basis to be significant, then we internalize. Over time, we continuously improve the network's efficiency and productivity, continuing to leverage scale from volume growth. Quite simply, when we have followed this formula we have achieved margin enhancement and typically realized a 15% to 20% per-unit savings.

Our Innovate-to-Elevate strategy has driven strong performance for Champion and makes this brand an exciting growth vehicle for 2014 and beyond.

As evidence that the Champion brand is resonating, Champion broadened its span of distribution. Champion has secured more than 9 miles of new retail space in the sporting goods and department store channels alone for spring 2014, a 10% increase over last year. This is a testament that our Innovate-to-Elevate strategy is working now, better than ever.

Brand power, with Champion's distinct position focused on the everyday athlete, innovation platforms that deliver technological innovations that resonate with consumers and retailers alike, and supply chain leverage have combined to deliver margin expansion both for today and as we drive the business in the future.

Next Bill Nictakis, our chief commercial officer, will review our International business.

<<William J. Nictakis, Chief Commercial Officer>>

Thanks, Nadine. Over the next few minutes I want to share our overall approach, and the key strategies, for our International business.

Now, I want to start by acknowledging that our strategy is very similar to what we discussed last year, with the benefit that we have actually begun implementing parts of it.

I am sure that it will come as no surprise to hear that the foundation for our International business rests on Innovate-to-Elevate. This strategy is every bit as relevant internationally as it is domestically, and we are seeing the same type of positive results.

There are two additional strategies that we are executing. The first is to structure our International operations so that they are more closely linked to, and aligned with, the domestic business, and I will explain how we are doing this. And second, is our approach, over time, to potentially use acquisitions and licenses to build greater scale in key regions. We have a powerful supply chain and strong domestic marketing and innovation processes, and we intend to leverage those capabilities on a global basis.

First, let me provide an overview of our International business. We now operate in four broad regions; the Americas of Canada and Mexico; South America, with emphasis on Brazil and Argentina; the Pacific Rim, with Japan, China, and Australia being the focal points; and now, with the acquisition of Maidenform, we have established a beachhead in Europe from which we can grow.

This business is a little over \$0.5 billion on a constant-currency basis has been growing at a mid-single-digit rate. Now, over the past two years, currency has been a major headwind, and has impacted the segment's annual growth rate by over 800 basis points, and represented almost a full point of dilution for our overall company growth. We expect a similar currency impact in 2014.

A key priority for our International businesses is to more tightly align them with the U.S. As you have heard this morning, we have tremendous scale and capabilities in our domestic business across all functions, yet we really haven't taken advantage of these strengths on a global basis. We have tended to operate more as a collection of independent businesses, rather than as global extensions of a very successful U.S. model. Aligning our International business more tightly with the U.S. in order to leverage these capabilities is our top priority, and we are well under way in implementing that process, with the first real integration occurring close to home in Canada.

We actually purchased the Canada business over 40 years ago, and up until now, have allowed it to operate as an autonomous business unit. While it's been successful, we are seeing that we can drive even stronger growth and profitability by aligning its operations more tightly with the U.S. We started the process last year by moving the marketing function for the Champion brand and Hanes underwear and socks from their Montreal base to Winston Salem. While the marketing team is still entirely dedicated to meeting the needs of Canadian consumers and customers, they now sit right next to their U.S. counterparts. By doing this, they are able to leverage in real time the domestic product innovations and marketing programs.

We have also moved against SG&A, and have integrated the back-end IT and accounting functions, put them on the same IT platforms as the U.S., and moved responsibility from Montreal to Winston Salem. We are also integrating their sourcing and purchasing functions into the oversight of the U.S. supply chain team. As you will hear in a bit, our

supply chain organization is truly world class, and we are now in the process of fully leveraging those capabilities to benefit our international commercial operations just as they have our domestic.

As the results indicate, this strategy is working. Sales last year were up significantly, and they were up in multiple accounts, not just Target. Profits were up, and SG&A was down. And our customer service has never been better. This successful integration reinforces the point Gerald made in his remarks: That we have developed a strong set of skills and processes when it comes to integrating businesses.

Driving tighter linkage with the U.S. is working in Canada, and we are seeing similar initial results as we extend this approach to Mexico. As with Canada, we started by integrating IT and accounting, and we are now beginning to replicate the same approach to marketing and product development and moving those core Hanes roles to Winston Salem. We didn't have this structure in place when we launched our Tagless underwear campaign last year, but we are catching up quickly – and this ad shows how we will be able to potentially leverage the synergy from the U.S.

[Video Presentation]

There are no incremental production costs, but a big potential impact on the consumer. And I will use Mexico to talk about our integration approach to Maidenform. This is a brand that plays very well in Mexico, but had very high SG&A. We are addressing that by folding their entire operation into our existing infrastructure. They have a separate warehouse in Mexico City. Effective July, they won't, as we will shut it down and move their products into our facility. We will transition their selling staff into our current customer-team infrastructure. And we'll migrate their product line to more closely resemble the U.S. portfolio. Canada and Mexico are countries where we intend to grow aggressively.

Let me talk for a moment about our challenged regions, namely South America and the Pacific Rim and the more conservative approach that we will take in the short term as we manage through the economic challenges in these regions.

In both South America and the Pacific Rim, we've had a good history of success, with strong operating margins and solid growth rates. However, the recent macroeconomic issues of slowing GDP and currency devaluations has impacted the short-term growth and profit expectations for these businesses. And as a result, we are adopting a more conservative set of expectations and investment initiatives, for these regions in the short term.

Let me finish by discussing Maidenform Europe. As Howard mentioned, we are excited to have this business in our fold, not just because of the strong brand, but also because of the opportunity it represents to gain a footprint in Europe.

In Europe, Maidenform has distribution in key countries such as England, France, Germany, and Spain through a combination of direct selling and distributors. The brand is well regarded, point-of-sale is growing in our key accounts, and we are confident that we should be able to significantly improve the efficiency of their operations. And over time, we'll have the opportunity to extend some of our own core brands such as Bali and Hanes.

So in summary, we're taking the same core strategies that have worked so well in the U.S. and we're applying them to the international business. Not only will we implement our Innovate-to-Elevate strategy, but we'll also focus on aligning and linking our global business with U.S. in order to reduce cost and accelerate our growth.

Now, let me turn things over to Mike Faircloth.

<<Michael E. Faircloth, President & Chief Global Operating Officer>>

Thanks, Bill. Today, I will explain a little more about how our supply chain is an integral part of the Innovate-to-Elevate strategy or the secret sauce, as Gerald described it. We have a deep understanding of our business and are much more than a company that just sources its products or simply owns its manufacturing facilities. Instead, we understand everything about our products, including all that is required to successfully design them, make them and distribute them. And we invent big platform innovations, implement scalable processes, apply new technologies and operate large facilities that can be leveraged to internalize volume.

Our global supply chain operates with scale, positioned in low-cost regions, balanced across the Eastern and Western hemispheres and we are very pleased with how our operations are performing. These capabilities are greatly enhanced by our proven business process that allows us to manage a large global network in a controlled and efficient manner.

Our innovation process is a true competitive advantage. We spend \$50 million a year on research and product design and development and have well over 400 people positioned across the globe dedicated to innovation. And to keep our innovation pipeline full, we have established a network of universities, companies and individuals that keep us aware of emerging technologies and once we see something that fits our business strategy, we'll begin to resource the project and place it into our structured R&D process.

A few examples that began as blue-sky ideas are the Flexible Fit technology and the X-Temp technology. Additionally, meaning water, energy and chemical reduction initiatives have significantly lowered our cost. To be successful where others have failed, it takes a dedicated team of highly technical experts with a depth of manufacturing experience. For example, even Maidenform, a great bra company, failed when they attempted a Flexible Fit concept.

Owning our global supply chain is a key reason that we can successfully design and introduce these types of new innovative products into the market that meet consumer needs and achieved our desired operating margins.

Producing nearly 1.9 billion units a year gives us tremendous scale and our global supply chain is positioned just where we want it, balanced globally to better mitigate risk and supply products to our global markets. And we do not chase the cheapest labor into areas that could risk our reputation. Rather we make long-term investments in stable countries that have attractive wages and then operate large-scale, highly-efficient factories to achieve a sustainable low cost.

The labor cost in our supply chain varies. This chart shows fully loaded wages in our network indexed against El Salvador and the Dominican Republic, where two of our manufacturing clusters are located. Nearly 70% of our manufacturing employees are located in the three lower-cost regions and we have less than 3% of our work force in China. And we're very pleased with our newest operations in Vietnam. The lower wages combined with large-scale efficient factories make a powerful combination.

The supply chain network we built has the ability to produce innovative products in a highly efficient manner, without the loss of effectiveness or unmitigated risk. And it is strategically positioned to achieve a low-cost supply to both our domestic and international business for the near-term and for the future.

Now, let me give you a few more examples of how our supply chain supports the Innovate-to-Elevate strategy. First, as mentioned earlier, we've internalized a significant amount of high-volume styles, including the successful integration of the Gear for Sports supply chain into our network. By leveraging our product knowledge, proven processes and global scale, we believe we can improve operating margins through internalization. Quite simply, we use our manufacturing process knowledge and capability to negotiate the lowest possible cost for the materials we use as well as the products that we chose to source. However, when the volume per style increases we can internalize those products realizing as much as 15% to 20% in savings.

We have been internalizing volume for several years, and now we have even more opportunity with the Maidenform acquisition. Let me give you a historical prospective on our ability to internalize, and how we benefited over the past several years.

In the past we have focused on internalizing sourced styles, reaching over 90% at the peak. Our systematic approach yielded significant savings during this time period. And most importantly, we believe this process can be repeated time and time again to create more value from organic growth and future acquisitions.

You can see the reduction of internal production that occurred in 2013 is directly attributed to the acquisition of Maidenform, as well as unit growth in the Activewear category. And our plan is evident by the line graph. We will again internalize products that fit our supply chain and intend to return to the 90% level, creating more value from the recent acquisition.

Internalization has clearly been one of the key drivers of our margin expansion. However, we do not want to overshadow the great performance of our supply chain. Our ongoing focus on improving productivity and efficiency has and will continue to be a second source of margin improvement. Our operations are running very well and continue to deliver consistent performance year-after-year. Since 2006, we have implemented many new processes that allow us to operate with lower inventory, freeing up a significant amount of cash, all while maintaining high service levels to our customers.

Though we have been, and expect to be, benchmarked at the top of our peer group, we continue to increase productivity in our manufacturing and distribution every year. Our network efficiency has increased over 6%. And our newest facilities in Asia are performing at the top of our efficiency range.

Our approach to process, control and continuous improvement have significantly reduced material waste and product defects resulting in lower operational cost. And we are proud that we continue to lead our sector in energy management, lowering our usage each year, achieving a 20% reduction since 2007. These accomplishments coupled with internalization have made a positive impact on our cost, contributing \$40 million in savings last year alone.

So, overall our supply chain is running well, we are positioned for growth, and we have great momentum going forward. Our supply chain is very capable and our role is clear as an integral part of the Innovate-to-Elevate strategy: inventing big-platform innovations that can be leveraged, enabling these innovations to be produced at scale, operating a low-cost, efficient supply chain, to drive further improvement in our operating margins. And we will always support our great brands with world-class quality and compliance.

I would like to wrap up with a short video, and then turn it over to Rick Moss, our Chief Financial Officer. Thank you.

[Video Presentation]

<<Richard D. Moss, Chief Financial Officer & Treasurer>>

Thank you, Mike. We had a great 2013, with record sales, operating profit, earnings per share and cash flow all in a very challenging consumer spending environment. We continue to build on a foundation that we began laying years ago that has enabled us to deliver improving results over time even in the face of a major recession and historic cotton inflation.

Since 2009, we have seen our EPS grow 149% on 24% growth in sales. We have accomplished this by achieving significant improvements in all elements of our P&L. Gross profit margin has improved 170 basis points and SG&A as a percentage of sales has declined 230 basis points together resulting in a 400 basis point increase in operating

profit margin. Interest expense is \$44 million lower as we have dramatically lowered our leverage.

And finally, we successfully utilized our global supply chain to maintain a tax rate consistently in the low to mid-teens. So, first let me talk about our gross profit margins. As with all apparel companies, we have seen our input costs rise steadily as the era of apparel deflation has given way to a more inflationary environment, marked by higher cotton costs, rising wages in key manufacturing locations and increases in other input costs such as oil.

In spite of these inflationary pressures, we have demonstrated our ability to use our brand power to drive price increases to cover inflation and maintain our margins. As a result, we have been able to capture cost savings and use innovations to drive margin expansion. And we expect to continue to drive gross profit margin expansion in the future as we continue to execute our Innovate-to-Elevate strategy across our organization.

However, Innovate-to-Elevate doesn't just impact our gross profit margins. It drives profit improvement throughout our P&L. From 2009 to 2013, our SG&A spending increased 12% only half the rate of our top line growth over that same time, and has been an important contributor to the 400 basis point improvement in operating profit margin since 2009. We believe that this operating profit model is sustainable, going forward and will be a key driver of operating profit margin expansion into the future.

So we have a solid manufacturing and SG&A infrastructure on which to grow our company going forward. So as we continue to deploy our cash flow to do acquisitions, we can use the Innovate-to-Elevate strategy to improve profitability in those businesses as well. Since we acquired Gear For Sports, we have seen its operating profit margin increase 250 basis points. Based on our guidance for synergies from the Maidenform acquisition, we expect to see operating margins improve about 1,000 basis points over a three-year period.

I'd sum up our Innovate-to-Elevate driven profitability model this way. Our strong consumer franchise in large, stable categories has resulted in consistent financial operating performance over time, especially on an annual basis. While we may see some quarterly variation in sales and profits due to such things as abnormally harsh weather, delays in tax refund checks or temporary retailer inventory adjustments, we have seen that our consumers' per-capita unit consumption is stable over time. And, it's this consistency in profitability growth that underpins our strong and equally consistent cash flow.

So let me address our cash flow from operations for a moment. The mid-point of our 2014 cash flow from operations guidance is \$500 million – a good indication of what you should expect for a current run rate. We can improve the run rate, however, as we continue to drive profitability growth at a rate greater than our top line growth.

Another key contributor to growing cash flow from operations though, is our focus on working capital improvement. From 2009 to 2013, our working capital investment as a percentage of sales has dropped as we have improved our inventory turns, days sales outstanding and days payable outstanding. And, we believe we can accomplish the same things with Maidenform and, potentially, other acquisitions.

In 2013, we reached significant milestones in our history. We completed our promised debt prepayment strategy which has resulted in a solid BB credit rating right where we wanted to be. And we initiated a regular quarterly dividend. In January of this year, we increased our dividend 50% to \$0.30 per share reflecting our confidence in our long-term cash-flow generation. This will result in a dividend payout ratio of 25% to 26% of our 2014 EPS guidance within our payout ratio goal of 25% to 30%.

Now let me review with you our guidance for 2014, which assumes that the overall retail environment remains challenging, but also reflects our confidence in the ability of our Innovate-to-Elevate strategy to continue its momentum in 2014. As we noted in our press release, we continue to expect our 2014 full year sales to be slightly less than \$5.1 billion, operating profit to be \$640 million to \$660 million, earnings per share to be \$4.60 to \$4.80, and cash flow from operations to be \$450 to \$550 million.

2013 was a great year for HanesBrands. As we continue to execute our Innovate-to-Elevate strategy and invest our free cash flow, we see significant opportunity to drive profitability growth for many years to come.

With that, I'll turn the time over to our CEO, Rich Noll, for closing remarks.

<<Richard A. Noll, Chairman & Chief Executive Officer >>

So last time I got introduced my MJ. This time by Rick Moss, that's a step up. We're getting a sense that we are focused on Innovate-to-Elevate I guess, not, uh? Okay, good to node, there you go. And so let me reiterate two important messages about it.

The first, it's driving significant momentum in our current business. And more importantly, this momentum has the potential to continue for many years as it cascades throughout our entire organization. And then second, is an Innovate-to-Elevate can be successfully applied to acquisitions, and this provides substantial opportunity to create value by leveraging everything we just built, over the last couple of years, our brand-building capabilities, our disciplined approach to platform innovation, and our low-cost global supply chain.

So, that brings me to our priorities for deploying cash. As I said in the past, over the long-term you will see us create value for shareholders using multiple vehicles to effectively use our cash, debt reduction, dividends, acquisitions, and share repurchases.

Two years ago the environment was right for our priority to be reducing leverage by reducing debt. More recently our priority was for instituting a meaningful dividend. Both

are now where they need to be. Therefore it is time to turn our attention to the next priority, acquisitions. So let me discuss what type and when.

So, what type? We are only interested in acquisitions that can drive significant incremental returns with relatively low risk. Remember we were nice conservative underwear company, and as a result, we have very strict criteria to guide our efforts. Let me take you through them.

Number one, acquisitions must be in our core categories. We love our categories; we do not need to diversify. Number two, revenue growth opportunities should be complementary from a consumer segment, channel, or geographic standpoint.

Number three, every acquisition should be financially justifiable solely, solely based on high-probability cost synergies that leverage our supply chain or SG&A infrastructure. And number four, they should be accretive in the first year. Acquisitions that meet these criteria, just like Gear for Sports and for Maidenform can create great returns.

So, now when? Well another way to ask when is to turn around and say what's the constraint. The constraint is not financial nor is it a lack of viable candidates, rather it's the time needed for successful integration. So, as always, we'll monitor our progress and turn our attention to the next acquisition when we feel the time is right.

So, to wrap up, I'll end where I began. First, we have a strong consumer franchise, a hallmark of any good CPG company, and it is reflected in the stability of our financial performance in very volatile times. Second, our Innovate-to-Elevate strategy is working very well and it's driving momentum in our core business. And we are confident that this momentum should continue as we cascade it throughout our business.

And third, when you consider the potential earnings leverage from additional bolt-on acquisitions, we believe we are very well positioned to produce continued double-digit earnings growth for many years to come.

So, thank you, that's the end of our prepared remarks. And I'd like to invite Gerald and Rick back up and we'll be happy to take your questions. Please remember those in the webcast what we'd like to do is wait for the microphone to come around and please state your name before you ask your questions for the benefit of the people in the web, and we'll just need a minute and just give us a second hold on.

We need to change microphone so that everything is working appropriately and we don't get a lot of feedback. All right.

Q&A

<Q – Bob S. Drbul>: Good morning, just two questions.

<A>: We got to state your name, Bob.

<Q – Bob S. Drbul>: Sorry. Bob Drbul.

<A>: Thank you.

<Q – Bob S. Drbul>: The first one is on like Innovate-to-Elevate. The \$50 million you're spending on the R&D, is there a budget to continue to increase that and sort of how has it changed, and how should we think about that? And the second question is on the Champion brand, the international opportunities for the Champion brand like, how we talk about Canada little bit, but like from expanding it a little bit more from that perspective, how aggressive can you be around Champion?

<A>: You want to take the R&D question?

<A>: And I will talk clearly Bob we have spend consistently in the \$1 billion range over the last 10 years on our total business advertising, R&D and so forth. And we do plan to consistently spend at that level. We've seen opportunity to develop, so we certainly increased it, but we've spend it really that \$50 million for the last few years. So it's a very important part of our mix, a lot of university alliances and things as well.

<A>: In terms of Champion so we've gone our plans to continue to expand it in our footprint. We don't actually have the rights for Champion Europe. Actually, Sara Lee had sold that business off in 2000, so that would be half of the table, there is another entity that owns the Champion trademark there. But clearly continuing to drive it and as Bill was talking about up into Canada in some other places it's already strong portion of the business in Japan will be continue to be far of our growth strategy.

Next question down in the back there and then we'll sort of come up the line here.

<Q – Matthew J. McClintock>: Yes, so you discussed Innovate-to-Elevate extensively...

<A>: Name.

<Q – Matthew J. McClintock>: Matt McClintock from Barclays.

<A>: Thank you.

<Q – Matthew J. McClintock>: You've discussed Innovate-to-Elevate extensively today and I was just wondering you know among your various segments, Activewear, Innerwear, International, how far has that mentality, Innovate-to-Elevate matured in those various segments? So where are we at in terms of executing on that strategy from Activewear, Innerwear, and specifically, International? And then when we focus on International, what potentially are some of the stumbling blocks to launching Innovate-to-Elevate in various countries and various countries and various regions?

<A>: Let me talk about sort of the broader potential and then I'll turn it over Joe to talk a little bit more specifically about driving Innovate-to-Elevate internationally. So we're in very early stages and I'll be surprised if I don't get the question. Since Innovate-to-Elevate is working so well, why don't you take your operating margin goals up? And I will answer that one, somebody asked it. But that said we're in very early stages of this and it's been working really well for driving the underwear business, but it's clearly not done. I think Howard showed you today that when you look at ComfortBlend and X-Temp there are still probably around little less than 10% of the overall business within underwear. So we can continue to drive that for many years to come.

Applying an intimate apparel we're in a early stages, you're seeing Flexible Fit now is about 23% of our business, but I think that's going to become a new part of the entire core business, the entire intimate apparel business overtime in bras. So I think we got number of years to go there. We are now applying it to Maidenform, as Howard was talking about it won't even hit into Maidenform line until late 2015 and going into 2016.

And then they you just simply get to the Activewear segment and you saw what it has done there taking us from mid single-digits to double digits. And I don't think that group is done from a long-term perspective and we've got the opportunities internationally.

So, we're in early stages and I feel really good about how we're disciplined, we stay focused on trying to drive fewer bigger ideas and it's showing up and driving our results and will continue to for years to come, you want to talk a little bit about internationally.

<A>: Sure. I think that there is a lot of potential on this Innovate-to-Elevate leverage across international business. As Bill spoke about really this regionalization strategy that we've got going is an important part of that, Matt. The idea of linking Canada and then ultimately Mexico into the Americas gives us a very natural reach across the board. This is already working very well in Canada and it will equally work well in Mexico as we deploy the brand strong, the leverage of the supply chain works the innovations go at across the board.

And so really as we executed our regionalization strategy, we're going to take that along with us and leverage our brands and our products with it. We already do reach down in Australia for example and leverage some of our Champion innovations and take those down as well. So we have a very disciplined approach and we will take that with us as we go and it's working in Canada as you heard very well.

<Q – Taposh Bari>: It's Taposh Bari, Goldman Sachs. I just have a question on the supply chain, clearly a critical part of your Innovate-to-Elevate strategy, particularly on the intimate apparel category, which I think it's not biggest category within Hanesbrands, if you could correct me on that side. I think bigger than men's underwear. Nonetheless historically, I think it was a category that was less internally sourced than the other categories. Now that you have taken Maidenform, that is a category or that is a business that was externally sourced. Talk us through the evolution of that category and your sourcing expertise there and how you plan to evolve it over time?

<A – Richard A. Noll>: When you talk specifically about bras, it actually even within the numbers that Mike showed you, getting back to that 90%, or even last year bras is a higher percentage that is sourced on the outside. I think it's around third of it when we excluded Maidenform, Mike is that correct?

So about a third of it and so that's just, it's already captured in that overall mix. And I think Mike, are you guys see that kind of strategy change with bras' internalization ratio, as you bring in Maidenform?

No it will sort of continue to be that way, so that thinking hasn't really changed. However that said, as you drive after Maidenform after fewer bigger, we'll have the opportunity to internalize a lot more of that you can see what it starts to do in the margin. I think another related thing is that comparing and contrasting how Maidenform approached their business versus we did, and how we do and it's – they are very different, right.

Maidenform drove after revenue growth. They drive their top line up 42% over a number of years, all the while our operating profit actually declined, and definitely they lost operating margins, whereas we focus a lot more on quality of revenue, not quantity of revenue. And that is a hallmark, I think, of one of our Innovate-to-Elevate strategies of making sure that every dollar we sell to a consumer, the consumer feels are getting great value in the way they reward for us that is letting us make some money and so that's I think the strategy we've got.

Over here and we'll just go down rows, I think.

<Q – Kate McShane>: Kate McShane from Citi. My question is on the supply chain as well. I think you've identified about \$40 million in supply chain cost savings in 2013 and I wonder what was built-in 2014, and as you think about the opportunities down the road, are there more opportunities for automation? And how does the level of CapEx spend change as you focus more on the supply chain initiative?

<A – Richard A. Noll>: So let me talk about how the dollars; then I will turn it over to Rick to talk about the CapEx spending over time, the \$40 million I think you highlighted they were highlighted in the K, it's all part of the Innovate-to-Elevate strategy. And so we don't really want to go and seize out this – this is how much is due to supply chain, or this is how much is due to something else. As Mike showed you part of our Innovate-to-Elevate strategy as we drive after fewer bigger, when we get – so when we get fewer bigger it masses volume per SKU, which allows us to internalize things which allows us to drive down our overall cost.

Integrated strategy both from that we've got to worry about both from what we are doing on the front-end of the business to be able to capitalize it on the supply chain. So, don't really tease it out. I think that has been a good level that we've been at over the years. And it's all part of making sure that our margins will continue to expand in our core business. In terms of CapEx Rick?

<A – Richard D. Moss>: We spend a lot of money over several years moving our supply chain offshore, and as a result lot of its new and so we were able to reduce dramatically our CapEx spending over the last couple of years. As time goes on you are seeing it coming up, well this year to be about \$60 million to \$70 million, close \$65 million and that will gradually float back up over the next three to five years, and will float back up to depreciation.

<Q – Eric Tracy>: Eric Tracy, Janney. Move from a time to deflation to one of moderate inflation clearly Innovate-to-Elevate has helped with the pricing power, but maybe just update us in terms of conversation with retailers still a tough environment out there, your ability to continue to press on pricing a bit, how that translates through on overall gross margin, and I guess I'll be the one to go ahead and ask why not take out margin to move goal up?

<A – Richard A. Noll>: I will let Gerald talk about the price aspect; and then I'll come bank and answer the unexpected question on our margin goals.

<A – Gerald W. Evans>: Sure let me talk about rates first, as we commented in our presentation, we've seen inflation is coming through the apparel supply-chain for a while, because we are manufactures, we tend to see sometime a little earlier than others, but we've been hearing it from our suppliers as well. Our retailers, many of them, were telling us they were seeing it as well. So we put our pricing in place early – or as we started this year frankly in the low to mid single-digit kind of pricing. Retailers are taking it in a number of areas. We're hearing it from them. It's gone through fine. I think this is – it certainly allowed us to offset inflation and maintain our margins, seems to be going fine.

We haven't seen any good, positive effect from what we've done. I think it's just consistent with the strength of our brands and that's the beauty. Having strong brands in times of inflation, you can price to offset that inflation and maintain your margins. Weaker brands may or may not be able to take that price, but that's the beauty of brand power.

<A – Richard A. Noll>: So in terms of operating margin goal, so Innovate-to-Elevate is working really well. It's been driving our operating margin goal. We've had that 12% to 13% operating margin goal for a number of years and we hit it solidly in 2013. So why not take it up? Well, I think it really has a reflection to do with acquisitions. If you think about Maidenform, actually as we're now pulling it into the business, it's actually going to dilute our operating margin. Rick, how much in...

<A – Gerald W. Evans>: About 50 to 100 basis.

<A – Richard A. Noll>: Basis points. Now, over time, as we apply Innovate-to-Elevate, internalize our production to all those things, we'll see – I'm having a problem with the microphone. So I'm just going to hold it this way, right. So over time we will see that

Innovate-to-Elevate grafting onto Maidenform will actually help us – actually add to our margin structure. So I think that you’re going to see sort of a step back before you take a step forward. And that’s why as we started to focus on operating margin goals – yeah, I’m having a...

All right. Now I’ll try this way. So let me start over again. So as we do an acquisition, it starts to lay on our overall operating margin goal a little bit. You take a step back before you take a step forward. And so, as we started to talk about making acquisitions a priority for using our cash flow, we thought it was the right thing to keep our operating margin goal from 12% to 14%. I think the better measure of our long-term success though isn’t going to be operating margin goal. It’s really going to be EPS and how hard and fast we can drive that.

So let me spend a couple of minutes and talk about, remind you what we’ve done historically with EPS before and what I think is possible over time. Back in February of 2010, we just finished a year with \$1.57 and at that time we talked about being able to double our EPS in three to four years. We achieved that goal in 2013 when we delivered \$3.91. So it’s four years.

Last year – last February of, what was it, 2013, we just finished \$2.62 and we were talking about in what timeframe do you think you could see a doubling of EPS and we said it might be entirely reasonable for you to project three to four years. So doubling that would take it about \$5.25. This year we’re talking about \$4.60 to \$4.80. So it’s entirely reasonable to think of \$5.25 for next year. So if that happens we’ll double the EPS again in three years. Quite a feat and a lot of that is by using that strong cash flow, some of which is through acquisition with Maidenform, paying down debt.

So what about going forward? Well, we’re now looking at \$3.91 in 2013. So doubling that and thinking about doing that in three years might be a little bit of a challenge, but four to five, entirely reasonable for us to project that that’s a possibility when you think about continuing to drive Innovate-to-Elevate and using the cash flow that’s going to be generated over the next number of years. So we think EPS growth and raw dollars of EPS are the real way to measure our success and we’ve been doing a great job. We’ll keep focus on doing it going forward.

<Q – Scott Krasik>: Hi, thanks. Scott Krasik. Two questions. One, you alluded to ComfortBlend and X-Temp being a little less than 10% of sales. If you add in premium, and how does it compare to Red Label at this point relative to all the premium stuff you sell? And then, you increased marketing, but I don’t think you’re still at peak levels. So do you still see an opportunity to invest?

<A – Richard A. Noll>: Yes, in terms of the overall percentages, I don’t think we want to go into that level of detail of classic to premium versus Red Label, because you’re right. There is part of a trade up strategy there, although it’s more of a channel differentiation strategy. That said, what we did want to do is highlight the new platforms of how their

such as small portion of our business, and so we've got a lot of growth there. I think Gerald already talked about media, as we feel that we are at the right spot.

<A – Gerald W. Evans>: Yeah, absolutely. We were \$35 million higher last year. We said we do another \$10 million to \$15 million above that this year. Primarily starting to also support Maidenform, but most of it going against our core brands as well.

<Q – Steven L. Marotta>: Steve Marotta from CL King. It's very quickly as it pertains to the Champion shops, in-store shops at Modell's, you mentioned 50% square footage – excuse me 50% sellthrough increase in a per-shop basis. How many shops are in play right now? What's the average? Is that increased square footage and could that be a major growth vehicle for you?

<A – Richard A. Noll>: We're going to hit you hard with a lot of that information when you go to the store. So, I think there is 35 and 50 in play right, 35 going to 50. And generally about 15% space increase, and you'll see a nice increase in sales are generally in that 50% range as you saw. So, what we see is look the decision is net to purchases made a retail, so you really want to present yourself nicely. If you want to communicate your brand and all your great product you get it right there first and I think you'll see a really powerful statement when you go over to Modell's today, and that's what drive in that kind of improved sales trend that we are see. And we are just getting started with that; we think there is a lot more expansion capability with that as well.

<Q – Omar Saad>: Thanks. It's Omar Saad from ISI Group. Rich, can you talk about structural labor inflation and how it impacts your supply chain, given that you're so much owned to manufacturing and lot of automated manufacturing relative to basically the rest of the entire branded apparel industry, which is outsourced and more labor-intensive?

<A – Richard D. Moss>: I think it gives us a competitive advantage having our own supply-chain because we've got visibility through that people that source that use third-parties to source, they don't have that same visibility. And I think that came through crystal clear to everybody, when cotton hyperinflation showed up right. We were seeing it, we were able to see it further back in earlier before a lot of other people and therefore I think we are better prepared to sort of manage through that entire situation. There is no question that the structural inflation is here.

Now that said it's not at the level of magnitude that we saw through sort of the cotton – the cotton bubble. I like to remind people that my projection going forward is that you're going to see apparel go up, but probably still at a slower rate in the overall CPI. Matter of fact is even Howard showed some of those numbers on T-shirts. I think, Howard, you said from 2007 to 2013, it was about 3% increase per year on price, just slightly higher than the CPI. But from 2013 it was about 0.5%, so little bit lower than the CPI that's the kind of environment I think will be in apparel. That said you've got to have pricing power and brand power to be able successfully navigate that, I think it will be good for us.

<Q – Omar Saad>: And then just one quick follow-up, when you said the core categories, could you define that for acquisition criteria is specifically what you mean by core categories?

<A – Richard D. Moss>: It's things that are going to be tend to be products that we know how to manufacture that can leverage our global supply chain that tend to be replenishment in nature. Where there is generally high volume for SKU that you can also internalized. And so it's not you're going to think of a lot of the types of categories here that we are in and so that's what we really mean.

<A – Richard A. Noll>: All right, so we switch to the other side of the room I think there was someone down here and then we move over here and then will come to this side. So one two and then three.

<Q – Daniel C. Fu>: Yes, thanks. Daniel Fu, Calamos. Question on Champion. On your Marathon bra, did you do consumer studies to, we can do which women is adopting that sports bra, and what she was wearing previously? Was she wearing like a comparably priced brand, or like potentially a higher end sports bra. So, I mean that's a question, first one.

<A – W. Howard Upchurch>: Definitely that product is made for the hard-core runner, the one that runs past that 6-mile mark. And you saw the video talking about shaping and what really lets them down, so that things constructed for a distance runner. And so it's going to compete with your distance kind of brand, your bigger brands and so forth. And it's built with great R&D to, frankly, excel over what they are from the market today and it's priced accordingly.

So, it's just going into market now, so exactly where it sources volume every time will see. But it certainly pointed toward that sort of extreme, serious runner who is out there that is going to buying from other brands today.

<Q – Daniel C. Fu>: Have you guided for what do you think long-term growth at Champion could be? Are you guys little conservative on the prospects of that brand?

<A – Richard A. Noll>: No, we haven't guided, so therefore we couldn't be neither aggressive nor conservative. Sean?

<Q – Sean Butkus>: Hi. Sean Butkus from Goldman Sachs. Two quick questions. One is just on the acquisitions. Can you describe how plentiful the opportunity set is? And then secondly, your stock still versus branded consumer goods were dominant in their space, still appears to trade at a discount versus a more stable like company and you guys have taken a lot of strides to mitigate the risk by eliminating the non-core businesses that you sold or divested. So in the absence of acquisitions, can you just also talk about share repurchase as an opportunity to create value?

<A – Richard A. Noll>: Yeah. So first of all, let me hit on acquisitions and candidates. We feel that there is numerous opportunities out there to help, that would meet our criteria, that could be similar to Maidenform and Gear for Sports where we buy them at a reasonable multiple and then before synergies and then post-synergies it's at a attractive multiple. And so we believe there is a number out there for us to make it a priority. That said, we'll only do something if the right opportunity is there for the right price at the right time. We are not focused on doing acquisitions for acquisition sake. We are focused on using our cash flow as wisely as we can to drive shareholder value. And over time you'll see us use a mixture of all of those vehicles to deploy our cash wisely.

I think I want to give you an example of how we changed our attitude based on how the environment changed. It was our attitude towards debt. Prior to 2009 the equity markets didn't really care if you were highly levered. After 2009, it became a huge drag. And so we went from a strategy of, I will pay down a little bit of debt to now, we need to focus keenly on paying down debt. And as the environment changed, we changed our priorities and so that's always going to be the case. So, therefore share repurchases will be part of how we deploy our cash to create shareholder value over time. And just because something isn't a priority doesn't mean we won't do it at all. I think we've done that with debt pay down, acquisitions and with even instituting a dividend. You see us use a mixture of things.

But right now what we wanted to do is highlight the fact that Innovate-to-Elevate is working. I think we're billing it, leveraging our distinctive confidence and managing integration of large scale projects and that can make acquisitions very attractive for our business model if we hit those four criteria. Susan?

<Q – Susan Anderson>: Susan Anderson, FBR. So, on the margin front, Innerwear margins were 19% last year, Outerwear 13%. Do you think you can narrow that spread there and can Outerwear get to the level of Innerwear? And then also just on the Innerwear front, it seems like there is more opportunity for upside. Have you guys fully capitalized on the cost reduction with scale, ComfortBlend and X-Temp and also the women side as you expand Innovate-to-Elevate? And then, just one other question on acquisition. Can I think about maybe buying the rights in Europe to Champion as an acquisition?

<A – Richard A. Noll>: Well, I'll start with the last one which is, we don't want to comment on any particular acquisition, as I talk about historically. We're always in discussions with a broad set of people, use a great example is Gear for Sports. We had discussions with them for three years before we did that deal and when the opportunity is right, the price is right, the timing is right from our perspective and their perspective, we do it for any particular candidate. We'll do a deal and we'll let you know. In terms of margin expansion opportunity, Gerald, do you want to answer a little bit about that in terms of Innerwear relative to Activewear?

<A – Gerald W. Evans>: Yes, I mean we're still in the early days of deploying Innovate-to-Elevate across. We're more deeply penetrated within Innerwear than Outerwear, but

there's still opportunities, sure. As we scale up ComfortBlend and things like that the gross margins can be expanded every time as we internalize more and our scale comes up. So we are more mature on the Innerwear side.

On the Activewear side, we had an incredible turn around from lower operating margin to this 13.1%. That's sustainable. We think we need to invest in the business as well and expand the business and drive growth there. So I think we're happy where we are at this period of time as we drive it over time and, yes, perhaps we could drive that operating margin even higher.

<Q – Andrew Burns>: Thanks. Andrew Burns. In the past Europe has not been an area of strategic focus for you. With the Maidenform acquisition, it sounds like that's been adjusted a little bit. What would the timeline be and the appetite for Hanes and Bali? Is it just a few select categories? Or is there a broader opportunity in Europe?

<A – Richard A. Noll>: Yes, in terms of Europe, I think right now what we need to do is get our arms around the Maidenform business in Europe; and as we further assess that, we can make, I think, the right determinations on how fast or what the opportunity is for some of our other brands in Europe. And I think we're just in the early stages to be able to try and make a projection. But I am glad that we've got the business, it seems like that business has been well run. They have leveraged actually Maidenform has done a good job of leveraging a number of the things they do in the U.S. and taking those products internationally. We also see that their mix internationally tends to be a little bit more weighted towards shapewear than it is to bras, which I think is the opportunity for us to drive bras a little bit more. So, I think it's a really good thing for us to have. David.

<Q – David Glick>: Thank you. David Glick, Buckingham Research Group. Just another follow-up, Rich, on Champion. Clearly you have very strong tailwinds from category growth, lifestyle changes. But over the last few years, when you look at the brand of retail, I mean outside of target which is obviously C9, and I guess we will see Modell's – a lot of the national retailers have not really gone after the breadth of assortment in fashion presentations and the brand as they have with some of their competitors like Nike and Under Armour or your competitors Nike and Under Armour. Have you finally reached a tipping point where you have made some big headway beyond, say, a Modell's and really I gotten your retail partners to embrace Champion as a lifestyle brand, similar to some of your competition?

<A – Richard A. Noll>: Let me just talk about overall and I'll turn it down give it to Gerald to talk about that space opportunities expansion with Champion. We really see the market a little differently than us is being sort of direct competitors with Nike and Under Armour. Because in fact, if you think about our good, better, best strategy. You've got Nike and Under Armour out there really pushing the premium. And as they do that it helps educate the consumer about the benefits, performance, but it also leaves a place for where Champion is, which is – I am going to call that better positioning. And so that Everyday brand, that brand for the amateur athlete, that is clearly where Champion is positioned.

So, the better Nike and Under Armour do that's not in our expense it's actually allows to do even better overtime. And so don't think of them as competing, I think of that is actually creating that market opportunity that helps drive that active megatrend into all of the growth characteristics that it has. So, if you're really good about overall position. I will say, I think some of the share data shows that there are only three brands that have grown share over the last couple of years and it's Nike, Under Armour and Champion. Gerald, you want to talk about space expansion and how that is going in sporting goods.

<A – Gerald W. Evans>: Yes, I think first of all, when the share expands like that, obviously you got good momentum and success for it success. So, the brand has got a lot of good momentum in it. We got a lot of great innovation coming through the pipeline as we now put these shops in place we can really show up the brand and it raise the sale momentum as well. So, I think you're going to see when you got to Modell's, a great presentation. We have got lots more opportunity for that and the brand is really position with good momentum for both distribution, expansion. Whereas not distributed, but as well as broader distribution where it is.

<Q – Jim Duffy>: Thanks. Jim Duffy. Nice presentation. Clearly great execution over the last handful of years. I want to dig in on the margin some, there was lots of talk in the presentation about further room for margin improvement. Aside from Maidenform, I don't think there was any quantification around that can you guys put some shape around the balance of margin improvement from Innovate-to-Elevate versus investing behind the brands for some of those other business divisions?

<A – Richard A. Noll>: From an overall perspective on margin – margin

<Q – Jim Duffy>: I don't know what's wrong with me and microphones today every time I touch them for five minutes they quit working.

<A – Richard A. Noll>: Margin improvement, so overall on our business we still got opportunity continue to drive margins in terms of quantifying it. I think it's – we don't like to give guidance that level of detail. So, I think it would be inappropriate at this point to try and sub parse it out. Clearly we highlighted Maidenform, because we've talk about what the opportunity is there, our goals to get it to \$80 million of operating profit would get it into an operating margin range in that mid-teens or so.

In terms of the rest of the business I think it's all throughout our organization and so I'll leave it at that. And I think right now we feel really good about continuing the driving

<Q>: Thank you.

<Q – Doug Thomas>: Is it on? It's working?

<A – Richard A. Noll>: Yeah, now it's working because I'm not judging it.

<Q – Doug Thomas>: Doug Thomas. I just had a question. It seems like even before the Maidenform deal when we were down in Winston-Salem, that you're focusing the company more on fashion than in the past. You talked about some of the things you're going to do with Maidenform. I'm just curious. The company was built on big ideas, huge volumes of fairly similar goods. How is it going to change the company given that you're – and can you do the same thing with Intimates for example? I mean is it possible to sort of scale the same way you scaled in men's underwear? And then how does it change the company long-term?

<A – Richard A. Noll>: Right. So all of our products need to be fashionable, but we don't need as a company to be solely driven by fashion. Our products need to be trend right. That's always been true and it's always going to be true. What we focus on is making sure that as we introduce products it's what consumers want. It's a big category that we can drive after a lot of volume and one of the reasons that the core business in any segment - the reason it's the core is it's the product that most people want.

And so we go after those core segments, even if they've got a component of fashion to them, so we can drive that volume up because our business is well scale sensitive. And so, now the volume per SKU, for example in bras is much lower than it is in men's underwear. It's always going to be case, but you want to after the sweet spots in each of those segments after those big pockets where it's things that people want. It's innovation that people want that you can match a lot of volume to drive your Innovate-to-Elevate, drive your cost and get your margins up.

<A – T.C. Robillard>: We had a question here and then over here.

<Q – Evren Kopelman>: Okay. Thanks. It's Evren Kopelman with Wells Fargo Securities. My question is on e-commerce, clearly a growing channel and you would think a good channel for replenishment goods for consumers. So a few questions. One is on wallmart.com and target.com. What kind of business are you doing, maybe what's your penetration on their dotcom business relative to the stores? And secondly, I don't know, do you sell to Amazon or Zappos, some of the online-only retailers? Your thoughts there. And then thirdly, are there any other ways maybe not thinking of that you can take advantage of the e-commerce channel? Thanks.

<A – Richard A. Noll>: Let me take that one. I think everybody certainly saw the surge in e-commerce business going into the holiday period. It's certainly on top of mind with everyone. From the standpoint of apparel e-commerce is about 12% of total apparel today. The fastest growing segment of that and the one that holds the lion's share of it, not surprisingly, is the bricks-and-mortar retailers. So the Kohl's and the Macy's and so forth have roughly 80%, 85% of that business today and they are growing very rapidly.

So from our standpoint of our strategy the first thing we do, these are all of our largest customers, just to make sure we are facing off correctly from a selling and branding standpoint to capture the share that they are naturally gaining. And I think we are doing a good of job of that with our sales people faced out appropriately. From the standpoint of

other opportunities, sure some of the pure players are much smaller, but they are coming along. We also have a sales organization facing off that group as well.

The third thing that we have that others don't have is for many years we've had a direct-to-consumer business which is fairly small the mix of our business, catalogue internet business is predominantly internet today. But there is another way to go to the consumer directly, but it also gives us an in-house knowledge base. It had really worked more effectively across the internet itself and how to bring consumers to the sites and things like that.

We can lever across the work all the work we do with our bricks-and-mortar retailers as well as the pure play. So I think we're appropriately positioned for it. I think we are developed as those individual retailers are developed. And I won't give individual specifics on the retailers, but I think that it's a growth area that we are well positioned against and we have our focus appropriately on it.

<Q – Rich Rosen>: Thanks. Rich Rosen, Columbia. You've often talked about the past decade or whatever of being one of deflation throughout the industry. And now, you talked about inflation being – of cost of goods sold being here for the industry to stay. Can you talk either qualitatively or quantitatively as to how it is that pricing is establishing itself vis-à-vis cost increases? In other words, as you enter this year are you - do you have a little bit of room for margin enhancement off the bat just from pricing versus what your anticipation cost is as opposed to the past?

<A – Richard A. Noll>: So when it comes to pricing our philosophy is quite clear. What we want to do is as inflation comes, we need to make sure our prices are going up, so that we can maintain our operating margins and then use things like Innovate-to-Elevate to drive our margin margins up and allow us, that's what we want to really use to increase our margins.

So, that tends to be our philosophy with pricing. So, it's not just to try and price up to increase margins. It's really to cover inflation and maintain margin, you need to make sure that you're not just covering the dollars, but also maintaining margin with pricing. That allows like I said, that will probably be great for the apparel industry to be something like the 1990s where you saw apparel prices go up at about half to two thirds the rate of the overall inflationary environment in the United States. The nice thing about that is that prices are still going down on real terms for consumers, so that you're not running up in the situation where people can afford your products any more. Actually they get more and more affordable as time goes on. But it's much better to be in marginally inflationary environment than a deflationary one, that's for sure.

<A – Richard A. Noll>: Other questions, yes.

<Q>: It's just follow-up one for Rick, how do you plan to funding acquisitions through kind of organically generated cash, would you consider, you mentioned Rich, that you

had adequate debt level, would you consider taking on leverage to fund acquisitions in the future?

<A – Richard D. Moss>: We are currently sitting at a very solid BB credit rating which gives us tremendous access to the capital markets to do whatever we needed to do, obviously we have very strong cash flows we generate from our operations depending on size would be some combination of those two things. But as Rich said earlier financial constrain does not really an issue.

<A – Richard A. Noll>: Let me talk a little bit about size in terms of acquisitions and as I said, we are nice conservative underwear company, and so when we think about acquisitions, we are talking about bolt-on, low risk. We are not going to go after acquisitions that are so large, that you're taking about let's say, bet-the-company type of proposition. That's not how we operate, it's not how we think, it's not what we do. It's inch by inch, it's a cinch and that's how we just keep plugging away each and every day and it shows up in our results.

<Q – Susan Anderson>: I'm Susan Anderson, FBR. On the Maidenform acquisition, I thought you gave a lot of good color on it. How should we think about though just sequential change in performance from the fourth quarter, first quarter and then throughout the year. And then, also it sounds like you guys are managing it well, but are there any risks out there, we should be thinking of. And then on the shelf space it sounds like SKUs are down quite a bit, so does that mean that shelf space is down a little bit or it's about the same?

<A – Richard A. Noll>: First part of that Rick, you want to talk to, and then the second on the shelf space Gerald, you can talk.

<A – Richard D. Moss>: Sure, the cadence we've talked about with Maidenform is that, you will begin to see SG&A savings, really beginning to materialize about mid year. We are really fully in place by the end of the third quarter. As a result of our integration, we are taking at about 40% of their headcount, that will done by end of the third quarter. But we will begin to see that at the end of the year. And then fully into 2015, after that you will begin to see the supply chain savings roll in, as we began to integrate and in-source the Maidenform production beginning later this year. Again pass it back to the balance sheet so that will take us into 2015 and then on to 2016, and then to Innovate-to-Elevate would come in beyond that, that would be the cadence.

<Q – Susan Anderson>: And then on the top line should there be....

<A – Richard D. Moss>: What we've been getting them into their – helping them getting to their profitable core and we think we can build on that.

<A – Gerald W. Evans>: And that's a good segue for me to jump in. From a simplification and SKU reduction standpoint, a lot of that early revenue that we fell away from Maidenform was the low quality revenue, we saw them chase a lot of businesses

that were really weren't profitable. That falls off with that falls off lot of SKUs as you might imagine, because you are chasing lots of fragmented business, you're creating lots of SKU. So, a lot of that simplification is pretty easy when you get real low quality revenue and disproportionate amount of SKUs go with them.

Now the second part of that's bringing fewer bigger concepts to retail. Our retailers love that concept, because they feel like they have been over proliferated and offerings for a while. So, it doesn't mean you lose space, it means you fill out that space with a big idea and you put the proper assortment of sizes and colors and things you really make a big statement that's easier to shop. So it's not a space lost, it's more about pairing down and focusing either on good quality revenue or few bigger ideas.

<Q – Susan Anderson>: Rich, your last comments in your prepared remarks...

<A – Richard A. Noll>: The microphone is working for you just like it did for me.

<Q>: One of your last comments in your prepared remarks was about managerial capacity being a gating factor on your capacity to do another deal. You mentioned the size of the team engaged currently in integrating the Maidenform acquisition. When did you think you would have the managerial capacity to take on another transaction?

<A – Richard A. Noll>: So in terms of capacity to take on another transaction, we'll constantly monitor the situation. We think the time is right. We'll go ahead and look for the right opportunity at the right price. So I'm not going to be more specific than that. I will say from a managerial standpoint, let me just make a broader comment and that is truthfully we are blessed with a strong management. I am blessed with a strong management team and they're blessed by having 50,000 great individuals supporting them that work together each and every day to make this company the great company that it is.

There is a number of them now that are focused on integration. So a lot of the same people that help to do the spin-off, help do the supply chain moves, help do the integration of – remember we were eight separate divisions that we needed to bring into one unit. So they've been doing this for a number of years and now we're starting to do it with Maidenform. We're going to start to do it a little bit more internationally with the divisions that Bill talked about and I think we are on the road towards developing a distinctive confidence in doing these things better and faster. So again, I think, if you do it over and over again you'll get better and better at it. In terms of the specific time, we need to watch and monitor how Maidenform is going and we'll do it when the time is right. Yes, over here.

<Q – Jason Cho>: So just one follow-up on the timing of acquisition. Jason Cho. So just given that you guys are still pretty early in the process of inaugurating Maidenform, are you comfortable making another acquisition in the near-term or do you need to kind of wait for kind of the next – kind of 12 months before you can be ready? And then couple other questions on kind of supply chain. One is, you talked about kind of driving the

instrumentation rate higher of like 9%. Is it going to be driven by kind of expanding capacity or do you have kind of utilization or do you have the slack capacity that you can utilize right now in your system?

<A – Richard A. Noll>: Right. So there are two questions. One was – the other one on the timing on acquisitions, and I said, I won't be more specific than in general, we'll do it when we think we've got the capacity to handle another integration and that we've got the right opportunity at the right price. And when all three of those things come together is when we go ahead and act and the all three need to be there, right. We want to make sure that that's crystal clear.

The second thing, in terms of overall capacity, that's all built into our overall capital expenditures plans. The nice thing is that it's on the margin our ability to expand. Our footprint isn't that substantial from a dollars and cents perspective. We can do it relatively easy and get back to the 90% and that's actually all built into capital expenditure budget that we talked about for 2014.

<Q – Steve Wilson>: Steve Wilson, Lapides Asset Management. Could you just talk about what you want to do with the shapewear franchise you inherited from Maidenform? Those are big growth business for them. Then it hit a wall; much more competitive space. You never really embraced it to same degree they did, but you had some involvement as well and now collectively you've got brands and manufacturing as well as their original share. How do you approach that business?

<A – Richard A. Noll>: Well, one of the beauties that we saw that Maidenform acquisition was to bring that position they have in the market, but also that knowledge. That was not one of our strong suits as you just noted as well. And we see the opportunity to build on that over time. They may have some share loss going on as they had some competitive space and that's going to continue to play for a little bit of time, but we see the opportunity to take their knowledge of the category, their knowledge how to produce a product apparent with our Innovate-to-Elevate concepts and strategies and drive that category return. We see there's a good potential growth category for us.

<Q – Eric Tracy>: Eric Tracy, Janney. Just a follow-up. First question I asked was really about pricing in retail and the opportunities there, but, Rich, maybe follow-up in terms of pricing per unit, Innovate-to-Elevate, how it's driving that through the model at the opportunities that you see there?

<A – Richard A. Noll>: Yes, I think there been a – I'll turn it over to Gerald to answer, but I think there's been a lot of question on is driving the price up with this strategy actually drive your units down. And Gerald, do you want to talk to that?

<A – Gerald W. Evans>: Yes, it's an interesting question. It's very difficult to tie units to total revenue because we're in so many varied categories from high unit, low dollar category likes socks that might sell for \$1, a unit retail to brought that are lower units per higher dollars. It could be \$40 retail per unit. So, but we do get to question a lot. It's all

about Innovate-to-Elevate and it is driving just one segment or what is it doing. So let me try to comment it from the underwear category in particular and we'll talk and that's a great category to pick.

It's about a quarter of our revenue, it's one we have been deploying Innovate-to-Elevate the longest in. So, if you look at that category over the last two years you would see that our unit had grown in the mid-single digits for the last two years overall and in fact if you break down the years I will take you one step further is, the last year was at a higher growth rate than the first year of the two. So it was a high single digits growth. And all the while we saw that the dollars growing at a high single digits rate over that two year period as well.

So accelerating the unit growth over that period of time, even higher revenue growth over that period of time in underwear's clearly suggest that the Innovate-to-Elevate is not just about driving high price things at the expense of units. It's about driving both unit and revenue growth.

<A>: Yes, back here.

<Q – Dominick Lucci>: Dominick Lucci, Park Avenue Capital Management. I like to thank you for your presentation as well as yourself and your management team, what you've accomplished. I would like to get your opinion on the upcoming if you can? There is an opportunity in the World Cup and the Olympics in Brazil and Latin America. And thank you and keep doing a great job.

<A>: From a sponsorship perspective, yes. So if you were in the audience you saw some of the videos and there was an old video in there where Michael Jordan was doing the Olympics and that's when we were sponsor in 1996, when the Olympics were in Atlanta. Those types of things can be great for a company, such as ours where they are local life, that was in Atlanta, and part of the United States. We also have the license for all the T-Shirts that year.

For us from a brandings capability working on a national footprint, that's really not where we focus. When you think of our brands, Haynes for example at your backwaters, It cuts across all segments of the United States and we continue to drive that. And for Champion what we really focus on there is the amateur athlete and we want to make sure that that's where we are service, and that's why as Nadine mentioned we've got the sponsorship for rather USA Lacrosse as well as big on field presence at the ESPN sports center in Orlando. So that's where we want to focus for those brands.

<<Richard A. Noll, Chairman and Chief Executive Officer>>

All right. We are getting just about to the end. So with that let me just sum up. Thank you all for joining us today. As you see we have been driving our business for the last number of years by doing a couple of things. We have been focused on continuing to develop and strengthen our consumer franchise, driving Innovate-to-Elevate throughout our entire

business and now applying it to acquisitions and we've been wisely deploying our cash flow, first on debt paydown, second on initiating a dividend and we've also been using it for acquisitions and we'll continue to wisely deploy that and as we do over the next couple of years, we feel very comfortable in continuing to drive double digit EPS for many years to come. So that you all for being here.