

Frequently Asked U.S. Federal Income Tax Questions
Distribution of Hanesbrands Inc. common stock on September 6, 2006

Q1: What was the effective date of the dividend distribution?

A1: The distribution of Hanesbrands (HBI) common stock occurred after the close of business on Sept. 5, 2006 to Sara Lee shareholders of record on Aug. 18, 2006. If you owned Sara Lee common stock on the Aug. 18 record date but sold those shares before the Sept. 5 distribution date, you also sold your right to receive the Hanesbrands common stock.

Q2: What is the U.S. Federal Income Tax Basis of the Hanesbrands common stock I received in the spin-off ?

A2: We are not able to answer questions concerning any individual's U.S. federal income tax basis ("Tax Basis"). Your Tax Basis in the Hanesbrands common stock you received depends upon the Tax Basis you had in your Sara Lee common stock immediately prior to the distribution. In general, you must divide your Sara Lee common stock pre-distribution Tax Basis between the Sara Lee and Hanesbrands common stock you hold immediately after the distribution, according to the relative fair market value of each.

For example, assume you owned 800 shares of Sara Lee common stock before the spin for which you had an aggregate Tax Basis of \$10,000. Assume as well that immediately after the distribution, you hold 800 shares of Sara Lee common stock with an aggregate fair market value of \$13,600 and 100 shares of Hanesbrands common stock with an aggregate fair market value of \$2,400. Your aggregate Tax Basis of \$10,000 would remain the same, and you would divide that Tax Basis between the two sets of common stock. In this case, the aggregate Tax Basis for your Sara Lee common stock would be 85% (*i.e.*, \$13,600/\$16,000) of \$10,000, or \$8,500; for your new Hanesbrands common stock, the aggregate Tax Basis would be 15% (*i.e.*, \$2,400/\$16,000) of \$10,000 or \$1,500.

Note that if you acquired Sara Lee common stock on different dates or at different prices, the aggregate Tax Basis for each block of Sara Lee common stock acquired on the same date and at the same price will be allocated, to the greatest extent possible, between the shares of Hanesbrands common stock (including any fractional share) received in the spin off in respect of that block of Sara Lee common stock (*i.e.*, you will need to allocate your Tax Basis among your Sara Lee and Hanesbrands common stock on a block-by-block basis).

The tax rules are very complex and we urge you to consult your own tax advisors regarding the application of these rules to your particular circumstances. We cannot tell you about the tax laws of any country other than the U.S., or about state and local tax laws.

Q3: What is the Tax Basis of my Sara Lee common stock?

A3: We can't answer that question for you. The Tax Basis in your Sara Lee common stock may depend, among other things, upon the purchase price you paid for your Sara Lee shares. If you are not aware of the Tax Basis in your Sara Lee common stock, we urge you to consult your own tax advisors.

Q4: How do I determine the fair market value of my Sara Lee and Hanesbrands common stock for purposes of Tax Basis allocation?

A4: Federal tax law does not specifically identify how one determines the fair market value of the Sara Lee or Hanesbrands common stock that you retained/received for purposes of Tax Basis allocation. Alternative methods to determine the fair market value include using: (i) the average of the high and low trading prices of such stock on Sept. 6, 2006 (the day on which the stock first traded); (ii) the opening trading price on Sept. 6; and (iii) the closing trading price on Sept. 6. The following examples illustrate the Tax Basis allocation percentages under each of these alternative methods and how Tax Basis might be allocated between Sara Lee and Hanesbrands common stock, including cash received in lieu of fractional shares. You and your tax advisor may find these examples useful in connection with the preparation of your tax returns.

Each of these examples assumes that a shareholder owns 500 shares of Sara Lee common stock that were purchased for \$10 per share, for a total basis of \$5,000. Pursuant to the distribution ratio of one share of Hanesbrands common stock for every eight shares of Sara Lee common stock held on the record date, this shareholder would have received 62 shares of Hanesbrands common stock and cash in lieu of a .5 fractional share. Price information for Sept. 6, 2006 is from the New York Stock Exchange as reported in the Wall Street Journal Online.

(i) Average of High and Low for Sept. 6, 2006

| | Sara Lee Common Stock | Hanesbrands Common Stock |
|--|----------------------------------|-------------------------------------|
| High/Low Average | \$14.48 | \$20.445 |
| Shares Retained/Received | 500 | 62.5 |
| Total Value of Shares | \$7,240.00 | \$1,277.81 |
| Allocation of basis % | 85.00% | 15.00% |
| Allocation of \$5,000 basis | \$4,250.00 | \$750.00 |
| Tax Basis allocated to 62 shares of Hanesbrands common stock (62/62.5 x \$750.00) | | \$744.00 |
| Tax Basis allocated to fractional share (.5/62.5 x \$750.00) | | \$6.00 |

(ii) Opening Price for Sept. 6, 2006

| | Sara Lee Common Stock | Hanesbrands Common Stock |
|--|----------------------------------|-------------------------------------|
| Opening Price | \$14.36 | \$19.80 |
| Shares Retained/Received | 500 | 62.5 |
| Total Value of Shares | \$7,180.00 | \$1,237.50 |
| Allocation of basis % | 85.30% | 14.70% |
| Allocation of \$5,000 basis | \$4,264.92 | \$735.08 |
| Tax Basis allocated to 62 shares of Hanesbrands common stock (62/62.5 x \$735.08) | | \$729.20 |
| Tax Basis allocated to fractional share (.5/62.5 x \$735.08) | | \$5.88 |

(iii) Closing Price for Sept. 6, 2006

| | Sara Lee Common Stock | Hanesbrands Common Stock |
|---|----------------------------------|-------------------------------------|
| Closing Price | \$14.78 | \$21.11 |
| Shares Retained/Received | 500 | 62.5 |
| Total Value of Shares | \$7,390.00 | \$1,319.38 |
| Allocation of basis % | 84.85% | 15.15% |
| Allocation of \$5,000 basis | \$4,242.55 | \$757.45 |
| | | |
| Tax Basis allocated to 62 shares of Hanesbrands common stock (62/62.5 x \$757.45) | | \$751.39 |
| | | |
| Tax Basis allocated to fractional share (.5/62.5 x \$757.45) | | \$6.06 |

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Q5: Did I have taxable income on the distribution of Hanesbrands stock?

A5: We have obtained a private letter ruling from the IRS stating that the distribution of Hanesbrands common stock to you was not a taxable event under the U.S. tax rules, except to the extent that you received any cash for fractional shares. Stockholders should recognize gain or loss in an amount equal to the difference between the Tax Basis allocated to these fractional shares and the amount of cash received. We cannot tell you about the tax laws of any country other than the U.S., or about state and local tax laws. If and when you sell the Hanesbrands common stock you received, you will have a profit or loss that you must report on your tax return. For example, if you sell your Hanesbrands common stock for a price higher than your Tax Basis in those shares at the time of sale, you will have a capital gain, assuming that you held the Hanesbrands common stock as a capital asset on the date of sale.

Q6: What is my holding period for the Hanesbrands shares I received in the distribution (or how long will I be deemed to have owned these Hanesbrands shares)?

A6: You will be deemed, for U.S. federal income tax purposes, to have owned the Hanesbrands common stock you received for the same period of time that you owned your Sara Lee common stock (*i.e.*, you will be deemed to have acquired your Hanesbrands common stock on the day that you acquired the underlying Sara Lee common stock.)

Note that if you acquired Sara Lee common stock on different dates or at different prices, the holding period of the shares of Hanesbrands common stock (including any fractional share) received in the spin off in respect of each block of Sara Lee common stock will include the holding period of that block of Sara Lee common stock, assuming that you held that block of Sara Lee common stock as a capital asset on the distribution date.

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