

CAMPBELL SOUP CO
Form 4
January 11, 2012

FORM 4

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

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
RAND A BARRY

(Last) (First) (Middle)

1 CAMPBELL PLACE

(Street)

CAMDEN, NJ 08103

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
CAMPBELL SOUP CO [CPB]

3. Date of Earliest Transaction
(Month/Day/Year)
01/10/2012

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner
☐ Officer (give title below) ☐ Other (specify below)

6. Individual or Joint/Group Filing(Check
Applicable Line)
☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of
information contained in this form are not
required to respond unless the form
displays a currently valid OMB control
number.**

SEC 1474
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Deriva Securit (Instr. 3)
---	--	---	---	--------------------------------------	--	--	---	--

Edgar Filing: CAMPBELL SOUP CO - Form 4

Derivative Security			Code	V	(A) or Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
					(A)	(D)					
Phantom Stock	(1)	01/10/2012	A		3,450		(2)	(3)	Common Stock	3,450	\$ 0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RAND A BARRY 1 CAMPBELL PLACE CAMDEN, NJ 08103		X		

Signatures

Tara L. Smith, Attorney-in-Fact	01/11/2012
__Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 1-for-1
- (2) Phantom shares are fully vested.
- (3) The value of phantom stock is payable in cash from the Company's Supplemental Retirement Plan upon reporting person's retirement, resignation or termination.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. -align:bottom;border-bottom:3px double #000000;background-color:#cceeef;padding-top:2px;padding-bottom:2px;">91,634

\$
96,477

\$
(188,111
)

\$

41,560

Comprehensive income

\$

40,779

\$

91,634

\$

94,212

\$

(185,846

)

\$

40,779

14

Table of Contents

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

(unaudited)

Condensed Consolidating Balance Sheet
April 4, 2015

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$4,243	\$12,111	\$ 260,713	\$—	\$277,067
Trade accounts receivable, net	100,560	39,309	573,964	(720)	713,113
Inventories	1,113,536	144,556	583,349	(148,729)	1,692,712
Deferred tax assets	197,291	3,515	10,671	—	211,477
Other current assets	56,074	9,262	60,983	—	126,319
Total current assets	1,471,704	208,753	1,489,680	(149,449)	3,020,688
Property, net	90,461	40,503	531,845	—	662,809
Trademarks and other identifiable intangibles, net	4,249	77,949	568,416	—	650,614
Goodwill	232,882	124,247	355,281	—	712,410
Investments in subsidiaries	3,878,036	1,940,944	—	(5,818,980)	—
Deferred tax assets	202,820	74,703	15,593	—	293,116
Receivables from related entities	4,794,908	4,587,194	2,169,608	(11,551,710)	—
Other noncurrent assets	52,430	426	15,433	—	68,289
Total assets	\$10,727,490	\$7,054,719	\$ 5,145,856	\$(17,520,139)	\$5,407,926
Liabilities and Stockholders'					
Equity					
Accounts payable	\$345,709	\$22,995	\$ 244,557	\$—	\$613,261
Accrued liabilities	211,107	37,452	211,467	(356)	459,670
Notes payable	—	—	116,742	—	116,742
Accounts Receivable Securitization Facility	—	—	199,609	—	199,609
Current portion of long-term debt	—	—	11,464	—	11,464
Total current liabilities	556,816	60,447	783,839	(356)	1,400,746
Long-term debt	1,583,000	—	390,876	—	1,973,876
Pension and postretirement benefits	301,064	—	64,439	—	365,503
Payables to related entities	6,742,128	3,371,383	1,438,199	(11,551,710)	—
Other noncurrent liabilities	141,253	12,480	111,642	(803)	264,572
Total liabilities	9,324,261	3,444,310	2,788,995	(11,552,869)	4,004,697
Stockholders' equity	1,403,229	3,610,409	2,356,861	(5,967,270)	1,403,229
Total liabilities and stockholders' equity	\$10,727,490	\$7,054,719	\$ 5,145,856	\$(17,520,139)	\$5,407,926

Table of Contents

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

(unaudited)

Condensed Consolidating Balance Sheet
January 3, 2015

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Assets					
Cash and cash equivalents	\$10,910	\$10,796	\$ 218,149	\$—	\$239,855
Trade accounts receivable, net	73,794	37,511	561,514	(771)	672,048
Inventories	958,376	120,341	607,356	(148,873)	1,537,200
Deferred tax assets	200,050	3,515	11,500	—	215,065
Other current assets	38,446	11,224	51,394	—	101,064
Total current assets	1,281,576	183,387	1,449,913	(149,644)	2,765,232
Property, net	88,599	46,221	539,559	—	674,379
Trademarks and other identifiable intangibles, net	4,102	79,393	607,706	—	691,201
Goodwill	232,881	124,247	365,992	—	723,120
Investments in subsidiaries	3,732,783	1,792,790	—	(5,525,573)	—
Deferred tax assets	202,910	74,735	16,702	—	294,347
Receivables from related entities	4,585,755	4,471,644	2,087,280	(11,144,679)	—
Other noncurrent assets	55,540	428	17,534	—	73,502
Total assets	\$10,184,146	\$6,772,845	\$ 5,084,686	\$(16,819,896)	\$5,221,781
Liabilities and Stockholders'					
Equity					
Accounts payable	\$353,799	\$11,925	\$ 255,496	\$—	\$621,220
Accrued liabilities	190,739	61,339	242,437	1,112	495,627
Notes payable	—	—	144,438	—	144,438
Accounts Receivable Securitization Facility	—	—	210,963	—	210,963
Current portion of long-term debt	—	—	14,354	—	14,354
Total current liabilities	544,538	73,264	867,688	1,112	1,486,602
Long-term debt	1,176,500	—	437,497	—	1,613,997
Pension and postretirement benefits	399,931	—	72,072	—	472,003
Payables to related entities	6,544,095	3,270,513	1,330,071	(11,144,679)	—
Other noncurrent liabilities	132,310	12,609	118,287	(799)	262,407
Total liabilities	8,797,374	3,356,386	2,825,615	(11,144,366)	3,835,009
Stockholders' equity	1,386,772	3,416,459	2,259,071	(5,675,530)	1,386,772
Total liabilities and stockholders' equity	\$10,184,146	\$6,772,845	\$ 5,084,686	\$(16,819,896)	\$5,221,781

Table of Contents

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

(unaudited)

Condensed Consolidating Statement of Cash Flows
Three Months Ended April 4, 2015

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash from operating activities	\$(115,241)	\$68,660	\$ (391,119)	\$178,355	\$(259,345)
Investing activities:					
Purchases of property, plant and equipment	(8,864)	(3,796)	(23,708)	—	(36,368)
Proceeds from sales of assets	—	4,322	413	—	4,735
Net cash from investing activities	(8,864)	526	(23,295)	—	(31,633)
Financing activities:					
Borrowings on notes payable	—	—	43,828	—	43,828
Repayments on notes payable	—	—	(61,137)	—	(61,137)
Borrowings on Accounts Receivable Securitization Facility	—	—	79,039	—	79,039
Repayments on Accounts Receivable Securitization Facility	—	—	(90,393)	—	(90,393)
Borrowings on Revolving Loan Facility	1,327,500	—	—	—	1,327,500
Repayments on Revolving Loan Facility	(921,000)	—	—	—	(921,000)
Repayments on Euro Term Loan Facility	—	—	(974)	—	(974)
Cash dividends paid	(40,083)	—	—	—	(40,083)
Taxes paid related to net shares settlement of equity awards	(17,982)	—	—	—	(17,982)
Excess tax benefit from stock-based compensation	12,833	—	—	—	12,833
Other	1,183	—	946	(6)	2,123
Net transactions with related entities	(245,013)	(67,871)	491,233	(178,349)	—
Net cash from financing activities	117,438	(67,871)	462,542	(178,355)	333,754
Effect of changes in foreign exchange rates on cash	—	—	(5,564)	—	(5,564)
Change in cash and cash equivalents	(6,667)	1,315	42,564	—	37,212
Cash and cash equivalents at beginning of year	10,910	10,796	218,149	—	239,855
Cash and cash equivalents at end of period	\$4,243	\$12,111	\$ 260,713	\$—	\$277,067

Table of Contents

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)

(dollars and shares in thousands, except per share data)

(unaudited)

Condensed Consolidating Statement of Cash Flow
Three Months Ended March 29, 2014

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Entries and Eliminations	Consolidated
Net cash from operating activities	\$(16,895)	\$54,176	\$ 60,424	\$(159,941)	\$(62,236)
Investing activities:					
Purchases of property, plant and equipment	(4,164)	(1,454)	(6,606)	—	(12,224)
Proceeds from sales of assets	—	—	55	—	55
Net cash from investing activities	(4,164)	(1,454)	(6,551)	—	(12,169)
Financing activities:					
Borrowings on notes payable	—	—	33,494	—	33,494
Repayments on notes payable	—	—	(31,016)	—	(31,016)
Borrowings on Accounts Receivable Securitization Facility	—	—	48,172	—	48,172
Repayments on Accounts Receivable Securitization Facility	—	—	(65,083)	—	(65,083)
Borrowings on Revolving Loan Facility	1,118,000	—	—	—	1,118,000
Repayments on Revolving Loan Facility	(965,000)	—	—	—	(965,000)
Cash dividends paid	(29,850)	—	—	—	(29,850)
Taxes paid related to net shares settlement of equity awards	(4,631)	—	—	—	(4,631)
Excess tax benefit from stock-based compensation	5,602	—	—	—	5,602
Other	828	—	(325)	—	503
Net transactions with related entities	(99,344)	(53,910)	(6,687)	159,941	—
Net cash from financing activities	25,605	(53,910)	(21,445)	159,941	110,191
Effect of changes in foreign exchange rates on cash	—	—	(513)	—	(513)
Change in cash and cash equivalents	4,546	(1,188)	31,915	—	35,273
Cash and cash equivalents at beginning of year	5,695	7,811	102,357	—	115,863
Cash and cash equivalents at end of period	\$10,241	\$6,623	\$ 134,272	\$—	\$151,136

Table of Contents

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

This management's discussion and analysis of financial condition and results of operations, or MD&A, contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" in this Quarterly Report on Form 10-Q for a discussion of the uncertainties, risks and assumptions associated with these statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q. The unaudited condensed consolidated financial statements and notes included herein should be read in conjunction with our audited consolidated financial statements and notes for the year ended January 3, 2015, which were included in our Annual Report on Form 10-K filed with the SEC. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those included elsewhere in this Quarterly Report on Form 10-Q and those included in the "Risk Factors" section and elsewhere in our Annual Report on Form 10-K for the year ended January 3, 2015.

Overview

We are a consumer goods company with a portfolio of leading apparel brands, including Hanes, Champion, Bali, Playtex, Maidenform, DIM, JMS/Just My Size, L'eggs, Nur Die/Nur Der, Flexees, barely there, Wonderbra, Gear for Sports, Lilyette, Lovable, Rinbros, Shock Absorber, Track N Field, Abanderado and Zorba. We design, manufacture, source and sell a broad range of basic apparel such as T-shirts, bras, panties, men's underwear, children's underwear, activewear, socks and hosiery.

Our operations are managed and reported in four operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Activewear, Direct to Consumer and International. These segments are organized principally by product category, geographic location and distribution channel. Each segment has its own management that is responsible for the operations of the segment's businesses, but the segments share a common supply chain and media and marketing platforms. A subsidiary of ours closes one week earlier than the consolidated quarter end. The difference in reporting one week of financial information for this subsidiary did not have a material impact on our financial condition, results of operations or cash flows. In the first quarter of 2015, we revised the manner in which we allocate certain selling, general and administrative expenses. Certain prior-year segment operating profit disclosures have been revised to conform to the current-year presentation.

Highlights from the First Quarter Ended April 4, 2015

Key financial highlights during the quarter are as follows:

Total net sales in the first quarter of 2015 were \$1.2 billion, compared with \$1.1 billion in the same period of 2014, representing a 14% increase.

Operating profit increased 25% to \$90 million in the first quarter of 2015, compared with \$72 million in the same period of 2014. As a percentage of sales, operating profit was 7.4% in the first quarter of 2015 compared to 6.8% in the same period of 2014. Included within operating profit for the first quarter of 2015 and 2014 were acquisition, integration and other action related charges of \$43 million.

On March 3, 2015, we effected a four-for-one stock split in the form of a stock dividend to stockholders of record as of the close of business on February 9, 2015. All references to the number of common shares outstanding, per share amounts and share options data have been restated to reflect the effect of the split for all periods presented.

Diluted earnings per share increased 30% to \$0.13 in the first quarter of 2015, compared with diluted earnings per share of \$0.10 in the same period of 2014.

We acquired DBA Lux Holding S.A. ("Innerwear Europe") on August 29, 2014. The total purchase price paid at closing was €297 million (approximately \$392 million based on acquisition date exchange rates). Since the acquisition date, we have paid an additional \$7 million in purchase price, primarily related to working capital adjustments. The acquisition was financed through a combination of cash on hand and third party borrowings. We believe the acquisition will create growth and cost savings opportunities and increased scale to serve retailers. The operating results of Innerwear Europe from the date of acquisition are included in the International segment.

Subsequent to quarter end, on April 6, 2015, we completed the acquisition of Knights Holdco Inc. ("Knights"), a leading seller of licensed collegiate logo apparel in the mass retail channel, from Merit Capital Partners, in an all cash

transaction valued at approximately \$200 million on an enterprise value basis. We funded the acquisition with cash on hand and short-term borrowings. We believe the acquisition will create growth and cost savings opportunities and increased scale to serve retailers.

Table of Contents

Outlook

We expect our 2015 full year sales to be between \$5.9 billion and \$5.95 billion.

Interest expense and other expenses are expected to be approximately \$95 million to \$100 million, including approximately \$5 million from higher debt balances associated with the Knights acquisition.

We estimate our full year effective income tax rate to be approximately 13% with slightly higher rates in the first half of the year.

We expect cash flow from operations to be \$550 million to \$600 million, which reflects approximately \$100 million in pension contributions. Net capital expenditures are expected to be approximately \$80 million to \$85 million and dividend payments are expected to be roughly \$160 million.

Our current estimate for pretax charges in 2015 for acquisition, integration and other actions is approximately \$200 million or more. We currently expect these charges related to Maidenform to be completed by the end of the third quarter of 2015. Foundational charges are expected to be completed by the end of 2015.

Seasonality and Other Factors

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

Although the majority of our products are replenishment in nature and tend to be purchased by consumers on a planned, rather than on an impulse, basis, our sales are impacted by discretionary spending by consumers.

Discretionary spending is affected by many factors, including, among others, general business conditions, interest rates, inflation, consumer debt levels, the availability of consumer credit, taxation, gasoline prices, weather, unemployment trends and other matters that influence consumer confidence and spending. Many of these factors are outside of our control. Consumers' purchases of discretionary items, including our products, could decline during periods when disposable income is lower, when prices increase in response to rising costs, or in periods of actual or perceived unfavorable economic conditions. These consumers may choose to purchase fewer of our products or to purchase lower-priced products of our competitors in response to higher prices for our products, or may choose not to purchase our products at prices that reflect our price increases that become effective from time to time.

Changes in product sales mix can impact our gross profit as the percentage of our sales attributable to higher margin products, such as intimate apparel and men's underwear, and lower margin products, such as activewear, fluctuate from time to time. In addition, sales attributable to higher and lower margin products within the same product category fluctuate from time to time. Our customers may change the mix of products ordered with minimal notice to us, which makes trends in product sales mix difficult to predict. However, certain changes in product sales mix are seasonal in nature, as sales of socks, hosiery and fleece products generally have higher sales during the last two quarters (July to December) of each fiscal year as a result of cooler weather, back-to-school shopping and holidays, while other changes in product mix may be attributable to customers' preferences and discretionary spending.

Table of Contents

Condensed Consolidated Results of Operations — First Quarter Ended April 4, 2015 Compared with First Quarter Ended March 29, 2014

	Quarter Ended				
	April 4, 2015	March 29, 2014	Higher (Lower)	Percent Change	
	(dollars in thousands)				
Net sales	\$1,208,921	\$1,059,370	\$149,551	14.1	%
Cost of sales	762,690	702,593	60,097	8.6	
Gross profit	446,231	356,777	89,454	25.1	
Selling, general and administrative expenses	356,300	284,989	71,311	25.0	
Operating profit	89,931	71,788	18,143	25.3	
Other expenses	382	435	(53)	(12.2))
Interest expense, net	26,887	21,818	5,069	23.2	
Income before income tax expense	62,662	49,535	13,127	26.5	
Income tax expense	10,026	7,975	2,051	25.7	
Net income	\$52,636	\$41,560	\$11,076	26.7	%

Net Sales

Net sales increased 14% during the first quarter of 2015 primarily due to the following:

- Acquisition of Innerwear Europe in August 2014, which added an incremental \$184 million of net sales in 2015;
- Higher net sales in our Activewear segment due to higher sales volume and net space gains at retailers.

Offset by:

- Lower sales in our Innerwear segment due to lower sales volume;
- Unfavorable foreign currency exchange rates. Excluding this impact, consolidated net sales and International segment net sales increased 15% and 170%, respectively.

Gross Profit

Our gross profit was higher for the first quarter of 2015 as compared to the same period of 2014. The increase in gross profit was attributable to supply chain efficiencies and our Innovate-to-Elevate strategy, which combines our brand power, our innovation platforms and our low cost supply chain to drive margin expansion by increasing our price per unit and reducing our cost per unit. Included with gross profit in the first quarter of 2015 and the first quarter of 2014 are charges of approximately \$14 million and \$15 million, respectively, related to acquisition, integration and other action related costs.

Selling, General and Administrative Expenses

As a percentage of net sales, our selling, general and administrative expenses were 29.5% in the first quarter of 2015 compared to 26.9% in the same period of 2014. The higher selling, general and administrative expenses were attributable to higher planned marketing and media related spending and higher distribution costs in the first quarter of 2015 compared to the same period of 2014. Included with selling, general and administrative expenses in the first quarter of 2015 and the first quarter of 2014 are charges of approximately \$29 million and \$28 million, respectively, related to acquisition, integration and other action related costs.

Other Highlights

Interest Expense – higher by \$5 million in the first quarter of 2015 compared to the first quarter of 2014 primarily due to higher debt balances related to the acquisition of Innerwear Europe. Our weighted average interest rate on our outstanding debt was 4.04% during the first quarter of 2015, compared to 4.12% in the first quarter of 2014.

Income Tax Expense – our effective income tax rate remained consistent at 16% for the first quarter of 2015 and the first quarter of 2014.

Table of Contents

Operating Results by Business Segment — First Quarter Ended April 4, 2015 Compared with First Quarter Ended March 29, 2014

	Net Sales		Operating Profit	
	Quarter Ended		Quarter Ended	
	April 4,	March 29,	April 4,	March 29,
	2015	2014	2015	2014
	(dollars in thousands)			
Innerwear	\$546,174	\$571,154	\$110,777	\$98,005
Activewear	298,096	294,504	32,751	33,745
Direct to Consumer	81,501	83,714	(2,278)	(1,326)
International	283,150	109,998	22,116	8,186
Corporate	—	—	(73,435)	(66,822)
Total	\$1,208,921	\$1,059,370	\$89,931	\$71,788
Innerwear				

	Quarter Ended			
	April 4,	March 29,	Higher	Percent
	2015	2014	(Lower)	Change
	(dollars in thousands)			
Net sales	\$546,174	\$571,154	\$(24,980)	(4.4)%
Segment operating profit	110,777	98,005	12,772	13.0

The lower net sales in our Innerwear segment primarily resulted from the following:

- Lower sales in our basics product category primarily due to retail inventory reductions;
- Lower sales in the intimates and hosiery product categories as a result of lower sales volume, partially offset by higher product pricing.

Supply chain efficiencies primarily driven by synergies gained from our Maidenform acquisition and our Innovate-to-Elevate strategy continue to positively impact our Innerwear segment margins as we are able to increase our price per unit with product innovations and reduce our cost per unit. Offsetting the improvement were higher distribution costs.

Activewear

	Quarter Ended			
	April 4,	March 29,	Higher	Percent
	2015	2014	(Lower)	Change
	(dollars in thousands)			
Net sales	\$298,096	\$294,504	\$3,592	1.2%
Segment operating profit	32,751	33,745	(994)	(2.9)

Activewear sales increased due to the following:

- Higher sales in our Gear for Sports licensed apparel, primarily due to net space gains and higher sales volume;
 - Higher sales for our Hanes branded product in branded printwear, primarily as a result of higher sales volume and new program channels.
- Offset by:
- Lower sales in our Champion branded product in our retail channel, resulted from later timing of space gains and the loss of a seasonal program.
- Our Innovate-to-Elevate strategy continues to positively impact our Activewear segment margins as we are able to increase our price per unit with product innovations and reduce our cost per unit. Offsetting these benefits were higher distribution costs and unfavorable product mix.

Table of Contents

Direct to Consumer

	Quarter Ended				
	April 4, 2015	March 29, 2014	Higher (Lower)	Percent Change	
	(dollars in thousands)				
Net sales	\$81,501	\$83,714	\$(2,213) (2.6)%
Segment operating profit	(2,278) (1,326) (952) (71.8)

Direct to Consumer segment net sales were lower due to lower sales volume. Comparable store sales were 4% lower in the first quarter of 2015 compared to the same period of 2014 resulting from the soft retail environment.

Direct to Consumer segment operating margin decreased primarily due to higher distribution costs and lower sales volume.

International

	Quarter Ended				
	April 4, 2015	March 29, 2014	Higher (Lower)	Percent Change	
	(dollars in thousands)				
Net sales	\$283,150	\$109,998	\$173,152	157.4	%
Segment operating profit	22,116	8,186	13,930	170.2	

Sales in the International segment were higher as a result of the following:

• Incremental sales of Innerwear Europe products as a result of the acquisition on August 29, 2014;

• Higher sales in Asia due to higher sales volume and net space gains.

Offset by:

• 12 percentage point unfavorable impact of foreign currency exchange rates.

International segment operating margin increased primarily due to higher sales volume, partially offset by foreign currency exchange rates.

Corporate

Corporate expenses were comprised primarily of certain administrative costs and acquisition, integration and other action related charges totaling \$43 million in the first quarter of 2015 and 2014. Acquisition and integration costs are expenses related directly to an acquisition and its integration into the organization. These costs include legal fees, consulting fees, bank fees, severance costs, certain purchase accounting items, facility closures, inventory write-offs, infrastructure (including information technology), and similar charges. Foundational costs are expenses associated with building infrastructure to support and integrate current and future acquisitions; primarily consisting of information technology spend. Other costs relate to other items not included in the aforementioned categories such as charges incurred related to the Target exit from Canada in the first quarter of 2015 and its related bankruptcy and other international realignment and configuration activities. These charges include the following:

	Quarters Ended	
	April 4, 2015	March 29, 2014
	(dollars in thousands)	
Acquisition and integration costs:		
Maidenform	\$4,267	\$24,109
Innerwear Europe	23,005	—
Knights Apparel	1,102	—
Total acquisition and integration costs	28,374	24,109
Foundational costs	6,727	5,000
Other costs	8,127	13,529
	\$43,228	\$42,638

Table of Contents

Liquidity and Capital Resources

Trends and Uncertainties Affecting Liquidity

Our primary sources of liquidity are cash generated by operations and availability under the \$1.1 billion revolving credit facility (the “Revolving Loan Facility”) under our senior secured credit facility (the “Senior Secured Credit Facility”), our accounts receivable securitization facility (the “Accounts Receivable Securitization Facility”) and our international loan facilities.

At April 4, 2015, we had \$500 million of borrowing availability under our Revolving Loan Facility (after taking into account outstanding letters of credit), \$182 million of borrowing availability under our international loan facilities, \$277 million in cash and cash equivalents and no borrowing availability under our Accounts Receivable Securitization Facility. We currently believe that our existing cash balances and cash generated by operations, together with our available credit capacity, will enable us to comply with the terms of our indebtedness and meet foreseeable liquidity requirements.

We typically use cash during the first half of the year and generate most of our cash flow in the second half of the year. We expect our cash deployment strategy in the future will include a mix of dividends, acquisitions and share repurchases.

Dividends

As part of our cash deployment strategy, in January 2015 our Board of Directors authorized a regular quarterly dividend of \$0.10 per share which was paid in March 2015. In April 2015, our Board of Directors authorized a regular quarterly dividend of \$0.10 per share to be paid June 11, 2015 to stockholders of record at the close of business on May 21, 2015.

In addition, on March 3, 2015, we implemented a four-for-one stock split on our common stock in the form of a 300% stock dividend to stockholders of record at the close of business on February 9, 2015.

Cash Requirements for Our Business

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

There have been no significant changes in the cash requirements for our business from those described in our Annual Report on Form 10-K for the year ended January 3, 2015.

Sources and Uses of Our Cash

The information presented below regarding the sources and uses of our cash flows for the quarter ended April 4, 2015 and March 29, 2014 was derived from our condensed consolidated financial statements.

	Quarter Ended	
	April 4, 2015	March 29, 2014
	(dollars in thousands)	
Operating activities	\$(259,345)	\$(62,236)
Investing activities	(31,633)	(12,169)
Financing activities	333,754	110,191
Effect of changes in foreign currency exchange rates on cash	(5,564)	(513)
Change in cash and cash equivalents	37,212	35,273
Cash and cash equivalents at beginning of year	239,855	115,863
Cash and cash equivalents at end of period	\$277,067	\$151,136

Operating Activities

Our overall liquidity is primarily driven by our strong cash flow provided by operating activities, which is dependent on net income, as well as changes in our working capital. We typically use cash during the first half of the year and generate most of our cash flow in the second half of the year. As compared to prior year, the lower net cash from

operating activities is due to changes in working capital, specifically related to inventory, accounts receivable, accounts payable and accrued liabilities, and a \$100 million voluntary contribution to our pension plan.

Table of Contents

Investing Activities

The lower net cash from investing activities resulted primarily from the Innerwear Europe acquisition.

Financing Activities

The higher net cash from financing activities was primarily the result of higher net borrowings on our loan facilities, specifically due to new borrowings under the Senior Secured Credit Facility related to the Innerwear Europe acquisition.

Financing Arrangements

In March 2015, we amended the accounts receivable securitization facility that we entered into in November 2007 (the "Accounts Receivable Securitization Facility"). This amendment primarily extended the termination date to March 2016.

As of April 4, 2015, we were in compliance with all financial covenants under our credit facilities. We expect to maintain compliance with our covenants for the foreseeable future, however economic conditions or the occurrence of events discussed under "Risk Factors" in our Annual Report on Form 10-K for the year ended January 3, 2015 or other SEC filings could cause noncompliance.

On April 29, 2015, we refinanced our Senior Secured Credit Facility to, among other things, extend the maturity date of the Revolving Loan Facility to April 2020, re-price the Revolving Loan Facility at favorable rates and add an additional \$850 million in term loan borrowings. After the refinancing, our domestic debt was comprised of a \$1 billion revolving credit facility, a \$425 million Term Loan A and an additional \$425 million Term Loan B. We incurred \$9.5 million in fees related to this refinancing. A portion of the proceeds will be used as financing for the Knights acquisition with the balance to be used for working capital and other corporate purposes.

There have been no other significant changes in the financing arrangements from those described in our Annual Report on Form 10-K for the year ended January 3, 2015.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements within the meaning of Item 303(a)(4) of SEC Regulation S-K.

Critical Accounting Policies and Estimates

We have chosen accounting policies that we believe are appropriate to accurately and fairly report our operating results and financial condition in conformity with U.S. GAAP. We apply these accounting policies in a consistent manner. Our significant accounting policies are discussed in Note 2, "Summary of Significant Accounting Policies," to our financial statements included in our Annual Report on Form 10-K for the year ended January 3, 2015.

The application of critical accounting policies requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. These estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. We evaluate these estimates and assumptions on an ongoing basis and may retain outside consultants to assist in our evaluation. If actual results ultimately differ from previous estimates, the revisions are included in results of operations in the period in which the actual amounts become known. The critical accounting policies that involve the most significant management judgments and estimates used in preparation of our financial statements, or are the most sensitive to change from outside factors, are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended January 3, 2015. There have been no material changes in these policies from those described in our Annual Report on Form 10-K for the year ended January 3, 2015.

Recently Issued Accounting Pronouncements

Discontinued Operations

In April 2014, the FASB issued new accounting rules related to updating the criteria for reporting discontinued operations and enhancing related disclosures requirements. The new rules were effective for us in the first quarter of 2015. We do not expect the adoption of the new accounting rules to have a material impact on our financial condition, results of operations or cash flows.

Table of Contents

Revenue from Contracts with Customers

In May 2014, the FASB issued new accounting rules related to revenue recognition for contracts with customers requiring revenue recognition based on the transfer of promised goods or services to customers in an amount that reflects consideration we expect to be entitled in exchange for goods or services. The new rules supercede prior revenue recognition requirements and most industry-specific accounting guidance. The new rules will be effective for us in the first quarter of 2017 with retrospective application required. We do not expect the adoption of the new accounting rules to have a material impact on our financial condition, results of operations or cash flows.

Extraordinary and Unusual Items

In January 2015, the FASB issued new accounting rules which remove the concept of extraordinary items from U.S. GAAP. Under the existing guidance, an entity is required to separately disclose extraordinary items, net of tax, in the income statement after income from continuing operations if an event or transaction is of an unusual nature and occurs infrequently. This separate, net-of-tax presentation (and corresponding earnings per share impact) will no longer be allowed. The new rules will be effective for us in the first quarter of 2016. We do not expect the adoption of the new accounting rules to have a material impact on our financial condition, results of operations or cash flows.

Debt Issuance Costs

In April 2015, the FASB issued new accounting rules, which require debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. The new rules will be effective for us in the first quarter of 2016. We do not expect the adoption of the new accounting rules to have a material impact on our financial condition, results of operations or cash flows.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes in our market risk exposures from those described in Item 7A of our Annual Report on Form 10-K for the year ended January 3, 2015.

Item 4. Controls and Procedures

As required by Exchange Act Rule 13a-15(b), our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective. In connection with the evaluation required by Exchange Act Rule 13a-15(d), our management, including our Chief Executive Officer and Chief Financial Officer, concluded that no changes in our internal control over financial reporting occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

PART II

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

We review and, where applicable, update our risk factors each quarter. The risk factor set forth below is in addition to the risk factors previously disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended January 3, 2015.

Work stoppages, union and works council campaigns and other labor disputes could adversely impact our productivity and results of operations.

As of January 3, 2015, we had approximately 59,500 employees, approximately 87% of whom were located outside the United States. Although only approximately 40 employees in the United States are covered by collective bargaining agreements, a significant portion of our employees based in foreign countries are represented by works councils or unions or subject to trade-sponsored or governmental agreements. Although we believe our relations with our employees are generally good and we have experienced no material strikes or work stoppages recently, we cannot assure you that any of our facilities will not experience a work stoppage or other labor disruption. Any work stoppage or other labor disruption involving our employees could have a material adverse effect on our business, financial condition or results of operations by disrupting our ability to manufacture and distribute our products.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

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

Table of Contents

SIGNATURES

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

HANESBRANDS INC.

By: /s/ Richard D. Moss
Richard D. Moss
Chief Financial Officer
(Duly authorized officer and principal financial officer)

Date: May 1, 2015

28

Table of Contents

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.2	Articles Supplementary (Junior Participating Preferred Stock, Series A) (incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.3	Articles of Amendment to Articles of Amendment and Restatement of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 28, 2015).
3.4	Amended and Restated Bylaws of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2008).
4.1	First Amendment to the Rights Agreement dated March 26, 2015 between Hanesbrands Inc. and Computershare Trust Company, N.A. (incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 27, 2015).
4.2	Fourteenth Supplemental Indenture (to the 2008 Indenture) dated April 6, 2015 among Hanesbrands Inc., certain subsidiaries of Hanesbrands Inc. and Branch Banking and Trust Company.
31.1	Certification of Richard A. Noll, Chief Executive Officer.
31.2	Certification of Richard D. Moss, Chief Financial Officer.
32.1	Section 1350 Certification of Richard A. Noll, Chief Executive Officer.
32.2	Section 1350 Certification of Richard D. Moss, Chief Financial Officer.
101.INS XBRL	Instance Document
101.SCH XBRL	Taxonomy Extension Schema Document
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document
101.LAB XBRL	Taxonomy Extension Label Linkbase Document
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document

E-1