

Gildan to buy Gold Toe Moretz

SPECIAL TO THE O-N-E

Gildan Activewear Inc. announced that it signed a definitive agreement to acquire 100 percent of the common shares of Gold Toe Moretz Holdings Corp. (Gold Toe Moretz) for a total purchase price of approximately \$350 million. Gildan will not assume any of Gold Toe Moretz's currently outstanding indebtedness.

Gold Toe Moretz is a leading supplier of high-quality branded athletic, casual and dress socks for mass-market retailers, national chains, price clubs, department stores and specialty sporting goods stores in the U.S. Gold Toe Moretz's company-owned brands include the iconic Gold Toe brand, as well as the Silver Toe, GT, Auro, PowerSox and All Pro brands. Gold Toe Moretz is also the exclusive U.S. licensee for Under Armour and New Balance branded socks. The majority of the purchase price will be represented by intangible assets, including the value of these brands.

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and exciting step in Gildan's ongoing strategic development," said Glenn J. Chamandy, president and chief executive officer of Gildan Activewear. "In addition to the introduction of leading consumer brands, the acquisition provides Gildan with enhanced brand management experience and expertise, best-in-class merchandising and strong technical innovation and design capabilities to complement Gildan's existing competitive strengths for retail. These capabilities can also be utilized to further the development of our own Gildan brand."

Gold Toe Moretz's senior management team, including John Moretz, Chairman and Chief Innovation Officer, and Steve Lineberger, President and CEO, have committed to contin-

ue their careers with Gildan.

The acquisition will more than double Gildan's current revenues from the sale of socks and will significantly expand and diversify its customer base and channels of distribution within the U.S. retail market. Revenues reported by Gold Toe Moretz for the year ended December 31, 2010 amounted to over U.S. \$280 million, and adjusted EBITDA(1) for the same period amounted to U.S. \$48.6 million.

Gildan believes that the combination of the competitive strengths of the two companies, and Gildan's support for the further development of Gold Toe Moretz's owned and licensed brands, will create a strong platform for further organic sales growth in socks and other retail

product categories. In addition, Gildan currently expects to be able to achieve U.S. \$10-\$15 million of annualized cost synergies, which would be gradually realized over the next 24 months.

There are no material conditions precedent to the closing of the transaction and the acquisition by Gildan of Gold Toe Moretz is expected to close imminently. The acquisition will be financed out of Gildan's cash balances and the utilization of its revolving bank credit facility.

"Our management and Board of Directors believe that the acquisition by Gildan of Gold Toe Moretz represents an attractive use of our capital as it is expected to generate a return on investment in excess of our risk-adjusted cost of capital and be immediately accretive to EPS", said Laurence G. Sellyn, Gildan's Executive Vice President, Chief Financial and Administrative Officer. Gildan will update its financial outlook for fiscal 2011, including the impact of the acquisition of Gold Toe Moretz, when it reports its results for its second fiscal quarter May 11.