



News Release

For immediate release

Gildan Responds to Lawsuit Filed by Russell Brands affiliate of Fruit of the Loom

Montréal, Tuesday, October 16, 2012 – Gildan Activewear Inc. (GIL; TSX and NYSE) is issuing a press release to explain the events which have given rise to a lawsuit filed on October 12, 2012 by Russell Brands LLC, an affiliate of Fruit of the Loom, alleging trademark infringement and unfair competition.

In line with its strategy to further develop its presence as a supplier of branded products to U.S. retailers, the Company has recently been successful in obtaining several new programs. One such program obtained by the Company is a program to supply all of the men's and boys' fleece business for a retail customer, which was previously supplied by Russell Brands under its Jerzees® label. This program is now being supplied under the Gildan Smart Basics® label.

As part of the terms of obtaining this program, Gildan was required to purchase a small amount of Jerzees® inventory from the retailer.

Gildan management subsequently became aware that a portion of the Jerzees® inventory which it had purchased had been shipped to the retail customer bearing Gildan® brand identification. Gildan took immediate steps to correct the situation by seeking to retrieve all of the Jerzees® product which had been shipped to the retailer from the customer's retail outlets and distribution centres. Gildan is confident that the amount of Jerzees® product under dispute is negligible, and estimates that approximately \$100,000 of disputed Jerzees® products have been sold to consumers.

The Company is currently conducting an internal review of the events and internal controls relative to this matter. Although the dollar amounts involved in the dispute are not material, the Company is treating this matter seriously. Gildan is proud of the quality of its products and has no wish to associate its products with those of another manufacturer or another brand.

About Gildan

Gildan is a marketer and globally low-cost vertically-integrated manufacturer of quality branded basic family apparel. Gildan® is the leading activewear brand in the printwear market in the U.S. and Canada, and is increasing its penetration in international markets, such as Europe, Mexico and the Asia-Pacific region. We are also one of the largest suppliers of athletic, casual and dress socks sold to a broad spectrum of retailers in the U.S. The Company markets its products under a diversified portfolio of company-owned brands, including Gildan®, Anvil®, Gold Toe®, PowerSox®, SilverToe®, Auro®, All Pro® and GT®. We are also the exclusive U.S. sock licensee for the Under Armour® and New

Balance® brands. The Company is now pursuing a strategy to become a major supplier of basic branded activewear and underwear for U.S. retailers. In addition to supplying retailers, Gildan also manufactures select activewear programs for leading consumer brands. With over 30,000 employees worldwide, Gildan owns and operates highly efficient, large-scale, environmentally and socially responsible manufacturing facilities in Central America and the Caribbean Basin and has taken initial steps towards the potential development of a manufacturing hub in Asia to support its planned growth in Asia and Europe. More information on the Company can be found on Gildan's website at www.gildan.com and more information on its corporate citizenship practices can be found at www.genuinegildan.com.

Forward-Looking Statements

Certain statements included in this press release constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Canadian securities legislation and regulations, and are subject to important risks, uncertainties and assumptions. This forward-looking information includes, amongst others, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Forward-looking statements generally can be identified by the use of conditional or forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "project", "assume", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. We refer you to the Company's filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission, as well as the "Risks and Uncertainties" section and the risks described under the "Critical Accounting Estimates" and "Financial Risk Management" sections in our most recent Management's Discussion and Analysis for a discussion of the various factors that may affect the Company's future results. Material factors and assumptions that were applied in drawing a conclusion or making a forecast or projection are also set out throughout this document.

Forward-looking information is inherently uncertain and the results or events predicted in such forward-looking information may differ materially from actual results or events. Material factors, which could cause actual results or events to differ materially from a conclusion, forecast or projection in such forward-looking information, include, but are not limited to:

- *our ability to implement our growth strategies and plans, including achieving market share gains, implementing cost reduction initiatives and completing and successfully integrating acquisitions;*
- *the intensity of competitive activity and our ability to compete effectively;*
- *adverse changes in general economic and financial conditions globally or in one or more of the markets we serve;*
- *our reliance on a small number of significant customers;*
- *the fact that our customers do not commit contractually to minimum quantity purchases;*
- *our ability to anticipate changes in consumer preferences and trends;*
- *our ability to manage production and inventory levels effectively in relation to changes in customer demand;*
- *fluctuations and volatility in the price of raw materials used to manufacture our products, such as cotton and polyester fibres;*
- *our dependence on key suppliers and our ability to maintain an uninterrupted supply of raw materials and finished goods;*
- *the impact of climate, political, social and economic risks in the countries in which we operate or from which we source production;*
- *disruption to manufacturing and distribution activities due to labour disruptions, political or social instability, bad weather, natural disasters, pandemics and other unforeseen adverse events;*

- changes to international trade legislation that the Company is currently relying on in conducting its manufacturing operations or the application of safeguards thereunder;
- factors or circumstances that could increase our effective income tax rate, including the outcome of any tax audits or changes to applicable tax laws or treaties;
- compliance with applicable environmental, tax, trade, employment, health and safety, and other laws and regulations in the jurisdictions in which we operate;
- our significant reliance on computerized information systems for our business operations, including our JD Edwards Enterprise Resource Planning (ERP) system which is currently being upgraded to the latest system release, Enterprise One;
- changes in our relationship with our employees or changes to domestic and foreign employment laws and regulations;
- negative publicity as a result of violation of local labour laws or international labour standards, or unethical labour or other business practices by the Company or one of its third-party contractors;
- our dependence on key management and our ability to attract and/or retain key personnel;
- changes to and failure to comply with consumer product safety laws and regulations;
- adverse changes in third party licensing arrangements and licensed brands;
- our ability to protect our intellectual property rights;
- changes in accounting policies and estimates; and
- exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, as well as risks arising from commodity prices.

These factors may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made, may have on the Company's business. For example, they do not include the effect of business dispositions, acquisitions, other business transactions, asset write-downs, asset impairment losses or other charges announced or occurring after forward-looking statements are made. The financial impact of such transactions and non-recurring and other special items can be complex and necessarily depends on the facts particular to each of them.

There can be no assurance that the expectations represented by our forward-looking statements will prove to be correct. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's future financial performance and may not be appropriate for other purposes. Furthermore, unless otherwise stated, the forward-looking statements contained in this press release are made as of the date of this press release, and we do not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise unless required by applicable legislation or regulation. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

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