

Court File No.: 58574CP

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

METZLER INVESTMENT GMBH

Plaintiff

- and -

GILDAN ACTIVEWEAR INC., GLENN J. CHAMANDY,
GLENN CHAMANDY HOLDINGS CORPORATION
and LAURENCE G. SELLYN

Defendants

Proceeding under the *Class Proceedings Act, 1992*

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

(Class Action)
SUPERIOR COURT

NO.: 500-06-000458-097

GASTON RIOUX
Petitioner

v.

LES VÊTEMENTS DE SPORT GILDAN INC./GILDAN
ACTIVEWEAR INC., GLENN CHAMANDY HOLDINGS
CORPORATION, GLENN J. CHAMANDY and LAURENCE G.
SELLYN
Respondents

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re GILDAN ACTIVEWEAR INC.
SECURITIES LITIGATION

This Document Relates to:
ALL ACTIONS.

x
: Civil Action No. 1:08-cv-05048-HB
:
: CLASS ACTION
:
:
:
:
x

SETTLEMENT AGREEMENT
(August 2, 2010)

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RECITAL

- I. The Parties intend to and hereby do finally resolve the Actions, and the claims that are or could have been asserted in them, subject to the approval of the Courts, without prejudice or admission of liability.

FOR VALUE RECEIVED, the Parties agree as follows:

SECTION 1 - DEFINITIONS

1.1 Defined Terms

(A) In this Settlement Agreement, including the Recitals and Schedules hereto:

- (1) **Actions** means the Ontario Action, the Québec Motion and the U.S. Action.
- (2) **Administration Expense** and **Administration Expenses** means, individually or collectively, all fees, disbursements, expenses, costs, taxes and any other amounts incurred or payable relating to approval, implementation and administration of this Settlement Agreement including the Non-Refundable Expenses, and the fees, disbursements and taxes paid to the Administrator, and any other expenses ordered by the Courts, which shall all be paid from the Settlement Amount.
- (3) **Administrator** means the third-party firm selected by Class Counsel and appointed by the Courts to administer, process and distribute the Settlement Amount in accordance with the terms of the Settlement Agreement, and any employees of such firm.
- (4) **Administrator's Escrow Account** means an Escrow Account overseen by the Administrator.
- (5) **Approval Motion** and **Approval Motions** means, individually or collectively, as the case may be, a motion brought by the Plaintiffs before each of the Courts for orders finally approving the Settlement Agreement.
- (6) **Approval Order** and **Approval Orders** means, individually or collectively, as the case may be, the order(s) and/or judgment(s) sought to be issued by the Courts as a result of the Approval Motions, substantially in the forms attached hereto as Schedules "H", "I" and "J".
- (7) **Authorized Claimant** means any Class Member who submits a properly completed Claim Form and all required supporting documentation to the Administrator postmarked on or before the Claims Deadline, or any other period permitted by the Courts or Class Counsel, and who the Administrator has determined is eligible to receive compensation from the Net Settlement Amount.

- (8) **Claim Form** means the form approved by the Courts and which, when completed and submitted to the Administrator in a timely manner, enables a Class Member to apply for compensation pursuant to the Settlement Agreement.
- (9) **Claims Deadline** means the last date by which a Class Member may mail or submit a Claim Form and all required supporting documentation to the Administrator in order to be eligible for compensation from the Net Settlement Amount, which shall be the date no earlier than one hundred twenty (120) calendar days after the date on which the Short-Form Notice is first published.
- (10) **Class** and **Class Member(s)** means the Ontario Class, the Québec Class and the U.S. Class.
- (11) **Class Counsel** means Siskinds^{LLP}, Siskinds Desmeules s.e.n.c.r.l., Robbins Geller Rudman & Dowd LLP and Labaton Sucharow LLP.
- (12) **Class Counsel Fees** means the fees, expenses and applicable taxes or charges of Class Counsel, as approved by the Courts which are to be paid from the Settlement Amount.
- (13) **Class Period** means the period from and including August 2, 2007 to and including April 29, 2008.
- (14) **Courts** means the Ontario Court, the Québec Court and the U.S. Court.
- (15) **Defendants** means the defendants/respondents in the Actions, namely, Gildan, Glenn Chamandy Holdings Corporation and the Individual Defendants.
- (16) **Defendant Releasers** means the Defendants, on behalf of themselves, their personal representatives, agents, heirs, executors, administrators, trustees, beneficiaries, successors and assigns.
- (17) **Effective Date** means the date upon which all the grounds for termination of this Settlement Agreement under section 8 expire.
- (18) **Eligible Shares** means common shares of Gildan purchased or otherwise acquired during the Class Period. The date of purchase or acquisition shall be the trade date not the settlement date.
- (19) **Escrow Account** means a liquid money market account or equivalent security with one of the Canadian Schedule 1 banks in Ontario having a rating equivalent to, or better than that of an interest bearing account of that Canadian Schedule 1 bank, to be held and maintained in trust in accordance with the terms of this Settlement Agreement.
- (20) **Escrow Agent** means Siskinds^{LLP} or such other person appointed by the Courts.
- (21) **Excluded Person** and **Excluded Persons** means (1) the Defendants; (2) Gildan and Glenn Chamandy Holdings Corporation's respective subsidiaries, affiliates,

directors, officers, successors and assigns; (3) all members of the immediate families of the Individual Defendants; (4) all trusts in which any of the Defendants are a trustee or beneficiary; and (5) all entities over which any of the foregoing persons or entities has or had during the Class Period any legal or de facto control.

- (22) ***Exempt Québec Class Members / Les Personnes Exclues du Groupe du Québec*** means entities resident in the province of Québec who are precluded from being a member of a group in a class action by operation of Article 999 of the *Code of Civil Procedure*, R.S.Q., c. C-25, as amended, namely: legal persons established for a private interest, partnership or association, who employed more than 50 persons at any time during the period from June 16, 2007 to June 16, 2008, and who otherwise fit within the Québec Class.
- (23) ***Final*** means:
- (i) if no appeals are brought with respect to any of the Approval Orders, the expiry date of any time provided under the corresponding rules of the applicable Court or legislation for noticing or filing any appeal from an Approval Order; and
 - (ii) if an appeal is brought with respect to any of the Approval Orders, then the date on which the ultimate court of appeal to which an appeal (if any) was taken has dismissed any such appeal or otherwise upheld the Approval Order and no further appeals lie in respect of such Approval Order.
- (24) ***Gildan*** means the defendant/respondent Gildan Activewear Inc./Les Vêtements de Sport Gildan Inc., a corporation incorporated pursuant to the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, with its head office located in Montréal, Québec.
- (25) ***Individual Defendants*** means Glenn J. Chamandy and Laurence G. Sellyn.
- (26) ***Long-Form Notice*** means the form of notice attached as Schedule “G” hereto, or such other form of notice as may be approved by the Courts for the purpose of providing Class Members with detailed information regarding, among other things: (i) the certification of the Ontario and U.S. Actions and the granting of authorization of the Québec Motion, for settlement purposes only; (ii) the dates and location of the Approval Motions; (iii) the manner in which Class Members may submit a Claim Form or Opt-Out Request and file an objection to the settlement; (iv) the average recovery per share; and (v) Class Counsels’ fee and expense applications.
- (27) ***Net Settlement Amount*** means the Settlement Amount less: (i) any Administration Expenses actually expended; and (ii) Class Counsel Fees.

- (28) **Newspapers** means the National Post, the Globe and Mail (National Edition), La Presse, Le Soleil and Investor's Business Daily (National Edition), and any further or alternative publications as may be ordered by the Courts.
- (29) **Non-Refundable Expense and Non-Refundable Expenses** means, individually or collectively: (i) all of the reasonable out of pocket costs, fees and expenses (a) of providing the Pre-Approval Notices to Class Members, including the expenses reasonably and actually incurred by Class Counsel or the Administrator, as the case may be, in locating and identifying Class Members, and translating the Settlement Agreement, the Pre-Approval Notices and the Claim Form, and (b) associated with the maintenance of the Escrow Account; and (ii) any and all Taxes payable on the Settlement Amount.
- (30) **Ontario Action** means the action titled *Metzler Investment GmbH v. Gildan Activewear Inc., et al.* commenced in the Ontario Court under Court File No. 58574CP.
- (31) **Ontario Class and Ontario Class Members** means all persons who purchased or otherwise acquired Eligible Shares and either: (i) are now or were at the time of the purchase or acquisition of such shares Canadian residents or (ii) purchased or otherwise acquired such shares on the Toronto Stock Exchange; but does not include persons who are either: (i) Excluded Persons or (ii) members of the Québec Class.
- (32) **Ontario Court** means the Ontario Superior Court of Justice.
- (33) **Opt-Out Class Members** means those Class Members who timely and validly opt out from the Class in accordance with subsection 7.1 herein and the Pre-Approval Order.
- (34) **Opt-Out & Objection Deadline** means the date falling sixty (60) calendar days after the date on which the Short-Form Notice is first published, or such other date as may be set by the Courts, which shall be the last day by which Class Members may mail or submit to the Administrator: (i) an Opt-Out Request and all required supporting documentation in order to exclude themselves from the Class; or (ii) an objection regarding the settlement.
- (35) **Opt-Out Request** means the signed letter of request for exclusion which, when completed and submitted in a timely manner to the Administrator allows a Class Member to exclude themselves from the Class. The letter must contain all of the information required by the Pre-Approval Orders.
- (36) **Opt-Out Review Period** means the fifteen (15) calendar day period following Class Counsel's receipt of the Termination Notice.
- (37) **Opt-Out Threshold** means the requisite number of Eligible Shares purchased or otherwise acquired by Opt-Out Class Members, which, if exceeded, gives rise to Gildan's option to terminate the Settlement Agreement pursuant to subsection 8.1(A), herein and as further particularized in the Opt-Out Threshold Agreement.

- (38) ***Opt-Out Threshold Agreement*** means the agreement which sets the Opt-Out Threshold which shall be kept confidential by the Parties and their counsel and shall be shown to the Courts in camera, if requested, but shall not otherwise be disclosed, unless disclosure is ordered by one of the Courts.
- (39) ***Party*** and ***Parties*** means, individually or collectively, the Plaintiffs and the Defendants.
- (40) ***Plaintiffs*** means, collectively, the plaintiff in the Ontario Action, Metzler Investment GmbH, the petitioner in the Québec Motion, Gaston Rioux, and the plaintiffs in the U.S. Action, City of St. Clair Shores Police and Fire Retirement System, Norfolk County Retirement System, City of Pontiac Policemen's and Fireman's Retirement Systems, and City of Detroit Policeman's and Fireman's Retirement Systems.
- (41) ***Plan of Allocation*** means the Plaintiffs' plan for distribution of the Net Settlement Amount to Authorized Claimants, generally in accordance with the plan set out in Schedule "A".
- (42) ***Plan of Notice*** means the plan for dissemination of the Pre-Approval Notices, generally in accordance with the plan set out in Schedule "B", or such other plan of dissemination as approved by the Courts.
- (43) ***Pre-Approval Motion*** and ***Pre-Approval Motions*** means, individually or collectively, as the case may be, a motion brought by the Plaintiffs before each of the Courts for issuance of the Pre-Approval Orders, among other things:
- (i) certifying the Ontario and U.S. Actions and authorizing the Québec Motion for settlement purposes only and subject to the terms set forth in subsection 8.3(A) herein;
 - (ii) setting dates for the hearing of the Approval Motions;
 - (iii) approving the Claims Deadline and Opt-Out & Objection Deadline; and
 - (iv) approving and authorizing the publication and dissemination of the Pre-Approval Notices.
- (44) ***Pre-Approval Notices*** means the notice to the Class of the Approval Motions substantially in the form of the Short-Form Notice and the Long-Form Notice, as may be amended and approved by the Courts.
- (45) ***Pre-Approval Order*** and ***Pre-Approval Orders*** means, individually or collectively, as the case may be, the order(s) sought to be issued by the Courts at the Pre-Approval Motions, substantially in the forms attached hereto as Schedules "C", "D" and "E".
- (46) ***Québec Class and Québec Class Members*** means all persons who purchased or otherwise acquired Eligible Shares and who were at that time, or are now,

residents of Québec other than (i) Excluded Persons; and (ii) Exempt Québec Class Members.

- (47) **Québec Court** means the Québec Superior Court.
- (48) **Québec Motion** means the motion for authorization to institute a class action titled *Gaston Rioux v. Les Vêtements de Sport Gildan Inc./Gildan Activewear Inc., et al.* pending before the Québec Court under Court File No. 500-06-000458-097 (formerly Court File No. 200-06-000103-088).
- (49) **Released Party** and **Released Parties** means any and all of the Defendants, their past or present subsidiaries, parents, principals, affiliates, general or limited partners or partnerships, successors and predecessors, heirs, and assigns, and their respective officers, directors, employees, attorneys, advisors, investment advisors, investment bankers, underwriters, insurers, co-insurers, re-insurers, accountants, auditors, consultants, administrators, executors, trustees, personal representatives, immediate family members, and any person, firm, trust, partnership, corporation, officer, director, or other individual or entity in which any Defendant has a controlling interest or which is affiliated with any of the Defendants, and the legal representatives, successors in interest or assigns of the Defendants.
- (50) **Released Plaintiff Parties** means the Plaintiffs, Class Counsel and all Class Members who do not opt out of their respective Class.
- (51) **Releasers** means, individually and collectively, the Plaintiffs and all Class Members who do not opt out of the Class on behalf of themselves, their personal representatives, agents, heirs, executors, administrators, trustees, beneficiaries, current and former employee plan members and contributors, successors and assigns.
- (52) **Settled Claim** and **Settled Claims** means any and all claims, debts, demands, rights, actions, causes of action, suits, matters, issues, damages, losses or liabilities whatsoever (including, but not limited to, any claims for interest, legal fees, expert or consulting fees, and any other costs, expenses or liability whatsoever other than those set forth herein), whether based on United States, Canadian or other foreign federal, state, provincial, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and Unknown Claims: (i) that have been asserted or proposed as claims or amended claims in any of the Actions; or (ii) that could have been asserted in any forum by the Class Members or any of them against any of the Released Parties which arise out of or relate in any manner to the allegations, transactions, facts, matters, breaches, occurrences, financial statements, forecasts, statements, representations or omissions involved, set forth, or referred to in the Actions or in proposed amendments to the Actions (except that Settled Claims does not include all claims, rights or causes of action or liabilities whatsoever related to the settlement of the Actions, including enforcements of the settlement and any of the terms of this Settlement Agreement or orders or judgments issued by the Courts in

connection with the settlement or confidentiality obligations with respect to settlement communications).

- (53) **Settled Defendants' Claim** and **Settled Defendants' Claims** means any and all claims, rights or causes of action or liabilities whatsoever, whether based on United States or Canadian federal, state, provincial, local, statutory or common law or any other law, rule or regulation, including both known claims and Unknown Claims, that have been or could have been asserted in the Action or in any forum by the Defendants or any of them or the successors and assigns of any of them against any of the Plaintiffs or Class Members or their lawyers, which arise out of or relate in any way to the institution or prosecution of the Actions (except that Settled Defendants' Claims does not include all claims, rights or causes of action or liabilities whatsoever related to the settlement of the Actions, including enforcement of the settlement and any of the terms of this Settlement Agreement, the Stipulation and Agreement Concerning Settlement Discovery dated July 27, 2010, orders or judgments issued by the Courts in connection with the settlement, or confidentiality obligations with respect to the settlement communications).
- (54) **Settlement Agreement** means this agreement, including the Recitals and Schedules hereto.
- (55) **Settlement Amount** means USD \$22.5 million, plus interest accrued thereon from the date it is deposited into the Escrow Account.
- (56) **Short-Form Notice** means the form of notice attached as Schedule "F" hereto, or such other form of notice as may be approved by the Courts for the purpose of providing Class Members with summary information regarding, among other things: (i) the certification of the Ontario and U.S. Actions and the granting of authorization of the Québec Motion, for settlement purposes only; (ii) the dates and location of the Approval Motions; (iii) the manner in which Class Members may submit a Claim Form or Opt-Out Request and file an objection to the settlement; (iv) the average recovery per share; and (v) Class Counsels' fee and expense applications.
- (57) **Taxes** means (i) any and all applicable taxes, duties and similar charges imposed by a government authority (including any estimated taxes, interest or penalties) arising in any jurisdiction with respect to the income or gains earned on or in respect of the Settlement Amount, including, without limitation, any taxes that may be imposed upon the Defendants or their insurers with respect to any income or gains earned on or in respect of the Settlement Amount for any period while it is held by the Escrow Agent; and (ii) any and all expenses, liabilities and costs incurred in connection with the taxation of the Settlement Amount (including without limitation, expenses of tax attorneys and accountants). Taxes imposed on the Defendants or their insurers shall include amounts equivalent to taxes that would be payable by the Defendants or their insurers but for the existence of relief from taxes by virtue of loss carry forwards or other tax attributes, determined by

such Defendant or insurer, acting reasonably, and accepted by the Escrow Agent, acting reasonably.

- (58) **Termination Notice** means the written notice through which the Defendants indicate their intention to exercise their discretion to terminate the Settlement Agreement pursuant to subsection 8.1(A), herein.
- (59) **Unknown Claims** means claims that any of the Releasors do not know or suspect to exist, which, if known by him, her or it, might affect, or might have affected his, her, or its settlement with and release of the Released Parties or might affect, or might have affected his, her or its decision to object or not to object to the Settlement Agreement.
- (60) **U.S. Action** means the consolidated action titled *In re Gildan Activewear Inc. Securities Litigation* before the U.S. Court, bearing Civil Action No. 1:08-cv-05048-HB.
- (61) **U.S. Class or U.S. Class Members** means all persons who purchased or otherwise acquired Eligible Shares and either: (i) are now or were at the time of the purchase or acquisition U.S. residents or (ii) purchased or otherwise acquired such shares on the New York Stock Exchange; other than (i) Excluded Persons; and (ii) members of the Québec Class.
- (62) **U.S. Class Counsel** means Robbins Geller Rudman & Dowd LLP and Labaton Sucharow LLP.
- (63) **U.S. Class Counsel Fees** means the fees, expenses and applicable taxes or charges of U.S. Class Counsel, as approved by the U.S. Court which are to be paid from the Settlement Amount.
- (64) **U.S. Court** means the United States District Court for the Southern District of New York.

SECTION 2 - SETTLEMENT CONSIDERATION

2.1 Payment of the Settlement Amount

- (A) In consideration of the full and final releases of Settled Claims in favour of the Released Parties, the dismissal of the Actions with prejudice and such other terms provided for herein, Gildan shall cause its insurers to pay into the Escrow Account described in subsection 4.1(A) herein the sum of USD \$22.5 million within the later of: (i) fourteen (14) business days of the issuance of the last of the Pre-Approval Orders; and (ii) forty-five (45) calendar days from the execution of this Settlement Agreement.
- (B) No further sum shall be sought from or be payable by or on behalf of the Released Parties, including for legal fees, costs, interest, disbursements, Taxes, administration, mailings, translations and any other costs or expenses involved in the full and final completion and implementation of this settlement and the dismissals of the Actions, provided that any costs or expenses associated with Gildan fulfilling its obligation pursuant to subsection 5.4(A) shall be borne by Gildan and shall not be a charge against the Settlement Amount.
- (C) This is not a claims made settlement. Subject to subsections 3.1(D), 4.1(B) and 8.3(B), none of the Settlement Amount shall be returned or otherwise paid to the Defendants or its insurers funding the settlement.

SECTION 3 - RELEASES AND DISMISSALS

3.1 No Further Claims

- (A) Upon the Effective Date, the Releasers release and forever discharge, and are forever barred and enjoined from prosecuting any Settled Claims against any of the Released Parties, and shall not institute, continue, maintain or assert, either directly or indirectly, whether in the United States, Canada or elsewhere, on their own behalf or on behalf of any class or any other person, any action, suit, cause of action, proceeding, complaint, claim or demand against any Released Party or any other person who may claim any form of contribution or indemnity from any Released Party in respect of any Settled Claim or any matter related thereto.

- (B) Upon the Effective Date, this Settlement Agreement shall operate conclusively as an estoppel and full defence in the event of any action, suit, cause of action, proceeding, complaint, claim or demand brought by any Releasors against any of the Released Parties with respect to Settled Claims, and this Settlement Agreement may be pleaded in the event of any such action, suit, cause of action, proceeding, complaint, claim or demand and relied upon for the purpose of an application to dismiss the action, suit, cause of action, proceeding, complaint, claim or demand on a summary basis. Following the Effective Date, no Releasor may seek to avoid the application of this Settlement Agreement based on a lack of privity or mutuality. In the event that any Releasor initiates or seeks to prosecute, in any action, suit, cause of action, proceeding, complaint, claim or demand of any kind, a Settled Claim against any of the Released Parties, the Released Party against whom the Settled Claim is asserted shall be entitled to recover from such Releasor its actual costs, including actual legal fees, on a full indemnity basis, in defending the action, suit, cause of action, proceeding, complaint, claim or demand.
- (C) With respect to any and all Settled Claims, the Parties stipulate and agree that upon the Effective Date the Releasors shall be deemed to have, and by operation of the Approval Orders shall have expressly waived and relinquished, to the fullest extent permitted by law, any and all Unknown Claims and the provisions, rights, and benefits of section 1542 of the *California Civil Code* and of any law, regulation or provision of any code of civil procedure of any other jurisdiction within or outside Canada or the United States which is similar, comparable, or equivalent to section 1542 of the *California Civil Code*, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Releasors may hereafter discover facts in addition to or different from those which any of them now knows or believes to be true with respect to the subject matter of the Settled Claims, but Releasors, upon the Effective Date, shall be deemed to have, and by operation of the Approval Orders shall have, fully, finally, and forever settled and released any and all Settled Claims, known or unknown, suspected or unsuspected,

contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and each Class Member shall be deemed to have acknowledged, and by operation of the Approval Orders shall have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement Agreement of which this release is a part.

- (D) None of the Released Parties shall have any responsibility for or liability with respect to (i) any act, omission or determination of the Plaintiffs, Class Counsel, the Escrow Agent or the Administrator in connection with the administration of the Settlement Amount or otherwise in relation to this settlement; (ii) the management, investment or distribution of the Settlement Amount; (iii) the Plan of Allocation; (iv) the determination, administration, calculation or payment of any claims made against the Net Settlement Amount; (v) any losses suffered by, or fluctuations in the value of, the Settlement Amount or the Net Settlement Amount; (vi) the payment or withholding of any Taxes, or any expenses or costs incurred in connection with any taxation of the Settlement Amount or Net Settlement Amount or the filing of any returns; or (vii) any payments to the Fonds d'aide aux recours collectifs. The Escrow Agent or the Administrator, as the case may be, shall indemnify and hold harmless the Released Parties for any claims relating to such matters (including, without limitation, attorney fees and expenses in enforcing this subsection) and such amounts shall be paid from the Settlement Amount as a Non-Refundable Expense.

3.2 Defendants' Release

- (A) Upon the Effective Date, in consideration of the obligations herein, the Defendant Releasers release and forever discharge each and every one of the Settled Defendants' Claims against any of the Released Plaintiff Parties, and are forever barred and enjoined from prosecuting the Settled Defendants' Claims against the Released Plaintiff Parties.

- (B) Upon the Effective Date, this Settlement Agreement shall operate conclusively as an estoppel and full defense in the event of any action, suit, cause of action, proceeding, complaint, claim or demand brought by any Defendant Releasors against any of the Released Plaintiff Parties with respect to Settled Defendants' Claims and this Settlement Agreement may be pleaded in the event of any such action, suit, cause of action, proceeding, complaint, claim or demand and relied upon for the purpose of an application to dismiss the action, suit, cause of action, proceeding, complaint, claim or demand on a summary basis. In the event that any Defendant Releasor initiates or seeks to prosecute in any action, suit, cause of action, proceeding, complaint, claim or demand of any kind, a Settled Defendants' Claim against any of the Released Plaintiff Parties, the Released Plaintiff Party against whom the Settled Defendants' Claim is asserted shall be entitled to recover from such Defendant Releasor its actual costs, including actual legal fees, on a full indemnity basis, in successfully defending the action, suit, cause of action, proceeding, complaint, claim or demand.

3.3 Dismissal of the Actions

- (A) Upon the Effective Date, the Actions shall be dismissed without costs and with prejudice and on the merits, and in Québec, this event shall put an end to the Québec Motion by way of a transaction in accordance with Article 2631 of the *Civil Code of Québec*, S.Q. 1991, c.64, as amended.

SECTION 4 - INTERIM MANAGEMENT OF THE SETTLEMENT AMOUNT**4.1 Duties and Responsibilities of the Escrow Agent**

- (A) Except as provided under subsection 4.1(B), the Escrow Agent shall hold the Settlement Amount in an Escrow Account that shall be subject to the jurisdiction of the Courts and shall not pay out any portion of the Settlement Amount from the Escrow Account without an order from any or all of the Courts, as the case may be, made by motion on notice to the Parties.
- (B) The Escrow Agent shall hold the Settlement Amount in the Escrow Account until:
- (i) such time as Non-Refundable Expenses become payable, at which time the Escrow Agent may pay such Non-Refundable Expenses from the Settlement Amount;
 - (ii) such time as Gildan elects to terminate the Settlement Agreement in accordance with subsection 8.1(A) herein, in which case the Settlement Amount less any amount paid for Non-Refundable Expenses shall be returned by the Escrow Agent to Gildan's insurers who funded the Settlement Amount pursuant to subsection 2.1(A) as directed in writing by such insurers;
 - (iii) following the issuance of all of the Approval Orders, and the issuance of an order approving U.S. Class Counsel's application for legal fees and expenses, and upon such date the Escrow Agent shall immediately settle U.S. Class Counsel Fees and any outstanding Administration Expenses;
 - (iv) the Effective Date, and within ten (10) business days of the Effective Date, the Escrow Agent shall pay any portion of the Settlement Amount that remains after payment of U.S. Class Counsel Fees and any Administration Expenses incurred to date, to the Administrator for deposit into the Administrator's Escrow Account; or
 - (v) such time as this Settlement Agreement is terminated in accordance with subsection 8.2(A), within ten (10) business days of such date, the Settlement Amount that remains after payment of any Non-Refundable Expenses incurred to date shall be returned by the Escrow Agent or Administrator, as the case may be, to Gildan's insurers who funded the Settlement Amount as directed in writing by such insurers.

4.2 Taxes

- (A) Except as provided in subsection 4.2(E), below, all Taxes in respect of the Settlement Amount, including any related expenses, shall be payable from the Settlement Amount

and shall be paid by the Escrow Agent or the Administrator, as appropriate, without further order of the Court.

- (B) The Parties, their legal counsel and the Administrator agree to treat the Settlement Amount as being at all times a “qualified Settlement Amount” within the meaning of Treasury Reg. 1.468B-2(k)(1) of the Internal Revenue Code. In addition, the Escrow Agent or the Administrator, as appropriate, shall timely make such elections as necessary or advisable to carry out this provision, including the “relation-back election” (as defined in Treasury Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent or the Administrator, as appropriate, to properly and timely prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.
- (C) For the purpose of §468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow Agent or the Administrator, as the case may be. The Escrow Agent or the Administrator shall timely and properly file, or cause to be timely and properly filed, all informational and other tax returns necessary or advisable with respect to the Settlement Amount (including, without limitation, the returns described in Treasury Reg. §1.468B-2(k)). Such returns (as well as the election described in subsection 4.2(B), above) shall be consistent with this subsection and in all events shall reflect that all Taxes on the income earned by the Settlement Amount shall be paid out of the Settlement Amount as a Non-Refundable Expense.
- (D) Taxes or related expenses (including any amounts to be paid to any of the Released Parties for indemnification pursuant to subsection 3.1(D)) shall be treated as, and considered to be, a Non-Refundable Expense, and shall be timely paid by the Escrow Agent or the Administrator, as appropriate, from the Settlement Amount without prior order from the Court. The Escrow Agent or the Administrator, as appropriate, shall be obligated (notwithstanding anything within this Settlement Agreement to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes or related

expenses (as well as any amounts that may be required to be withheld under Treasury Reg. §1.468B-2(l)(2) or otherwise under any applicable law in respect of such distribution). All payments or distributions to Authorized Claimants from the Settlement Amount shall be net of Taxes.

- (E) Notwithstanding any of the foregoing, if the Escrow Agent, or the Administrator, as the case may be, returns any portion of the Settlement Amount to Gildan's insurers who funded the Settlement Amount (a "Returned Amount"), pursuant to the terms of this Settlement Agreement, the Taxes payable on the income earned in respect of the Returned Amount shall be the responsibility of such insurers (however, such insurers shall not be responsible for any penalties, interest or other charges relating to (i) the failure to timely pay Taxes or withhold and remit to the relevant government authority withholding taxes, or (ii) the filing of any returns required of the Escrow Agent in respect of the Settlement Amount while the Returned Amount was under its control and maintenance).

4.3 Currency Conversions

- (A) Following the Effective Date, the Escrow Agent may convert, or may direct the Administrator to convert, some or all of the Settlement Amount to Canadian currency to facilitate the payment of:
- (i) Class Members' compensation in the currency commensurate with the currency of their transactions in Eligible Shares; and
 - (ii) Class Counsel Fees in the currency of the applicable Court awarded fee award.
- (B) All Parties shall be informed about any currency conversion which takes place. The timing and extent of the conversion, however, shall occur at the direction of the Escrow Agent and no liability shall flow from such conversion.

SECTION 5 - COURT APPROVALS

5.1 Best Efforts

- (A) The Parties shall cooperate and use their best efforts to implement the terms of the Settlement Agreement and to secure the Courts' prompt approval of the Settlement Agreement and dismissal with prejudice of the Actions.
- (B) The Parties agree to hold in abeyance all proceedings and steps in the Actions, other than the motions provided for in the Settlement Agreement or to enforce the confidentiality obligations under the Stipulation and Settlement Agreement Concerning Settlement Discovery, until the Effective Date, or the termination of the Settlement Agreement, whichever occurs first.

5.2 Pre-Approval Motions

- (A) Promptly following the execution of the Settlement Agreement, Class Counsel shall file the Pre-Approval Motions with the Courts, and shall seek to obtain the Pre-Approval Orders.
- (B) For the purpose of settlement only, the Defendants will consent to the issuance of the Pre-Approval Orders. If the Settlement Agreement is not approved or is otherwise terminated, any and all Pre-Approval Orders certifying any of the Actions as class proceedings and certifying the Class, and related findings of the Court concerning certification, shall be automatically set aside on consent upon notice to the Courts, and the Actions shall proceed as though the Actions had never been certified and such findings in respect of class certification had never been made, without prejudice to any Party to either seek or oppose class certification.

5.3 Dissemination of Pre-Approval Notice

- (A) Following the hearing and determination of the last Pre-Approval Motions, Class Counsel shall cause the Pre-Approval Notices to be published in the Newspapers and otherwise disseminated in accordance with the Plan of Notice, subject to any amendment or additional direction of the Courts.

5.4 Information and Assistance from the Defendants

- (A) Within seven (7) business days of the execution of this Settlement Agreement, Gildan shall:
- (i) provide Class Counsel with the available information from Gildan's transfer agent of the names and last known addresses of Gildan's registered shareholders during the Class Period. Such information shall be provided in an electronic format acceptable to the Administrator provided it is already available in such format without additional expense to Gildan; and
 - (ii) authorize the Administrator to solicit information from brokerage firms concerning the names and addresses of all individuals and entities identified by the brokerage firms as having a beneficial interest in the Eligible Shares, for the sole purposes of identifying putative Class Members and providing notice to the Class Members so identified.
- (B) The costs and expenses associated with Gildan fulfilling its obligation pursuant to subsection 5.4(A), shall be borne by Gildan and shall not be a charge against the Settlement Amount.
- (C) Class Counsel and/or the Administrator shall treat as confidential and may use the information obtained in accordance with subsection 5.4(A), above, for the purpose of delivering the Pre-Approval Notices, or otherwise for the purpose of administering and implementing the Settlement Agreement and the Plan of Allocation, but for no other purpose whatsoever.

5.5 Notice of Termination

- (A) If the Settlement Agreement is terminated, as provided in subsections 8.1(A) and 8.2(A), a notice of the termination of the Settlement Agreement shall be posted on the websites of Class Counsel and the Administrator.

SECTION 6 - ADMINISTRATION AND IMPLEMENTATION

6.1 Appointment of the Administrator

- (A) Subject to approval of the Courts, Class Counsel shall select a firm to serve as the Administrator who shall agree to attorn to the jurisdiction of each of the Courts.

6.2 Duties of the Administrator

- (A) The Administrator shall administer and distribute the Settlement Amount in accordance with the powers, rights, duties and responsibilities set out in the Settlement Agreement and in the Plan of Allocation and, with respect to individuals and entities who are Québec Class Members, also in accordance with the regulation respecting the percentage withheld for the *Fonds d'aide aux recours collectifs*.

6.3 Administrator's Escrow Account

- (A) The Administrator shall hold that portion of the Settlement Amount transferred by the Escrow Agent to the Administrator pursuant to subsection 4.1(B)(iv) herein in the Administrator's Escrow Account, which shall be subject to the jurisdiction of the Courts.
- (B) The Administrator's Escrow Account shall be established and maintained in a manner that minimizes transactional costs and risks and maximizes the amount available for distribution.

6.4 Payments from the Settlement Amount

- (A) Except in accordance with subsection 6.4(B), below, the Administrator shall not pay out any amount from the Administrator's Escrow Account without an order approving such payment by the appropriate Court, made by motion on notice to the Parties.
- (B) The Administrator shall hold such amounts in the Administrator's Escrow Account until:
- (i) any remaining Administration Expenses become payable, at which time the Administrator shall pay such remaining Administration Expenses as they become due;
 - (ii) the Effective Date, and upon such date the Administrator shall immediately settle any Class Counsel Fees which remain unpaid;
 - (iii) the Effective Date and after all submitted claims have been processed and any disputes arising therefrom have been resolved, after which time the Administrator shall distribute the Net Settlement Amount, *pro rata*, to each Authorized Claimant in accordance with the Plan of Allocation and such further approval(s) or order(s) of the Courts as may be necessary, or as circumstances may require.

6.5 Claims Submission Process

- (A) In order to seek payment from the Net Settlement Amount, a Class Member must submit a completed Claim Form to the Administrator, in accordance with the provisions of the Pre-Approval Orders, on or before the Claims Deadline, and any Class Member who fails to do so shall not share in any distribution made in accordance with the Plan of Allocation unless the applicable Court which has certified the Class to which such Class Member belongs orders otherwise. Notwithstanding the foregoing, Class Counsel may, in their discretion, accept late filed claims for processing if the distribution of the Net Settlement Amount is not delayed thereby.
- (B) In order to remedy any deficiency in the completion of a timely submitted Claim Form, the Administrator may require that additional information be submitted by a Class Member who timely submits a Claim Form. Such Class Members shall have until the later of thirty (30) calendar days from the date of the communication or the Claims Deadline to rectify the deficiency, or such other time as the applicable Court permits. Any person who does not respond to such a request for information within the timeframe noted above shall be forever barred from receiving any payments pursuant to the Settlement Agreement, subject to any order of the applicable Court to the contrary, but will in all other respects be subject to, and bound by, the provisions of the Settlement Agreement, including the releases of the Settled Claims provided herein.
- (C) Any Class Member who does not submit a Claim Form or whose Claim Form is not approved shall nonetheless be subject to, and bound by, the provisions of the Settlement Agreement, including the releases of Settled Claims provided herein, unless they timely and validly opt-out.
- (D) All payments to Authorized Claimants from the Net Settlement Amount shall be net of Taxes.

6.6 Conclusion of Administration

- (A) If the Administrator's Escrow Account retains a positive balance after one hundred eighty (180) calendar days from the date of distribution of the Net Settlement Amount (whether by reason of tax refunds, un-cashed cheques or otherwise), the Administrator shall, if

feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. Any balance below CAD\$40,000.00 which still remains thereafter shall be donated to such charities or other organizations the Plaintiffs may determine (it being the Plaintiffs' intention that any such balances be distributed as follows: (i) 76% to the Small Investor Protection Association; (ii) 13% to the *Fonds d'aide aux recours collectifs*; and (iii) 11% to such registered U.S. charity designated by U.S. Class Counsel.

- (B) Upon the conclusion of the administration, or at such other time as the Courts direct, the Administrator shall report to the Courts on the administration and shall account for all monies it has received, administered and disbursed and may obtain an order from the Courts discharging it as Administrator.

6.7 Disputes Concerning the Decisions of the Administrator

- (A) In the event that a Class Member disputes the Administrator's decision, whether in whole or in part, the Class Member may appeal the decision by submitting a dispute in writing to either:
- (i) the Québec Court if they are a Québec Class Member;
 - (ii) the U.S. Court, if they reside in the United States, or if they reside outside of the United States and Canada and conducted transactions in Eligible Shares over the New York Stock Exchange; and
 - (iii) the Ontario Court, if they reside in Canada and are not a Québec Class Member, or if they reside outside of Canada and the United States and conducted transactions in Eligible Shares over the Toronto Stock Exchange.
- (B) No Class Member shall have any claim against the Plaintiffs, Class Counsel, the Released Parties or the Administrator based on investments, costs, expenses, administration, allocations, payments or distributions that are made in accordance with the Settlement Agreement, the Plan of Allocation and/or with any order(s) or judgments(s) of the Courts.

SECTION 7 - OPT OUTS AND OBJECTIONS**7.1 Opt Out Procedure**

- (A) Each Class Member who wishes to opt out must submit a properly prepared Opt-Out Request along with all required supporting documents:
- (i) in the case of Ontario Class Members or U.S. Class Members, to the Administrator on or before the Opt-Out & Objection Deadline; and
 - (ii) in the case of Québec Class Members, to the Clerk of the Québec Court by registered or certified mail, and to the Administrator, in both cases, on or before the Opt-Out & Objection Deadline.
- (B) In order to remedy any deficiency in the completion of a timely submitted Opt-Out Request, the Administrator may require that additional information be submitted by a Class Member who submits a timely Opt-Out Request. Class Members shall have until the Opt-Out & Objection Deadline to remedy the deficiency.
- (C) If a Class Member fails to submit a properly completed Opt-Out Request and/or all required supporting documents to the Administrator or fails to remedy any deficiency by the Opt-Out & Objection Deadline, the Class Member shall be deemed to not have opted out of the Actions, subject to any order of the Courts to the contrary, and will in all other respects be subject to, and bound by, the provisions of the Settlement Agreement and the releases contained herein.
- (D) Persons who timely and validly opt out of being a Class Member, in accordance with this section 7 and the Pre-Approval Order, shall be excluded from any and all rights and obligations arising from this Settlement Agreement.
- (E) Except as provided in subsection 7.1(F) below, Class Members who do not timely and validly opt out shall be deemed to have elected to participate in this Settlement Agreement regardless of whether such Class Members timely submit Claim Forms or receive payments pursuant to the Settlement Agreement.
- (F) Québec Class Members who have commenced proceedings against any Defendant regarding the Settled Claims and who fail to discontinue such proceedings by the Opt-Out & Objection Deadline shall be deemed to have opted out.

- (G) The Plaintiffs undertake and agree that, despite anything contained in this section, they will not opt out, and the Parties agree that Class Counsel will not solicit, entice or encourage any member of the Class for the purpose of causing that person to opt out. Class Counsel shall not act for any Opt-Out Class Members, individually or collectively, in any continuing or subsequent actions relating to Settled Claims.

7.2 Notification of the Number of Opt Outs

- (A) Within five (5) business days following the Opt-Out & Objection Deadline, the Administrator shall provide the Parties with:
- (i) the names of those Class Members, if any, who have opted out of the Class;
 - (ii) the number of Eligible Shares purchased or otherwise acquired by each Class Member who opted out; and
 - (iii) copies of the Opt-Out Requests actually submitted.

7.3 Objection Procedure

- (A) Each Class Member who wishes to make an objection to the Settlement Agreement must submit a written objection to Class Counsel by the Opt-Out & Objection Deadline. The written objection should include:
- (i) the objector's name, address, telephone number, fax number (where applicable) and email address;
 - (ii) a brief statement outlining the nature of, and reason for, the objection;
 - (iii) documents establishing that the objector purchased or otherwise acquired Eligible Shares; and
 - (iv) a statement as to whether the objector intends to appear at the Approval Motion in person or by legal counsel, and, if by legal counsel, the name, address, telephone number, fax number and email address of such legal counsel.
- (B) Submitting an objection does not disqualify a Class Member from subsequently submitting a Claim Form.

- (C) Class Counsel shall, upon receipt, provide counsel for the Defendants with copies of any objections received, and shall file with the Courts prior to the Approval Motions all objections received by the Opt-Out & Objection Deadline.

SECTION 8 - TERMINATION OR FAILURE TO OBTAIN APPROVALS

8.1 The Defendants' Right to Terminate for Exceeded Opt-Out Threshold

- (A) Notwithstanding any other provision in the Settlement Agreement, any of the Defendants, in their sole discretion, may elect to terminate the Settlement Agreement if the Opt-Out Threshold is exceeded. In order to terminate the Settlement Agreement the Defendants must deliver a Termination Notice to Class Counsel within ten (10) business days of the Administrator notifying the Defendants of the number of Eligible Shares purchased or otherwise acquired by each Class Member who has opted out pursuant to subsection 7.2 after which date the right to terminate the Settlement Agreement will expire.
- (B) If the Opt-Out Threshold is not exceeded, the Defendants' right to terminate the Settlement Agreement pursuant to subsection 8.1(A) is inoperative and of no force and effect.
- (C) The Opt-Out Threshold shall be stated in the confidential Opt-Out Threshold Agreement signed prior to, or contemporaneously with, the execution of the Settlement Agreement.
- (D) Class Counsel may review the validity of any request to opt out of the Class and/or attempt to cause the applicable Class Members to retract, revoke or withdraw any Opt-Out Request during the Opt-Out Review Period.
- (E) If, within the Opt-Out Review Period, Class Counsel succeeds in causing the filing of retractions, revocations or withdrawals of Opt-Out Requests and/or issuance of orders disqualifying the Opt-Out Requests such that the number of shares represented by the remaining Opt-Out Class Members does not exceed the Opt-Out Threshold, then the Termination Notice shall automatically be deemed a nullity, and the settlement shall proceed in accordance with the terms of the Settlement Agreement.

- (F) If the grounds for termination pursuant to subsection 8.1(A) remain following the Opt-Out Review Period, the Settlement Agreement will be deemed terminated, unless the Defendants withdraw their Termination Notice.
- (G) If the Settlement Agreement is terminated as a result of the Defendants' election pursuant to subsection 8.1(A), the Parties agree to cooperate in bringing a consent motion before the Courts, as soon as possible following termination of the Settlement Agreement, to obtain orders:
- (i) decertifying or otherwise vacating the certification of the Actions as class proceedings as set out in the Pre-Approval Orders; and
 - (ii) declaring this Settlement Agreement null and void and of no force or effect except for the provisions of those sections listed in subsection 8.3(A).

8.2 Other Grounds for Termination

- (A) Prior to the Approval Orders becoming Final, the Plaintiffs, Gildan and the Individual Defendants each have the right to terminate the Settlement Agreement by providing written notice of his or its election to do so to all other Parties within thirty (30) calendar days of any of the following:
- (i) the date upon which any one of the Courts refuses to issue the corresponding Pre-Approval Order (as set forth in Schedules "C", "D" or "E") in any material respect;
 - (ii) the date upon which any one of the Courts refuses to approve the Settlement Agreement;
 - (iii) the date upon which any one of the Courts refuses to issue the corresponding Approval Order (as set for the in Schedules "H", "I" or "J") in any material respect other than such terms relating to Class Counsel Fees;
 - (iv) the date upon which an Approval Order is Finally modified or reversed in any material respect by any level of appellate court, other than such terms relating to Class Counsel Fees; or
 - (v) the date upon which any one of the Courts refuses to adopt the Plan of Allocation (as set forth in Schedule "A") in any material respect.

8.3 Effect of Termination Generally

- (A) If the Settlement Agreement is not approved by the Courts, or if it is terminated as contemplated by subsection 8.1(A) or 8.2(A): (i) the Parties shall revert to their litigation positions immediately prior to the execution of this Settlement Agreement as though the Settlement Agreement and any related orders had not been issued and entered; and (ii) the Settlement Agreement shall have no further force and effect, shall not be binding on the Parties and shall not be admissible as evidence or otherwise in the Actions, provided however that sections 1, 3.1(D), 4.1(A) and (B)(ii) and (v), 4.2, 5.1(B), 5.2(B), 5.4(C), 5.5, 8.1-8.4, 9.1(B), 10, 11.1, 11.3, 11.5, 11.7 and 11.9-11.12 of the Settlement Agreement shall survive and shall continue in full force and effect.
- (B) The Escrow Agent shall within ten (10) business days of termination of the Settlement Agreement: (i) account to the Courts and the Parties for the amounts paid from and currently maintained in the Escrow Account; and (ii) return the Settlement Amount that remains after the payment of any Administration Expenses incurred to date to Gildan's insurers who funded the Settlement Amount as directed in writing by such insurers.

8.4 Disputes Relating to Termination

- (A) If there is any dispute about the termination of this Settlement Agreement or concerning Administration Expenses, the Ontario Court shall determine any dispute by motion on notice to the Parties and the Administrator.

SECTION 9 - CLASS COUNSEL FEES

9.1 Motion for Approval of Class Counsel Fees and Expenses

- (A) Class Counsel will submit fee and expense applications for consideration by the Courts. The Defendants shall take no position on Class Counsel's request for an award of legal fees and reimbursement of expenses.
- (B) Class Counsel's motions for approval of Class Counsel Fees shall be returnable together with the Approval Motions, or promptly following the hearing of such motions. Determination as to the amount of Class Counsel Fees awarded will be made by the

appropriate Courts, and any amounts awarded as U.S. Class Counsel Fees shall be paid in accordance with subsection 4.1(B)(iii) herein, notwithstanding any objections thereto or opportunity to appeal therefrom, subject to the obligation on U.S. Class Counsel to repay within ten (10) business days to the Administrator's Escrow Account or to Gildan's insurers who funded the Settlement Amount, as the case may be, U.S. Class Counsel Fees plus accrued interest, at the same rate as is earned by the Net Settlement Amount in the Administrator's Escrow Account, if the applicable orders awarding U.S. Class Counsel Fees are overturned or reversed on appeal or if the Settlement Agreement is terminated pursuant to subsection 8.2(a)(iii), (iv) or (v) herein. If U.S. Class Counsel Fees are reduced on appeal, U.S. Class Counsel shall repay the sum by which U.S. Class Counsel Fees are reduced plus accrued interest as noted above.

- (C) Class Counsel are not precluded from making additional applications for expenses incurred in accordance with further implementing the terms of this Settlement Agreement, provided that payment of such expenses is sought from the Settlement Amount and not from the Defendants. The Defendants shall have no responsibility for, nor any liability whatsoever with respect to, any payment of Class Counsel Fees.
- (D) Any decision by the Courts concerning the amount of Class Counsel Fees shall not affect the validity of the settlement of the Actions as provided under the Settlement Agreement.

SECTION 10 - NO ADMISSION OF WRONGDOING

10.1 No Admission of Liability

- (A) The Defendants are entering into this settlement to eliminate the burden and expense of further litigation. The Defendants have denied and continue to deny (i) each and all of the claims and contentions alleged in the Actions; (ii) all charges of wrongdoing, liability and/or violation of law against them arising out of any of the conduct, statements, acts, or omissions alleged against them, or that could have been alleged against them in the Actions; and (iii) the allegations that anyone suffered damage or was otherwise harmed by the conduct alleged in the Actions.

10.2 Agreement Not Evidence

- (A) Neither the Settlement Agreement nor anything contained herein, shall be offered or received as evidence or interpreted in any of the Actions or any other action or proceeding as any presumption, concession or admission: (i) of the validity of any claim that has been or could have been asserted in the Actions, or the deficiency of any defence that has been or could have been asserted in the Actions; (ii) of wrongdoing, fault, neglect or liability by the Defendants; and (iii) that the consideration to be given hereunder represents the amount that could be or would have been recovered in the Actions after trial. The foregoing shall not be interpreted to preclude the Settlement Agreement being offered as evidence to effectuate the provisions of the Settlement Agreement.

SECTION 11 - MISCELLANEOUS

11.1 Entire Agreement

- (A) The Settlement Agreement, together with the Stipulation and Agreement Concerning Settlement Discovery and the Opt-Out Threshold Agreement, constitutes the entire agreement among the Parties and supersedes all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the subject matter of the Settlement Agreement, unless expressly incorporated herein or in the Stipulation and Agreement Concerning Settlement Discovery or the Opt-Out Threshold Agreement. The Settlement Agreement may not be modified or amended except in writing and on consent of all Parties or their successors-in-interest.

11.2 Translation of Settlement Documents

- (A) To the extent required by law, this Settlement Agreement, the Plan of Allocation, the Plan of Notice and the Pre-Approval Notices shall be translated into the French language for submission to the Québec Court and for the issuance of orders from the Québec Court. Class Counsel shall cause such translations to be performed, and the cost of

obtaining such translations shall constitute an Administration Expense that is payable out of the Settlement Amount.

- (B) In the event that a dispute arises concerning the interpretation or effect of a provision of the Settlement Agreement or a translation thereof, the English version of the Settlement Agreement shall be paramount and its terms shall supersede those of any translation.

11.3 Ongoing Jurisdiction

- (A) The Settlement Agreement shall be governed by, construed and interpreted in accordance with the laws of the province of Ontario. To the extent that the laws of Québec and the United States are applicable to the proceedings arising from this Settlement Agreement which occur in those jurisdictions, the law of the applicable jurisdiction shall apply to those proceedings.
- (B) All Courts shall retain jurisdiction with respect to implementation and enforcement of the terms of this Settlement Agreement and the Parties submit to the jurisdiction of the Courts for purposes of implementing and enforcing the settlement provided herein.

11.4 Motions for Directions

- (A) Any one or more of the Parties, the Escrow Agent or the Administrator may apply to the Courts for directions in respect of any matter in relation to the Settlement Agreement and Plan of Allocation.
- (B) All motions contemplated by the Settlement Agreement shall be on notice to the Parties.

11.5 Interpretation

- (A) In the Settlement Agreement:
 - (i) the division of the Settlement Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the Settlement Agreement; and
 - (ii) the terms “the Settlement Agreement”, “herein”, “hereto” and similar expressions refer to the Settlement Agreement as a whole and not to any particular section or other portion of the Settlement Agreement.

- (B) In the computation of time in this Settlement Agreement, except where a contrary intention appears,
- (i) where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, including, unless otherwise provided, all calendar days; and
 - (ii) only in the case where the time for doing an act expires on a holiday (as defined in the *Ontario Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, R.1.03(1)), the act may be done on the next day that is not a holiday.

11.6 Binding Effect

- (A) The Settlement Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and all of their respective successors in interest, heirs, administrators, trustees and assigns and, upon the Effective Date, Class Members and their respective successors, heirs, beneficiaries, current and former employee plan members and contributors, executors, administrators, trustees and assigns.

11.7 Negotiated Agreement

- (A) The Settlement Agreement has been the subject of arm's-length negotiations among the Parties, each of which has been represented and advised by competent counsel and all Parties have contributed substantially and materially to the preparation of this Settlement Agreement, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafters of the Settlement Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of the Settlement Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of the Settlement Agreement.

11.8 Public Statements

- (A) All Parties and their respective counsel shall provide each other with reasonable advance notice of any news releases or postings on their website (including the contents thereof) announcing this settlement and agree such statements shall not make any disparaging

statements about the any of the Parties, or their counsel, and shall reflect that the settlement is made without any admissions of liability, wrongdoing or fault.

11.9 Notice

- (A) Where the Settlement Agreement requires a notice or any other communication or document to be given to the Parties, such notice, communication or document shall be provided by email, facsimile or letter by overnight delivery to the representative of the person to whom notice is being provided, as identified below:

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11.10 Authorized Signatures

- (A) Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, this Settlement Agreement on behalf of the Party for whom he or she is signing.

11.11 Acknowledgements

- (A) Each of the Parties hereby affirms and acknowledges that:
- (i) their representative, with the authority to bind the Party with respect to the matters set forth herein, has read and understood the Settlement Agreement;
 - (ii) the terms of the Settlement Agreement and the effects thereof have been fully explained to them or their representative by their counsel;
 - (iii) their representative fully understands each term of the Settlement Agreement and its effect.

11.12 Counterparts

- (A) The Settlement Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and a facsimile signature shall be deemed an original signature for purposes of executing the Settlement Agreement.

The Parties have executed this Settlement Agreement as of the date on the cover page.

METZLER INVESTMENT GMBH
By its counsel,
Siskinds LLP and Diaz Reus & Targ LLP

By:

A. Dimitri Lascaris

& By:

Alexander Reus

Per: Dimitri Lascaris
Siskinds LLP

GASTON RIOUX
By his counsel,
Siskinds Desmeules s.e.n.c.r.l.

By:

Simon Hebert

Per: Dimitri Lascaris
Siskinds LLP

CITY OF ST. CLAIR SHORES POLICE AND FIRE
RETIREMENT SYSTEM, NORFOLK COUNTY
RETIREMENT SYSTEM, CITY OF PONTIAC
POLICEMEN'S AND FIREMAN'S RETIREMENT
SYSTEMS, AND CITY OF DETROIT POLICEMAN'S
AND FIREMAN'S RETIREMENT SYSTEMS
By their counsel,
Robbins Geller Rudman & Dowd ^{LLP} and
Labaton Sucharow ^{LLP}

GILDAN ACTIVEWEAR INC., GLENN J. CHAMANDY,
GLENN CHAMANDY HOLDINGS CORPORATION AND
LAURENCE G. SELLYN
By their counsel,
Ogilvy Renault ^{LLP} and Sullivan & Cromwell ^{LLP}

By: David A. Rosenfeld / by ee
Samuel H. Rudman / David A. Rosenfeld

By: [Signature]
Alan Mark / Steve Tenai

& By: Jonathan Gardner
Jonathan Gardner / Mark Goldman

& By: _____
Brian Frawley

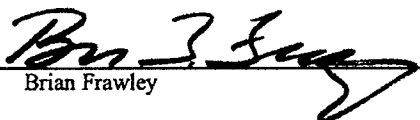
**CITY OF ST. CLAIR SHORES POLICE AND FIRE
RETIREMENT SYSTEM, NORFOLK COUNTY
RETIREMENT SYSTEM, CITY OF PONTIAC
POLICEMEN'S AND FIREMAN'S RETIREMENT
SYSTEMS, AND CITY OF DETROIT POLICEMAN'S
AND FIREMAN'S RETIREMENT SYSTEMS**
By their counsel,
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Labaton Sucharow ^{LLP}

**GILDAN ACTIVEWEAR INC., GLENN J. CHAMANDY,
GLENN CHAMANDY HOLDINGS CORPORATION AND
LAURENCE G. SELLYN**
By their counsel,
Ogilvy Renault ^{LLP} and Sullivan & Cromwell ^{LLP}

By: _____
Samuel H. Rudman / David A. Rosenfeld

By: _____
Alan Mark / Steve Tenai

& By: _____
Jonathan Gardner / Mark Goldman

& By:  _____
Brian Frawley

CERTIFICATE OF SERVICE

I hereby certify that on August 10, 2010, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I caused to be mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on August 10, 2010.

s/ David A. Rosenfeld

DAVID A. ROSENFELD

ROBBINS GELLER RUDMAN
& DOWD LLP
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Mailing Information for a Case 1:08-cv-05048-HB

Electronic Mail Notice List

The following are those who are currently on the list to receive e-mail notices for this case.

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- **Laurent Stephan Wiesel**
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Manual Notice List

The following is the list of attorneys who are **not** on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

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