

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**  
SEC Accession No. **0000912057-01-526415**

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### FILER

#### HAGGAR CORP

CIK: **892533** | IRS No.: **752187001** | State of Incorporation: **NV** | Fiscal Year End: **0930**  
Type: **10-Q** | Act: **34** | File No.: **000-20850** | Film No.: **1696666**  
SIC: **2320** Men's & boys' furnisngs, work clothg, & allied garments

Mailing Address  
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DALLAS TX 75209

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DALLAS TX 75209  
2143528481

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

-----  
FORM 10-Q  
-----

(Mark One)

X Quarterly report pursuant to Section 13 or 15(d) of the Securities  
--- Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001.

OR

--- Transition report pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_.

COMMISSION FILE NUMBER: 0-20850

HAGGAR CORP.

(Exact name of the registrant as specified in the charter)

NEVADA  
(State or other jurisdiction of  
incorporation or organization)

75-2187001  
(I.R.S. Employer  
Identification Number)

6113 LEMMON AVENUE  
DALLAS, TEXAS 75209  
(Address of principal executive offices)

TELEPHONE NUMBER (214) 352-8481  
(Registrant's telephone number including area code)

Indicate by a check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the 12 months (or for such shorter period that the registrant was  
required to file such reports) and (2) has been subject to such filing  
requirements for the past 90 days.

Yes X  
---

No  
---

As of August 3, 2001, there were 6,387,295 shares of the Registrant's Common  
Stock outstanding.

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HAGGAR CORP. AND SUBSIDIARIES

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(Three and nine months ended June 30, 2001 and 2000)

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HAGGAR CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED, IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net sales	\$ 108,151	\$ 102,053	\$ 323,798	\$ 317,803
Cost of goods sold	76,475	69,253	223,672	213,159
Reorganization Costs	-	-	20,800	-
Gross profit	31,676	32,800	79,326	104,644
Selling, general and administrative expenses	(28,927)	(30,541)	(92,678)	(97,141)
Royalty income, net	435	592	1,476	1,501
Operating income (loss)	3,184	2,851	(11,876)	9,004
Other income, net	149	451	202	808
Interest expense	(1,400)	(1,037)	(3,797)	(2,968)
Income (loss) from operations before provision (benefit) for income taxes	1,933	2,265	(15,471)	6,844
Provision (benefit) for income taxes	905	842	(4,069)	2,682
Net income (loss)	\$ 1,028	\$ 1,423	(\$ 11,402)	\$ 4,162
Net income (loss) per share on a basic basis	\$ 0.16	\$ 0.22	(\$ 1.75)	\$ 0.61

Net income (loss) per share on a diluted basis	\$ 0.15	\$ 0.21	(\$ 1.75)	\$ 0.59
	=====	=====	=====	=====
Weighted average number of common shares outstanding - Basic	6,504	6,594	6,512	6,795
	=====	=====	=====	=====
Weighted average number of common shares and common share-equivalents outstanding - Diluted	6,798	6,847	6,512	7,001
	=====	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

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HAGGAR CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)

<Table>

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	June 30, 2001 (unaudited)	September 30, 2000
	-----	-----
	<C>	<C>
<S>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,107	\$ 6,238
Accounts receivable, net	55,472	66,362
Due from factor	2,511	1,951
Inventories	103,910	92,581
Deferred tax benefit	13,618	10,624
Other current assets	2,202	1,737
	-----	-----
Total current assets	188,820	179,493
Property, plant, and equipment, net	52,396	59,563
Goodwill, net	25,429	26,505
Other assets	9,008	6,795
	-----	-----
Total assets	\$ 275,653	\$ 272,356
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 27,460	\$ 25,176
Accrued liabilities	23,131	22,970
Accrued wages and other employee benefits	2,840	6,106
Accrued workers' compensation	4,071	3,941
Current portion of long-term debt	3,765	4,046
	-----	-----
Total current liabilities	61,267	62,239
Long-term debt	63,599	46,333
	-----	-----
Total liabilities	124,866	108,572
Commitments and contingencies		
Stockholders' equity:		
Common stock - par value \$0.10 per share; 25,000,000 shares authorized and 8,591,000 and 8,582,998 shares issued at June 30, 2001 and September 30, 2000, respectively	859	858
Additional paid-in capital	42,014	41,931
Cumulative translation adjustment	(539)	(565)
Retained earnings	131,891	144,287
	-----	-----

	174,225	186,511
Less - Treasury stock, 2,098,205 and 2,043,205 shares at cost at June 30, 2001 and September 30, 2000, respectively	(23,438)	(22,727)
	-----	-----
Total stockholders' equity	150,787	163,784
	-----	-----
Total liabilities and stockholders' equity	\$ 275,653	\$ 272,356
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

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HAGGAR CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED, IN THOUSANDS)

<Table>

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	Nine Months Ended June 30,	
	2001	2000
	-----	-----
	<C>	<C>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	(\$ 11,402)	\$ 4,162
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	9,707	10,043
(Gain) loss on disposal of property, plant, and equipment	2,488	(393)
Changes in assets and liabilities:		
Accounts receivable, net	10,890	13,187
Due from factor	(560)	1,940
Inventories	(11,329)	2,221
Current deferred tax benefit	(2,994)	403
Other current assets	(465)	(2,806)
Accounts payable	2,284	(9,585)
Accrued liabilities	161	(10,732)
Accrued wages, workers' compensation, and other employee benefits	(3,136)	(3,826)
	-----	-----
Net cash (used in) provided by operating activities	(4,356)	4,614
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment, net	(3,881)	(7,417)
Proceeds from the sale of property, plant and equipment, net	33	1,280
(Increase) decrease in other assets	(2,317)	1,331
	-----	-----
Net cash used in investing activities	(6,165)	(4,806)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of treasury stock at cost	(711)	(7,747)
Proceeds from issuance of long-term debt	96,000	118,000
Payments on long-term debt	(79,015)	(104,825)
Proceeds from issuance of common stock	84	18
Payments of cash dividends	(994)	(1,003)
	-----	-----
Net cash provided by financing activities	15,364	4,443
Effects of exchange rates on cash and cash equivalents	26	-
Increase in cash and cash equivalents	4,869	4,251
Cash and cash equivalents, beginning of period	6,238	6,380
	-----	-----
Cash and cash equivalents, end of period	\$ 11,107	\$ 10,631
	=====	=====
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for:		
Interest	\$ 4,679	\$ 2,944

The accompanying notes are an integral part of these consolidated financial statements.  
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## HAGGAR CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated balance sheet as of June 30, 2001, and the consolidated statements of operations and cash flows for the three and nine months ended June 30, 2001, have been prepared by Hagggar Corp. (the "Company") without audit. In the opinion of management, all necessary adjustments (which include only normal recurring adjustments) to present fairly the consolidated financial position, results of operations, and cash flows of the Company at June 30, 2001, and for all other periods presented, have been made. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with generally accepted accounting principles have been omitted. These consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying footnotes in the Company's Annual Report on Form 10-K for the year ended September 30, 2000.

## CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially expose the Company to concentrations of credit risk, as defined by Statement of Financial Accounting Standards ("SFAS") No. 105, "Disclosure of Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk," consist primarily of trade accounts receivable. The Company's customers are not concentrated in any specific geographic region but are concentrated in the apparel industry. The Company's largest current customer, J.C. Penney Company, Inc., accounted for 23.3% and 24.6% of the Company's net sales for the nine months ended June 30, 2001 and 2000, respectively. The Company's second largest current customer, Kohl's Department Stores, Inc., accounted for 12.6% and 11.8% of the Company's net sales for the nine months ended June 30, 2001 and 2000, respectively. The Company's third largest current customer, Wal-Mart, accounted for 11.6% and 8.3% of the Company's net sales for the nine months ended June 30, 2001 and 2000, respectively. No other customer accounted for more than 10% of the Company's net sales. The Company performs ongoing credit evaluations of its customers' financial condition and establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends, and other information.

## NEW ACCOUNTING STANDARDS

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001, thereby eliminating the pooling-of-interests method of accounting. SFAS No. 141 also addresses the recognition and measurement of goodwill and other intangible assets acquired in a business combination. The adoption of SFAS No. 141 by the Company on July 1, 2001, will not have a significant affect on the Company's consolidated financial statements.

Upon the adoption of SFAS No. 142, goodwill and intangible assets that have indefinite useful lives will not be amortized but rather will be tested at least annually for impairment. The Company will adopt the provisions of SFAS No. 142 on October 1, 2001. Goodwill amortization will be approximately \$1.5 million for fiscal 2001, none of which is deductible for tax purposes. The Company will complete its assessment of goodwill impairment by March 31, 2002. The impact of an impairment, if any, would be recorded as a cumulative effect of a change in accounting principle during the first quarter of fiscal 2002.

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## INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out) or market and consisted of the following at June 30, 2001, and September 30, 2000 (in thousands):

&lt;Table&gt;

&lt;Caption&gt;

	June 30, 2001	September 30, 2000
	-----	-----
<S>	<C>	<C>
Piece goods	\$ 13,533	\$ 12,675
Trimmings & supplies	4,199	3,017
Work-in-process	13,860	17,955
Finished garments	72,318	58,934
	-----	-----
	\$ 103,910	\$ 92,581
	=====	=====

&lt;/Table&gt;

Work-in-process and finished garments inventories consisted of materials, labor and manufacturing overhead.

## LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2001, and September 30, 2000 (in thousands):

&lt;Table&gt;

&lt;Caption&gt;

	June 30, 2001	September 30, 2000
	-----	-----
<S>	<C>	<C>
Borrowings under revolving credit line	\$ 50,000	\$ 29,000
Industrial Development Revenue		
Bonds with interest at a rate equal to that of high-quality, short-term, tax-exempt obligations, as defined (2.8% at June 30, 2001 and 3.65% at September 30, 2000), payable in annual installments of \$100 to \$200, and a final payment of \$2,000 in 2005, secured by certain buildings and equipment	2,400	2,500
Allstate Notes	14,286	17,857
Other	678	1,022
	-----	-----
	67,364	50,379
Less - Current portion	3,765	4,046
	-----	-----
	\$ 63,599	\$ 46,333
	=====	=====

&lt;/Table&gt;

Net assets mortgaged or subject to lien under the Industrial Development Revenue Bonds totaled approximately \$700,330 at June 30, 2001.

As of June 30, 2001, the Company had a revolving credit line agreement (the "Agreement") with certain banks. As of June 30, 2001, the Company had additional available borrowing capacity of approximately \$31.4 million. The Company incurred approximately \$23,000 in commitment fees during the quarter ended June 30, 2001. The interest rates for the nine month period ended June 30, 2001, ranged from 6.75% to 9.5%. The Agreement prohibits the Company from pledging its accounts receivable and inventories, contains limitations on incurring additional indebtedness, requires maintaining minimum net worth

levels of the Company and the Company's main operating subsidiary, and also requires the maintenance of certain financial ratios.

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On May 11, 2001, the Company amended the Agreement to extend the maturity date one year to June 30, 2003, with a one year renewal at the option of the banks, and to revise certain covenants. The amendment also reduces the Agreement to a \$90.0 million facility, which may be increased up to a maximum of a \$100.0 million facility by the addition of new banks to the lending group.

#### REORGANIZATION

On March 26, 2001, the Company announced plans to close its manufacturing facility in Edinburg, Texas, and its operations in Japan. Accordingly, the Company recorded a \$20.8 million charge to operations (\$14.3 million after taxes) in the quarter ending March 31, 2001. The Company's decision to close its Edinburg facility was made in conjunction with the Company's continuing strategy to source its production internationally. All 595 employees at the Edinburg plant have been terminated in conjunction with the closure, which occurred on May 10, 2001. Severance payments of \$2.2 million have been made as of June 30, 2001, and all other employee termination costs are expected to be paid by the end of fiscal 2002. In conjunction with the Edinburg closure, the net book value of the manufacturing facility and equipment was written off as the net realizable value of such assets was expected to be insignificant.

Due to unfavorable retail conditions in Japan, the Company decided to terminate its operations in Japan, which is expected to be completed by the end of the fourth quarter of fiscal 2001. Severance costs related to the closure are expected to be insignificant and reserves necessary to write down the operation's receivables and inventory were approximately \$1.0 million.

During the second quarter of fiscal 2001, the Company recorded an \$8.6 million charge for legal expenses, of which \$1.6 million was due to a cash settlement for certain claims and the remaining \$7.0 million was due to management's estimate of the expected loss for unsettled claims against the Company, including two jury verdicts totaling \$5.2 million which have been returned against subsidiaries of the Company and are currently on appeal. The majority of the legal claims against the Company relate to claims for wrongful discharge and common law tort by former employees of the Company's sewing facilities in South Texas that were closed in previous years. Due to the closure of the Company's last manufacturing facility in South Texas, management believes that the likelihood of adverse outcomes related to such claims has increased significantly. Accordingly, the Company has recorded its best estimate of future costs for such claims.

The reorganization costs before tax are summarized as follows (in millions):

<Table>

<Caption>

	Balance March 31, 2001 -----	Payments -----	Balance June 30, 2001 -----
<S>	<C>	<C>	<C>
Employee termination and related costs	\$8.1	(\$3.6)	\$4.5
Plant and equipment impairment	3.1	(\$2.5)	0.6
Other asset write-downs	1.0	(\$1.0)	-
Legal costs	8.6	(\$2.2)	6.4
	---	-----	---
Total Reorganization Costs	\$ 20.8 =====	(\$9.3) =====	\$ 11.5 =====

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#### NET INCOME PER COMMON SHARE - BASIC AND DILUTED

Basic earnings per share excludes dilution and is computed by dividing net



income by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income by the sum of the weighted-average number of common shares outstanding for the period and the number of equivalent shares assumed outstanding under the Company's stock based compensation plans.

Options to purchase 821,084 common shares at prices ranging from \$11.25 to \$23.00 were not dilutive due to the loss recorded by the Company for the nine months ended June 30, 2001. Options to purchase 842,551 common shares at prices ranging from \$11.25 to \$23.00 were not dilutive and were outstanding for the three months ended June 30, 2001. Options to purchase 826,865 common shares at prices ranging from \$12.88 to \$23.00 were not dilutive and were outstanding for the three and nine months ended June 30, 2000. Such shares for these periods were not included in the diluted earnings per share calculation because the options' exercise prices were greater than the average market price of the common shares. Diluted earnings per share was calculated as follows (in thousands, except per share data):

<Table>  
<Caption>

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net income (loss) to common stockholders	\$ 1,028	\$ 1,423	(\$ 11,402)	\$ 4,162
Weighted average common shares outstanding	6,504	6,594	6,512	6,795
Shares equivalents, due to stock options	294	253	-	206
	6,798	6,847	6,512	7,001
	=====	=====	=====	=====
Net income (loss) per share - diluted	\$ 0.15	\$ 0.21	(\$ 1.75)	\$ 0.59
	=====	=====	=====	=====

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#### SUBSEQUENT EVENTS

#### DIVIDEND DECLARED.

The Company declared a cash dividend of \$0.05 per share payable to the stockholders of record on August 6, 2001. The dividend of approximately \$324,500 will be paid on or before August 20, 2001.

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#### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the attached consolidated financial statements and the notes thereto and with the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2000.

#### RESULTS OF OPERATIONS

#### REORGANIZATION

On March 26, 2001, the Company announced plans to close its manufacturing facility in Edinburg, Texas, and its operations in Japan. Accordingly, the Company recorded a \$20.8 million charge to operations (\$14.3 million after taxes) in the quarter ending March 31, 2001. The Company's decision to close its Edinburg facility was made in conjunction with the Company's continuing strategy to source its production internationally. All 595 employees at the Edinburg plant have been terminated in conjunction with the closure, which occurred on May 10, 2001. Severance payments of \$2.2 million have been made as of June 30, 2001, and all other employee termination costs are expected to be paid by the end of fiscal 2002. In conjunction with the Edinburg closure, the

net book value of the manufacturing facility and equipment was written off as the net realizable value of such assets was expected to be insignificant.

Due to unfavorable retail conditions in Japan, the Company decided to terminate its operations in Japan, which is expected to be completed by the end of the fourth quarter of fiscal 2001. Severance costs related to the closure are expected to be insignificant and reserves necessary to write down the operation's receivables and inventory were approximately \$1.0 million.

During the second quarter of fiscal 2001, the Company recorded an \$8.6 million charge for legal expenses, of which \$1.6 million was due to a cash settlement for certain claims and the remaining \$7.0 million was due to management's estimate of the expected loss for unsettled claims against the Company, including two jury verdicts totaling \$5.2 million which have been returned against subsidiaries of the Company and are currently on appeal. The majority of the legal claims against the Company relate to claims for wrongful discharge and common law tort by former employees of the Company's sewing facilities in South Texas that were closed in previous years. Due to the closure of the Company's last manufacturing facility in South Texas, management believes that the likelihood of adverse outcomes related to such claims has increased significantly. Accordingly, the Company has recorded its best estimate of future costs for such claims.

The reorganization costs before tax are summarized as follows (in millions):

<Table>	
<Caption>	
<S>	<C>
Employee termination and related costs	\$ 8.1
Plant and equipment impairment	3.1
Other asset write-downs	1.0
Legal costs	8.6
	-----
Total Reorganization Costs	\$20.8
	=====

</Table>

The reorganization is expected to provide an annual pre-tax cost savings of \$3 to \$5 million depending on the mix of our products and future sourcing efforts.

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#### OPERATIONS

The Company's third quarter of fiscal 2001 net income of \$1.0 million compares to net income of \$1.4 million in the third quarter of fiscal 2000. The decrease in net income for the third quarter relates primarily to decreased margins due to the overall competitive retail environment which has resulted in lower wholesale prices. In the third quarter of fiscal 2000, the Company had unusually high legal expenses incurred as a result of various claims by former employees for wrongful discharge and common law tort against the Company. The net loss to common stockholders for the nine months ended June 30, 2001, was \$11.4 million compared to \$4.2 million net income for the nine months ended June 30, 2000. The decrease in net income for the nine months ended June 30, 2001, relates principally to the reorganization of the Company's manufacturing operations.

Net sales for the quarter ended June 30, 2001, increased 6.0% to \$108.2 million from \$102.1 million in the third quarter of fiscal 2000. The increase in net sales for the third quarter of fiscal 2001 is the combined result of a 20.6% increase in unit sales and a 14.6% decrease in the sales price due to increased private label sales and more competitive retail pricing. Net sales for the nine months ended June 30, 2001, increased 1.9% to \$323.8 million compared to \$317.8 million in the prior fiscal year. The increase in the first nine months of fiscal 2001 resulted from a 8.4% increase in unit sales and a 6.5% decrease in the sales price due to more competitive wholesale pricing.

Gross profit as a percentage of net sales decreased to 29.3% in the third quarter of fiscal 2001 compared to 32.2% for the same quarter last year. Before the reorganization charge, the gross profit for the first nine months of fiscal 2001 decreased to 30.9% from 33.0% in the first nine months of fiscal 2000. Excluding the legal charge to cost of sales for fiscal 2000, the gross profit as a percentage of net sales was 33.7% and 33.5% for the third quarter and nine months ended June 30, 2000, respectively. The decreases in gross profit are primarily the result of decreased margins due to the overall competitive retail environment which resulted in lower wholesale prices.

Selling, general and administrative expenses as a percentage of net sales decreased to 26.7% for the three month period ended June 30, 2001, as compared to 29.9% for the same period ended June 30, 2000. Actual selling, general and administrative expenses decreased to \$28.9 million in the third quarter of fiscal 2001 compared to \$30.5 million in the same quarter in fiscal 2000. The \$1.6 million decrease in selling, general and administrative expenses for the third quarter of fiscal 2001 compared to the third quarter of fiscal 2000 related to a \$1.0 million decrease in legal expenses, a \$0.3 million decrease in selling and advertising expenses, a \$0.5 million decrease in Haggar Japan's expenses, a \$0.4 million decrease in other general expenses (including insurance and incentive programs) and a \$0.3 million decrease in the women's division expenses, as offset by a \$0.9 million increase in shipping expenses due to increased unit sales.

Selling, general and administrative expenses as a percentage of net sales decreased to 28.6% for the nine month period ended June 30, 2001, as compared to 30.6% for the same period ended June 30, 2000. Actual selling, general and administrative expenses decreased to \$92.7 million for the nine months ended June 30, 2001, compared to \$97.1 million in the first nine months of the prior fiscal year. The decrease of \$4.4 million in selling, general and administrative expenses for the first nine months of fiscal 2001 compared to fiscal 2000 primarily related to a \$1.9 million decrease in selling and advertising expenses, a \$1.9 million decrease of legal expenses, a \$0.3 million decrease in licensing expenses, a \$0.6 million decrease in Haggar Japan's expenses, a \$0.3 million decrease in expenses of retail operations, and a \$0.7 million decrease in women's division expenses, as offset by a \$1.3 million increase in shipping expenses due to increased unit sales.

Other income was \$149,000 in the third quarter of fiscal 2001 compared to \$451,000 in the same quarter last year. For the first nine months of fiscal 2001, other income decreased to \$202,000 compared to \$808,000 for the same period last year. The decreases in the three and nine months of fiscal 2001 relate to gains from the sales of miscellaneous equipment in fiscal 2000 which did not repeat in fiscal 2001.

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In the third quarter of fiscal 2001, the provision for income taxes increased as a percentage of income before taxes to 46.8% from 37.2% for the same quarter last year. For the nine months ended June 30, 2001, the benefit from income taxes as a percentage of income before taxes was 26.3% as compared to a 39.2% provision for income taxes for the same period last year. The effective tax rates differ from the federal statutory rate primarily due to foreign and state taxes and non-deductible goodwill.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company's trade accounts receivable potentially expose the Company to concentrations of credit risk because most of its customers are in the retail apparel industry. The Company performs ongoing credit evaluations of its customers' financial condition and establishes an allowance for doubtful accounts based upon the factors related to the credit risk of specific customers, historical trends and other information. The Company's trade accounts receivable, including amounts due from the factor, decreased approximately \$10.3 million to \$58.0 million at June 30, 2001, from \$68.3 million at September 30, 2000. This decrease is primarily the result of the seasonality of the Company's sales.

Inventories as of June 30, 2001, increased to \$103.9 million from \$92.6 million

at September 30, 2000. The increase in inventory levels relates primarily to increased finished goods inventories in anticipation for seasonal sales in the fourth quarter of fiscal 2001.

The Company has a revolving credit line facility with certain banks. As of June 30, 2001, the Company had additional available borrowing capacity of approximately \$31.4 million. The Company incurred approximately \$23,000 in commitment fees related to the available borrowing capacity for the three months ended June 30, 2001. The interest rates for the quarter ended June 30, 2001, ranged from 6.75% to 9.5%. The facility will mature June 30, 2003, with a one year renewal at the option of the banks.

For the nine months ended June 30, 2001, the Company used cash in operating activities of approximately \$4.4 million. The cash used is primarily the result of an \$11.3 million increase in inventories and a \$3.1 million increase in accrued wages, workers compensation, and other employee benefits, offset by a \$10.3 million decrease in accounts receivable and due from factor and a \$2.3 million increase in accounts payable. For the same period last year, the Company provided cash from operating activities of approximately \$4.6 million. The cash provided was primarily the result of a \$15.1 million decrease in accounts receivable and due from factor and a \$2.2 million decrease in inventories, offset by a \$10.7 million decrease in accrued liabilities.

The Company used approximately \$6.2 million in investing activities for the nine months ended June 30, 2001. The Company purchased property, plant and equipment of \$3.9 million, and had a \$2.3 million increase in other assets. For the nine months ended June 30, 2000, the Company used approximately \$4.8 million in investing activities. The Company purchased \$7.4 million of property, plant and equipment offset by proceeds from the sale of property, plant and equipment of \$1.3 million and a \$1.3 million decrease in other assets.

Cash flows provided from financing activities of \$15.4 million for the nine months ended June 30, 2001, were primarily the result of a net increase in long-term debt of \$17.0 million, offset by a \$1.0 million payment of cash dividends and the purchase of \$0.7 million in treasury stock. Comparatively, cash flows provided by financing activities of \$4.4 million for the same period last year were primarily the result of a net increase in long-term debt of \$13.2 million, offset by a \$1.0 million payment of cash dividends and the purchase of \$7.7 million in treasury stock.

The Company believes that the cash flow generated from operations and the funds available under the aforementioned credit facilities will be adequate to meet its working capital and related financing needs for the foreseeable future.

#### NEW ACCOUNTING STANDARDS

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In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001, thereby eliminating the pooling-of-interests method of accounting. SFAS No. 141 also addresses the recognition and measurement of goodwill and other intangible assets acquired in a business combination. The adoption of SFAS No. 141 by the Company on July 1, 2001, will not have a significant affect on the Company's consolidated financial statements.

Upon the adoption of SFAS No. 142, goodwill and intangible assets that have indefinite useful lives will not be amortized but rather will be tested at least annually for impairment. The Company will adopt the provisions of SFAS No. 142 on October 1, 2001. Goodwill amortization will be approximately \$1.5 million for fiscal 2001, none of which is deductible for tax purposes. The Company will complete its assessment of goodwill impairment by March 31, 2002. The impact of an impairment, if any, would be recorded as a cumulative effect of a change in accounting principle during the first quarter of fiscal 2002.

#### FORWARD LOOKING STATEMENTS.

This report contains certain forward-looking statements. In addition, from time to time the Company may issue press releases and other written communications, and representatives of the Company may make oral statements, which contain forward-looking information. Except for historical information, matters discussed in such oral and written communications are forward-looking statements that involve risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements.

Although the Company believes that any forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in any forward-looking statements. A number of factors could affect the results of the Company or the apparel industry generally and could cause the Company's expected results to differ materially from those expressed in this filing. These factors include, among other things:

- Changes in general business conditions,
- Impact of competition in the apparel industry,
- Changes in the performance of the retail sector in general and the apparel industry in particular,
- Seasonality of the Company's business,
- Changes in consumer acceptance of new products and the success of advertising, marketing and promotional campaigns,
- Changes in laws and other regulatory actions,
- Changes in labor relations,
- Political and economic events and conditions domestically or in the foreign jurisdictions in which the Company operates,
- Unexpected judicial decisions,
- Changes in interest rates and capital market conditions and inflation,
- Acquisition or dissolution of business enterprises,
- Natural disasters, and
- Unusual or infrequent items that cannot be foreseen or are not susceptible to estimation.

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#### SUBSEQUENT EVENTS

##### DIVIDEND DECLARED.

The Company declared a cash dividend of \$0.05 per share payable to the stockholders of record on August 6, 2001. The dividend of approximately \$324,500 will be paid on or before August 20, 2001.

##### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is exposed to market risk from changes in interest rates, which may adversely affect its financial position, results of operations and cash flows. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposures through its regular operating and financing activities. The Company does not use financial instruments for trading or other speculative purposes and is not party to any derivative financial instruments. The Company is exposed to interest rate risk primarily through its borrowing activities. As of June 30, 2001, the Company had \$50.0 million outstanding under its revolving credit line agreement and \$14.3 million in senior notes payable. See Item 1. -Notes to Consolidated Financial Statements - Long-term Debt for additional discussion of the terms of the Company's credit facility and the senior notes

payable. The fair values of the borrowings under the revolving credit line and the senior notes approximate the carrying values of the respective obligations.

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PART II. OTHER INFORMATION.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

- (a) Exhibit 10(a) Eighth Amendment to First Amended and Restated Credit Agreement dated May 11, 2001, between the Company and Chase Manhattan Bank, as agent for a bank syndicate.
- (b) Form 8-K's were filed on May 2, 2001, June 15, 2001, and July 25, 2001, disclosing the Company's updated projections under Item 9.

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.

Haggar Corp.,

Date: August 3, 2001

By: /s/ David M. Tehle  
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David M. Tehle  
Executive Vice President,  
Secretary and  
Chief Financial Officer

Signed on behalf of the  
registrant and as principal  
financial officer.

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EIGHTH AMENDMENT TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT

THIS EIGHTH AMENDMENT TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT (the "AMENDMENT"), dated as of May 11, 2001, (the "AMENDMENT DATE") is among HAGGAR CLOTHING CO. ("COMPANY"), HAGGAR CORP. ("HAGGAR"), each of the banks which are party hereto (individually a "BANK" and collectively, the "BANKS") and THE CHASE MANHATTAN BANK, (successor-by-merger to Chase Bank of Texas, National Association who was formerly Texas Commerce Bank National Association) individually as a Bank and as Agent for itself and the other Banks (in such capacity as Agent, together with its successors in such capacity, the "AGENT").

RECITALS:

Pursuant to that certain First Amended and Restated Credit Agreement dated September 18, 1996 (as the same has been and is hereby amended, the "AGREEMENT"), the banks party thereto agreed to make Loans to Company as set forth therein. Pursuant to the Agreement, Hagggar and the domestic subsidiaries of the Company are required to guaranty the obligations of the Company under the Agreement.

Since the original date of the Agreement:

- (a) AirHagggar, Inc., a guarantor under the Agreement, merged into the Company, with the Company surviving;
- (b) The following new domestic subsidiaries of the Company were created: Edinburg Direct Garment Company, Inc.; Weslaco Direct Cutting Company, Inc., Hagggar.Com, Inc., Jerell Clothing Management, Inc., Jerell, Ltd. and Hagggar Canada, Inc., all of whom have executed a Subsidiary Guaranty (except Jerell Clothing Management, Inc. and Jerell, Ltd. who together are herein referred to as the "NEW JERELL SUBSIDIARIES"); and
- (c) Jerell, Inc., a guarantor under the Agreement, merged into Jerell, Ltd., with Jerell, Ltd., surviving.

Company and Hagggar have requested that the Banks agree to modify certain terms of the Agreement as herein set forth. The Banks are willing to do so upon the terms and provisions of this Amendment.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows, effective as of the Amendment Date, unless otherwise indicated:

ARTICLE 1.

Definitions

Section 1.1. DEFINITIONS. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meanings as in the Agreement, as amended hereby.

ARTICLE 2.

AMENDMENTS

Section 2.1. AMENDMENT TO SECTION 1.1. The definitions of the following terms in Section 1.1 of the Agreement are amended in their respective entirety to read as follows (provided that the amendment to the terms "Operating Cash Flow" and "Fixed Charge Ratio" are effective as of March 31, 2001):

"Agent" means The Chase Manhattan Bank, successor in interest by merger to Chase Bank of Texas, National Association (who was formerly known as Texas Commerce Bank National Association), and any successor Agent appointed pursuant to Section 11.15.

"Banks" means the banks listed on the Schedule 8 of this Agreement (including The Chase Manhattan Bank in its capacity as a Bank but not in its capacity as the Agent), and their respective successors and assigns.

"Borrowing Base" means an amount calculated as of the last day of each fiscal month, equal to the sum of (i) eighty percent (80%) of Eligible Receivables, and (ii) fifty percent (50%) of Eligible Inventory (each of (i) and (ii) as determined pursuant to the most recent Borrowing Base Certificate delivered by the Company to the Agent pursuant to Sections 2.8 or 6.1(d)); provided however, that the portion of the Borrowing Base attributable to Eligible Inventory shall not be greater than sixty percent (60%) of the Total Commitments.

"CD Margin" means (a) at any time when the Funded Debt Ratio is equal to or less than 1.50 to 1, one and one-eighth percent (1-1/8%) per annum, (b) at any time when the Funded Debt Ratio is greater than 1.50 to 1 but less than or equal to 2.00 to 1, one and three-eighths percent (1-3/8%) per annum, (c) at any time when the Funded Debt Ratio is greater than 2.00 to 1 but less than or equal to 2.50 to 1, one and one-half percent (1-1/2%) per annum, and (d) at any time when the Funded Debt Ratio is greater than 2.50 to 1, one and five-eighths percent (1-5/8%) per annum. Each adjustment to the previously calculated CD Margin shall be effective five (5) Business Days following the Agent's receipt of the reports to be delivered by the Company pursuant to Sections 6.1(a), (b) and (c).

"Commitment" means, for any Bank, the amount set forth opposite such Bank's name on Schedule 8 hereto or in the most recent assignment executed by such Bank pursuant to Section 10.2, as such amount may be reduced pursuant to Section 2.4. "Commitments" means the aggregate of such amounts for all of the Banks.

"Eurodollar Margin" means (a) at any time when the Funded Debt Ratio is equal to or less than 1.50 to 1, one percent (1%) per annum, (b) at any time when the Funded Debt Ratio is greater than 1.50 to 1 but less than or equal to 2.00 to 1, one and one-fourth percent (1-1/4%) per annum, (c) at any time when the Funded Debt Ratio is greater than 2.00 to 1 but less than or equal to 2.50 to 1, one and three-eighths percent (1-3/8%) per annum, and (d) at any time when the Funded Debt Ratio is greater than 2.50 to 1, one and one-half percent (1-1/2%) per annum. Each adjustment to the previously calculated Eurodollar Margin shall be effective five (5) Business Days following Agent's receipt of the reports to be delivered by the Company pursuant to Sections 6.1(a), (b) and (c).

"Fixed Charge Ratio" means the ratio of (i) Operating Cash Flow minus all taxes (exclusive of the tax effects relating to the closing of the Edinburg facility and the operations in

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Japan), as determined in accordance with GAAP to (ii) Fixed Charges, in each case, as measured in accordance with Section 7.6 and as measured at the end of each fiscal quarter.

"Operating Cash Flow" means, for any period, the sum of the following for the Company Group determined on a consolidated basis without duplication: (a) net income (before accounting for the gains and losses on the sale of capital assets, discontinued operations and other like extraordinary or nonrecurring events, including all Capacity Adjustment Costs), plus (b) depreciation and amortization, plus (c) interest expense, plus (d) taxes (exclusive of the tax effects relating to the closing of the Edinburg facility and the operations in Japan), plus (e), to the extent deducted in determining net income for the period and not otherwise added pursuant to other provisions of this definition, the charges taken in 2001 in an amount not to exceed \$14,300,000 after tax



(\$20,800,000 before tax) relating to the closing of the Edinburg facility and the operations in Japan, all as set forth on the financial statements of the Company and its Subsidiaries and as determined in accordance with GAAP. In no event shall Operating Cash Flow include any income or loss attributable to any changes in the accounting for pension, profit sharing or employee benefits.

"Permitted Liens" means (a) Liens for Taxes not yet due and payable, mechanic's Liens and materialman's, shipper's or warehouseman's Liens for services or materials and landlord's Liens for rental amounts for which payment is not yet due or that are being contested in good faith and their enforcement stayed by appropriate proceedings, (b) Liens securing any purchase money Indebtedness if such Liens do not encumber any property other than the property for which such purchase money Indebtedness was incurred, (c) the currently existing Liens described in SCHEDULE 4 to this Agreement, if any, and renewals thereof if the principal amounts secured thereby are not increased and the renewed Lien does not cover any assets which are not covered by the existing Lien renewed thereby, (d) pledges or deposits made to secure payment of worker's compensation, or to participate in any fund in connection with worker's compensation, unemployment insurance, pensions, or other social security programs, (e) good-faith pledges or deposits made to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, not in excess of twenty percent (20%) of the aggregate amount due thereunder, or to secure statutory obligation, surety or appeal bonds, or indemnity, performance, or other similar bonds in the ordinary course of business, (f) encumbrances consisting of zoning restrictions, easements or other restrictions on the use of real property, none of which materially impair the operation by the Company Group (taken as a whole) of their business, and none of which is violated by existing or proposed structures or land use that materially impair the operation by the Company Group (taken as a whole), (g) the following, if (i) the validity or amount thereof is being contested in good faith and by appropriate and lawful proceedings and so long as levy and execution thereon have been stayed and continue to be stayed, or (ii) they do not in the aggregate materially detract from the value of any material assets or the operation by the Company Group of their respective businesses: claims and Liens for Taxes due and payable; any attachment of personal or real property or other legal process prior to adjudication of a dispute on the merits; adverse judgments on appeal; and Liens, and (h) Liens granted to the issuer of a documentary letter of credit which is issued for the account of a member of the Company Group in the ordinary course of such member's business, which Liens encumber the documents of title and underlying goods the purchase of which is being supported with the issuance of the letter of credit in question.

"Termination Date" means June 30, 2003, unless the Commitments are terminated prior to such date pursuant to Sections 2.4 or 9.1; provided, however, if the Agent receives written notice from the Company by April 30, 2002 (and written consent from Haggar and Domestic

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Subsidiaries), and each April 30 thereafter, of its intention to extend for one (1) additional year (and the Company receives notice from the Agent by June 15, 2002, and each June 15 thereafter, of the election of all the Banks to so extend, with the decision whether to extend by a Bank to be within its sole discretion, no Bank having any obligation to do so), then the Termination Date shall be extended for one (1) additional year, unless the Commitments are terminated prior to such extended date pursuant to Sections 2.4 or 9.1.

Section 2.2. AMENDMENT TO "PERMITTED INDEBTEDNESS" DEFINITION IN SECTION 1.1. The definition of the term "Permitted Indebtedness" in Section 1.1 of the Agreement is amended as follows:

(i) Clause (a) of the definition is amended in its entirety to read as follows:

(a) obligations to reimburse advances made under commercial letters of credit or similar instruments incurred in the ordinary course of business but only to the extent that the aggregate outstanding amount thereof does not exceed \$45,000,000;

(ii) The "and" at the end of clause (h) of the definition is deleted, the period at the end of clause (i) is deleted and replaced with an ";"; the word "and" is added to the end of clause (i) and add a new clause (j) is added immediately after clause (i) to read in its entirety as follows:

(j) obligations evidenced by senior unsecured promissory notes issued after March 31, 2001 in an aggregate amount not to exceed \$35,000,000; provided that: (i) the interest rate charged thereon does not exceed eleven percent (11%); (ii) the average life to maturity for such notes occurs after the Termination Date; and (iii) such notes are not governed by covenants that are more onerous on the Company Group than the covenants set forth in the Loan Documents or that confer rights on the holders of such notes greater than the rights provided to the Banks under the Loan Documents.

Section 2.3. AMENDMENT TO SECTION 2.5. Clause (a) in Section 2.5 of the Agreement is amended in its entirety to read as follows:

(a) On each Payment Date and on the Termination Date, a commitment fee equal to a fluctuating percentage of the average daily amount of the Total Commitments minus the sum of (i) the outstanding principal amount of all Advances and (ii) the Letter of Credit Exposure during the quarter ending on and including such Payment Date, or such shorter period ending on and including the Termination Date, as the case may be. The percentage shall be equal to the following: (a) at any time when the Funded Debt Ratio is equal to or less than 1.50 to 1, eleven-fortieths of one percent (11/40%) per annum, (b) at any time when the Funded Debt Ratio is greater than 1.50 to 1 but less than or equal to 2.00 to 1, three-tenths of one percent (3/10%) per annum, (c) at any time when the Funded Debt Ratio is greater than 2.00 to 1 but less than or equal to 2.50 to 1, thirteen-fortieths of one percent (13/40%) per annum, and (d) at any time when the Funded Debt Ratio is greater than 2.50 to 1, three-eighths of one percent (3/8%) per annum. Each adjustment to the percentage used to calculate the Commitment Fee shall be effective five (5) Business Days following Agent's receipt of the reports to be delivered, by the Company pursuant to Sections 6.1(a), (b) and (c);

Section 2.4. ADDITION OF SECTION 2.16. The Agreement is amended to add a new Section 2.16 to read in its entirety as follows:

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2.16. INCREASE OF COMMITMENTS. By written notice sent to the Agent (which the Agent shall promptly distribute to the Banks), the Company may request an increase of the Total Commitments one or more times under this Section 2.16 up to an aggregate increased amount not to exceed \$10,000,000 (i.e., to Total Commitments not to exceed \$100,000,000); provided that (i) no Unmatured Default or Default exists and (ii) the Total Commitments shall not have been reduced, nor shall the Company have given notice of any such reduction under Section 2.4. At any time that the Total Commitments are to be increased pursuant to this Section 2.16, one or more financial institutions, each as approved by the Company and the Agent (a "New Bank"), or any existing Bank, may commit to provide an amount equal to the aggregate amount of the requested increase (the "Increase Amount"); provided, that the Commitment of each New Bank shall be at least \$5,000,000 and if any existing Bank increases its Commitment, the amount of the increase shall be at least \$2,000,000. No existing Bank shall have any obligation to increase its Commitment under this Section 2.16, without the consent of such Bank. Upon receipt of notice from the Agent to the Banks and the Company that the Banks, or sufficient Banks and New Banks, have agreed to commit to an aggregate amount equal to the Increase Amount, then: provided that no Unmatured Default or Default exists at such time or after giving effect to the requested increase, the Company, the Agent and the Banks willing to increase their respective Commitments and the New Banks (if any) shall execute and deliver an Increased Commitment Supplement (herein so called) in the form attached hereto as Exhibit "H". If all existing Banks shall not have provided their Ratable Share of the requested increase, on the effective date of the Increased Commitment Supplement, the Company shall request a borrowing hereunder which shall be made only by the Banks who have increased their Commitment and, if

applicable, the New Banks. The proceeds of such borrowing shall be utilized by the Company to repay the Banks who did not agree to increase their Commitments, such borrowing and repayments to be in amounts sufficient so that after giving effect thereto, the Loans shall be held by the Banks in accordance with their respective Ratable Shares. The Company agrees to exchange the Note of each existing Bank that has increased its Commitment under this Section 2.16 for a new Note payable to the order of such Bank in the amount of its increased Commitment. The Company agrees to execute and deliver new Notes to each New Bank that has provided a new Commitment under this Section 2.16 in an amount equal to such new Commitment.

Section 2.5. AMENDMENT TO SECTION 5.3. Section 5.3 of the Agreement is amended in its entirety to read as follows:

5.3 LITIGATION. There is no Litigation pending or, to the knowledge of the Company, threatened against or affecting the Company or any of the Guarantors other than that which, collectively or individually, has not and could not reasonably be expected to result in a Material Adverse Effect.

Section 2.6. AMENDMENT TO SECTION 5.11. Section 5.11 of the Agreement is amended in its entirety to read as follows:

5.11 SUBSIDIARIES. As of March 31, 2001, Schedule 3 to this Agreement contains an accurate list of all of the presently existing Subsidiaries of the Company, setting forth their respective jurisdictions of incorporation and the percentage of their respective capital stock owned by the Company Group; all of the issued and outstanding shares of capital stock of the Domestic Subsidiaries of the Company have been duly authorized and issued and are fully paid and non-assessable.

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Section 2.7. AMENDMENT TO SECTIONS 7.6 AND 7.7. Effective as of March 31, 2001, Sections 7.6 and 7.7 of the Agreement are each amended in their respective entireties to read as follows:

7.6 FIXED CHARGE REQUIREMENT. As of the end of each fiscal quarter (commencing with the fiscal quarter ending December 31, 1997), permit the Fixed Charge Ratio to be or become less than 1.25 to 1.00, as calculated for the twelve (12) months period then ended.

7.7 FUNDED DEBT LIMITATION. As of the end of each fiscal quarter, permit the Funded Debt Ratio to be or become greater than 3.0 to 1.0.

Section 2.8. AMENDMENT TO SECTION 7.8. Effective as of March 31, 2001, clauses (a) and (b) in Section 7.8 of the Agreement are each amended in their respective entireties read as follows:

(a) Permit Net Worth of the Company Group to be or become less than an amount equal to the sum of (1) \$120,000,000, plus (2) fifty percent (50%) of the cumulative net income of the Company Group, on a consolidated basis, for the period commencing April 1, 2001, and ending June 30, 2001, and each subsequently completed fiscal quarter thereafter, plus (3) in the event Haggar or the Company shall make a registered public offering of its capital stock, sixty-six and two-thirds percent (66-2/3%) of that portion of the net proceeds from such offering attributable to the primary issuance of new shares (but not the secondary issuance of existing shares).

(b) Permit Net Worth of the Company to be or become less than \$40,000,000.

Section 2.9. AMENDMENT TO SECTION 7.13. Section 7.13 of the Agreement is amended in its entirety to read as follows:

7.13. DISTRIBUTIONS. Make or agree to make any Distribution except: (i) a Distribution from a Subsidiary of the Company to the

Company; (ii) if no Default nor any Unmatured Default exists or would result therefrom, any member of the Company Group may repurchase shares of Hagggar's common stock on the open market or through privately negotiated transactions; provided that the aggregate amount paid for such repurchases for the entire term of this Agreement (commencing September 18, 1996) shall not exceed \$40,000,000; and (iii) if no Default nor Unmatured Default exists or would result therefrom, the Company and Hagggar may make any Distribution other than those of the type described in clause (ii).

Section 2.10. AMENDMENT TO SECTION 7.15. Section 7.15 of the Agreement is amended in its entirety to read as follows:

7.15. CAPITAL EXPENDITURES LIMITATION. Make or agree to make Capital Expenditures in excess of (i) during the Company's fiscal year commencing on October 1, 1997, \$18,000,000.00 and (ii) during each fiscal year thereafter, an amount equal to ten percent (10%) of the Company Group's Net Worth; provided that (i) expenditures for remodeling and refurbishment of and additions to its existing corporate headquarters situated at 6113 Lemmon Avenue, Dallas, Texas (to the extent such expenditures in the aggregate do not exceed the sum of (A) \$2,721,000 and (B) the net cash amount realized by the Company from any sale of the "G.M." and "Cedar Springs" buildings situated, respectively, at 6007 Peeler Street and 6020 Cedar Springs, Dallas, Texas) and (ii) expenditures for the repair or replacement of property with insurance proceeds (to the extent such expenditures do not exceed the net cash amount of

EIGHTH AMENDMENT TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT - Page 6 of 16  
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such insurance proceeds) shall not be included in Capital Expenditures for purposes of the foregoing calculation.

Section 2.11. AMENDMENT TO SECTION 9.3. Section 9.3 of the Agreement is amended in its entirety to read as follows:

9.3. AMENDMENTS AND WAIVERS. The Agent, the Company, and the Banks or New Banks increasing or providing new Commitments under the terms of Section 2.16 may modify this Agreement pursuant to the terms of an Increase Commitment Supplement executed pursuant to the terms of Section 2.16 without the consent or agreement of any other Bank, any Guarantor or any other member of the Company Group; provided however, no Commitment of a Bank shall be increased pursuant to Section 2.16, without the consent of such Bank. Subject to the other terms of this Section 9.3, the Required Banks (or the Agent with the consent in writing of the Required Banks), the Company and each of the Guarantors may enter into other agreements supplemental hereto or to any other Loan Document for the purpose of adding any provisions to this Agreement or other Loan Document or changing in any manner any provision of this Agreement or any other Loan Document or the rights of the Banks or the Company or any Guarantor hereunder or thereunder or waiving any Default or Unmatured Default hereunder; provided, however, that no such supplemental agreement executed pursuant to this sentence shall:

(a) Extend the maturity of a Note or reduce the principal amount thereof, or reduce the rate of interest thereon or of any fees due hereunder or change the time of payment of interest thereon or of any fees due hereunder, or waive any non-payment of principal, interest or fees then existing, without the consent of each Bank affected thereby;

(b) Reduce the percentage specified in the definition of Required Banks, without the consent of all the Banks;

(c) Permit the Company to assign its rights under this Agreement, without the consent of all the Banks;

(d) Release the Parent Guaranty without the consent of all the Banks; or

(e) Amend this Section without the consent of all the Banks.

No amendment of any provision of this Agreement or any other Loan Document relating to the Agent shall be effective without the written consent of the Agent.

Section 2.12. AMENDMENT TO SECTION 10.2. Clause (a) of Section 10.2 of the Agreement is amended in its entirety to read as follows:

(a) A Bank may sell to any Person with a Standard & Poor's rating of "A" or better, to any other Bank or to any Bank Affiliate, one or more participations in all or a portion of its interests, rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the corresponding portion of the Note held by it); provided, however, that other than in the case of a participation sold to a Bank Affiliate or another Bank, the Agent and the Company must give their respective prior written consent, which consent will not be unreasonably withheld. Prior to consenting to any participation which requires its consent, the Company shall be afforded a period not to exceed sixty (60) days in which it may

EIGHTH AMENDMENT TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT - Page 7 of 16  
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identify a participant acceptable to it and reasonably acceptable to the selling Bank. The term "BANK AFFILIATE" means (a) with respect to any Bank (i) an Affiliate of such Bank or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Bank or an Affiliate of such Bank and (b) with respect to any Bank that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Bank or by an Affiliate of such investment advisor. In the event any Bank shall sell any participation, (i) the Company, the Agent and the other Banks shall continue to deal solely and directly with such selling Bank in connection with such selling Bank's rights and obligations under the Loan Documents (including the Note held by such selling Bank); (ii) such Bank shall retain the sole right and responsibility to enforce the obligations of the Company and the Guarantors relating to the Loans, including the right to approve any amendment, modification or waiver of any provision of this Agreement other than amendments, modifications or waivers with respect to (1) any fees payable hereunder to the Banks, and (2) the amount of principal or the rate of interest payable on, or the dates fixed for the scheduled repayment of principal of, the Loans and other sums to be paid to the Banks hereunder, and (iii) the Company and Haggar agree, to the fullest extent they may effectively do so under applicable law, that any participant of a Bank may exercise all rights of set-off, bankers' lien, counterclaim or similar rights with respect to such participation as fully as if such participant were a direct holder of Loans if such Bank has previously given notice of such participation to the Company.

Section 2.13. AMENDMENT TO SECTION 11.7. Section 11.7 of the Agreement is amended in its entirety to read in its entirety to read as follows:

11.7. RIGHT TO INDEMNITY. EACH OF THE BANKS SHALL, RATABLY IN ACCORDANCE WITH THE PERCENTAGE OF ITS COMMITMENT, INDEMNIFY THE AGENT (TO THE EXTENT NOT REIMBURSED BY THE COMPANY) FOR AND AGAINST ANY COST, EXPENSE (INCLUDING ATTORNEY'S FEES AND DISBURSEMENTS), CLAIM, DEMAND, ACTION, LOSS OR LIABILITY (EXCEPT SUCH AS RESULT FROM THE AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) THAT THE AGENT MAY SUFFER OR INCUR IN CONNECTION WITH THIS AGREEMENT OR ANY ACTION TAKEN OR OMITTED BY THE AGENT HEREUNDER, IN ITS CAPACITY AS THE AGENT, INCLUDING, WITHOUT LIMITATION, MATTERS ARISING OUT OF THE AGENT'S OWN NEGLIGENCE (OTHER THAN ITS GROSS NEGLIGENCE). The Agent shall be fully justified in failing or refusing to take any action hereunder unless it shall first be indemnified to its satisfaction by the Banks pro rata against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

Section 2.14. AMENDMENT TO EXHIBITS. Exhibits B and G to the Agreement are each amended in their respective entireties to read as set forth on Exhibit B and G attached hereto, respectively. Exhibit "H" is hereby added to the Agreement to read in its entirety as set forth on Exhibit "H" hereto.

Section 2.15. AMENDMENT TO SCHEDULES. Schedule 3 to the Agreement is amended in its entirety to read as set forth on Schedule 3 hereto. The Agreement is amended to add a new Schedule 8 to read in its entirety as set forth on Schedule 8 hereto.

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### ARTICLE 3.

#### Changes in Bank Group and Commitments

Section 3.1. ASSIGNMENT. Immediately prior to giving effect to Article 2 of this Amendment, each Bank identified on Schedule 3.1 hereto as a Selling Bank (herein so called) hereby sells and assigns to the Person or Persons identified as a Purchasing Bank (herein so called) on Schedule 3.1 hereto opposite its name thereon, without recourse, representation or warranty except as specifically set forth herein, and each Purchasing Bank hereby purchases and assumes from its Selling Bank, the Dollar amount of the Commitment of the applicable Selling Bank designated on Schedule 3.1 together with a corresponding interest (herein the "PRO RATA INTEREST" which shall equal a percentage determined by dividing the Dollar amount of the Commitment purchased by the Dollar amount of the Commitment of the applicable Selling Bank and multiplying the resulting quotient by 100) in all of the applicable Selling Bank's rights and obligations under the Agreement and the other Loan Documents as of the Amendment Date, including, without limitation, such Pro Rata Interest in the following: (i) the Loans owing to, and Letter of Credit Exposure participated in by the applicable Selling Bank and outstanding on the Amendment Date; and (ii) all unpaid interest and fees accrued on the Loans purchased hereunder from the Amendment Date. A Selling Bank's assignment to a Purchasing Bank shall not be effective until it shall have received the purchase price for the assignment from such Purchasing Bank in the amount equal to the product of (i) the Purchasing Bank's Pro Rata Interest multiplied by (ii) the Loans owing to the applicable Selling Bank on the Amendment Date ("PURCHASE PRICE").

Section 3.2. REPRESENTATIONS AND DISCLOSURES. Each Selling Bank represents and warrants to the Purchasing Bank designated as such opposite such Selling Bank's name on Schedule 3.1 that: (i) the Purchase Price paid to it by such Purchasing Bank equals the Purchasing Bank's Pro Rata Interest in the principal amount of the Loans outstanding on the Amendment Date which are owned by the Selling Bank and assigned to the Purchasing Bank in accordance with this Amendment; (ii) it is legally authorized to enter in this Amendment, (iii) it is the legal and beneficial owner of the interest being assigned by it hereunder; and (iv) such interest is free and clear of any adverse claim. Except as provided in the proceeding sentence, no Selling Bank has made any representation or warranty nor assumes any responsibility with respect to any statements, warranties or representations made in or in connection with the Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Agreement or any other Loan Document and makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or any Guarantor (collectively with the Company, the "OBLIGATED PARTIES") or the performance or observance by any Obligated Party of any of their obligations under the Agreement or any other Loan Document.

Section 3.3. PURCHASING BANK REPRESENTATIONS AND AGREEMENTS. Each Purchasing Bank (i) represents and warrants to its Selling Bank that it is legally authorized to enter in this Amendment; (ii) confirms that it has received a copy of the Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.1 thereof, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment; (iii) agrees that it will, independently and without reliance upon the Agent, the Selling Bank, or any other Bank and based on such documents and information as it shall deem

appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement and the other Loan Documents; (iv) appoints and authorizes the Agent to take such action on its behalf and to exercise such powers under the Loan Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all obligations which by the terms of the Agreement and the other Loan Documents are required to be performed by it as a Bank; and (vi), if it is organized under the laws of a jurisdiction outside the United States, agrees to provide Agent the forms prescribed by the Internal Revenue Service of the United States certifying as to its exemption from United States withholding taxes with respect to all payments to be made to it under the

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Agreement or such other Loan Documents as are necessary to indicate that all such payments are subject to such tax at a rate reduced by an applicable tax treaty.

Section 3.4. CONSENT. By execution of this Amendment below, the Company and the Agent provide their written consent to the Assignments as required by Section 10.2 of the Agreement. From and after the Amendment Date: (i) each Purchasing Bank shall be a party to the Agreement and shall have the rights and obligations of a Bank thereunder and under the other Loan Documents with a Commitment as set forth on Schedule 8 hereto, (ii) each Selling Bank shall, to the extent of the Assignments provided in this Article 3, relinquish its rights and be released from its obligations under the Agreement and the other Loan Documents (If all of its Commitment has been assigned pursuant hereto, such Selling Bank shall no longer be a party to the Agreement or any other Loan Documents and the Agreement and the other Loan Documents may be amended or otherwise modified without the consent or agreement of the applicable Selling Bank), and (iii) the Agent shall make all payments in respect of the interest assigned hereby (including payments of principal, interest, fees, and other amounts) to the applicable Purchasing Bank. Each Selling Bank and each Purchasing Bank shall make all appropriate adjustments in payments under the Agreement and the Notes for periods before the Amendment Date directly between themselves. After giving effect to this Amendment, both The Bank of Tokyo-Mitsubishi, Ltd. and National City Bank, Kentucky have relinquished all of their respective rights and are released from all of their respective obligations under the Agreement and the other Loan Documents and are no longer a party to the Agreement or any other Loan Documents. The Agreement and the other Loan Documents may be amended or otherwise modified without the consent or agreement of The Bank of Tokyo-Mitsubishi, Ltd or National City Bank, Kentucky.

Section 3.5. EXCHANGE OF NOTES; NEW COMMITMENTS. Company agrees to exchange each Selling Bank's existing Notes for new Notes payable to the order of (A) each Purchasing Bank in amounts equal to the Commitments assumed by each Purchasing Bank pursuant hereto and (B) to each Selling Bank in amounts equal to the Commitments retained by it under the Agreement as specified herein, if any.

Section 3.6. ADDRESS FOR NOTICES. For purposes of Section 13.1 of the Agreement, the "Address for Notices" for each Purchasing Bank that is not already a Bank under the Agreement is as set forth on Schedule 3.6 hereto.

#### ARTICLE 4.

##### CONDITIONS PRECEDENT

Section 4.1. CONDITIONS. The effectiveness of Articles 2 and 3 of this Amendment is subject to the satisfaction of the following conditions precedent:

(a) The Agent shall have received all of the following, each dated (unless otherwise indicated) the Amendment Date, in form and substance satisfactory to the Agent:

(i) This Amendment executed by the Company, each Guarantor and each New Jerrell Subsidiary (collectively the "OBLIGATED

PARTIES");

(ii) such evidence of each New Jerell Subsidiary's existence, good standing and authority to execute, deliver, and perform this Amendment and the Loan Documents to which it is or is to be a party hereunder;

(iii) such additional documentation and information as the Agent or its legal counsel, Jenkins & Gilchrist, a Professional Corporation, may reasonably request; and

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(b) The Banks, the Agent and JP Morgan, a division of Chase Securities Inc. as the Arranger shall have received all reimbursable fees required to be paid on the Amendment Date and all expenses for which invoices have been presented, on or before the Amendment Date, including without limitation or in addition, the following:

(i) any amounts due under Section 3.4 of the Agreement as a result of the Assignments made pursuant to Article 3 of this Amendment and the termination of all Eurodollar Interest Periods as of the Amendment Date (all of which are hereby terminated) and all unpaid interest and fees accrued under the Agreement to the Amendment Date;

(ii) an amendment fee to each Bank that is currently a party to the Agreement, that executes this Amendment (an "EXISTING BANK") and that continues to provide a Commitment under the Agreement, such amendment fee to be in an amount equal to three-twentieths of one percent (3/20%) of such Bank's Commitment (before giving effect to any increase in the amount thereof affected pursuant to this Amendment but after giving effect to any decrease in the amount thereof affected pursuant to this Amendment); and

(iii) an upfront fee to each Bank that provides a new or increased Commitment hereunder in an amount equal to one-fifth of one percent (1/5%) of the new Commitment of such Bank under the Agreement. If an Existing Bank increases its Commitment from that in effect prior to the date of this Amendment, such Bank will be paid an amendment fee under clause (i) above calculated on its Commitment before giving effect to the amendments contemplated hereby and an upfront fee calculated in accordance with this clause (ii) with respect to the amount of the increase in its Commitment.

(c) The representations and warranties contained herein and in all other Loan Documents, as amended hereby, shall be true and correct in all material respects as of the date hereof as if made on the date hereof, except for such representations and warranties limited by their terms to a specific date;

(d) No Unmatured Default or Default shall have occurred and be continuing; and

(e) All proceedings taken in connection with the transactions contemplated by this Amendment and all documentation and other legal matters incident thereto shall be satisfactory to the Agent and its legal counsel, Jenkins & Gilchrist, a Professional Corporation.

#### ARTICLE 5.

##### RATIFICATIONS, REPRESENTATIONS AND WARRANTIES

Section 5.1. RATIFICATIONS. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Agreement and except as expressly modified and superseded by this Amendment, the terms and provisions of the Agreement, the Parent Guaranty and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Company, Hagggar, the Agent and the Banks agree that the Agreement as amended hereby, the Parent Guaranty and the other Loan Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms.



Section 5.2. REPRESENTATIONS AND WARRANTIES. Company and Haggar each represent and warrants to the Agent and the Banks as follows: (a) after giving effect to this Amendment, no Unmatured Default or Default has occurred and is continuing; (b) after giving effect to this Amendment, the representations and warranties set forth in the Loan Documents are true and correct in all material respects on and as of the date hereof with the same effect as though made on and as of such date except with respect to any representations and warranties

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limited by their terms to a specific date; (c) the execution, delivery and performance of this Amendment has been duly authorized by all necessary action on the part of each Obligated Party and does not and will not: (1) violate any provision of law applicable to any Obligated Party, the certificate of incorporation, bylaws, partnership agreement, membership agreement, or other applicable governing document of any Obligated Party or any order, judgment, or decree of any court or agency of government binding upon any Obligated Party; (2) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation of any Obligated Party; (3) result in or require the creation or imposition of any material lien upon any of the assets of any Obligated Party; or (4) require any approval or consent of any Person under any material contractual obligation of any Obligated Party; and (d) AS OF THE DATE OF ITS EXECUTION OF THIS AMENDMENT THERE ARE NO CLAIMS OR OFFSETS AGAINST OR DEFENSES OR COUNTERCLAIMS TO ITS OR ANY OTHER OBLIGATED PARTY'S OBLIGATIONS UNDER THE LOAN DOCUMENTS. IN ACCORDANCE WITH THE FORGOING CLAUSE (d) EACH OF THE COMPANY, HAGGAR AND, BY EXECUTION OF THIS AMENDMENT, EACH OF THE OTHER OBLIGATED PARTIES HEREBY:

(a) WAIVER. WAIVES ANY AND ALL SUCH CLAIMS, OFFSETS, DEFENSES OR COUNTERCLAIMS, WHETHER KNOWN OR UNKNOWN, ARISING PRIOR TO THE DATE OF ITS EXECUTION OF THIS AMENDMENT AND

(b) RELEASE. RELEASES AND DISCHARGES THE AGENT AND THE BANKS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SHAREHOLDERS, AFFILIATES AND ATTORNEYS (COLLECTIVELY THE "RELEASED PARTIES") FROM ANY AND ALL OBLIGATIONS, INDEBTEDNESS, LIABILITIES, CLAIMS, RIGHTS, CAUSES OF ACTION OR DEMANDS WHATSOEVER, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, IN LAW OR EQUITY, WHICH IT EVER HAD, NOW HAS, CLAIMS TO HAVE OR MAY HAVE AGAINST ANY RELEASED PARTY ARISING PRIOR TO THE DATE HEREOF AND FROM OR IN CONNECTION WITH THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY.

#### ARTICLE 6.

#### MISCELLANEOUS

Section 6.1. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties made in this Amendment or any other Loan Document including any Loan Document furnished in connection with this Amendment shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by the Agent or any Bank or any closing shall affect the representations and warranties or the right of the Agent or any Bank to rely upon them.

Section 6.2. REFERENCE TO AGREEMENT. Each of the Loan Documents, including the Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Agreement as amended hereby, are hereby amended so that any reference in such Loan Documents to the Agreement shall mean a reference to the Agreement as amended hereby.

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Section 6.3. EXPENSE OF BANK. As provided in the Agreement, Company agrees to pay on demand all costs and expenses incurred by the Agent or any

Bank in connection with the preparation, negotiation, and execution of this Amendment and the other Loan Documents executed pursuant hereto, including without limitation, the costs and fees of the Agent's and each Bank's legal counsel.

Section 6.4. SEVERABILITY. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

Section 6.5. APPLICABLE LAW. This Amendment and all other Loan Documents executed pursuant hereto shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America.

Section 6.6. SUCCESSORS AND ASSIGNS. This Amendment is binding upon and shall inure to the benefit of the Agent, each Bank, Company and Hagggar and their respective successors and assigns, except that neither the Company nor Hagggar may assign or transfer any of its rights or obligations hereunder without the prior written consent of the Banks.

Section 6.7. COUNTERPARTS. This Amendment may be executed in one or more counterparts and on telecopy counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same agreement.

Section 6.8. EFFECT OF WAIVER. No consent or waiver, express or implied, by the Agent or any Bank to or for any breach of or deviation from any covenant, condition or duty by any Obligated Party shall be deemed a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

Section 6.9. HEADINGS. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 6.10. ENTIRE AGREEMENT. THIS AMENDMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

EXECUTED as of the date first written above.

COMPANY AND HAGGAR:

HAGGAR CLOTHING CO,. A Nevada corporation  
HAGGAR CORP., a Nevada corporation

By: /s/ J.M. HAGGAR, III

-----  
J.M. HAGGAR, III  
Chief Executive Officer for both

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<Page>

AGENT:

THE CHASE MANHATTAN BANK,  
Individually and as the Agent

By: /s/ ALLEN K. KING

Name: ALLEN K. KING, VICE PRESIDENT

Title: THE CHASE MANHATTAN BANK

BANKS:

BANK OF AMERICA, N.A. (successor in interest by merger to NATIONSBANK, N.A. f/k/a Nationsbank of Texas, N.A.)

By:

Name:

Title:

COMERICA BANK - TEXAS

By:

Name:

Title:

THE BANK OF TOKYO-MITSUBISHI, LTD., Dallas office

By:

Name:

Title:

By:

Name:

Title:

BANK ONE, N.A. (successor in interest to The First National Bank)

By:

Name:

Title:

AGENT:

THE CHASE MANHATTAN BANK,  
Individually and as the Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BANKS:

BANK OF AMERICA, N.A. (successor in interest by merger  
to NATIONSBANK, N.A. f/k/a Nationsbank of Texas, N.A.)

By: /s/ DEIRDRE B. DOYLE  
Name: DEIRDRE B. DOYLE  
Title: PRINCIPAL

COMERICA BANK - TEXAS

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE BANK OF TOKYO-MITSUBISHI, LTD., Dallas office

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BANK ONE, N.A. (successor in interest to The First  
National Bank)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

<Page>

AGENT:

THE CHASE MANHATTAN BANK,  
Individually and as the Agent

By:

-----  
Name: -----  
Title: -----

BANKS:

BANK OF AMERICA, N.A. (successor in interest by merger  
to NATIONSBANK, N.A. f/k/a Nationsbank of Texas, N.A.)

By:

-----  
Name: -----  
Title: -----

COMERICA BANK - TEXAS

By:

----- /s/ Margareth Fanini  
Name: Margareth Fanini  
-----  
Title: Corporate Banking Officer  
-----

THE BANK OF TOKYO-MITSUBISHI, LTD., Dallas office

By:

-----  
Name: -----  
Title: -----

By:

-----  
Name: -----  
Title: -----

BANK ONE, N.A. (successor in interest to The First  
National Bank)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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AGENT:  
  
THE CHASE MANHATTAN BANK,  
Individually and as the Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BANKS:  
  
BANK OF AMERICA, N.A. (successor in interest by merger  
to NATIONSBANK, N.A. f/k/a Nationsbank of Texas, N.A.)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

COMERICA BANK - TEXAS

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE BANK OF TOKYO-MITSUBISHI, LTD., Dallas office

By:                   /s/ D. Barnell  
\_\_\_\_\_  
Name:                D. Barnell  
\_\_\_\_\_  
Title:               Vice President  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_

-----  
Title: \_\_\_\_\_  
-----

BANK ONE, N.A. (successor in interest to The First National Bank)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
-----

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AGENT:  
  
THE CHASE MANHATTAN BANK,  
Individually and as the Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
-----

BANKS:  
  
BANK OF AMERICA, N.A. (successor in interest by merger to NATIONSBANK, N.A. f/k/a Nationsbank of Texas, N.A.)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
-----

COMERICA BANK - TEXAS

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
-----

THE BANK OF TOKYO-MITSUBISHI, LTD., Dallas office

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
-----

Title: -----

By: -----

Name: -----

Title: -----

BANK ONE, N.A. (successor in interest to The First National Bank)

By: /s/ Willie B. Winters -----

Name: Willie B. Winters -----

Title: Associate Director -----

NATIONAL CITY BANK, KENTUCKY (f/k/a The First National Bank of Louisville)

By: /s/ Stephen Bassett -----

Name: Stephen Bassett -----

Title: Account Officer -----

FIRST UNION NATIONAL BANK

By: -----

Name: -----

Title: -----



NATIONAL CITY BANK, KENTUCKY (f/k/a The First National  
Bank of Louisville)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FIRST UNION NATIONAL BANK

By: /s/ Mark S. Supple  
Name: Mark S. Supple  
Title: Vice President

JOINER AND CONSENT OF DOMESTIC SUBSIDIARIES  
-----

Each New Jerell Subsidiary hereby assumes all the obligations of a "Guarantor" under the Subsidiary Guaranty dated March 1, 2000 and agrees that it is a "Guarantor" and bound as a "Guarantor" under the terms of the Subsidiary Guaranty as if it had been an original signatory thereto. In accordance with the foregoing and for valuable consideration, the receipt and

adequacy of which are hereby acknowledged, each New Jerell Subsidiary irrevocably and unconditionally guarantees to the Agent and the Banks the full and prompt payment and performance of the Obligations (as defined in the Subsidiary Guaranty) upon the terms and conditions set forth in the Subsidiary Guaranty. This Joinder and Consent of Domestic Subsidiaries shall be deemed to be part of, and a modification to, the Subsidiary Guaranty and shall be governed by all the terms and provisions of the Subsidiary Guaranty, which terms are incorporated herein by reference, are ratified and confirmed and shall continue in full force and effect as valid and binding agreements of each New Jerell Subsidiary enforceable against each such New Jerell Subsidiary. Each New Jerell Subsidiary hereby waives notice of Agent's or any Bank's acceptance of this Joinder and Consent of Domestic Subsidiaries. Each of the undersigned Subsidiaries hereby (a) agrees that the Subsidiary Guaranty to which it is a signatory is and shall remain in full force and effect; (b) ratifies and confirms all terms and provisions of the Subsidiary Guaranty to which it is a signatory, (c) acknowledges its consent and agreement to the Amendment, including, without limitation, its agreement to the terms of Section 5.2 of this Amendment, (d) reaffirms all agreements and obligations under the Subsidiary Guaranty to which it is a signatory, with respect to the Loans, the Notes, the Agreement and all other documents, instruments or agreements governing, securing or pertaining to the Loans, and (f) represents and warrants that all requisite corporate action necessary for it to execute this Joinder and Consent of Domestic Subsidiaries has been taken.

BOWIE MANUFACTURING COMPANY, a Nevada corporation  
CORNICANA COMPANY, a Nevada corporation  
DALLAS PANT MANUFACTURING COMPANY, a Nevada corporation  
GREENVILLE PANT MANUFACTURING COMPANY, a Nevada corporation  
MCKINNEY PANT MANUFACTURING COMPANY, a Nevada corporation  
OLNEY MANUFACTURING COMPANY, a Nevada corporation  
WAXAHACHIE GARMENT COMPANY, a Nevada corporation  
LA ROMANA MANUFACTURING CORPORATION, a Nevada corporation  
HAGGAR SERVICES, INC., a Texas corporation  
DUNCAN MANUFACTURING COMPANY, an Oklahoma corporation  
WESLACO CUTTING, INC., a Nevada corporation  
WESLACO SEWING, INC., a Nevada corporation  
HAGGAR DIRECT, INC., a Nevada corporation  
SAN GABRIEL ENTERPRISES, INC., a Texas corporation  
MULTIPLES, U.S.A., INC., a Texas corporation  
EDINBURG DIRECT GARMENT COMPANY, INC., a Texas corporation  
WESLACO DIRECT CUTTING COMPANY, INC., a Texas corporation  
HAGGAR.COM, INC., a Texas corporation  
JERELL CLOTHING MANAGEMENT, INC., a Texas corporation  
JERELL, LTD, a Texas limited partnership  
HAGGAR CANADA, INC, a Nevada corporation

By: /s/ J. M. Haggar, III

-----  
J. M. Haggar, III  
Chairman/Chief Executive Officer of each Subsidiary

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Schedule 3.1     -    Assignment Detail

- Schedule 3.6 - Address for Notices of Purchasing Banks
- Schedule 8 - Commitments

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- Exhibit B - Borrowing Base Certificate
- Exhibit G - Compliance Certificate
- Exhibit H - Increased Commitment Supplement

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SCHEDULE 3  
SUBSIDIARIES

<Table>  
<Caption>

COMPANY NAME & ADDRESS	SITUS OF INCORPORATION
<S>	<C>
-----	
DOMESTIC	
-----	
Bowie Manufacturing Company 6113 Lemmon Avenue, Dallas, TX 75209	Nevada
-----	
-----	
Corsicana Company	

6113 Lemmon Avenue, Dallas, TX 75209

Nevada

Dallas Pant Manufacturing Company  
6113 Lemmon Avenue, Dallas, TX 75209

Nevada

Greenville Pant Manufacturing Company  
6113 Lemmon Avenue, Dallas, TX 75209

Nevada

McKinney Pant Manufacturing Company  
6113 Lemmon Avenue, Dallas, TX 75209

Nevada

Olney Manufacturing Company  
6113 Lemmon Avenue, Dallas, TX 75209

Nevada

Waxahachie Garment Company  
6113 Lemmon Avenue, Dallas, TX 75209

Nevada

La Romana Manufacturing Corporation  
6113 Lemmon Avenue, Dallas, TX 75209

Nevada

Haggar Services, Inc.  
6113 Lemmon Avenue, Dallas, TX 75209

Texas

Duncan Manufacturing Company  
6113 Lemmon Avenue, Dallas, TX 75209

Oklahoma

Haggar Corp. (Parent)  
6113 Lemmon Avenue, Dallas, TX 75209

Nevada

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COMPANY NAME & ADDRESS

SITUS OF INCORPORATION

Haggar Clothing Co.  
6113 Lemmon Avenue, Dallas, TX 75209

Nevada

Weslaco Sewing, Inc.  
6113 Lemmon Avenue, Dallas, TX 75209

Nevada

Weslaco Cutting, Inc.

6113 Lemmon Avenue, Dallas, TX 75209	Nevada
-----	
Haggar Direct, Inc. 6113 Lemmon Avenue, Dallas, TX 75209	Nevada
-----	
San Gabriel Enterprises, Inc. 6113 Lemmon Avenue, Dallas, TX 75209	Texas
-----	
Multiples, U.S.A., Inc. 6113 Lemmon Avenue, Dallas, TX 75209	Texas
-----	
Edinburg Direct Garment Company, Inc. 1407 E. Freddy Gonzalez, Edinburg, TX 78539	Texas
-----	
Weslaco Direct Cutting Company, Inc. 1801 E. Haggar Avenue, Weslaco, TX 78596	Texas
-----	
Haggar.Com, Inc. 6113 Lemmon Avenue, Dallas, TX 75209	Texas
-----	
Jerell Clothing Management, Inc. 6113 Lemmon Avenue, Dallas, TX 75209	Texas
-----	
Jerell, Ltd. 6113 Lemmon Avenue, Dallas, TX 75209	Texas
-----	
Haggar Canada, Inc. 6113 Lemmon Avenue, Dallas, TX 75209	Nevada
=====	

SCHEDULE 3 - Page 2

<Page>

COMPANY NAME & ADDRESS	SITUS OF INCORPORATION
=====	
FOREIGN	
-----	
Haggar Mex. S.A. de C.V. 6113 Lemmon Avenue, Dallas, TX 75209	Mexico
-----	
Haggar Apparel Ltd. 6113 Lemmon Avenue, Dallas, TX 75209	United Kingdom
-----	

-----  
Haggar Canada Co.  
6113 Lemmon Avenue, Dallas, TX 75209

Nova Scotia, Canada  
-----

-----  
Haggar Japan Co., Ltd.  
6113 Lemmon Avenue, Dallas, TX 75209

Japan  
=====

</Table>

SCHEDULE 3 - Page 3

<Page>

SCHEDULE 3.1  
to  
EIGHTH AMENDMENT  
TO  
FIRST AMENDED AND RESTATED CREDIT AGREEMENT

ASSIGNMENT DETAIL

<Table>  
<Caption>

Selling Bank	Purchasing Bank	Dollar Amount of Commitment Purchased (1)	Purchase Price
<S>	<C>	<C>	<C>
1. The Bank of Tokyo-Mitsubishi, Ltd.	The Chase Manhattan Bank	\$ 2,222,222.22	\$ 1,111,111.11
	Bank of America	2,222,222.22	1,111,111.11
	Comerica	2,592,592.60	1,296,296.30
	Bank One	7,777,777.78	3,888,888.88
2. National City Bank, Kentucky	First Union National Bank	11,111,111.12	5,555,555.56

</Table>

-----  
(1) The "Dollar Amount of the Commitment Purchased" of each Purchasing Bank set forth in this column is provided for the purposed of the calculation of the Purchase Price for the assignments contemplated by Article 3 of this Amendment. The actual total Commitment of a Purchasing Bank is immediately reduced or otherwise modified to the Commitment amounts reflected on Schedule 8 and no Purchasing Bank shall have any obligation to extend credit except under its Commitment as set forth on Schedule 8.

SCHEDULE 3.1 - Solo Page

<Page>

SCHEDULE 3.6  
to  
EIGHTH AMENDMENT  
TO  
FIRST AMENDED AND RESTATED CREDIT AGREEMENT

ADDRESS FOR NOTICES

BANK  
First Union National Bank

ADDRESS  
One South Penn Square, 12th Floor  
Widener Building  
Philadelphia, PA 19107  
Attn.: Susan Vitale

SCHEDULE 8  
to  
EIGHTH AMENDMENT  
TO  
FIRST AMENDED AND RESTATED CREDIT AGREEMENT

COMMITMENTS

<Table>  
<Caption>

BANK		COMMITMENT
1.	The Chase Manhattan Bank	\$22,000,000
2.	Bank of America, N.A.	\$22,000,000
3.	Comerica Bank - Texas	\$19,000,000
4.	Bank One, N.A.	\$17,000,000
5.	First Union National Bank	\$10,000,000
		\$90,000,000.00

</Table>

EXHIBIT B

BORROWING BASE CERTIFICATE

(for the month ending \_\_\_\_\_ or as of \_\_\_\_\_)



HAGGAR CLOTHING CO.

TO: THE CHASE MANHATTAN BANK  
2200 Ross Avenue  
P.O. Box 660197  
Dallas, Texas 75266  
Attention: John P. Dean

DATE: \_\_\_\_\_, 200\_

RE: First Amended and Restated Credit Agreement dated as of September 18, 1996 (as amended, the "Agreement"), by and among Hagggar Clothing Co., Hagggar Corp., Texas Commerce Bank National Association (now The Chase Manhattan Bank) and the Banks listed in the Agreement.

-----

<Table>

<S>	<C>	<C>
1. RECEIVABLES		
A. Total Receivables		\$ _____
B. LESS:		
(i) Receivables unpaid after 90 days after date of invoice (or the effective date of Dated Invoices)	(\$ _____)	
(ii) all uncollectible Receivables	(\$ _____)	
(iii) reserve for "discounts"	(\$ _____)	
(iv) reserve for "build-ups"	(\$ _____)	
(v) reserve for "deductions"	(\$ _____)	
(vi) reserve for GMI discounts	(\$ _____)	
(vii) other reserves	(\$ _____)	
C. Total Eligible Receivables		\$ _____
D. 80% of Eligible Receivables		\$ _____

EXHIBIT B, Page 1 of 3

<Page>

2. INVENTORY		
A. Total Inventory per attached summary schedule		\$ _____
B. Less: ineligible Inventory	(\$ _____)	
C. Total Eligible Inventory		\$ _____
D. 50% of Eligible Inventory		\$ _____
3. BORROWING BASE		
A. (i) 80% of Eligible Receivables		\$ _____
(ii) 50% of Eligible Inventory		\$ _____

B. Borrowing Base Formula Sum \$ \_\_\_\_\_

C. Less: amount by which (A) (ii) is greater than (\$ \_\_\_\_\_)  
60% of the Total Commitments

D. Borrowing Base \$ \_\_\_\_\_

4. BORROWING BASE AVAILABILITY

A. Borrowing Base \$ \_\_\_\_\_

B. Less: Principal amount outstanding under the (\$ \_\_\_\_\_)  
Agreement

C. Borrowing Base Availability \$ \_\_\_\_\_

5. AVAILABLE COMMITMENT

A. Total Commitments \$100,000,000\*

B. Less:

(i) Principal amount outstanding under the (\$ \_\_\_\_\_)  
Agreement

(ii) aggregate amount of all issued and (\$ \_\_\_\_\_)  
outstanding Letters of Credit

C. Available Commitment \$ \_\_\_\_\_

6. AVAILABILITY

-----

\* Subject to reduction as provided in the Agreement

EXHIBIT B, Page 2 of 3

<Page>

A. Borrowing Base Availability \$ \_\_\_\_\_

B. Available Commitment \$ \_\_\_\_\_

C. Lesser of A or B \$ \_\_\_\_\_

</Table>

I hereby certify that, to the best of my knowledge after appropriate inquiry, the foregoing is true and correct as of the last day of the month indicated.

HAGGAR CLOTHING CO.

By:

-----  
Name

Title: -----

EXHIBIT G

COMPLIANCE CERTIFICATE

As of the date indicated below, the undersigned hereby certifies that (i) as reflected on the attached annexes, no Default or Unmatured Default (as defined in the Credit Agreement) has occurred and is continuing under that certain First Amended and Restated Credit Agreement (as amended, the "Credit Agreement") among Hagggar Clothing Co., Hagggar Corp., Texas Commerce Bank National Association (now The Chase Manhattan Bank) and the Banks listed therein, and (ii) the value of all Inventory (as defined in the Credit Agreement) as reflected in the Company's financial statements does not exceed its net realizable value.

HAGGAR CLOTHING CO.

By:

-----  
Name: -----  
Title: -----  
Dated: -----

ANNEX TO COMPLIANCE CERTIFICATE

<Table>  
<Caption>

REQUIREMENT	REQUIRED LEVEL	CURRENT STATUS	COMPLIANCE	
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	
Fixed Charge	1.25 to 1.00	to 1.00	Yes	No
Funded Debt Ratio	3.00 to 1.00	to 1.00	Yes	No
Net Worth Company Group:		\$		
10% of the Net Worth of the Company Group		\$		

(a) \$120,000,000;	\$	-----				
(b) Plus 50% of the cumulative net income of the Company Group, on a consolidated basis, for the period commencing April 1, 2001 and ending June 30, 2001, and each subsequently completed fiscal quarter; and	\$	-----				
(c) PLUS (66-2/3%) of the net proceeds from any registered public offering of the capital stock of Hagggar or the Company (if any).	\$	-----				
(d) Required Tangible Net Worth of the Company:						
Sum of (a) (b) and (c)	\$	-----	Yes	No		
Net Worth Company	\$	40,000,000	\$	Yes	No	
Inventory Turns	2.0	-----	Yes	No		
Actual Capital Expenditures for current fiscal year (not to exceed 10% of the Net Worth of the Company Group as set forth above).	\$	-----	\$	-----	Yes	No
			---			

</Table>

ANNEX TO COMPLIANCE CERTIFICATE  
 HAGGAR CORP.  
 FIXED CHARGE RATIO  
 12 MONTHS ENDED \_\_\_\_\_, 200\_  
 (\$000'S)

<Table>

<Caption>

	Qtr.	Qtr.	Qtr.	Qtr.	12 Months Ended
	<C>	<C>	<C>	<C>	<C>
<S>					
Net Income					
- Gains + Losses Cap					
Extr Event					
+ Depreciation and Amortization					
+ Interest Expense					
+ Taxes (exclusive of the tax effects relating to the closing of the Edinburg facility and the operations in Japan)					
+ Japan + Edinburg Charges (not to exceed \$14,300,000 after tax or \$20,800,000 before tax)					
Total = Operating Cash Flow					
- Taxes (exclusive of the tax effects relating to the closing of the Edinburg facility and the operations in Japan)					
Total Operating Cash Flow minus tax	\$	\$	\$	\$	\$

Interest Expense  
 Req. Principal Payments  
 Cash Dividends  
 Maintenance Capital Expenditure  
 (\$5,000,000)

Total Fixed Charges

-----  
 \$                    \$                    \$                    \$                    \$

Fixed Charge Ratio

Fixed Charges/Cash Flow

-----  
 to 1.0  
 -----

</Table>

ANNEX TO COMPLIANCE CERTIFICATE - Page 2 of 6

<Page>

ANNEX TO COMPLIANCE CERTIFICATE

HAGGAR CORP.  
 FUNDED DEBT RATIO  
 12 MONTHS ENDED \_\_\_\_\_  
 (\$000'S)

<Table>

<Caption>

Funded Debt

-----

<S>

Revolver

<C>

\$

<C>

-----

Industrial Revenue Bonds +

\$

-----

other notes

\$

-----

other long term indebtedness  
 (excluding Guarantees)

\$

-----

Subtotal

\$

-----

Other short term indebtedness  
 (excluding Guarantees)

\$

-----

Total Funded Indebtedness

\$

\$

-----

Operating Cash Flow

-----

net income

\$

-----

-Gains/+Losses Cap/Extr Event

\$

-----

+Depreciation and Amortization

\$

-----

+ Interest Expense

\$

-----

+Taxes (exclusive of the tax effects  
 relating to the closing of the Edinburg  
 facility and the operations in Japan)

\$

-----

+Japan + Edinburg Charges  
 (not to exceed \$14,300,000 after tax or  
 \$20,800,000 before tax)

\$

-----

Operating Cash Flow

\$

-----

Funded Debt/Operating Cash Flow

-----  
 to 1.00  
 -----

</Table>

<Page>

ANNEX TO COMPLIANCE CERTIFICATE

HAGGAR CORP.  
INVENTORY TURNS ANALYSIS  
(\$000'S)

<Table>

<Caption>

<S> PRIOR 12 MONTHS' COST OF SALES <C>

3rd Prior Quarter	
-----	\$
-----	\$
-----	\$
Total	----- \$
2nd Prior Quarter	
-----	\$
-----	\$
-----	\$
Total	----- \$
Prior Quarter	
-----	\$
-----	\$
-----	\$
Total	----- \$
Current Quarter	
-----	\$
-----	\$
-----	\$
Total	----- \$
Total 12 Months Cost of Sales	
Current Inventory Level, _____, 200_	
Inventory Turns Rolling 12 Months, _____, 200_	
Total 12 Months Cost of Sales/ Current Inventory Level	\$

</Table>

<Page>

ANNEX TO COMPLIANCE CERTIFICATE

STANDBY  
LETTERS OF CREDIT OUTSTANDING  
\_\_\_\_\_, 200\_

<Table>

<Caption>

ISSUER <S>	LC# <C>	Maturity <C>	Amount <C>
			\$ -----
			\$ -----
		Total	\$ -----

</Table>

ANNEX TO COMPLIANCE CERTIFICATE - Page 5 of 6

<Page>

ANNEX TO COMPLIANCE CERTIFICATE

PERMITTED INDEBTEDNESS

<Table>  
<Caption>

<S>	<C>	<C>	Compliance	
			<C>	<C>
(a)	Commercial Letters of Credit (\$45,000,000 permitted)	\$ -----	Yes	No
(b)	Standby Letters of Credit (other than those issued by the Agent) (\$2,000,000 permitted)	\$ -----	Yes	No
(c)	Share Repurchase Obligations Severance (\$2,500,000 permitted) \$10,000,000 total permitted	\$ -----	Yes	No
(d)	Indebtedness and Capitalized Lease Obligations (permitted: \$2,000,000 plus \$2,000,000 x # of fiscal years since 9/30/97))	\$ -----	Yes	No
(e)	Intercompany Indebtedness (no limit on amount)	\$ -----		N/A

(f)	Accounts payable to officers, directors (no limit on amount)	\$ -----		N/A
(g)	Guarantees (no limit on amount)	\$ -----		
(h)	Guarantees (Haggar Direct less than one years rental) (no limit on amount) Guarantees (Haggar Direct exceeding one years rental) (\$6,000,000 permitted through Termination Date)	\$ ----- \$ -----	Yes	No
(i)	Obligations	\$100,000,000		
(j)	Additional senior unsecured promissory notes with maturities after the Termination Date (\$35,000,000 permitted)	\$ ----- -----	Yes	No

</Table>

ANNEX TO COMPLIANCE CERTIFICATE - Page 6 of 6

<Page>

EXHIBIT H

INCREASED COMMITMENT SUPPLEMENT

INCREASED COMMITMENT SUPPLEMENT

This INCREASED COMMITMENT SUPPLEMENT (this "Supplement") is dated as of \_\_\_\_\_, \_\_\_ and entered into among HAGGAR CLOTHING CO. ("COMPANY"), each of the banks which are party hereto (individually a "BANK" and collectively, the "BANKS") and THE CHASE MANHATTAN BANK, (successor-by-merger to Chase Bank of Texas, National Association who was formerly Texas Commerce Bank National Association) as agent (in such capacity as agent, together with its successors in such capacity, the "AGENT") and is made with reference to that certain First Amended and Restated Credit Agreement dated as of September 18, 1996 (as amended, the "Credit Agreement"), by and among the Company, HAGGAR CORP, the banks named therein and the Agent. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement.

RECITALS

WHEREAS, pursuant to SECTION 2.16 of the Credit Agreement, the Company, the Agent and the Banks are entering into this Increased Commitment Supplement to provide for the increase of the aggregate Commitments;

WHEREAS, each Bank [PARTY HERETO AND ALREADY A PARTY TO THE CREDIT AGREEMENT] wishes to increase its Commitment [, AND EACH BANK, TO THE EXTENT NOT ALREADY A BANK PARTY TO THE CREDIT AGREEMENT (HEREIN A "NEW BANK"), WISHES TO BECOME A BANK PARTY TO THE CREDIT AGREEMENT]; (1)

WHEREAS, the Banks are willing to agree to supplement the Credit Agreement in the manner provided herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

Section 1. INCREASE IN COMMITMENTS. Subject to the terms and conditions hereof, each Bank severally agrees that its Commitment shall be increased to [OR IN THE CASE OF A NEW BANK, SHALL BE] the amount set forth opposite its name on



the signature pages hereof.

SECTION 2. [NEW BANKS. EACH NEW BANK (i) CONFIRMS THAT IT HAS RECEIVED A COPY OF THE CREDIT AGREEMENT, TOGETHER WITH COPIES OF THE MOST RECENT FINANCIAL STATEMENTS OF THE COMPANY DELIVERED UNDER SECTION 6.1 AND SUCH OTHER DOCUMENTS AND INFORMATION AS IT HAS DEEMED APPROPRIATE TO MAKE ITS OWN CREDIT ANALYSIS AND DECISION TO ENTER INTO THIS SUPPLEMENT; (ii) AGREES THAT IT HAS, INDEPENDENTLY AND WITHOUT RELIANCE UPON THE AGENT, ANY OTHER BANK PARTY TO THE CREDIT AGREEMENT OR ANY OF THEIR RESPECTIVE AFFILIATES AND BASED ON SUCH DOCUMENTS AND INFORMATION AS IT HAS DEEMED APPROPRIATE, MADE ITS OWN CREDIT ANALYSIS AND DECISION TO ENTER INTO THIS SUPPLEMENT; (iii) AGREES THAT IT WILL, INDEPENDENTLY AND WITHOUT RELIANCE UPON THE AGENT, ANY OTHER BANK PARTY TO THE CREDIT AGREEMENT OR ANY OF THEIR RESPECTIVE AFFILIATES AND BASED ON SUCH DOCUMENTS AND INFORMATION AS IT SHALL DEEM

-----  
(1) Bracketed alternatives should be included if there are New Banks.

INCREASED COMMITMENT SUPPLEMENT - Page 1 of 4

<Page>

APPROPRIATE AT THE TIME, CONTINUE TO MAKE ITS OWN CREDIT DECISIONS IN TAKING OR NOT TAKING ACTION UNDER THE CREDIT AGREEMENT; (iv) APPOINTS AND AUTHORIZES THE AGENT TO TAKE SUCH ACTION AS AGENT ON ITS BEHALF AND TO EXERCISE SUCH POWERS AND DISCRETION UNDER THE CREDIT AGREEMENT AS ARE DELEGATED TO THE AGENT BY THE TERMS THEREOF, TOGETHER WITH SUCH POWERS AND DISCRETION AS ARE REASONABLY INCIDENTAL THERETO; AND (v) AGREES THAT IT IS A "BANK" UNDER THE CREDIT AGREEMENT AND WILL PERFORM IN ACCORDANCE WITH THEIR TERMS ALL OF THE OBLIGATIONS THAT BY THE TERMS OF THE CREDIT AGREEMENT ARE REQUIRED TO BE PERFORMED BY IT AS A BANK.

Section 3. CONDITIONS TO EFFECTIVENESS. SECTION 1 of this Supplement shall become effective only upon the satisfaction of the following conditions precedent:

(a) receipt by the Agent of certified copies of all corporate action taken by the Company to authorize the execution, delivery and performance of this Supplement; and

(b) receipt by the Agent of a certificate of the Secretary or an Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to sign this Supplement and the other documents to be delivered hereunder.

Section 4. REPRESENTATIONS AND WARRANTIES. In order to induce the Banks to enter into this Supplement and to supplement the Credit Agreement in the manner provided herein, Company represents and warrants to Agent and each Bank that (a) the representations and warranties contained in ARTICLE 5 of the Credit Agreement are and will be true, correct and complete in all material respects on and as of the effective date hereof to the same extent as though made on and as of that date (except for such representations and warranties limited by their terms to a specific date) and for that purpose, this Supplement shall be deemed to be the Agreement referred to therein, and (b) no event has occurred and is continuing or will result from the consummation of the transactions contemplated by this Supplement that would constitute a Default or Unmatured Default.

Section 5. EFFECT OF SUPPLEMENT. The terms and provisions set forth in this Supplement shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and except as expressly modified and superseded by this Supplement, the terms and provisions of the Credit Agreement are ratified and confirmed and shall continue in full force and effect. The Company, the Agent, and the Banks agree that the Credit Agreement as supplemented hereby and the other Loan Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms. Any and all agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement as supplemented hereby, are hereby amended so that any reference in such documents to the Credit Agreement shall mean a reference to the Credit Agreement as supplemented hereby.

Section 6. APPLICABLE LAW. This Supplement shall be governed by, and construed in accordance with, the laws of the State of Texas and applicable laws of the United States of America.

Section 7. COUNTERPARTS, EFFECTIVENESS. This Supplement may be executed in any number of counterparts, by different parties hereto in separate counterparts and on telecopy counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. This Supplement (other than the provisions of SECTION 1 hereof, the effectiveness of which is governed by SECTION 3 hereof) shall become effective upon the execution of a counterpart hereof by the Company, the Banks and receipt by the Company and the Agent of written or telephonic notification of such execution and authorization of delivery thereof.

INCREASED COMMITMENT SUPPLEMENT - Page 2 of 4

<Page>

Section 8. ENTIRE AGREEMENT. THIS SUPPLEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PREVIOUS COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER ORAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

HAGGAR CLOTHING CO., a Nevada corporation

By:

-----  
J. M Haggar, III  
Chief Executive Officer

New Total Commitment:

\$  
-----

THE CHASE MANHATTAN BANK,  
Individually and as the Agent

By:

-----  
Allen King, Vice President

\$  
-----

[BANK]

By:

-----  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\$  
-----

[NEW BANK]

By:

-----  
Name: -----  
Title: -----  
-----

Each of the undersigned Guarantors hereby (a) agrees that the Subsidiary Guaranty or Parent Guaranty to which it is a signatory is and shall remain in full force and effect; (b) ratifies and confirms all terms and provisions of the Subsidiary Guaranty or Parent Guaranty to which it is a signatory, (c) acknowledges its consent and agreement to the Supplement, (d) reaffirms all agreements and obligations under the Subsidiary Guaranty or Parent Guaranty to which it is a signatory, with respect to the Loans, the Notes, the Credit Agreement (as

INCREASED COMMITMENT SUPPLEMENT - Page 3 of 4

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modified by this Supplement) and all other documents, instruments or agreements governing, securing or pertaining to the Loans, and (f) represents and warrants that all requisite corporate action necessary for it to execute this Supplement has been taken.

HAGGAR CORP., a Nevada corporation  
BOWIE MANUFACTURING COMPANY, a Nevada corporation  
CORNICANA COMPANY, a Nevada corporation  
DALLAS PANT MANUFACTURING COMPANY, a Nevada corporation  
GREENVILLE PANT MANUFACTURING COMPANY, a Nevada corporation  
MCKINNEY PANT MANUFACTURING COMPANY, a Nevada corporation  
OLNEY MANUFACTURING COMPANY, a Nevada corporation  
WAXAHACHIE GARMENT COMPANY, a Nevada corporation  
LA ROMANA MANUFACTURING CORPORATION, a Nevada corporation  
HAGGAR SERVICES, INC., a Texas corporation  
DUNCAN MANUFACTURING COMPANY, an Oklahoma corporation  
WESLACO CUTTING, INC., a Nevada corporation  
WESLACO SEWING, INC., a Nevada corporation  
HAGGAR DIRECT, INC., a Nevada corporation  
SAN GABRIEL ENTERPRISES, INC., a Texas corporation  
MULTIPLES, U.S.A., INC., a Texas corporation  
EDINBURG DIRECT GARMENT COMPANY, INC., a Texas corporation  
WESLACO DIRECT CUTTING COMPANY, INC., a Texas corporation  
HAGGAR.COM, INC., a Texas corporation  
JERELL CLOTHING MANAGEMENT, INC., a Texas corporation  
JERELL, LTD, a Texas limited partnership  
HAGGAR CANADA, INC, a Nevada corporation

By:

-----  
J. M. Hagggar, III  
Chairman/Chief Executive Officer of each Subsidiary

INCREASED COMMITMENT SUPPLEMENT - Page 4 of 4