

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

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EVERLAST WORLDWIDE INC

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Mailing Address
*1350 BROADWAY
FL 23
NEW YORK NY 10018*

Business Address
*1350 BROADWAY
FLOOR 23
NEW YORK NY 10018
2122390990*

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

SCHEDULE 14A
(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant /X/

Filed by a Party other than the Registrant / /

Check the appropriate box:

- / / Preliminary Proxy Statement
- / / Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- /X/ Definitive Proxy Statement
- / / Definitive Additional Materials
- / / Soliciting Material Pursuant to ss. 240.14a-12

EVERLAST WORLDWIDE INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- /X/ No fee required.
- / / Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

EVERLAST WORLDWIDE INC.
1350 BROADWAY, SUITE 2300
NEW YORK, NEW YORK 10018

NOTICE OF 2005 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE 3, 2005

NOTICE IS HEREBY GIVEN that the 2005 Annual Meeting of Stockholders (the "Annual Meeting") of Everlast Worldwide Inc. (the "Company") will be held on Friday, June 3, 2005 at 10:00 AM, local time, at The Kitano, 66 Park Avenue (at 38th Street), New York, New York 10016, in the Park Avenue Room on the 18th floor, for the following purposes:

1. To elect nine members of the Board of Directors to serve until the next Annual Meeting at which their successors will be elected and qualified.
2. To amend the Company's 2000 Stock Option Plan to increase the number of shares issuable over the term of the plan by 1,000,000 shares to 2,000,000 shares in the aggregate.
3. To approve the adoption of the Company's 2005 Non-Employee Directors Stock Option Plan.
4. To ratify the selection of Berenson LLP as the Company's independent auditors.
5. To transact such other business as may properly come before the stockholders at the Annual Meeting and any adjournments thereof.

The Board of Directors has fixed the close of business on April 29, 2005 as the record date for the determination of the Company's shares of common stock, par value \$.002 per share, and shares of Class A common stock, par value \$.01 per share, entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors

George Q Horowitz
President and Chief Executive Officer

Dated: May 2, 2005
New York, New York

IMPORTANT

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, WE URGE YOU TO SIGN, DATE AND RETURN THE ENCLOSED PROXY AT YOUR EARLIEST CONVENIENCE TO ENSURE THE PRESENCE OF A QUORUM AT THE ANNUAL MEETING. A SELF-ADDRESSED STAMPED ENVELOPE IS ENCLOSED FOR THAT PURPOSE. IF YOU SEND IN YOUR PROXY AND THEN DECIDE TO ATTEND THE ANNUAL MEETING TO VOTE YOUR STOCK IN PERSON, YOU MAY STILL DO SO. YOUR PROXY IS REVOCABLE AT YOUR REQUEST.

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EVERLAST WORLDWIDE INC.
1350 BROADWAY, SUITE 2300
NEW YORK, NEW YORK 10018

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board of Directors") of Everlast Worldwide Inc. (the "Company") to be voted at the 2005 Annual Meeting of Stockholders to be held on Friday, June 3, 2005 at 10:00 AM, local time, at The Kitano, 66 Park Avenue (at 38th Street), New York, New York 10016, in the Park Avenue Room on the 18th floor, and at any adjournments thereof (the "Annual Meeting") for the purposes set forth in the accompanying Notice of 2005 Annual Meeting of Stockholders.

The approximate date on which the enclosed form of proxy and this Proxy Statement are first being sent to stockholders is May 2, 2005.

When a proxy is returned properly signed, the shares represented thereby will be voted by the proxies in accordance with the stockholder's directions. If the proxy is signed and returned without choices having been specified, the shares will be voted for the nominees of the Board of Directors as directors of the Company, for the amendment of the 2000 Stock Option Plan to increase the number of shares issuable over the term of the plan by 1,000,000 shares to 2,000,000 shares, for the adoption of the Company's 2005 Non-Employee Directors Stock Option Plan and for the ratification of the selection of Berenson LLP as the Company's independent auditors. If for any reason any of the nominees of the Board of Directors shall become unavailable for election, the proxies may use their discretionary authority to vote for substitutes proposed by the Board of Directors.

A stockholder giving a proxy has the power to revoke it at any time before it is voted by sending a written notice of revocation to the Secretary of the Company, by sending a duly executed later-dated proxy, or by attending in person, requesting the return of the proxy at the Annual Meeting and voting in person.

Only stockholders of record at the close of business on April 29, 2005 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting. As of the Record Date, there were outstanding 3,159,359 shares of the Common Stock, \$.002 par value per share of the Company (the "Common Stock") and there were 100,000 shares of the Company's Class A Common Stock, \$.01 par value per share (the "Class A Stock"). Each share of Common Stock is entitled to one vote and each share of Class A Stock is entitled to five votes at the Annual Meeting.

The holders of a majority of the outstanding shares of Common Stock and Class A Stock, combined, whether present in person or represented by proxy, will constitute a quorum for each of the matters identified in the Notice of the 2005 Annual Meeting of Stockholders. Broker "non-votes" and the shares as to which a stockholder abstains are included for purposes of determining whether a quorum is present at the Annual Meeting. A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have the discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Proxies marked as abstaining with respect to the proposals (i) to amend the 2000 Stock Option Plan to increase the number of shares issuable over the term of the plan by 1,000,000 shares to 2,000,000 shares, (ii) to approve the

(iii) to ratify the appointment of independent auditors will have the effect of a vote against such proposal.

A plurality of votes cast is required to elect directors and a majority of the votes cast is required to amend the 2000 Stock Option Plan to increase the number of shares issuable over the term of the plan by 1,000,000 shares to 2,000,000 shares, to approve the adoption of the Company's 2005 Non-Employee Directors Stock Option Plan and to ratify the appointment of Berenson LLP. Broker "non-votes" and abstentions are not included in the tabulation of the voting results on the election of directors, and, therefore, do not have the effect of votes in opposition in such tabulations. Abstentions will have the effect of a vote against the proposal to amend the 2000 Stock Option Plan to increase the number of shares issuable over the term of the plan by 1,000,000 shares to 2,000,000 shares, the proposal to approve the adoption of the Company's 2005 Non-Employee Directors Stock Option Plan and the proposal to ratify the appointment of independent auditors, while broker non-votes will have no effect on the outcome of either of these proposals.

The cost of solicitation of proxies will be borne by the Company. In addition to the solicitation of proxies by use of the mails, some of the officers, directors and regular employees of the Company, without extra remuneration, may solicit proxies personally or by telephone, telefax or similar transmission. The Company will reimburse record holders for expenses in forwarding proxies and proxy soliciting material to the beneficial owners of the shares held by them.

NO APPRAISAL RIGHTS

Under the General Corporation Law of the State of Delaware, stockholders of the Company do not have appraisal rights in connection with any of the proposals upon which a vote is scheduled to be taken at the Annual Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock and Class A Common Stock as of April 29, 2005 for (i) each of the Company's directors, (ii) each of the Company's executive officers, (iii) each stockholder known to be the beneficial owner of more than five percent of any class of the Company's voting securities, and (iv) all directors and executive officers as a group. Unless otherwise indicated, (i) each stockholder has sole voting power and dispositive power with respect to the indicated shares and (ii) the address of each stockholder is c/o Everlast Worldwide, Inc., 1350 Broadway, Suite 2300, New York, New York 10018.

Name and Address of Beneficial Owner -----	Beneficial Ownership Common and Class A Common (1)	
	Number (2)	Percentage of Outstanding Stock (3)
-----	-----	-----
George Q Horowitz	1,182,628 (4)	30.9%
Ben Nadorf	455,700 (5)	14.0%
James K. Anderson	108,956 (6)	3.3%
Rita Cinque Kriss	103,233 (7)	3.1%
Larry Kring	46,400 (8)	1.4%
Edward R. Epstein	21,700 (9)	*
Wayne Nadorf	1,200 (10)	*

Teddy Atlas	-	*
James J. McGuire Jr.	18,319 (11)	*
Jeffrey M. Schwartz	-	*
Mark Ackereizen	-	*
Angelo Giusti	16,200 (12)	*
Gary J. Dailey	-	*
Matthew Mark	-	*
All directors and executive officers as a group (14 persons)	1,954,336 (4) (5) (6) (7) (8) (9) (10) (11) (12)	50.0%

*Less than one percent.

(1) Under rules adopted by the Securities and Exchange Commission, a person is deemed to be a beneficial owner of securities with respect to which such person has or shares: (i) voting power, which includes the power to vote or direct the vote of the security, or (ii) investment power, which includes the power to dispose of or to direct the disposition of the security. Unless otherwise indicated below, the persons named in the table above have sole voting and investment power with respect to all shares beneficially owned.

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(2) As of April 28, 2005, there were outstanding 3,159,359 shares of Common Stock and 100,000 shares of Class A Common Stock. The shares of Class A Common Stock are entitled to five votes per share. Thus, while there are 3,259,359 total shares outstanding (not including any unexercised options), the maximum number of votes that can be cast is 3,659,359.

(3) Includes percentage attributed to 100,000 shares of Class A Common Stock.

(4) Consists of (i) 517,628 shares of Common Stock, (ii) 100,000 shares of Class A Common Stock and (iii) 565,000 shares of Common Stock issuable upon exercise of options exercisable currently or within 60 days, including (A) options to purchase 125,000 shares granted by the Company at the exercise price of \$4.00 per share, which expire October 24, 2010, (B) options to purchase 380,000 shares granted by the Company at the exercise price of \$13.00 per share, which expire October 24, 2010, (C) options to purchase 20,000 shares at an exercise price of \$3.97 per share, which expire March 22, 2009, (D) options to purchase 20,000 shares at an exercise price of \$2.23 per share, which expire December 31, 2009 and (E) options to purchase 20,000 shares at an exercise price of \$3.06 per share, which expire March 8, 2011. Mr. Horowitz has agreed not to vote the shares underlying the options in (A) and (B) above, if exercised, as long as there are at least \$10 million of Series A Preferred Stock outstanding.

(5) Includes 1,400 shares of Common Stock held by Sue Nadorf, the spouse of Mr. Ben Nadorf.

(6) Consists of (i) 92,356 shares of Common Stock of which Mr. Anderson owns 39,300 shares of Common Stock with his wife, as joint tenants, and (ii) 16,600 shares of Common Stock issuable upon exercise of options exercisable currently or within 60 days, including:

- (A) 3,200 shares @ \$9.38 expiring January 3, 2006
- (B) 3,200 shares @ \$2.23 expiring January 2, 2007
- (C) 3,400 shares @ \$2.05 expiring January 2, 2008
- (D) 3,400 shares @ \$2.35 expiring January 2, 2009
- (E) 2,267 shares @ \$3.83 expiring January 2, 2010
- (F) 1,133 shares @ \$3.03 expiring January 2, 2011

(7) Consists of (i) 77,200 shares of Common Stock and (ii) 26,033 shares of Common Stock issuable upon exercise of options exercisable currently or within 60 days including options to purchase (A) 10,000 shares of Common Stock at an exercise price of \$3.97 per share which expire March 22, 2009, (B) 10,000 shares of Common Stock at an exercise price of \$2.23 per share, which expire December 31, 2009, (C) 5,000 shares of Common Stock at an exercise price of \$3.06 per share, which expire March 8, 2011 and (D) 1,033 shares of Common Stock at an exercise price

of \$3.03 expiring January 2, 2012

- (8) Consists of (i) 30,300 shares of Common Stock and (ii) 16,100 shares of Common Stock issuable upon the exercise of options currently exercisable or within 60 days, including:
- (A) 3,100 shares @ \$9.38 expiring January 3, 2006
 - (B) 3,100 shares @ \$2.23 expiring January 2, 2007
 - (C) 3,300 shares @ \$2.05 expiring January 2, 2008
 - (D) 3,300 shares @ \$2.35 expiring January 2, 2009
 - (E) 2,200 shares @ \$3.83 expiring January 2, 2010
 - (F) 1,100 shares @ \$3.03 expiring January 2, 2011

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- (9) Consists of (i) 6,000 shares of Common Stock and (ii) 15,700 shares of Common Stock issuable upon exercise of options exercisable currently or within 60 days, including options to purchase, (A) 3,200 shares of Common Stock at an exercise price of \$9.38, which expire January 3, 2006, (B) 3,200 shares of Common Stock at an exercise price of \$2.23, which expire December 31, 2006, (C) options to purchase 3,100 shares of Common Stock at an exercise price of \$2.05 per share, which expire January 2, 2008, (D) options to purchase 3,100 shares of Common Stock at an exercise price of \$2.35 per share, which expire January 2, 2009, (E) options to purchase 2,067 shares of Common Stock at an exercise price of \$3.83 per share, which expire January 2, 2010 and (F) options to purchase 1,033 shares of Common Stock at an exercise price of \$3.03 per share, which expire January 2, 2011.
- (10) Held jointly with Sue Nadorf, Mr. Wayne Nadorf's mother.
- (11) Consists of Common shares held jointly by Mr. McGuire and his wife.
- (12) Consists of (i) 3,700 shares of Common Stock and (ii) 12,500 shares of Common Stock issuable upon exercise of options exercisable currently or within 60 days, including options to purchase (A) 2,500 shares of Common Stock at an exercise price of \$2.094 per share, which expire on June 6, 2008, (B) 2,500 shares of Common Stock at an exercise price of \$3.97, which expire March 22, 2009, (C) 2,500 shares of Common Stock at an exercise price of \$2.23, which expire December 31, 2009, and (D) 5,000 shares at an exercise price of \$3.06 per share, which expire March 8, 2011.

CODE OF ETHICS

Everlast has adopted a Code of Ethics for Senior Officers and Directors (the "Code") effective December 2003, which applies to its Board of Directors, chief executive officer, president, principal financial officer, principal accounting officer and persons performing similar functions. A copy of the Code can be found on Everlast's website (www.everlast.com). Everlast intends to disclose on its website the nature of any future amendments to and waivers of the Code that apply to the directors, chief executive officer, the president, the principal financial officer, the principal accounting officer or persons performing similar functions.

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PROPOSAL 1 -- ELECTION OF DIRECTORS

Nine directors will be elected at the Annual Meeting each to serve for a one-year term until the 2006 Annual Meeting of Stockholders and until their successors are elected and qualified. If no instructions to the contrary are indicated, proxies received by the Company will be voted for the election of the nine nominees to the Board of Directors listed below. All of the nominees currently serve as directors of the Company. The Company does not expect that any of the nominees will be unavailable for election, but if that should occur before the Annual Meeting, the proxies will be voted in favor of the remaining nominees and may also be voted for a substitute nominee or nominees selected by the Board of Directors.

The Board of Directors has approved the nomination of each of the nominees for director listed below.

Nominee -----	Age ---	Director Since -----
George Q Horowitz	54	1992 (1)
James K. Anderson	67	1992 (1) (2) (3) (4)
Larry Kring	63	1993 (2) (3) (4)
Rita Cinque Kriss	38	1994
Edward R. Epstein	65	1996 (4)
Teddy Atlas	48	2004
James McGuire Jr.	69	2004 (2)
Jeffrey Schwartz	45	2004 (3)
Mark Ackereizen	60	2004

- (1) Member of the Executive Committee of the Board of Directors.
- (2) Member of the Compensation Committee of the Board of Directors.
- (3) Member of the Audit Committee of the Board of Directors.
- (4) Member of the Corporate Governance and Nominating Committee of the Board of Directors.

The members of the Board of Directors appointed Messrs. Atlas, McGuire, Schwartz and Ackereizen to be directors of the Company effective April 2004, in order to increase the number of independent directors of the Company to six. Messrs. Anderson, Kring, Atlas, McGuire, Schwartz and Ackereizen are deemed to be independent under NASDAQ Rule 4200 and as such our Board of Directors contains a majority of independent board members as required by NASDAQ Rule 4350.

The table below lists the other members of the Board of Directors who are not up for election and who will be elected by the holders of the outstanding Series A Preferred Stock, \$.001 par value per shares of the Company (the "Series A Preferred Stock"), for a term to expire concurrently with the directors to be elected at the Annual Meeting.

Name ----	Age ---	Director Since -----
Ben Nadorf	86	2000
Wayne Nadorf	30	2000

MR. GEORGE Q HOROWITZ has been our President and Chief Executive Officer ("CEO") and a director since our inception and is our founder. Mr. Horowitz was appointed Chairman of the Board of Directors in 1996. Mr. Horowitz, formerly an educator, entered the apparel industry in 1976. Mr. Horowitz was employed by Golden Touch Imports, Inc., an apparel company in New York City,

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where he served as Vice President of Operations and was a shareholder of that company. The media frequently calls upon Mr. Horowitz for his views on issues pertaining to Everlast and the industry in general. He has appeared on numerous television talk shows, such as CNBC's "Squawk Box" and "Market Wrap," CNN's "Business Day" and "Moneyline News Hour with Lou Dobbs," Fox News Channel's "Cavuto Business Report," and "Sports Business," among others. He has been included in the SPORTSTYLE magazine's "Top 100" most influential people in the sporting goods industry. He currently serves on the Board of Trustees of the Sporting Goods Manufacturers Association. In addition, Mr. Horowitz is also a member of the International Radio and Television Society Foundation, Inc. He has been a speaker for numerous industry events, including the Women's Wear Daily CEO Annual Summit and the Fashion Round Table. Mr. Horowitz serves as a member of the Benefit Committee of Fashion and Media Leaders for the NOW Legal Defense and Education Fund. Mr. Horowitz has been involved in various civic and sports related activities. He is a member of the Three Miles of Men Honorary Committee for The Susan G. Komen Breast Cancer Foundation New York City Race for the Cure. In July 2001, Mr. Horowitz was elected to the board of directors of the American Heart Association. Mr. Horowitz is a substantial contributor to both the amateur and professional boxing community and has been honored with the following awards as a result of his generosity: 2001 Rocky Marciano/AAIB Boxing award in appreciation of his constant effort to improve boxing and safety in the sport, The Dr. Theodore A. Atlas Foundation's Annual Service Award for his ongoing support of the Atlas Foundation, and The Daily News Corporate Award for his meritorious service to amateur boxing. He has also served in various capacities as a leader and a mentor to the youth in his community.

MR. JAMES K. ANDERSON has been a director of the Company since August 1992 and was Chairman of the Board of Directors from January 1994 through December 1995. Since January 1996, he has been Vice-Chairman of the Board of Directors. Since July 1987, he has been a management consultant in restructuring businesses. From 1981 to 1987, Mr. Anderson served as the President of Pacific First Financial Corp. and Pacific First Federal Savings Bank and from 1984 to 1987, Mr. Anderson served as the Chairman of the Board and Chief Executive Officer of each of the aforementioned companies. Mr. Anderson has served on the board of directors of numerous businesses, civic, arts and educational organizations and is Chairman of the Whitman College Board of Overseers. He is currently a member of the Board of Directors of Northwest Hospital and Medical Center, a hospital and medical center in Seattle, Washington and is on the Governing Committee of the Washington State Hospital Association. Additionally, Mr. Anderson is a director and the Chief Executive Officer of Adaptis Inc., a business and technology outsourcing company serving the health care industry.

MS. RITA CINQUE KRISS has been a director of the Company since May 1994. Ms. Cinque Kriss has served in numerous executive positions in the Company, including Vice President from October 2000 to December 2002, Executive Vice President from May 1994 to October 2000, and as Vice President-Operations from April 1993 to May 1994. Ms. Cinque Kriss has also served as a consultant to the Company in its operations management from August 1992 to April 1993. From November 1990 to August 1992, Ms. Cinque Kriss was the President of ITEW, Ltd., an apparel industry management consulting company. In 1986, she was a founding member of Women in International Trade, an organization created to promote international trade, where she served as a director from January 1990 to January 1993.

MR. LARRY KRING has been a director of the Company since January 1993. From August 1993 to the present, Mr. Kring has been a Group Vice President of Esterline Technologies, a diversified instrumentation, equipment and component manufacturing company listed on the New York Stock Exchange, where he is responsible for, among other things, management and financial reporting for his group. From July 1978 to July 1993, Mr. Kring was the President and Chief Executive Officer of Heath Tecna Aerospace Company, a manufacturer of aircraft

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interior and aerospace components and a division of Ciba-Geigy Corporation. Mr. Kring also has a Master in Business Administration and has previously served as a financial executive.

MR. EDWARD R. EPSTEIN has been a director of the Company since January, 1996. Mr. Epstein is a practicing attorney and is admitted to practice law in the States of New York and Florida. He is an experienced litigator and has represented clients in all aspects of the garment industry for more than 30 years. He is a member of the bar of the State of Florida, the State of New York, and various United States District Courts and the United States Court of Appeals for the Second Circuit. He is also a member of the New York State Bar Association.

MR. BEN NADORF has been a director of the Company as well as President of Active Apparel New Corp. since October 2000. From 1958 to October 2000, Mr. Nadorf served in various executive positions at Everlast World's Boxing Headquarters Corp. He was its President from 1995 to October 2000. Mr. Nadorf was a majority stockholder of Everlast World's Boxing Headquarters Corp. when it was acquired by the Company. Mr. Ben Nadorf is also the father of Mr. Wayne Nadorf, another director of the Company.

MR. WAYNE NADORF has been a director of the Company and has served as Vice President of Product Management of Everlast since October 2000. From 1995 to October 2000, he has served in various sales positions with Everlast World's Boxing Headquarters Corp. In 1996, Mr. Nadorf graduated from Rider University with a Bachelor of Science degree in Marketing. He is the son of Mr. Ben Nadorf, another director of the Company.

MR. TEDDY ATLAS has been associated with boxing and the boxing industry for well over 30 years as a fighter, trainer and television color commentator. Mr. Atlas is a 1976 Adirondack Golden Gloves champion. Mr. Atlas has trained championship fighters for Cus D'Amato, members of the 1980 Swedish Olympic Team, Mike Tyson, Barry McGuigan, Donnie LaLonde and Simon Brown. Additionally, Mr. Atlas has trained renowned dancer choreographer Twyla Tharp and other Hollywood stars for their roles in various movies. Mr. Atlas does

color commentary for fight shows on ESPN 2 "Friday Night Fights." In addition, Mr. Atlas has done television analysis for the 2000 and 2004 Olympic Games boxing events. Mr. Atlas is involved in many community organizations, including the "The Doctor Theodore A. Atlas Memorial Foundation," a charity foundation for people in need which he runs.

MR. JAMES J. MCGUIRE, JR. is a practicing attorney and is admitted to practice law in New Jersey and the Commonwealth of Virginia. Mr. McGuire has expertise in municipal and government law and criminal law and has worked in various law firms in New Jersey since 1975, with the last five years working as a sole practitioner. In addition, Mr. McGuire served as Judge of the Municipal Court of the Borough of Shrewsbury, New Jersey from 1987 to 1991. Mr. McGuire has an exemplary military background and is a retired Lieutenant Colonel in the U.S. Army. He is the recipient of the Bronze Star Medal, the Legion of Merit and the Meritorious Service Medal. Mr. McGuire has served on the board of directors for not-for-profit and educational organizations and also currently participates in various community and civic activities.

MR. JEFFREY M. SCHWARTZ is a practicing attorney and is admitted to practice law in New York State as well as the United States Federal Court - Southern District of New York and the United States Federal Court - Eastern District of New York. Mr. Schwartz has expertise in commercial litigation, personal injury litigation, real estate, and trusts and estates and has operated his own practice since 1990. Prior to such time, he was a partner in the law

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firm of Bernstein and Schwartz from 1986 to 1990 and an associate in the laws firm of Reiter, Sabellico and Blutman from 1984 to 1986. He is a member of various bar associations including the New York State Bar Association and the Bar Association of the City of New York.

MR. MARK ACKEREIZEN is a partner in the CPA firm of Levine, Neider & Wohl where he has worked since August 2003. Prior to this, Mr. Ackereizen was a partner in the CPA firm of Gettry, Marcus, Stern and Lehre. Mr. Ackereizen has been practicing in the field of accounting, finance and taxation for 38 years. Mr. Ackereizen is a member of the American Institute of Certified Public Accountants. He also belongs to the New York State Society of Certified Public Accountants where he served as a member of the Apparel & Textile Committee and was a member of the Cooperation with Commercial Credit Grantors & Bankers Committee.

MEETINGS

The Board of Directors, met six (6) times during the fiscal year ended December 31, 2004. Messrs. Horowitz, Anderson, Kring, Epstein, Ben and Wayne Nadorf and Ms. Cinque Kriss attended at least 75% of the meetings. Messrs Atlas, Ackereizen, McGuire and Schwartz attended all the meetings subsequent to their appointments as directors in June 2004.

Each director is expected to make reasonable efforts to attend Board of Directors meetings, meetings of committees of which such director is a member and the Annual Meeting of Stockholders. All of the directors attended the 2004 Annual Meeting of Stockholders.

EXECUTIVE SESSIONS

Commencing in fiscal 2005, the Board of Directors will have regularly scheduled meetings at which only independent directors are present ("executive sessions"), as required by NASD Rule 4350(c) (2).

PROCEDURES FOR CONTACTING DIRECTORS

The Board of Directors has established a process for stockholders to send communications to the Board of Directors. Stockholders may communicate with the Board of Directors generally or with a specific director at any time by writing to: Angelo Giusti, Secretary, Everlast Worldwide Inc., 1350 Broadway, Suite 2300, New York, New York 10018. The Secretary reviews all messages received, and forwards any message that reasonably appears to be a communication from a stockholder about a matter of stockholder interest that is intended for communication to the Board of Directors. Communications are sent as soon as practicable to the director to whom they are addressed, or to the Board of Directors generally. Because other appropriate avenues of communication exist

for matters that are not of stockholder interest, such as general business complaints or employee grievances, communications that do not relate to matters of stockholder interest are not forwarded to the Board of Directors. The Secretary has the right, but not the obligation, to forward such other communications to appropriate channels within the Company.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established four standing committees to assist it in carrying out its responsibilities. These committees are the Executive Committee, the Corporate Governance and Nominating Committee, the Compensation Committee, and the Audit Committee.

The Executive Committee is responsible for special matters as determined by the Board of Directors from time to time. For the fiscal year ended December 31, 2004, the members of the Executive Committee were George Horowitz, Chairman, and James Anderson. The Executive Committee met six times during the fiscal year ended December 31, 2004. Both members of the Executive Committee attended all meetings.

The Corporate Governance and Nominating Committee was formed in April 2004 through a board resolution and is currently comprised of James Anderson, Larry Kring and Ed Epstein, with Mr. Epstein acting as chairperson. The Corporate Governance and Nominating Committee does not have a charter. Messrs. Kring and Anderson are independent, as defined in Rule 4200 of the NASD listing standards. Mr. Epstein, who is not independent as a result of his business relationship with the Company as its outside attorney, yet provides, in the opinion of the Board of Directors because of Mr. Epstein's work experience and knowledge of the corporate operations, external influences, financial and legal affairs of the Company, valuable insight and analysis of the Company which the Board of Directors believes is to the benefit of the Company and its stockholders in helping recommend and determine individual members to the Board of Directors. As permitted under Rule 4350 of the NASD listing standards, Mr. Epstein may sit on the Corporate Governance and Nominating Committee for up to two years. The Corporate Governance and Nominating Committee met once in April 2004.

The Corporate Governance and Nominating Committee's purpose is to identify individuals qualified to serve on the Board of Directors, recommend to the Board of Directors persons to be nominated for election as directors at the annual meeting of the stockholders or to be appointed by the Board of Directors to fill existing or newly created vacancies on the Board of Directors, identify and recommend members of the Board of Directors to serve on each board committee and to serve as chairman thereof, and develop and recommend to the Board of Directors corporate governance guidelines. These activities have been outlined in a board resolution. In evaluating and determining whether to nominate a candidate for a position on the Board of Directors, the Corporate Governance and Nominating Committee will consider candidates who possess high professional ethics and values, relevant management and/or industry experience and a commitment to enhancing stockholder value. The Company regularly assesses the size of the Board of Directors, whether any vacancies are expected due to new corporate governance requirements, retirements or otherwise and the need for particular expertise on the Board of Directors. Candidates may come to the attention of the Corporate Governance and Nominating Committee from current members of the Board of Directors, stockholders, officers or other persons. The Corporate Governance and Nominating Committee will review all candidates in the same manner regardless of the source of the recommendation.

Stockholders wishing to nominate a director candidate prior to a stockholders meeting must give written notice to Angelo Giusti, Secretary, Everlast Worldwide Inc., 1350 Broadway, Suite 2300, New York, New York 10018, either by personal delivery or by United States mail, postage prepaid. The stockholder's notice must be received by the Secretary not later than the close of business on the 120th calendar day prior to the date on which notice of the prior year's annual meeting was first mailed to stockholders. The stockholder's written notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; and (b) as to

the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made (i) the name and address of such stockholder, as they appear on the Company's books, and of such beneficial owner, (ii) the class and number of shares of the Company which are owned beneficially and of record by such stockholder and such beneficial owner and (iii) a representation that the stockholder is a holder of record of shares of the Company and intends to appear in person or by proxy at the meeting to propose such business.

The Compensation Committee recommends to the Board of Directors remuneration for the President, Chief Executive Officer and other elected officers. It also grants stock options, administers the Company's stock option plans, and approves and administers other compensation plans or agreements. For the fiscal year ended December 31, 2004, the members of the Compensation Committee were James Anderson, Chairman, Larry Kring, and Edward Epstein. Effective as of January 1, 2005, James J. McGuire, Jr. replaced Edward Epstein as a member of the Compensation Committee. Messrs. Kring, Anderson and McGuire are independent, as defined in Rule 4200 of the NASD listing standards. Mr. Epstein, who was not independent as a result of his business relationship with the Company as its outside attorney, had previously provided, in the opinion of the Board of Directors because of Mr. Epstein's work experience and knowledge of the corporate operations, external influences, financial and legal affairs of the Company, valuable insight and analysis of the Company which the Board of Directors believes was to the benefit of the Company and its stockholders in helping recommend and determine executive officers and key employees compensation and benefits to the Board. Of Directors. The Compensation Committee met once during the fiscal year ended December 31, 2004. For the fiscal year ended December 31, 2005, Mr. Epstein was replaced by Mr. McGuire, who is independent. All members of the Compensation Committee attended the meeting. See "Compensation Committee Report on Executive Compensation."

The Audit Committee reviews the Company's financial statements. It then makes recommendations to the Board of Directors concerning the accuracy of such statements and whether or not they should be included in the Company's annual report. It also reviews filings with the Securities and Exchange Commission containing the Company's financial statements. Additionally, it reviews the qualifications of and makes recommendations to the Board of Directors not only concerning the selection of the Company's independent auditors but also the nature and scope of additional professional services to be provided by such auditors. As part of its duties, the Audit Committee serves as an independent and objective monitor of the performance of the Company's financial reporting processes and systems of internal control. For the fiscal year ended December 31, 2004, the members of the Audit Committee were Larry Kring, Chairman, James Anderson and Rita Cinque Kriss. Effective as of April 1, 2005, Jeffrey Schwartz replaced Rita Cinque Kriss as a member of the Audit Committee. Messrs. Kring, Anderson and Schwartz are independent, as defined in Rule 4200 of the NASD listing standards. Ms. Kriss, who was not independent as a result of her being a former employee of the Company, had previously provided, in the opinion of the Board of Directors because of Ms. Cinque Kriss' work experience and knowledge of the operations of the Company, valuable insight and analysis of the accounting and financial performance of the Company which the Board of Directors believes was to the benefit of the Company and its stockholders. The Board of Directors has determined that Larry Kring, Chairman of the Audit Committee, is a financial expert serving on the Audit Committee. The Audit Committee is governed by a written Audit Committee Charter approved by the Board of Directors in 2004 following the commencement of our Annual Meeting. The Audit Committee reviews and reassesses the adequacy of its charter on an annual basis and during 2004 did not make any amendments. The Audit Committee met five times during the fiscal year ended December 31, 2004. All members of the Audit Committee attended at least 75% of the Audit Committee meetings. As of April 1, 2005, Ms. Cinque Kriss has been replaced by Mr. Schwartz, who is independent.

AUDIT COMMITTEE REPORT

Our audit committee is comprised of three directors, two of which

are independent, and operates under a written charter. The audit committee, in its oversight role over (1) our financial accounting and reporting process, (2) our system of internal controls established by management and (3) the external audit process, has met with management and our independent auditors. Discussions about our audited financial statements included our independent auditor's judgments about the quality, not just the acceptability, of our accounting principles and underlying estimates used in our financial statements, as well as other matters, as required by Statement on Auditing Standards No. 61, Communication with Audit Committees ("SAS 61"), as amended by Statement on Auditing Standards No. 90, Audit Committee Communications, and by our Audit Committee Charter. In conjunction with the specific activities performed by the audit committee in its oversight role, it issued the following report:

1. The audit committee has reviewed and discussed the audited financial statements as of and for the year ended December 31, 2004 with our management.

2. The audit committee has discussed with the independent auditors the matters required to be discussed by SAS 61.

3. The audit committee has received from the independent accountants, required by Independence Standards Board Standard No.1, Independence Discussions with Audit Committee, (i) a written disclosure, indicating all relationships, if any, between the independent auditor and its related entities and the company and its related entities which, in the auditor's professional judgment, reasonably may be thought to bear on the auditor's independence, and (ii) a letter from the independent auditor confirming that, in its professional judgment, it is independent of the company; and the audit committee has discussed with the auditor the auditor's independence from the company.

Based on the review and discussions referred to in paragraphs (1) through (3) above, the audit committee recommended to the Board of Directors, and the Board of Directors has approved, that the audited financial statements should be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2004 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Larry Kring
James Anderson
Jeffrey Schwartz

COMPENSATION OF DIRECTORS

Effective as of January 1, 1995, directors of the Company who are neither officers nor employees of the Company receive options to purchase shares of Common Stock pursuant to the Company's 1995 Non-Employee Director Stock Option Plan (the "Directors' Plan") as part of their compensation for services as directors of the Company. The Directors' Plan provides for annual automatic grants on the first working day of the fiscal year of options to purchase 3,000 shares of Common Stock to each such director serving at the time of the grant. The Chairman and Secretary of the Board of Directors and the chairperson of a committee of the Board of Directors also receive an automatic grant of options to purchase an additional 200 shares of Common Stock, provided he or she is not an officer nor an employee of the Company. Each member of a committee of the Board of Directors, provided that he or she is neither an officer nor an employee of the Company, also receives an automatic grant of options to purchase

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an additional 100 shares of Common Stock. The exercise price per share for all such options is the fair market value of the shares of Common Stock on the date of grant. The term of each option is seven years from the date of grant, and the options vest in three equal installments on the first, second and third anniversaries of the date of grant.

Additionally, effective as of January 1, 1998, each director of the Company who is neither an officer nor an employee of the Company receives an annual fee of \$6,000, one-fourth of such amount payable at the end of each quarter. For the fiscal year ended December 31, 2004, Messrs. James K. Anderson, Edward R. Epstein, Ms. Cinque Kriss and Larry Kring each received a total of \$6,000. Messrs. Ackereizen, Atlas, McGuire and Schwartz each received \$3,000. Directors also receive reimbursement of expenses incurred by them in performing their duties and in attending meetings of the Board of Directors, provided that such expenses are reasonable and evidenced by appropriate documentation.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"
THE ELECTION OF EACH OF THE NOMINEES

MANAGEMENT

OTHER EXECUTIVE OFFICERS

Name ----	Age ---	Position Held -----
Angelo Giusti	54	Secretary & Senior Vice- President of Operations
Gary J. Dailey	37	Chief Financial Officer
Matthew Mark	63	Treasurer

MR. ANGELO GIUSTI has been Secretary and Senior Vice President of Operations of the Company since October 2000. From June 1997 to October 2000, he served as Vice President of Operations of the Company. Mr. Giusti also served as a director of the Company from January 1997 to October 2000. From 1984 until June 1997, Mr. Giusti was President of Universal Business Forms, a printing company in New York City. From 1978 to 1984, Mr. Giusti was Sales Manager in New York for Uarco, a national printing company. Mr. Giusti has served on many community boards. He was a New York City Public School teacher and has remained active in local education and in youth sports activities. He is a former President of the Holmdel Pop Warner Football League in New Jersey.

MR. GARY J. DAILEY has been Chief Financial Officer of the Company since July 2004. From July 2003 to June 2004, he was Vice President of Finance. From January 1999 through 2003, Mr. Dailey was Vice President, Finance, of The Hain Celestial Group, Inc. a publicly held natural and organic food manufacturer and distributor. Prior to that, Mr. Dailey was an Assurance and Advisory Senior Manager with Ernst & Young LLP from September 1988 through December 1998 serving small and middle market companies in the manufacturing, wholesale and retail industries.

MR. MATTHEW MARK has been Treasurer since July 2004. From October 2000 to June 2004, Mr. Mark was the Chief Financial Officer of the Company. From May 1998 to October 2000, he was Controller of the Company. From June 1997 to May 1998, Mr. Mark served as the Controller of WHK, Inc., a private label

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manufacturer of apparel. From January 1988 to April 1997, Mr. Mark served as the Controller and Assistant Treasurer of Cygne Designs Inc., a private label manufacturer of apparel. Additionally, Mr. Mark has also held various financial executive positions with Cluett Peabody, Inc., a diverse apparel manufacturer, from October 1978 to January 1988.

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PROPOSAL NO. 2

APPROVAL OF INCREASE OF SHARES RESERVED FOR ISSUANCE
UNDER THE 2000 STOCK OPTION PLAN

The Board of Directors has unanimously approved for submission to a vote of the stockholders a proposal to amend the 2000 Stock Option Plan (the "2000 Plan") to increase the number of shares of Common Stock issuable over the term of the plan by 1,000,000 shares to 2,000,000 shares in the aggregate and make certain technical changes required under the tax laws. A majority of the Company's stockholders approved the 2000 Plan at the Company's Special Meeting in 2000. The 2000 Plan, as amended to increase the number of shares of common stock issuable over the term of the plan by 1,000,000 shares to 2,000,000 shares in the aggregate (the "Amended 2000 Plan"), provides a means for the Company to retain in the employ of and as directors, consultants and advisors to the Company persons of training, experience and ability, to attract new employees, directors, advisors and consultants whose services are considered valuable, to encourage the sense of proprietorship and to stimulate the active interest of

such persons in the development and financial success of the Company and its subsidiaries. As the Company continues to develop, it believes that grants of options and other forms of equity participation will become an increasingly important means to retain and compensate employees, directors, advisors and consultants.

Each option granted pursuant to the Amended 2000 Plan shall be designated at the time of grant as either an "incentive stock option" or as a "nonqualified stock option." A summary of the significant provisions of the Amended 2000 Plan is set forth below. The full text of the Amended 2000 Plan is set forth as Appendix A to this Proxy Statement. This discussion of the Amended 2000 Plan is qualified in its entirety by reference to Appendix A.

ADMINISTRATION OF THE PLAN

The Amended 2000 Plan will be administered by the Compensation Committee of the Board of Directors (the "Committee"). The Committee determines to whom among those eligible, and the time or times at which, options will be granted, the number of shares to be subject to options, the duration of options, any conditions to the exercise of options, and the manner in and price at which options may be exercised. In making such determinations, the Committee may take into account the nature and period of service of eligible persons, their level of compensation, their past, present and potential contributions to the Company and such other factors as the Committee in its discretion deems relevant.

The Committee is authorized to amend, suspend or terminate the Amended 2000 Plan except that it is not authorized without stockholder approval (except with regard to adjustments resulting from changes in capitalization) to (i) materially increase the number of shares that may be issued under the Amended 2000 Plan, except as is provided in Section 8 of the Amended 2000 Plan; (ii) materially increase the benefits accruing to the option holders under the Amended 2000 Plan; (iii) materially modify the requirements as to eligibility for participation in the Amended 2000 Plan; (iv) decrease the exercise price of an incentive stock option to less than 100% of the Fair Market Value per share of Common Stock on the date of grant thereof, or decrease the exercise price of a non-qualified stock option to less than 80% of the Fair Market Value per share of Common Stock on the date of grant thereof; or (v) extend the term of any option beyond that provided for in Section 5 of the Amended 2000 Plan.

Unless the Amended 2000 Plan is terminated earlier by the Committee, it will terminate on August 10, 2010.

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COMMON STOCK SUBJECT TO THE AMENDED 2000 PLAN

The Amended 2000 Plan provides that options may be granted with respect to a total of 2,000,000 shares of Common Stock. The maximum number of shares of stock that can be subject to options granted under the Amended 2000 Plan to any individual in any calendar year shall not exceed 600,000. Under certain circumstances involving a change in the number of shares of Common Stock, such as a stock split, stock consolidation or payment of a stock dividend, the class and aggregate number of shares of Common Stock in respect of which options may be granted under the Amended 2000 Plan, the class and number of shares subject to each outstanding option and the exercise price per share will be proportionately adjusted. In addition, if the Company is involved in a merger, consolidation, dissolution, liquidation or upon a transfer of substantially all of the assets or more than 50% of the outstanding Common Stock, the options granted under the Amended 2000 Plan will be adjusted or, under certain conditions, will terminate, subject to the right of the option holder to exercise his option or a comparable option substituted at the discretion of the Company prior to such event. If any option expires or terminates for any reason, without having been exercised in full, the un-purchased shares subject to such option will be available again for the purposes of the Amended 2000 Plan.

As of March 31, 2005, options to purchase 763,300 shares of Common Stock were outstanding, or 76% of the number of shares authorized to be issued under the 2000 Plan, at exercise prices ranging from \$2.75 to \$13.00 per share, vesting at the date of the grant or over periods of one to three years. As of March 31, 2005, options to purchase 236,700 shares of Common Stock are available for grant under the 2000 Plan. A delay in increasing the number of shares available for the grant of options under the 2000 Plan may prevent the Company from retaining or attracting highly-qualified and experienced employees. If the

amendment is approved, the Company will be authorized to issue options for a maximum of 2,000,000 shares of Common Stock.

The fair market value of a share of Common Stock on April 29, 2005 was \$6.25.

PARTICIPATION

Any employee, officer or director of, and any consultant or advisor to, the Company or any of its subsidiaries shall be eligible to receive stock options under the Amended 2000 Plan. Only employees of the Company or its subsidiaries shall be eligible to receive incentive stock options.

OPTION PRICE

The exercise price of each option is determined by the Committee, but may not be less than 100% of the Fair Market Value (as defined in the Amended 2000 Plan) of the shares of Common Stock covered by the option on the date the option is granted in the case of an incentive stock option, nor less than 80% of the Fair Market Value of the shares of Common Stock covered by the option on the date the option is granted in the case of a non-statutory stock option. If an incentive stock option is to be granted to an employee who owns over 10% of the total combined voting power of all classes of the Company's capital stock, then the exercise price may not be less than 110% of the Fair Market Value of the Common Stock covered by the option on the date the option is granted.

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TERMS OF OPTIONS

The Committee shall, in its discretion, fix the term of each option, provided that the maximum term of each option shall be 10 years. Incentive stock options granted to an employee who owns over 10% of the total combined voting power of all classes of stock of the Company shall expire not more than five years after the date of grant. The Amended 2000 Plan provides for the earlier expiration of options of a participant in the event of certain terminations of employment or engagement. In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or other change in corporate structure affecting the Common Stock of the Company, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares reserved for issuance under the Amended 2000 Plan and in the number and option price of shares subject to outstanding options granted under the 2000 Plan, to the end that after such event each option holder's proportionate interest shall be maintained as immediately before the occurrence of such event, except as otherwise provided under the tax laws.

RESTRICTIONS ON GRANT AND EXERCISE

Generally, an option may not be transferred or assigned other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order and, during the lifetime of the option holder, may be exercised solely by him. The aggregate Fair Market Value (determined at the time the incentive stock option is granted) of the shares as to which an employee may first exercise incentive stock options in any one calendar year under all incentive stock option plans of the Company and its subsidiaries may not exceed \$100,000. The Committee may impose any other conditions to exercise as it deems appropriate.

REGISTRATION OF SHARES

The Company plans to file a registration statement under the Securities Act of 1933, as amended, with respect to the additional 1,000,000 shares of Common Stock issuable pursuant to the Amended 2000 Plan subsequent to the approval of the Amended 2000 Plan by the Company's stockholders.

RULE 16b-3 COMPLIANCE

In all cases, the terms, provisions, conditions and limitations of the Amended 2000 Plan shall be construed and interpreted consistent with the provisions of Rule 16b-3 of the Securities Exchange Act of 1934, as amended.

TAX TREATMENT OF INCENTIVE STOCK OPTIONS

In general, no taxable income for Federal income tax purposes will

be recognized by an option holder upon receipt or exercise of an incentive stock option, and the Company will not then be entitled to any tax deduction. Assuming that the option holder does not dispose of the option shares before the expiration of (i) two years from the date of grant, and (ii) one year after the transfer of the option shares (the "required holding periods"), upon disposition, the option holder will recognize capital gain equal to the difference between the sale price on disposition and the exercise price.

If, however, the option holder disposes of his option shares prior to the expiration of the required holding periods, the option holder will recognize ordinary income for Federal income tax purposes in the year of disposition equal to the excess of the fair market value of the shares at date of exercise over the exercise price, or if less, the excess of the sale price upon disposition and the exercise price. Any additional gain on such disqualifying disposition will be treated as capital gain. In addition, if such a disqualifying disposition is made by the option holder, the Company will be entitled to a deduction equal to the amount of ordinary income recognized by the option holder provided such amount constitutes an ordinary and reasonable expense of the Company.

TAX TREATMENT OF NONQUALIFIED STOCK OPTIONS

No taxable income will be recognized by an option holder upon receipt of a non-statutory stock option, and the Company will not be entitled to a tax deduction for such grant.

Upon the exercise of a nonqualified stock option, the option holder will include in taxable income for Federal income tax purposes the excess in value on the date of exercise of the shares acquired upon exercise of the nonqualified stock option over the exercise price. Upon a subsequent sale of the shares, the option holder will derive capital gain or loss, upon the subsequent appreciation or depreciation in the value of the shares.

The Company generally will be entitled to a corresponding deduction at the time that the participant is required to include the value of the shares in his income.

WITHHOLDING OF TAX

The Company is permitted to deduct and withhold amounts required to satisfy its withholding tax liabilities with respect to its employees.

NEW PLAN BENEFITS

Benefits under the Amended 2000 Plan to the Named Executive Officers (as defined later in this proxy statement) and the Company's other executive officers, non-employee directors and other employees are not currently determinable because all grants under the Amended 2000 Plan are discretionary. The following table sets forth certain information as to options to purchase shares of Common Stock under the Amended 2000 Plan that the Named Executive Officers, other executive officers, non-employee directors and other employees received in the fiscal year ended December 31, 2004. All grants under the Amended 2000 Plan have been and will be made in consideration of services rendered or to be rendered to the Company or any of its subsidiaries by the recipients.

2000 STOCK OPTION PLAN, AS AMENDED

Name and Position -----	Number of Options -----
George Q Horowitz, Chairman, President and Chief Executive Officer	60,000
Angelo Giusti, Secretary & Senior Vice President of Operations	10,000
Gary J. Dailey, Chief Financial Officer & Chief Accounting Officer	15,000
Matthew Mark, Treasurer	0
Executive Group	50,000
Non-Employee Director Group	0
Non-Executive Officer Employee Group	50,000

REQUIRED VOTE

The affirmative vote of the holders of outstanding shares of Common Stock and Class A Stock, voting together, representing a majority present, in person or by proxy, is required for approval of the amendment of the 2000 Plan to increase the number of shares of Common Stock issuable over the term of the plan by 1,000,000 shares to 2,000,000 shares in the aggregate.

RECOMMENDATION

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL
OF THE INCREASE OF SHARES RESERVED FOR ISSUANCE UNDER
THE 2000 STOCK OPTION PLAN

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PROPOSAL NO. 3

APPROVAL OF ADOPTION OF THE COMPANY'S 2005
NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN

The Board of Directors has unanimously approved for submission to a vote of the stockholders a proposal to adopt the 2005 Non-Employee Directors Stock Option Plan (the "Directors Plan"). The purpose of the Directors Plan is to provide a means to attract and retain the services of qualified individuals who are not employees or officers of the Company to serve as members of the Board of Directors. The Board of Directors believes that the Directors Plan will be beneficial to the Company and its stockholders in securing and retaining directors by allowing them to participate in the ownership and growth of the Company through the grant of nonqualified stock options. The granting of such options serves as partial consideration for and gives non-employee directors an additional inducement to remain in the service of the Company and provides them with an increased incentive to work towards the Company's success.

On August 4, 1995, the Board of Directors approved the 1995 Non-Employee Director Stock Option Plan (the "1995 Plan"). The 1995 Plan was approved and adopted at the 1995 Annual Meeting of Shareholders on October 6, 1995. The 1995 Plan expires on October 5, 2005.

A summary of the significant provisions of the Directors Plan is set forth below. The full text of the Directors Plan is set forth as Appendix B to this Proxy Statement. This discussion of the Directors Plan is qualified in its entirety by reference to Appendix B.

GENERAL

The Directors Plan provides for the automatic grant of nonstatutory stock options to non-employee directors of the Company.

ADMINISTRATION OF THE PLAN

The Directors Plan is intended to operate automatically without discretionary administration. To the extent administration is necessary, it will be performed by the Board of Directors or the Committee (hereinafter referred to collectively as the "Board"). However, the Board has no discretion to select the non-employee directors of the Company who are granted options under the Directors Plan, to set the exercise price of such options, to determine the number of shares for which or the time at which particular options are granted or to establish the duration of such options. The Board is authorized to interpret the Directors Plan and options granted thereunder, and all determinations of the Board will be final and binding on all persons having an interest in the Directors Plan or any option.

Unless the Directors Plan is terminated earlier by the Board, it will terminate ten years from the date of its approval and adoption by the stockholders of the Company.

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COMMON STOCK SUBJECT TO THE DIRECTORS PLAN

The Directors Plan provides that options may be granted with respect to a total of 200,000 shares of Common Stock. Under certain circumstances involving a change in the number of shares of Common Stock, such as a stock split, stock consolidation or payment of a stock dividend, the class and aggregate number of shares of Common Stock in respect of which options may be granted under the Directors Plan, the class and number of shares subject to each outstanding option and the exercise price per share will be proportionately adjusted. If any option expires or terminates for any reason, without having been exercised in full, the un-purchased shares subject to such option will be available again for the purposes of the Directors Plan.

The fair market value of a share of Common Stock on April 29, 2005 was \$6.25.

ELIGIBILITY

Only directors of the Company who, at the time of grant, are not employees of the Company or of any parent or subsidiary corporation of the Company (the "Non-Employee Directors") are eligible to participate in the Directors Plan. Currently, the Company has eight Non-Employee Directors.

AUTOMATIC GRANT OF OPTIONS

On January 1 of each successive year after the Effective Date, an option to purchase 3,000 shares of Common Stock is granted automatically to each Non-Employee Director. In addition, on January 1 of each successive year after the Effective Date, each Non-Employee Director who served as the Chairperson of the Board of Directors or any committee of the Board of Directors for at least six months during the most recent fiscal year is granted automatically an option to purchase 200 shares of Common Stock and each Non-Employee Director who served as a member of any committee of the Board of Directors for at least six months during the most recent fiscal year is granted automatically an option to purchase 100 shares of Common Stock.

OPTION PRICE

The exercise price per share of any option granted under the Directors Plan must equal the fair market value, as determined pursuant to the plan, of a share of the Company's Common Stock on the date of grant. Generally, the fair market value of the Common Stock will be the closing price per share on the business day immediately preceding the date of grant as reported on The Nasdaq National Market. The exercise price may be paid in cash, by check or such other instrument as may be acceptable to the Board.

TERM AND EXERCISABILITY OF OPTIONS

The maximum term of each option granted pursuant to the Directors Plan is seven years. Options granted pursuant to the Directors Plan shall be exercisable as follows: one-third of the aggregate shares of Common Stock purchasable under an option shall be exercisable commencing one year after the date of grant, an additional one-third of the aggregate shares of Common Stock purchasable under an option shall be exercisable commencing two years after the date of grant, and the remaining one-third of the aggregate shares of Common Stock purchasable under an option shall be exercisable commencing three years after the date of grant. The Directors Plan provides for the earlier expiration of options of a Non-Employee Director in the event such individual is no longer serving as a member of the Board of Directors.

RESTRICTIONS ON EXERCISE

In general, during the lifetime of the optionee, the option may be exercised only by the optionee and may not be transferred or assigned, except by will or the laws of descent and distribution. However, in order to facilitate estate planning by the directors, the Directors Plan provides that, with the consent of the Board, the optionee may transfer all or a portion of the option to (i) an immediate family member, (ii) a trust for the exclusive benefit of the optionee and/or one or more immediate family members, (iii) a partnership in which the optionee and/or one or more immediate family members are the only partners, or (iv) such other person or entity as the Board permits. For this

purpose, "immediate family member" means the optionee's spouse, former spouse, children or grandchildren, whether natural or adopted.

CHANGE IN CONTROL

The Directors Plan provides that, in the event of (i) a merger or consolidation in which the Company is not the surviving corporation or in which the stockholders of the Company before such transaction do not retain after such transaction, directly or indirectly, at least a majority of the beneficial interest in the voting stock of the Company, (ii) the sale, exchange or transfer of all or substantially all of the assets of the Company other than to one or more subsidiary corporations, (iii) the direct or indirect sale or exchange by the stockholders of the Company of all or substantially all of the stock of the Company where the stockholders of the Company before such transaction do not retain after such transaction, directly or indirectly, at least a majority of the beneficial interest in the voting stock of the Company, or (iv) a liquidation or dissolution of the Company (a "Change in Control"), all options outstanding under the Directors Plan will become immediately exercisable and vested in full as of the date ten days prior to the Change in Control. In addition, the acquiring or successor corporation may assume or substitute substantially equivalent options for the options outstanding under the Directors Plan. To the extent that the options outstanding under the Directors Plan are not assumed, substituted for, or exercised prior to the Change in Control, they will terminate.

TERMINATION OR AMENDMENT

The Directors Plan provides that it may be terminated or amended by the Board at any time, subject to stockholder approval only if such amendment would increase the total number of shares of Common Stock reserved for issuance thereunder.

REGISTRATION OF SHARES

The Company plans to file a registration statement under the Securities Act of 1933, as amended, with respect to the 200,000 shares of Common Stock issuable pursuant to the Directors Plan subsequent to the approval of the Directors Plan by the Company's stockholders.

RULE 16b-3 COMPLIANCE

In all cases, the terms, provisions, conditions and limitations of the Directors Plan shall be construed and interpreted consistent with the provisions of Rule 16b-3 of the Securities Exchange Act of 1934, as amended.

TAX TREATMENT OF NONQUALIFIED STOCK OPTIONS

No taxable income will be recognized by an option holder upon receipt of a non-statutory stock option, and the Company will not be entitled to a tax deduction for such grant.

Upon the exercise of a nonqualified stock option, the option holder will include in taxable income for Federal income tax purposes the excess in value on the date of exercise of the shares acquired upon exercise of the nonqualified stock option over the exercise price. Upon a subsequent sale of the shares, the option holder will derive capital gain or loss, upon the subsequent appreciation or depreciation in the value of the shares.

The Company generally will be entitled to a corresponding deduction at the time that the participant is required to include the value of the shares in his income.

NEW PLAN BENEFITS

Assuming the Directors Plan had been in place for the fiscal year ended December 31, 2004, the following table sets forth the total number of grants of options that would have been made under the Directors Plan to Non-Employee Directors as a group for the fiscal year ended December 31, 2004.

2005 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN

Name and Position	Number of Options
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None of the Named Executive Officers, other executive officers and other employees of the Company will participate in the Directors Plan or receive any options there under.

REQUIRED VOTE

The affirmative vote of the holders of outstanding shares of Common Stock and Class A Stock, voting together, representing a majority present, in person or by proxy, is required for approval of the adoption of the Directors Plan.

RECOMMENDATION

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL
OF THE ADOPTION OF THE 2005 NON-EMPLOYEE DIRECTORS PLAN

EXECUTIVE COMPENSATION

The following Summary Compensation Table sets forth certain information concerning total annual compensation paid to George Q Horowitz, the Company's President and Chief Executive Officer, Angelo Giusti, the Company's Secretary and Senior Vice President of Operations, Gary J Dailey, the Company's Chief Financial Officer and Chief Accounting Officer and Matthew Mark, Treasurer (collectively, the "Named Executive Officers"), for services rendered in all capacities by them to the Company during fiscal years ended December 31, 2004, 2003, and 2002.

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SUMMARY COMPENSATION TABLE

Name and Principal Positions (1)	Year	Annual Compensation		Other Annual Compensation (\$)	All Other Compensation (\$)	Securities Underlying Options (#)
		Salary (\$)	Bonus (\$)			
George Horowitz (Chairman, President and Chief Executive Officer)	2004	\$ 435,519	\$147,435 (2)	\$ 53,754 (3)	\$ 2,969 (6)	60,000
	2003	398,673	157,132 (2)	55,766 (4)	1,596 (6)	0
	2002	372,611	154,216 (2)	52,684 (5)	1,651 (6)	0
Angelo Giusti (Secretary & Senior Vice President of Operations)	2004	\$202,192	\$ 18,000	0	0	10,000
	2003	173,269	18,000	0	0	0
	2002	158,846	7,500	0	0	0
Gary J Dailey (Chief Financial Officer & Chief Accounting Officer)	2004	\$164,423	\$ 15,000	0	0	15,000
	2003	57,000 (7)	0 (7)	0 (7)	0 (7)	0 (7)
Matthew Mark (Treasurer)	2004	135,000	10,000	13,538 (8)	0	0
	2003	129,423	12,500	12,556 (9)	0	0
	2002	124,231	5,000	11,848 (10)	0	0

(1) Other than George Q Horowitz, Angelo Giusti, Gary Dailey and Matthew Mark, the Company had no other executive officer to whom it paid more than \$100,000 in total salary and bonuses for fiscal year ended December 31, 2004.

(2) Consists of annual bonus paid pursuant to Mr. Horowitz's employment agreement.

(3) Consists of (i) \$32,000 paid to a trust account pursuant to the Deferred Compensation Plan adopted by the Board of Directors on December 17, 1999

and (ii) an aggregate of \$21,754 paid by the Company, on behalf of Mr. Horowitz, in fiscal year 2004 in connection with automobile lease installment payments (\$16,190), related insurance premiums (\$715) and parking expenses (\$4,849).

- (4) Consists of (i) \$32,000 paid to a trust account pursuant to the Deferred Compensation Plan adopted by the Board of Directors on December 17, 1999 and (ii) an aggregate of \$23,766 paid by the Company, on behalf of Mr. Horowitz, in fiscal year 2003 in connection with automobile lease installment payments (\$17,564), related insurance premiums (\$1,556) and parking expenses (\$4,646).
- (5) Consists of (i) \$32,000 paid to a trust account pursuant to the Deferred Compensation Plan adopted by the Board of Directors on December 17, 1999 and (ii) an aggregate of \$20,684 paid by the Company, on behalf of Mr. Horowitz, in fiscal year 2002 in connection with automobile lease installment payments (\$15,515), related insurance premiums (\$729) and parking expenses (\$4,440).
- (6) Represents premiums paid by the Company in fiscal years 2004, 2003, and 2002 on term life insurance policies for the benefit of Mr. Horowitz.
- (7) From July 2003 to June 2004, Gary J. Dailey was Vice President of Finance for the Company. Mr. Dailey's compensation for 2003 covers the period from July 2003 to the end of December 2003.
- (8) Consists of an aggregate of \$13,538 paid by the Company, on behalf of Mr. Mark, in fiscal year 2004 in connection with automobile lease installment payments (\$8,988) and related insurance premiums (\$4,550).
- (9) Consists of an aggregate of \$12,556 paid by the Company, on behalf of Mr. Mark, in fiscal year 2003 in connection with automobile lease installment payments (\$8,988) and related insurance premiums (\$3,568).
- (10) Consists of an aggregate of \$11,848 paid by the Company, on behalf of Mr. Mark, in fiscal year 2002 in connection with automobile lease installment payments (\$9,298) and related insurance premiums (\$2,550).

LONG-TERM INCENTIVE AND PENSION PLANS

The Company currently has no long-term incentive or defined pension plans. The Company offers all employees a 401(k) savings plan that allows the employees to voluntarily defer a certain portion of their income before taxes. The Company pays all the administrative fees for the plan.

STOCK OPTION GRANT AND EXERCISES IN LAST FISCAL YEAR

The table below sets forth information with respect to grants of stock options to our named executives during our fiscal year ended December 31, 2004.

OPTION GRANTS IN LAST FISCAL YEAR

Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted To Employees In Fiscal year	Individual Grant		Potential Realizable Value At Assumed Annual Rate of Stock Price Appreciation For Option Term	
			Exercise Of Base Price (\$/Sh)	Expiration Date	5% (\$)	10% (\$)
George Horowitz	60,000 (1)	32%	\$2.75	7/23/2014	\$103,768	\$174,152
Angelo Giusti	10,000 (1)	5%	\$2.75	7/23/2014	\$ 17,295	\$ 29,025
Gary J. Dailey	10,000 (1)	5%	\$2.75	7/23/2014	\$ 17,295	\$ 29,025

- (1) Issued under the Company's 2000 Stock Option Plan. The option was granted on July 23, 2004 and one-third of the number of shares subject to the option are exercisable commencing July 23, 2005, one-third of the number of shares subject to the option are exercisable commencing July 23, 2006, and the final one-third of the number of shares subject to the option are exercisable commencing July 23, 2007. Mr. George Horowitz's options are non-qualified stock options.
- (2) Issued under the Company's 2000 Stock Option Plan. The option was granted on July 1, 2004 and one-third of the number of shares subject to the option are exercisable commencing July 1, 2005, one-third of the number of shares subject to the option are exercisable commencing July 1, 2006, and the final one-third of the number of shares subject to the option are exercisable commencing July 1, 2007.

The table below sets forth information with respect to grants of stock options to our named executives and exercises of options by our named executives during our fiscal year ended December 31, 2004.

Name	Shares Acquired On Exercise (#)	Value Realized	Number of Securities Underlying Unexercised Options at December 31, 2004		Value of Unexercised In-the-Money Options at December 31, 2004 (1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
George Horowitz	15,000	\$28,427	590,000	60,000	\$852,900	\$290,400
Angelo Giusti	-	-	12,500	10,000	\$ 58,800	\$ 48,400
Gary J Dailey	-	-	-	15,000	-	\$ 72,100
Matthew Mark	-	-	8,500	-	\$ 39,650	-

- (1) Represents the total gain that would be realized if all the in-the-money options held at December 31, 2004 were exercised, determined by multiplying the number of shares underlying the options by the difference between the per share option exercise price and the closing sale price of Common Stock of \$7.59 per share as reported on the NASDAQ SmallCap Market for December 31, 2004. An option is in-the-money if the fair market value of the underlying shares exceeds the exercise price of the option.

DISCLOSURE OF EQUITY COMPENSATION PLAN INFORMATION

The table below sets forth information with respect to our compensation plans as of December 31, 2004.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	687,500	\$8.65	262,000
Equity compensation plans not approved by security holders	266,100	3.03	-
Total	953,600	7.08	262,000

EMPLOYMENT CONTRACTS

GEORGE Q HOROWITZ - The Company and George Q Horowitz are parties to an employment agreement, dated as of January 1, 2000 (the "Agreement"), pursuant to which Mr. Horowitz will serve as the President and Chief Executive Officer of the Company through December 31, 2005 (the "Term"). Mr. Horowitz's annual salary

shall initially be \$320,000 (the "Base Salary") and shall be considered for increase by the Board of Directors. In addition to the Base Salary, Mr. Horowitz is entitled to an annual cash bonus (the "Cash Bonus") based upon certain "net sales" and "before tax profits" targets. Under the Agreement, Mr. Horowitz is also entitled to receive a monthly automobile allowance, reimbursement for parking expenses, health and medical insurance, and participation in any retirement, life and disability insurance, dental insurance and any bonus, incentive or profit-sharing plans which the Company makes available from time to time to its executives. The Company has also agreed to include Mr. Horowitz as a named insured in any director or officer liability insurance policy the Company maintains on the same basis as is made available to the directors and other executive officers of the Company. The Agreement generally restricts Mr. Horowitz from disclosing certain confidential information during the Term and for a period of one year following the Term, and further restricts Mr. Horowitz from competing with the Company for a period of one year following the Term. The Agreement may be terminated by Mr. Horowitz for "good reason" or by the Company "for cause". If the Agreement is terminated by the Company "for cause" or in the event of the resignation by Mr. Horowitz without "good reason," the obligations of the Company under the Agreement will terminate (except with respect to certain indemnification provisions). In the event of termination of the Agreement by reason of Mr. Horowitz's death, his estate is entitled to receive the pro-rata amount of the Cash Bonus as of the time of his death at the end of the same fiscal year. If Mr. Horowitz's employment is terminated due to a Change of Control (as defined in the Agreement), he will be entitled to a lump sum payment of 2.99 times the sum of the Base Salary, Cash Bonus and benefits and payment for expenses incurred as a result of such termination and any deferred

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compensation, including but not limited to deferred bonuses allocated or credited to Mr. Horowitz as of the date of his termination.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION IN COMPENSATION DECISIONS/CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Edward R. Epstein, a Director and a member of the Corporate Governance Committee, as well as a member of the Compensation Committee until January 1, 2005, was paid an aggregate of \$278,844 for legal services for the fiscal year ending December 31, 2004. Other than a verbal retainer agreement to provide for legal services, Mr. Epstein has no other contract or agreement with the Company and serves as an independent contractor of the Company.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

GENERAL

The Compensation Committee determines the cash and other incentive compensation, if any, to be paid to the Company's executive officers and key employees. Messrs. James Anderson, Larry Kring and James J. McGuire, Jr. serve as members of the Compensation Committee. The Compensation Committee is also responsible for the administration and award of stock options under the Company's 1995 Non-Employee Director Stock Option Plan and the 2000 Employee Incentive Stock Option Plan. All three members of the Compensation Committee are non-employee directors of the Company, as defined under Rule 16b-3 of the Securities Exchange Act of 1934, as amended. Mr. Anderson serves as Chairman of the Compensation Committee. The Compensation Committee met once during the fiscal year ended December 31, 2004.

COMPENSATION PHILOSOPHY

The Compensation Committee's executive compensation philosophy is to base management's pay, in part, on achievement of the Company's annual and long-term performance goals, to provide competitive levels of compensation, to recognize individual initiative, achievement and length of service to the Company, and to assist the Company in attracting and retaining qualified management. The Compensation Committee also believes that the potential for equity ownership by management is beneficial in aligning management and stockholders' interests in the enhancement of stockholder value. The Company has not established a policy with regard to Section 162(m) of the Internal Revenue Code of 1986, as amended.

SALARIES

Base salaries for the Company's executive officers are determined

initially by evaluating the responsibilities of the position held and the experience of the individual, and by reference to the competitive marketplace for management talent, including a comparison of base salaries for comparable positions at other comparable companies. Base salary compensation of executive officers is reviewed annually by the Compensation Committee, and recommendations of the Compensation Committee in that regard are acted upon by the Board of Directors. Annual salary adjustments are determined by evaluating the competitive marketplace; the performance of the Company which includes in descending level of importance, operating income of the Company and cash management, production efficiency and quality of products; the performance of the executive; the length of the executive's service to the Company and any increased responsibilities assumed by the executive. The Company places itself between the low and medium levels in determining salaries compared to the other comparable holding companies of industrial businesses.

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INCENTIVE COMPENSATION

The Company from time to time considers the payment of discretionary bonuses to its executive officers. Bonuses would be determined, first, upon the level of achievement by the Company of its strategic and operating goals and, second, upon the level of personal achievement by participants. The achievement of goals by the Company includes, among other things, the performance of the Company as measured by return on assets and the operating income of the Company, production efficiency and quality of products. The achievement of personal goals includes the actual performance of the unit of the Company for which the executive officer has responsibility as compared to the planned performance thereof, the level of cost savings achieved by such executive officer, other individual contributions, the ability to manage and motivate employees and the achievement of assigned projects. Bonuses are determined annually after the close of each fiscal year. Despite achievement of personal goals, bonuses may not be given based upon the performance of the Company as a whole.

STOCK OPTION AND OTHER PLANS

It is the philosophy of the Compensation Committee that stock options should be awarded to employees of the Company to promote long-term interests between such employees and the Company's stockholders through an equity interest in the Company and assist in the retention of such employees. The Compensation Committee also considered the amount and terms of options previously granted to executive officers. The Compensation Committee believes the potential for equity ownership by management is beneficial in aligning management's and stockholders' interest in the enhancement of stockholder value and to provide incentive to executive officers to contribute to corporate growth and profitability.

Compensation Committee

James K. Anderson
Larry Kring
James J. McGuire, Jr.

COMMON STOCK PERFORMANCE GRAPH

The following graph compares, for each of the fiscal years indicated, the yearly percentage change in the Company's cumulative total stockholder return on the Company's Common Stock with the cumulative total return of a) the NASDAQ Market Index, a broad equity market index, and b) Coredata Group Index, a peer group index for the apparel industry.

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[OBJECT OMITTED]

FISCAL YEAR ENDING

Company/Index/Market	12/31/1999	12/29/2000	12/31/2001	12/31/2002	12/31/2003	12/31/2004
Everlast Worldwide Inc.	100.00	82.42	101.62	157.84	127.57	328.22
Textile-Apparel Clothing	100.00	100.26	103.09	101.88	130.56	156.58
NASDAQ Market Index	100.00	62.85	50.10	34.95	52.55	56.97

There can be no assurance that the Common Stock's performance will continue with the same or similar trends depicted in the graph above.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE.

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who beneficially own more than ten percent of the Company's Common Stock, to file reports of ownership of Common Stock and other equity securities of the Company with the Securities and Exchange Commission (the "Commission"). Officers, directors and more than ten percent stockholders are required by Commission regulation to furnish the Company with copies of all Section 16(a) reports they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company during the fiscal year ended December 31, 2004, all required Section 16(a) reports for our directors, officers and beneficial owners of 5% of our outstanding stock were filed on a timely basis except for the following reports and transactions that were inadvertently reported late: (i) a Form 3 for James J. McGuire, Jr. (director); (ii) two Form 4s reporting two transactions by Edward R. Epstein (director); (iii) a Form 4 reporting two transactions by Larry A. Kring (director); (iv) a Form 4 reporting one transaction by Gary J. Dailey (officer); (v) a Form 4 reporting one transaction by Angelo Giusti (officer); and (vi) a Form 4 reporting one transaction by George Q Horowitz (director, officer and 10% owner).

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PROPOSAL 4 -- RATIFICATION OF THE COMPANY'S AUDITORS

The Board of Directors has selected Berenson LLP ("Berenson") as the Company's independent auditors for the fiscal year ending December 31, 2005. Stockholder ratification of the selection of Berenson as the Company's independent accountants is not required by the Company's By-laws or otherwise. However, as was true for the 2004 Annual Meeting of Stockholders (at which the stockholders ratified the selection of Berenson), the Board of Directors is submitting the selection of Berenson to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee and the Board of Directors will reconsider whether or not to retain the services of Berenson.

The Audit Committee reviews and pre-approves the audit and non-audit services to be provided by our independent auditors during the year, considers the effect that performing those services might have on audit independence and approves management's engagement of our independent auditors to perform those services. The Audit Committee reserves the right to appoint a different independent accounting firm at any time during the year even if the selection of Berenson is ratified, if the Board of Directors and the Audit Committee believe that the change is in the best interest of the Company and its stockholders.

Berenson was originally engaged as the Company's independent auditors in May 1995. Berenson has audited the Company's financial statements for the fiscal years ended December 31, 1995 through December 31, 2004. A representative of Berenson will be present at the Annual Meeting, will have an opportunity to make a statement if he desires to do so, and will be available to respond to questions.

For its fiscal 2004 and 2003 services, the Company paid Berenson total fees of \$186,000 and \$249,000 respectively comprised of:

Audit Fees

The aggregate fees billed by Berenson for professional fees rendered in connection with the audit of the Company's annual financial statements and the reviews of the Company's financial statements included in the Company's quarterly reports on Form 10-Q, including services related thereto, were \$143,000 for the year ended December 31, 2004 and \$150,000 for the year ended

December 31, 2003.

Audit Related Fees

There were no audit related fees billed by Berenson for the years ended December 31, 2004 and 2003.

Tax Fees

The aggregate fees billed by Berenson for professional services rendered for tax compliance, tax advice and tax planning were \$43,000 for the year ended December 31, 2004, and \$99,000 for the year ended December 31, 2003. The services comprising the fees reported as "Tax Fees" included tax return preparation, consultation regarding various tax issues, and support provided to management in connection with income and other tax audits.

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All Other Fees

There were no other fees billed by Berenson for products and services, other than those described for the years ended December 31, 2004 and December 31, 2003.

The Audit Committee has considered whether the provision by Berenson of the services covered by the fees other than the audit fees is compatible with maintaining Berenson's independence and has determined that it is compatible. All audit and non-audit services to be performed by the Company's independent accountant must be approved in advance by the Audit Committee.

REQUIRED VOTE

The approval of the proposal to ratify the appointment of Berenson requires the affirmative vote of a majority of the votes cast.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR"
THE RATIFICATION OF THE APPOINTMENT OF BERENSON & COMPANY LLP

STOCKHOLDER PROPOSALS

Stockholder proposals made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended and intended to be presented at the Company's 2006 Annual Meeting of Stockholders must be received by the Company at its principal office in New York, New York no later than January 5, 2006 for inclusion in the proxy statement for that meeting.

OTHER MATTERS

The Board of Directors does not intend to present and has not been informed that any other person intends to present any matters for action at the Meeting other than those specifically referred to in this proxy statement. If any other matters properly come before the Annual Meeting, it is intended that the holders of the proxies will act in respect thereof in accordance with their best judgment.

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A copy of the Company's Form 10-K containing the Company's financial statements for the year ending December 31, 2004, as filed with the Commission, was included as part of the Company's Annual Report to Stockholders which is being furnished along with this Proxy Statement to all beneficial stockholders or stockholders of record as of the Record Date. For further copies, please contact: Secretary, EVERLAST WORLDWIDE INC., 1350 Broadway, Suite 2300, New York, New York 10018.

By Order of the Board of Directors

George Q Horowitz
President and Chief Executive Officer

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APPENDIX A

EVERLAST WORLDWIDE, INC. FORMERLY ACTIVE APPAREL GROUP, INC.

2000 STOCK OPTION PLAN, AS AMENDED

1. PURPOSE OF THE PLAN.

This 2000 Stock Option Plan, as amended (the "Plan"), is intended as an incentive, to retain in the employ of and as directors, advisors and consultants to Everlast Worldwide, Inc., formerly Active Apparel Group, Inc., a Delaware corporation (the "Company") and any Subsidiary of the Company, within the meaning of Section 424(f) of the United States Internal Revenue Code of 1986, as amended (the "Code"), persons of training, experience and ability, to attract new employees, directors, consultants and advisors whose services are considered valuable, to encourage the sense of proprietorship and to stimulate the active interest of such persons in the development and financial success of the Company and its Subsidiaries.

It is further intended that certain options granted pursuant to the Plan shall constitute incentive stock options within the meaning of Section 422 of the Code (the "Incentive Options") while certain other options granted pursuant to the Plan shall be nonqualified stock options (the "Nonqualified Options"). Incentive Options and Nonqualified Options are hereinafter referred to collectively as "Options."

The Company intends that the Plan meet the requirements of Rule 16b-3 ("Rule 16b-3") promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and that transactions of the type specified in subparagraphs (c) to (f) inclusive of Rule 16b-3 by officers and directors of the Company pursuant to the Plan will be exempt from the operation of Section 16(b) of the Exchange Act. Further, the Plan is intended to satisfy the performance-based compensation exception to the limitation on the Company's tax deductions imposed by Section 162(m) of the Code. In all cases, the terms, provisions, conditions and limitations of the Plan shall be construed and interpreted consistent with the Company's intent as stated in this Section 1.

2. ADMINISTRATION OF THE PLAN.

The Board of Directors of the Company (the "Board") shall appoint and maintain as administrator of the Plan a Committee (the "Committee") consisting of two or more directors that are "Non-Employee Directors" (as such term is defined in Rule 16b-3) and "Outside Directors" (as such term is defined in Section 162(m) of the Code), which shall serve at the pleasure of the Board. The Committee, subject to Sections 3 and 5 hereof, shall have full power and authority to designate recipients of Options, to determine the terms and conditions of respective Option agreements (which need not be identical) and to interpret the provisions and supervise the administration of the Plan. The Committee shall have the authority, without limitation, to designate which Options granted under the Plan shall be Incentive Options and which shall be Nonqualified Options. To the extent any Option does not qualify as an Incentive Option, it shall constitute a separate Nonqualified Option.

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Subject to the provisions of the Plan, the Committee shall interpret the Plan and all Options granted under the Plan, shall make such rules as it deems necessary for the proper administration of the Plan, shall make all

other determinations necessary or advisable for the administration of the Plan and shall correct any defects or supply any omission or reconcile any inconsistency in the Plan or in any Options granted under the Plan in the manner and to the extent that the Committee deems desirable to carry into effect the Plan or any Options. The act or determination of a majority of the Committee shall be the act or determination of the Committee and any decision reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority at a meeting duly held. Subject to the provisions of the Plan, any action taken or determination made by the Committee pursuant to this and the other Sections of the Plan shall be conclusive on all parties.

In the event that for any reason the Committee is unable to act or if the Committee at the time of any grant, award or other acquisition under the Plan of Options or Stock as hereinafter defined does not consist of two or more Non-Employee Directors, or if there shall be no such Committee, then the Plan shall be administered by the Board, and references herein to the Committee (except in the proviso to this sentence) shall be deemed to be references to the Board, and any such grant, award or other acquisition may be approved or ratified in any other manner contemplated by subparagraph (d) of Rule 16b-3; provided, however, that options granted to the Company's Chief Executive Officer or to any of the Company's other four most highly compensated officers that are intended to qualify as performance-based compensation under Section 162(m) of the Code may only be granted by the Committee.

3. DESIGNATION OF OPTIONEES.

The persons eligible for participation in the Plan as recipients of Options (the "Optionees") shall include employees, officers and directors of, and consultants and advisors to, the Company or any Subsidiary; provided that Incentive Options may only be granted to employees of the Company and the Subsidiaries. In selecting Optionees, and in determining the number of shares to be covered by each Option granted to Optionees, the Committee may consider the office or position held by the Optionee or the Optionee's relationship to the Company, the Optionee's degree of responsibility for and contribution to the growth and success of the Company or any Subsidiary, the Optionee's length of service, promotions, potential and any other factors that the Committee may consider relevant. An Optionee who has been granted an Option hereunder may be granted an additional Option or Options, if the Committee shall so determine.

4. STOCK RESERVED FOR THE PLAN.

Subject to adjustment as provided in Section 7 hereof, a total of 2,000,000 shares of the Company's Common Stock, \$0.002 par value per share (the "Stock"), shall be subject to the Plan. The maximum number of shares of Stock that may be subject to options granted under the Plan to any individual in any calendar year shall not exceed 600,000, and the method of counting such shares shall conform to any requirements applicable to performance-based compensation under Section 162(m) of the Code. The shares of Stock subject to the Plan shall consist of unissued shares or previously issued shares held by any Subsidiary of the Company, and such amount of shares of Stock shall be and is hereby reserved for such purpose. Any of such shares of Stock that may remain

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unsold and that are not subject to outstanding Options at the termination of the Plan shall cease to be reserved for the purposes of the Plan, but until termination of the Plan the Company shall at all times reserve a sufficient number of shares of Stock to meet the requirements of the Plan. Should any Option expire or be canceled prior to its exercise in full or should the number of shares of Stock to be delivered upon the exercise in full of an Option be reduced for any reason, the shares of Stock theretofore subject to such Option may be subject to future Options under the Plan, except where such reissuance is inconsistent with the provisions of Section 162(m) of the Code.

5. TERMS AND CONDITIONS OF OPTIONS.

Options granted under the Plan shall be subject to the following conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) OPTION PRICE. The purchase price of each share of Stock purchasable under an Incentive Option shall be determined by the Committee at

the time of grant, but shall not be less than 100% of the Fair Market Value (as defined below) of such share of Stock on the date the Option is granted; provided, however, that with respect to an Optionee who, at the time such Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, the purchase price per share of Stock shall be at least 110% of the Fair Market Value per share of Stock on the date of grant. The purchase price of each share of Stock purchasable under a Nonqualified Option shall not be less than 80% of the Fair Market Value of such share of Stock on the date the Option is granted; provided, however, that if an option granted to the Company's Chief Executive Officer or to any of the Company's other four most highly compensated officers is intended to qualify as performance-based compensation under Section 162(m) of the Code, the exercise price of such Option shall not be less than 100% of the Fair Market Value (as such term is defined below) of such share of Stock on the date the Option is granted. The exercise price for each Option shall be subject to adjustment as provided in Section 7 below. "Fair Market Value" means the closing price of publicly traded shares of Stock on the principal securities exchange on which shares of Stock are listed (if the shares of Stock are so listed), or on the NASDAQ Stock Market (if the shares of Stock are regularly quoted on the NASDAQ Stock Market), or, if not so listed or regularly quoted, the mean between the closing bid and asked prices of publicly traded shares of Stock in the over-the-counter market, or, if such bid and asked prices shall not be available, as reported by any nationally recognized quotation service selected by the Company, or as determined by the Committee in a manner consistent with the provisions of the Code. Anything in this Section 5(a) to the contrary notwithstanding, in no event shall the purchase price of a share of Stock be less than the minimum price permitted under the rules and policies of any national securities exchange on which the shares of Stock are listed.

(b) OPTION TERM. The term of each Option shall be fixed by the Committee, but no Option shall be exercisable more than ten years after the date such Option is granted and in the case of an Incentive Option granted to an Optionee who, at the time such Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, no such Incentive Option shall be exercisable more than five years after the date such Incentive Option is granted.

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(c) EXERCISABILITY. Subject to Section 5(j) hereof, Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant. Unless otherwise determined by the Committee at grant, all options granted under this plan and then outstanding shall immediately vest and become exercisable upon a Change of Control. A "Change of Control" shall mean: (i) the sale of all or substantially all of the assets of the Company in one or a series of related transactions to any person or entity or group of persons or entities acting in concert or (ii) the merger or consolidation of the Company with or into another corporation with the effect that the then existing stockholders of the company hold less than 50% of the combined voting power of the then outstanding securities of the surviving corporation of such merger or the corporation resulting from such consolidation or (iii) the acquisition by any person or entity or group of persons or entities acting in concert of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of 50% or more of the outstanding shares of the voting stock of the Company or (iv) the adoption of a plan relating to the liquidation or dissolution of the Company.

(d) METHOD OF EXERCISE. Options to the extent then exercisable may be exercised in whole or in part at any time during the option period, by giving written notice to the Company specifying the number of shares of Stock to be purchased, accompanied by payment in full of the purchase price, in cash, or by check or such other instrument as may be acceptable to the Committee. As determined by the Committee, in its sole discretion, at or after grant, payment in full or in part may be made at the election of the Optionee (i) in the form of Stock owned by the Optionee (based on the Fair Market Value of the Stock on the trading day before the Option is exercised) which is not the subject of any pledge or security interest, (ii) in the form of shares of Stock withheld by the Company from the shares of Stock otherwise to be received with such withheld shares of Stock having a Fair Market Value on the date of exercise equal to the exercise price of the Option, or (iii) by a combination of the foregoing, provided that the combined value of all cash and cash equivalents and the Fair

Market Value of any shares surrendered to the Company is at least equal to such exercise price and except with respect to (ii) above, such method of payment will not cause a disqualifying disposition of all or a portion of the Stock received upon exercise of an Incentive Option. An Optionee shall have the right to dividends and other rights of a stockholder with respect to shares of Stock purchased upon exercise of an Option at such time as the Optionee has given written notice of exercise and has paid in full for such shares and (ii) has satisfied such conditions that may be imposed by the Company with respect to the withholding of taxes.

(e) NON-TRANSFERABILITY OF OPTIONS. Options are not transferable and may be exercised solely by the Optionee during his lifetime or after his death by the person or persons entitled thereto under his will or the laws of descent and distribution. The Committee, in its sole discretion, may permit a transfer of a Nonqualified Option to (i) a trust for the benefit of the Optionee or (ii) a member of the Optionee's immediate family (or a trust for his or her benefit). Any attempt to transfer, assign, pledge or otherwise dispose of, or to subject to execution, attachment or similar process, any Option contrary to the provisions hereof shall be void and ineffective and shall give no right to the purported transferee.

(f) TERMINATION BY DEATH. Unless otherwise determined by the Committee at grant, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of death, the Option may thereafter be exercised, to the extent then exercisable (or on such accelerated basis as the

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Committee shall determine at or after grant), by the legal representative of the estate or by the legatee of the Optionee under the will of the Optionee, for a period of one year after the date of such death or until the expiration of the stated term of such Option as provided under the Plan, whichever period is shorter.

(g) TERMINATION BY REASON OF DISABILITY. Unless otherwise determined by the Committee at grant, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of total and permanent disability, any Option held by such Optionee may thereafter be exercised, to the extent it was exercisable at the time of termination due to Disability (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised one year after the date of such termination of employment or service or the expiration of the stated term of such Option, whichever period is shorter; provided, however, that, if the Optionee dies within such one-year period, any unexercised Option held by such Optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of one year after the date of such death or for the stated term of such Option, whichever period is shorter.

(h) TERMINATION BY REASON OF RETIREMENT. Unless otherwise determined by the Committee at grant, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of Normal or Early Retirement (as such terms are defined below), any Option held by such Optionee may thereafter be exercised to the extent it was exercisable at the time of such Retirement (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised three months after the date of such termination of employment or service or the expiration of the stated term of such Option, whichever period is shorter; provided, however, that, if the Optionee dies within such three-month period, any unexercised Option held by such Optionee shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of one year after the date of such death or for the stated term of such Option, whichever period is shorter.

For purposes of this paragraph (h) "Normal Retirement" shall mean retirement from active employment with the Company or any Subsidiary on or after the normal retirement date specified in the applicable Company or Subsidiary pension plan or if no such pension plan, age 65, and "Early Retirement" shall mean retirement from active employment with the Company or any Subsidiary pursuant to the early retirement provisions of the applicable Company or Subsidiary pension plan or if no such pension plan, age 55.

(i) OTHER TERMINATION. Unless otherwise determined by the Committee at grant, if any Optionee's employment with or service to the Company or any Subsidiary terminates for any reason other than death, Disability or Normal or Early Retirement, the Option shall thereupon terminate, except that

the portion of any Option that was exercisable on the date of such termination of employment or service may be exercised for the lesser of three months after the date of termination or the balance of such Option's term if the Optionee's employment or service with the Company or any Subsidiary is terminated by the Company or such Subsidiary without cause (the determination as to whether termination was for cause to be made by the Committee). The transfer of an Optionee from the employ of or service to the Company to the employ of or service to a Subsidiary, or vice versa, or from one Subsidiary to another, shall not be deemed to constitute a termination of employment or service for purposes of the Plan.

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(j) LIMIT ON VALUE OF INCENTIVE OPTION. The aggregate Fair Market Value, determined as of the date the Incentive Option is granted, of Stock for which Incentive Options are exercisable for the first time by any Optionee during any calendar year under the Plan (and/or any other stock option plans of the Company or any Subsidiary) shall not exceed \$100,000.

(k) TRANSFER OF INCENTIVE OPTION SHARES. The stock option agreement evidencing any Incentive Options granted under this Plan shall provide that if the Optionee makes a disposition, within the meaning of Section 424(c) of the Code and regulations promulgated thereunder, of any share or shares of Stock issued to him upon exercise of an Incentive Option granted under the Plan within the two-year period commencing on the day after the date of the grant of such Incentive Option or within a one-year period commencing on the day after the date of transfer of the share or shares to him pursuant to the exercise of such Incentive Option, he shall, within 10 days after such disposition, notify the Company thereof and immediately deliver to the Company any amount of United States federal, state and local income tax withholding required by law.

6. TERM OF PLAN.

No Option shall be granted pursuant to the Plan on or after August 10, 2010, but Options theretofore granted may extend beyond that date.

7. CAPITAL CHANGE OF THE COMPANY.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or other change in corporate structure affecting the Stock, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares reserved for issuance under the Plan and in the number and option price of shares subject to outstanding Options granted under the Plan, to the end that after such event each Optionee's proportionate interest shall be maintained as immediately before the occurrence of such event.

The adjustments described above will be made only to the extent consistent with continued qualification of the Option under Section 422 of the Code (in the case of an Incentive Option) or as provided in Sections 162(m) and 409A of the Code.

8. PURCHASE FOR INVESTMENT.

Unless the Options and shares covered by the Plan have been registered under the Securities Act of 1933, as amended (the "Securities Act"), or the Company has determined that such registration is unnecessary, each person exercising an Option under the Plan may be required by the Company to give a representation in writing that he is acquiring the shares for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

9. TAXES.

The Company may make such provisions as it may deem appropriate, consistent with applicable law, in connection with any Options granted under the Plan with respect to the withholding of any taxes or any other tax matters.

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10. EFFECTIVE DATE OF PLAN.

The Plan shall be effective on August 10, 2000; provided, however, that the Plan shall subsequently be approved by majority vote of the Company's stockholders not later than August 10, 2001.

11. AMENDMENT AND TERMINATION.

The Board may amend, suspend, or terminate the Plan, except that no amendment shall be made that would impair the rights of any Optionee under any Option theretofore granted without the Optionee's consent, and except that no amendment shall be made which, without the approval of the stockholders of the Company would:

(a) materially increase the number of shares that may be issued under the Plan, except as is provided in Section 7;

(b) materially increase the benefits accruing to the Optionees under the Plan;

(c) materially modify the requirements as to eligibility for participation in the Plan;

(d) decrease the exercise price of an Incentive Option to less than 100% of the Fair Market Value per share of Stock on the date of grant thereof or the exercise price of a Nonqualified Option to less than 80% of the Fair Market Value per share of Stock on the date of grant thereof; or

(e) extend the term of any Option beyond that provided for in Section 5(b).

The Committee may also substitute new Options for previously granted Options, including options granted under other plans applicable to the participant and previously granted Options having higher option prices, upon such terms as the Committee may deem appropriate.

Except to the extent expressly required or permitted by the Plan, no amendment of the Plan or an Option will, without the approval of the stockholders of the Company, effectuate a change for which stockholder approval is required in order for the Plan or Option to continue to qualify for the award of incentive stock options under Section 422 of the Code or for the award of performance-based compensation under Section 162(m) of the Code.

It is the intention of the Board that the Plan comply strictly with the provisions of Section 409A of the Code and Treasury Regulations and other Internal Revenue Service guidance promulgated thereunder (the "Section 409A Rules") and the Committee shall exercise its discretion in granting Options hereunder (and the terms of such Options) accordingly. The Plan and any grant of an Option hereunder may be amended from time to time (without, in the case of an Option, the consent of the Optionee) as may be necessary or appropriate to comply with the Section 409A Rules.

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12. GOVERNMENT REGULATIONS.

The Plan, and the grant and exercise of Options hereunder, and the obligation of the Company to sell and deliver shares under such Options, shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies, national securities exchanges and interdealer quotation systems as may be required.

13. GENERAL PROVISIONS.

(a) CERTIFICATES. All certificates for shares of Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, or other securities commission having jurisdiction, any applicable Federal or state securities law, any stock exchange or interdealer quotation system upon which the Stock is then listed or traded and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(b) EMPLOYMENT MATTERS. The adoption of the Plan shall not confer upon any Optionee of the Company or any Subsidiary any right to continued employment or, in the case of an Optionee who is a director, continued service as a director, with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate the employment of any of its employees, the service of any of its directors or the retention of any of its consultants or advisors at any time.

(c) LIMITATION OF LIABILITY. No member of the Board or the Committee, or any officer or employee of the Company acting on behalf of the Board or the Committee, shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Board or the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

(d) REGISTRATION OF STOCK. Notwithstanding any other provision in the Plan, no Option may be exercised unless and until the Stock to be issued upon the exercise thereof has been registered under the Securities Act and applicable state securities laws, or are, in the opinion of counsel to the Company, exempt from such registration in the United States. The Company shall not be under any obligation to register under applicable federal or state securities laws any Stock to be issued upon the exercise of an Option granted hereunder in order to permit the exercise of an Option and the issuance and sale of the Stock subject to such Option, although the Company may in its sole discretion register such Stock at such time as the Company shall determine. If the Company chooses to comply with such an exemption from registration, the Stock issued under the Plan may, at the direction of the Committee, bear an appropriate restrictive legend restricting the transfer or pledge of the Stock represented thereby, and the Committee may also give appropriate stop transfer instructions with respect to such Stock to the Company's transfer agent.

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EVERLAST WORLDWIDE, INC., formerly
ACTIVE APPAREL GROUP, INC.

April 19, 2005

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APPENDIX B

EVERLAST WORLDWIDE INC.

2005 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN

1. PURPOSE. Everlast Worldwide Inc. 2005 Non-Employee Directors Stock Option Plan (the "Plan") is being established to create additional incentive for the non-employee directors of Everlast Worldwide Inc., a Delaware corporation, and any successor corporation thereto (collectively referred to herein as the "Company") to promote the financial success and progress of the Company and any present or future parent and/or subsidiary corporations of the Company. For purposes of the Plan, a parent corporation and a subsidiary corporation shall be as defined in Sections 424(e) and 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan shall become effective as of the date on which the adoption of the Plan is approved by the stockholders of the Company (the "Effective Date").
2. ADMINISTRATION. The Plan shall be administered by the Board of Directors of the Company (the "Board") and/or by a duly appointed committee of the Board having such powers as shall be specified by the Board. Any subsequent references herein to the Board shall also mean the committee if such committee has been appointed and, unless the powers of the committee have been specifically limited, the committee shall have all of the powers of the Board granted herein, including, without limitation, the power to terminate or amend the Plan at any time subject to the terms

of the Plan and any applicable limitations imposed by law. The Board shall have authority to administer the Plan subject to the provisions of the Plan but shall have no authority, discretion or power to select the non-employee directors of the Company who will receive options under the Plan, to set the exercise price of the options granted under the Plan, to determine the number of shares of common stock to be granted upon exercise of options or the time at which such options are to be granted, to establish the duration of option grants, or to alter other terms or conditions specified in the Plan. All questions of interpretation of the Plan or of any options granted under the Plan (an "Option") shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan and/or any Option. Any officer of the Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the officer has apparent authority with respect to such matter, right, obligation, or election.

3. ELIGIBILITY AND TYPE OF OPTION. Options may be granted only to directors of the Company who, at the time of such grant, are not employees of the Company or of any parent or subsidiary corporation of the Company ("Non-Employee Directors"). Options granted to Non-Employee Directors shall be nonqualified stock options; that is, options that are not treated as having been granted under Section 422(b) of the Code. A person granted an Option is hereinafter referred to as an "Optionee."

4. SHARES SUBJECT TO OPTION. Options shall be for the purchase of shares of authorized but unissued common stock or treasury shares of common stock of the Company (the "Stock"), subject to adjustment as provided in Section 8 hereof. The maximum number of shares of Stock which may be issued under the Plan shall be Two Hundred Thousand (200,000) shares. In the event that any outstanding Option for any reason expires or is terminated and/or shares of Stock subject to repurchase are repurchased by the Company, the shares allocable to the unexercised portion of such Option, or such repurchased shares, may again be subject to an Option grant.

5. TIME FOR GRANTING OPTIONS. All Options shall be granted, if at all, within ten years from the Effective Date.

6. TERMS, CONDITIONS AND FORM OF OPTIONS. Options granted pursuant to the Plan shall be evidenced by written agreements specifying the number of shares of Stock covered thereby, which written agreement may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:
 - a. AUTOMATIC GRANT OF OPTIONS. Subject to execution by a Non-Employee Director of an appropriate Option Agreement, Options shall be granted automatically and without further action of the Board, as follows:
 - i. On January 1 of each successive year after the Effective Date, each Non-Employee Director shall be granted an Option to purchase Three Thousand (3,000) shares of Stock.
 - ii. On January 1 of each successive year after the Effective Date, each Non-Employee Director who served as the Chairperson of the Board or any committee of the Board for at least six months during the Company's most recently concluded fiscal year shall be granted an Option to purchase Two Hundred (200) shares of Stock.
 - iii. On January 1 of each successive year after the Effective Date, each Non-Employee Director who served as a member of any committee of the Board for at least six months during the Company's most recently concluded fiscal year shall be granted an Option to purchase One Hundred (100) shares of Stock.
 - iv. Notwithstanding the foregoing, any person may elect not to receive an Option to be granted pursuant to this Section 6(a) by delivering written notice of such election to the Board no

later than the day prior to the date on which such Option would otherwise be granted. A person so declining an Option shall receive no payment or other consideration in lieu of such declined Option. A person who has declined an Option may revoke such election by delivering written notice of such revocation to the Board no later than the day prior to the date on which such Option would be granted pursuant to this Section 6(a).

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- v. Notwithstanding any other provision of the Plan to the contrary, no Option shall be granted to any individual on a day when he or she is no longer serving as a Non-Employee Director of the Company.

- b. **OPTION EXERCISE PRICE.** The purchase price of each share of Stock purchasable under an Option shall be the Fair Market Value (as defined below) of such share of Stock on the business day immediately preceding the date the Option is granted. "Fair Market Value" means the closing price of publicly traded shares of Stock on the principal national securities exchange on which shares of Stock are listed (if the shares of Stock are so listed), or on the Nasdaq Stock Market (if the shares of Stock are regularly quoted on the Nasdaq Stock Market), or, if not so listed or regularly quoted, the mean between the closing bid and asked prices of publicly traded shares of Stock in the over-the-counter market, or, if such bid and asked prices shall not be available, as reported by any nationally recognized quotation service selected by the Company, or as determined by the Committee in a manner consistent with the provisions of the Code. Anything in this Section 6(b) to the contrary notwithstanding, in no event shall the purchase price of a share of Stock be less than the minimum price permitted under the rules and policies of any national securities exchange on which the shares of Stock are listed.

- c. **EXERCISE PERIOD AND EXERCISABILITY OF OPTIONS.** An Option granted pursuant to the Plan shall be exercisable for a term of seven years. Options granted pursuant to the Plan shall be exercisable as follows: one-third of the aggregate shares of Stock purchasable under an Option shall be exercisable commencing one year after the date of grant, an additional one-third of the aggregate shares of Stock purchasable under an Option shall be exercisable commencing two years after the date of grant, and the remaining one-third of the aggregate shares of Stock purchasable under an Option shall be exercisable commencing three years after the date of grant.

- d. **TERMINATION OF OPTIONS.**
 - i. In the event that an Optionee ceases to be a director of the Company because the Optionee has become permanently disabled (within the meaning of Section 22(e)(3) of the Code), the Option granted to such Optionee may be exercised by the Optionee, to the extent the Optionee was entitled to do so on the date such Optionee ceases to be a director. Such Option may be exercised at any time within six months after the date the Optionee ceases to be a director, at which time the Option shall terminate, or prior to the date on which the Option otherwise expires by its terms, whichever is earlier.

 - ii. In the event of the death of an Optionee, the Option granted to such Optionee may be exercised, to the extent the Optionee was entitled to do so on the date of such Optionee's death, by the

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estate of such Optionee or by any person or persons who acquired the right to exercise such Option by bequest or inheritance or otherwise by reason of the death of such Optionee. Such Option may be exercised at any time within one

(1) year after the date of death of such Optionee, at which time the Option shall terminate, or prior to the date on which the option otherwise expires by its terms, whichever is earlier.

iii. In the event that an Optionee ceases to be a director of the Company for any reason other than permanent disability (within the meaning of Section 22(e)(3) of the Code) or death, the Option granted to such Optionee may be exercised by him or her, but only to the extent the Optionee was entitled to do so on the date such Optionee ceases to be a director. Such Option may be exercised at any time within thirty (30) days after the date such Optionee ceases to be a director of the Company, at which time the Option shall terminate, or prior to the date on which the option expires by its terms, whichever is earlier.

e. PAYMENT OF OPTION EXERCISE. Payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made in cash, by check or such other instrument as may be acceptable to the Committee.

f. CHANGE OF CONTROL. A "Change of Control" shall be deemed to have occurred in the event any of the following occurs with respect to the Company:

i. a merger or consolidation in which the Company is not the surviving corporation;

ii. a merger or consolidation in which the Company is the surviving corporation where the stockholders of the Company before such merger or consolidation do not retain, directly or indirectly, at least a majority of the beneficial interest in the voting stock of the Company after such merger or consolidation;

iii. the sale, exchange, or transfer of all or substantially all of the assets of the Company other than a sale, exchange, or transfer to one or more subsidiary corporations (as defined in Section 1 hereof) of the Company;

iv. the direct or indirect sale or exchange by the stockholders of the Company of all or substantially all of the stock of the Company where the stockholders of the Company before such sale or exchange do not retain, directly or indirectly, at least a majority of the beneficial interest in the voting stock of the Company after such sale or exchange; or

v. a liquidation or dissolution of the Company.

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In the event of a Change of Control, any unexercisable or unvested portion of the outstanding Options shall be immediately exercisable and vested in full as of the date ten (10) days prior to the expected date of the Change of Control. The exercise or vesting of any Option that was permissible solely by reason of this Section 6(f) shall be conditioned upon the consummation of the Change of Control. In addition, the surviving, continuing, successor, or purchasing corporation or parent corporation thereof, as the case may be (the "Acquiring Corporation"), may either assume the Company's rights and obligations under outstanding Options or substitute outstanding Options for substantially equivalent options for the Acquiring Corporation's stock. For purposes of this Section 6(f), an Option shall be deemed assumed if, following the Change of Control, the Option confers the right to acquire in accordance with its terms and conditions, for each share of Stock subject to the Option immediately prior to the Change of Control, the consideration (whether stock, cash, other securities or property) to which a holder of a share of Stock on the effective date of the Change of Control was entitled. Any Options which are neither assumed nor substituted for by the Acquiring Corporation in connection with the Change of Control nor exercised as of the date of the Change of Control shall terminate and cease to be outstanding effective as of the date of the Change of Control.

g. STOCKHOLDER APPROVAL. No Option may be granted pursuant to the Plan prior to obtaining stockholder approval of the Plan.

7. AUTHORITY TO VARY TERMS.

- a. The Board shall have the authority from time to time to vary the terms of the Option Agreements either in connection with the grant of an individual Option or in connection with the authorization of a new standard form or forms of Option; provided, however, that the terms and conditions of such revised or amended standard form or forms of stock option agreement shall be in accordance with the terms of the Plan. Such authority shall include, but not be limited to, the authority to grant Options which are immediately exercisable subject to the Company's right to repurchase any unvested shares of Stock acquired by the Optionee upon exercise of an Option in the event such Optionee's service as a director of the Company is terminated for any reason.
- b. It is the intention of the Board that the Plan comply strictly with the provisions of Section 409A of the Code and Treasury Regulations and other Internal Revenue Service guidance promulgated thereunder (the "Section 409A Rules") and the Board shall exercise its discretion in granting Options hereunder (and the terms of such Options) accordingly. The Plan and any grant of an Option hereunder may be amended from time to time (without, in the case of an Option, the consent of the Optionee) as may be necessary or appropriate to comply with the Section 409A Rules.

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8. EFFECT OF CHANGE IN STOCK SUBJECT TO PLAN. Appropriate adjustments shall be made in the number and class of shares of Stock subject to the Plan, the number of shares to be granted under the Plan and to any outstanding Options and in the Option exercise price of any outstanding Options in the event of a stock dividend, stock split, recapitalization, reverse stock split, combination, reclassification, or like change in the capital structure of the Company.

9. TRANSFERABILITY OF OPTIONS.

- a. Except as provided in Section 9(b) hereof, an Option may be exercised during the lifetime of the Optionee only by the Optionee or the Optionee's guardian or legal representative and may not be assigned or transferred in any manner except by will or by the laws of descent and distribution.
- b. Notwithstanding the foregoing, with the consent of the Board, in its sole discretion, an Optionee may transfer all or a portion of the Option to: (i) an Immediate Family Member (as hereinafter defined), (ii) a trust for the exclusive benefit of the Optionee and/or one or more Immediate Family Members, (iii) a partnership in which the Optionee and/or one or more Immediate Family Members are the only partners, or (iv) such other person or entity as the Board may permit (individually, a "Permitted Transferee"). For purposes of this Section 9(b), "Immediate Family Members" shall mean the Optionee's spouse, former spouse, children or grandchildren, whether natural or adopted. As a condition to such transfer, each Permitted Transferee to whom the Option or any interest therein is transferred shall agree in writing (in a form satisfactory to the Company) to be bound by all of the terms and conditions of the Option Agreement evidencing such Option and any additional restrictions or conditions as the Company may require. Following the transfer of an Option, the term "Optionee" shall refer to the Permitted Transferee, except that, with respect to any provision for the Company's tax withholding obligations, such term shall refer to the original Optionee. The Company shall have no obligation to notify a Permitted Transferee of any termination of the transferred Option, including an early termination pursuant to Section 6(d) hereof. A Permitted Transferee shall be prohibited from making a subsequent transfer of a transferred Option except to the original Optionee or to another Permitted Transferee or as provided in Section 9(a) hereof.

10. RE-PRICING OF OPTIONS / REPLACEMENT OPTIONS. The Company shall not re-price any Options or issue any replacement Options unless the Option re-pricing or Option replacement shall have been approved by the holders of a majority of the outstanding shares of the voting stock of the Company.

11. TERMINATION OR AMENDMENT OF PLAN. The Board, including any duly appointed committee of the Board, may terminate or amend the Plan at any time; provided, however, that without the approval of the stockholders of the Company, there shall be no increase in the total number of shares of Stock covered by the Plan (except by operation of the provisions of

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Section 8 hereof). In any event, no amendment may adversely affect any then outstanding Option, or any unexercised portion thereof, without the consent of the Optionee.

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EVERLAST WORLDWIDE INC.
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

2005 ANNUAL MEETING OF STOCKHOLDERS

June 3, 2005

The undersigned hereby appoints Messrs. George Q Horowitz and James K. Anderson, and each of them, as proxies, each with the power to appoint his substitute, and authorizes each of them to represent and to vote, as designated on the reverse hereof, all of the shares of common stock, par value \$.002 per share, of Everlast Worldwide Inc. (the "Company") held of record by the undersigned at the close of business on April 29, 2005 at the 2005 Annual Meeting of Stockholders of the Company to be held on Friday, June 3, 2005 at 10 AM, local time, at The Kitano, 66 Park Avenue (38th Street), New York, New York 10016, in the Park Avenue Room on the 18th floor, or at any adjournment thereof, on the matters described in the Notice of 2005 Annual Meeting of Stockholders and Proxy Statement and upon such other business as may properly come before such meeting or any adjournments thereof, hereby revoking any proxies heretofore given.

(CONTINUED , AND TO BE MARKED, DATED AND SIGNED ON THE OTHER SIDE.)

PROXY

THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED "FOR" THE PROPOSALS. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

Please mark your vote like this /X/

1. ELECTION OF NINE DIRECTORS:

(TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, STRIKE A LINE THROUGH THAT NOMINEE'S NAME IN THE LIST BELOW)

George Q Horowitz, James K. Anderson, Rita Cinque Kriss, Larry Kring, Edward R. Epstein, Teddy Atlas, James J. McGuire Jr., Jeffrey M. Schwartz and Mark Ackereizen

FOR // WITHHOLD AUTHORITY //

2. PROPOSAL TO AMEND THE COMPANY'S 2000 STOCK OPTION PLAN TO INCREASE THE NUMBER OF SHARES ISSUABLE OVER THE TERM OF THE PLAN BY 1,000,000 SHARES TO 2,000,000 SHARES IN THE AGGREGATE.

FOR // AGAINST // ABSTAIN //

3. PROPOSAL TO APPROVE THE ADOPTION OF THE COMPANY'S 2005 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN.

FOR // AGAINST // ABSTAIN //

4. RATIFICATION OF THE APPOINTMENT OF BERENSON LLP AS THE COMPANY'S AUDITORS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2005.

FOR // AGAINST // ABSTAIN //

5. IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.

SIGNATURE _____ SIGNATURE IF HELD JOINTLY _____

DATE: _____

NOTE: Please sign exactly as name appears hereon. When shares are held by joint owners, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in full partnership name by authorized person.