DEMAND

RUSSELL CORPORATION 2000 ANNUAL REPORT

Russell Corporation

is an international branded apparel company specializing in activewear, casualwear and athletic uniforms. Founded in 1902, the Company is headquartered in Atlanta, Georgia, and Alexander City, Alabama. Its shares trade on the New York Stock Exchange and other regional exchanges under the symbol RML.

I want it!

Can’t live without it!

Have to have it now!

DEMAND

LIKE THIS DOESN’T JUST HAPPEN.

IT’S BUILT.

DEMAND CONSISTENT PERFORMANCE

FINANCIAL HIGHLIGHTS

(Dollars in thousands except per share data)

YEAR-AT-A-GLANCE	2000	1999
Net sales	$ 1,217,578	$ 1,142,234
Income before income taxes	$ 33,077	$ 20,330
Net income	$ 14,515	$ 8,388
Diluted EPS	$ .44	$ .25
Net income before special charges*	$ 62,085	$ 55,021
Diluted EPS – before special charges*	$ 1.90	$ 1.62
AT YEAR-END		
Total assets	$ 1,153,160	$ 1,153,131
Long-term debt	$ 384,211	$ 377,865
Stockholders' equity	$ 525,940	$ 549,342
Stockholders' equity per common share	$ 16.49	$ 16.74
Number of employees	16,540	16,645
Number of shareholders	8,000	8,000

** Special charges related to certain non-recurring expenses, severance, and write-down and sale of certain assets included as part of previously announced multi-year restructuring plans.*

DEMAND.

IT ULTIMATELY DRIVES THE LONG-TERM SUCCESS AND PROFITABILITY OF A BRANDED CONSUMER PRODUCTS COMPANY.

Building our business is our number one priority. As you will read on the following pages, this task is well under way through the focused advertising and promotion of our brands, the development of value-added products for targeted consumer groups, and the implementation of sales-driven programs for retail and wholesale customers. In short, this is marketing. And we've spent the past 36 months transforming Russell into an organization that can do it effectively.

This mission, as many of you know, was the centerpiece of our three-year restructuring plan announced in 1998. In addition, the plan called for us to dramatically improve our cost structure and to better manage our assets. Today, I am pleased to report that these initial objectives have largely been satisfied. Consider these comparisons after adjustments for restructuring:

- Net Sales in 2000 increased to $1.218 billion, while our Return on Sales, on an ongoing basis, has risen from 3.2 percent to 5.1 percent since 1998.

- Earnings in 2000 reached $1.90 per share, before restructuring and other unusual charges, a 17 percent increase over last year and a 62 percent increase from 1998.

- Ongoing Return on Equity in 2000 rose to 11.5 percent; essentially double that of 1998 when the restructuring plan was announced.

Jack Ward
Chairman, President and Chief Executive Officer

Although we are not yet where we want to be, this performance is even more satisfying when viewed against the extremely challenging industry conditions of the past three years. Indeed, a number of our industry peers who had not taken the necessary steps to reposition themselves in the market or to reduce their cost structures have been forced to exit the business.

Why has Russell not only survived, but thrived – relative to many in the industry – under such conditions?

The simple answer: we became competitive. Over the past 36 months, the Company has saved more than $100 million by moving a majority of its assembly operations offshore, streamlining distribution and reorganizing its operations and assets. These savings have been critical to keeping pace with competitive market pressures. The continued globalization of trade in the apparel industry will demand constant cost scrutiny and resourcefulness. In addition, rising costs challenge us to find further operational efficiencies. Rest assured, Russell is not coasting on its savings accomplishments to date. Our constant attention to aggressive cost containment is stronger and more necessary than ever.

Remaining Challenges to Address

We still need to improve parts of the Company. While 2000 financial results were strong, they were hampered by problems at Russell International. Problems related to new systems in Europe led to shipping delays and ultimately lost sales last year. This situation was further aggravated by a significant devaluation in the euro versus the dollar. The overall impact was substantial margin erosion. Today, we expect several initiatives to reverse these losses in 2001. JERZEES Europe, primarily sold through the Artwear channel, will now report directly to JERZEES' U.S. management to facilitate sharing best practices. The Company's manufacturing facilities in Europe have been closed in favor of sourcing products from third parties. Combined, these initiatives should improve our European cost structure, as well as lead to much improved margins.

These developments in Europe should not be viewed as a retreat from global markets. Russell products are sold in more than 40 countries, and we intend to expand our international presence. The structure of our international business, however, will be accomplished in a variety of ways – not only with wholly-owned companies, but also licensing, joint venture or partnership arrangements – depending on which is the most profitable in any given market.

Another area of challenge and frustration is our market valuation. The Company's accomplishments to date have certainly not been reflected in its stock price over the past 12 months. Although many in the market acknowledge and applaud our progress, concerns remain about factors that are beyond the Company's control – competitive pricing, the overall health of the economy and rising raw material and energy costs. We do believe that our continued attention to our business objectives will eventually be rewarded by the stock market.

Growing from a Strong Position

By nearly every measure, Russell is a strong consumer products company today. We are among the top activewear companies in the industry. Sales are up. Profits are growing. Our balance sheet is healthy – one of the most stable in the sector. The majority of the total anticipated $150 million in previously announced restructuring costs is behind us as of year end, and we expect the remainder will be taken by the end of 2001.

We have momentum in the marketplace. JERZEES and Russell Athletic both gained market share in their primary markets during the year. In the Artwear market, JERZEES continues to be the leader in fleece, gaining more than five share points and ending the year with a 34.6 percent market share. Likewise, in its retail channel with mass merchants and discounters, JERZEES' share increased to 17.3 percent share of men's fleece. JERZEES T-shirts sales growth also continued to outpace the market in the Artwear channel, having grown at three times the market rate. JERZEES has now established itself as one of the fastest growing T-shirt brands, achieving a 10 percent share. Additionally, the Russell Athletic brand increased its men's market share by nearly two share points to 12.9 percent in department stores, chains, specialty and sports specialty stores. The bottom line: In the majority of the distribution channels in which we compete, our fleece brands command the number one or two market share position. Here's the best news: We're just getting started. As Russell moves into its next phase of evolution, the Company is focused on growth strategies.

Building Powerful Brands

The vision is to build brands with such high awareness and strong images that they can be leveraged into additional product categories. JERZEES already is demonstrating this potential. In the past 18 months, we've successfully introduced brand extensions such as JERZEES Outdoors, which features a value-priced line of camouflage basics. In late 2000, JERZEES CaZuals, a fashion-oriented womenswear line, began a major test program. An equally important part of this brand strategy is to sell concepts as opposed to products. Russell Athletic's strong heritage makes it a natural for this. This year, we opened our first concept shops for department and college stores and plan to roll out more in high profile, strategic locations during the coming year.

In addition to retail, team uniforms are a major part of Russell Athletic's business. In fact, the Company is the leading supplier of team uniforms to the organized high school and college sports market. Building from this strength in traditional sports, such as football, basketball, baseball and softball, we are aggressively targeting new segments of the $1.2 billion total team sports market. The opportunity is twofold. In addition to growing our business, the value of outfitting teams in Russell Athletic is a powerful tool for building brand awareness and loyalty. Excellent potential exists to significantly expand our already strong position in this growing market.

The Company is a major supplier of blank shirts to distributors who serve the Artwear or decorated market. JERZEES is already the number one supplier of fleece products to this channel and its cotton T-shirt business is experiencing strong growth. During 2000, JERZEES achieved the highest T-shirt market share in its history. Also, the combined sales of our Cross Creek, Country Cottons and JERZEES brands account for 24 percent of the sports shirts sold in this market and represent another area where our sales have outpaced market growth.

Expanding the Portfolio Through Acquisitions

During 2000, the Company completed two acquisitions. Mossy Oak is a leading supplier of high-end camouflage apparel, while A&C International provides a broad line of woven casual apparel primarily in the distributor channel. These acquisitions both increase our portfolio of brands and facilitate Russell's expansion into new product lines, product categories and distribution channels. Identifying similar expansion opportunities is a priority. Such expansion is a relatively fast and efficient way to further our goal of business diversification, while also exploiting the continuing trend toward casualwear.

Stressing Diversity at Every Level

Diversity is a word that you hear a lot at Russell these days. We want diverse product lines, brands and distribution channels. We want to be diverse in our manufacturing operations – producing and sourcing products all over the world. We want a diverse workforce, both in its composition and in its thinking. A true marketing company is in tune with its customers. As our marketplace diversifies, we need employees with different ideas, backgrounds and life experiences who can relate to different kinds of consumers. We also know that a workplace that respects and encourages diversity is a more productive workplace. In today's tight labor market, a diverse environment helps us recruit and retain the best talent. For all these reasons and more, Russell has formed a Diversity Leadership Team to advise, encourage and educate our entire organization on the best ways to achieve these goals. This team is led by our Director of Diversity, who reports directly to me. Simply put, diversity is good for our business and our Company. You can now expect this value to be embraced by the Company in every respect.

Looking Forward with Optimism and Confidence

Throughout this letter, I've alluded to Russell finishing one phase of its evolution and entering another. I am extremely proud of our 16,500-plus employees who have accepted the challenge to successfully transform this Company into the formidable competitor that it is today. I extend my deepest gratitude and congratulations to each of them for a job well done. We are all fortunate that we have even more opportunities to explore and develop. Based on our success to date, I am confident that our greatest achievements are yet to come. Thank you all – our shareholders and our employees – for your support and hard work. As we prepare to celebrate our 100th anniversary in 2002, we are working hard to make sure that Russell is in demand for a very long time to come.

Jack Ward

Jack Ward
Chairman, President and Chief Executive Officer
March 12, 2001

DEMAND

THIS WORD SATISFIES THE GOAL OF EVERY MARKETER. TO CREATE DEMAND SO COMPELLING THAT A CONSUMER MUST BUY. RIGHT THERE! RIGHT THEN!

When double-platinum recording star Jo Dee Messina told comfort-craving women about the great fit of JERZEES sweats, they demanded,

"One in ev

DEMAND UNIQUE PROMOTIONS

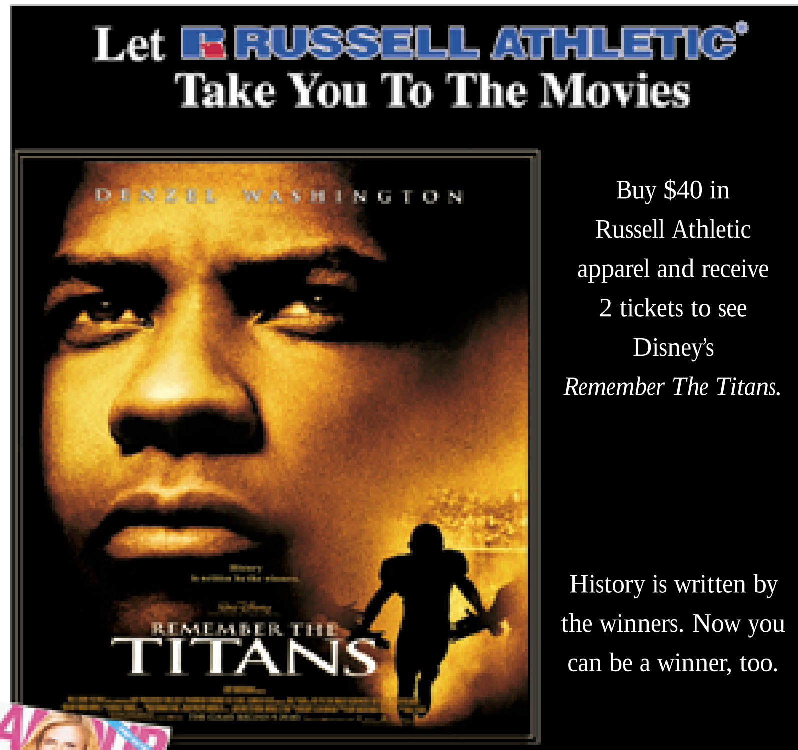
To demand it, they must know about it. Russell is investing more dollars than ever before to build brand awareness among consumers. These are not dollars merely chasing shoppers, however. Whether it's a Russell Athletic-sponsored booth at a road race or a JERZEES commercial on cable television, the Company strives to spend each and every media dollar in the most effective and efficient way possible. This means a research-driven, highly targeted promotion with a focused message. The bottom line: The business of consumer brand management is to build brand awareness and loyalty. Effective promotion is the best way to impact both.

ery color!"

TARGETED CAMPAIGNS
that make every dollar work efficiently and effectively.

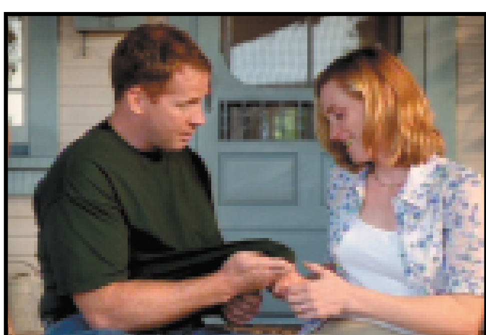
JERZEES is tapping into the top music genre in the land – country – to help reach its target female demographic. The linchpin of this strategy is a multi-promotional campaign with recording star Jo Dee Messina, who explains the virtues of sweats made especially for women in a series of television, radio and print ads. JERZEES also signed on as the title sponsor of Messina's concert tour. Country music tie-ins also extended to JERZEES' introduction of ladies' sweats in Kmart, where a free country compilation CD came with every purchase of two JERZEES products.

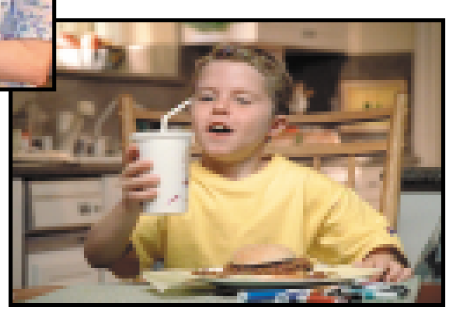
A retail tie-in with Disney's critically acclaimed hit, "Remember The Titans," gave consumers two movie tickets when they purchased $40 of Russell Athletic apparel. Russell also supplied the team uniforms in the film.



Sweatshirts embroidered with clever lines have been the centerpiece of a print advertising campaign for Russell Athletic that ran in national consumer magazines during the spring and fall of 2000.

T-shirts, banners, product giveaways and rolling billboards are just some of the promotional tools Russell Athletic is using at the grassroots level. The methodology is efficient, targeted and personal – reaching activewear consumers where they are most active.





JERZEES' "Certainty" TV campaign emphasizes quality you can count on. Television media buys are increasingly targeted and focused, utilizing vertical cable network spots and special-event programming sponsorships.

From Little League to the big league, with a gold medal in between, when Saturday afternoon jocks saw Russell Athletic uniforms win it all, they demanded,

"Fill our

DEMAND EXCEPTIONAL PRODUCTS

Russell team uniforms were big winners in 2000 – outfitting the World Champion Little League team, the Gold-Medal American Olympic Baseball Team and the World Series-winning New York Yankees. These players were able to enjoy the same qualities that generations of athletes have discovered in Russell products – exceptional quality, durability, comfort and fit. Building on this foundation, Russell brands are introducing more exciting products for consumers than ever before. These products feature more stylized design, innovative fabrics and fashionable colors. The bottom line: By offering unique products with added consumer value, Russell apparel is better positioned to demand a premium price in the marketplace.

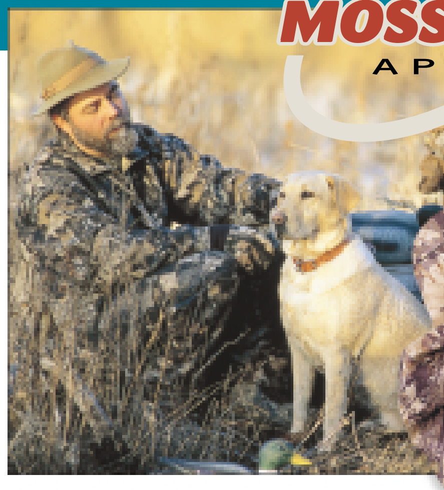
order!”

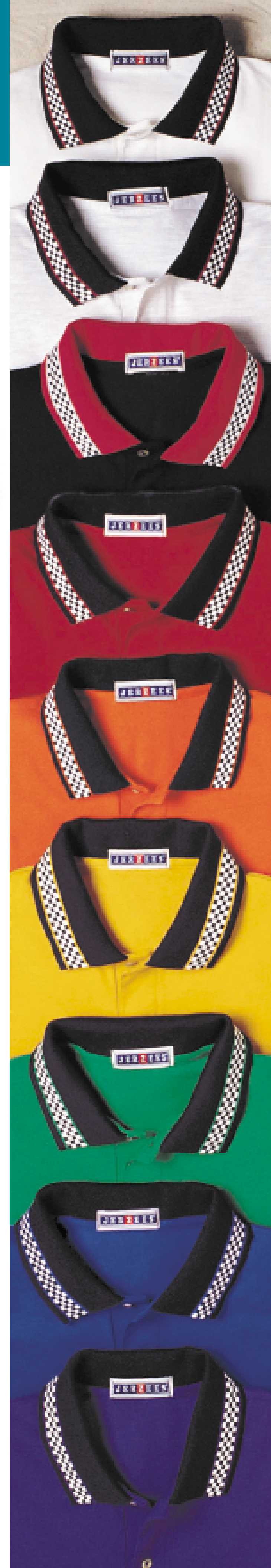
GREAT PRODUCTS
that generate demand and drive sales.

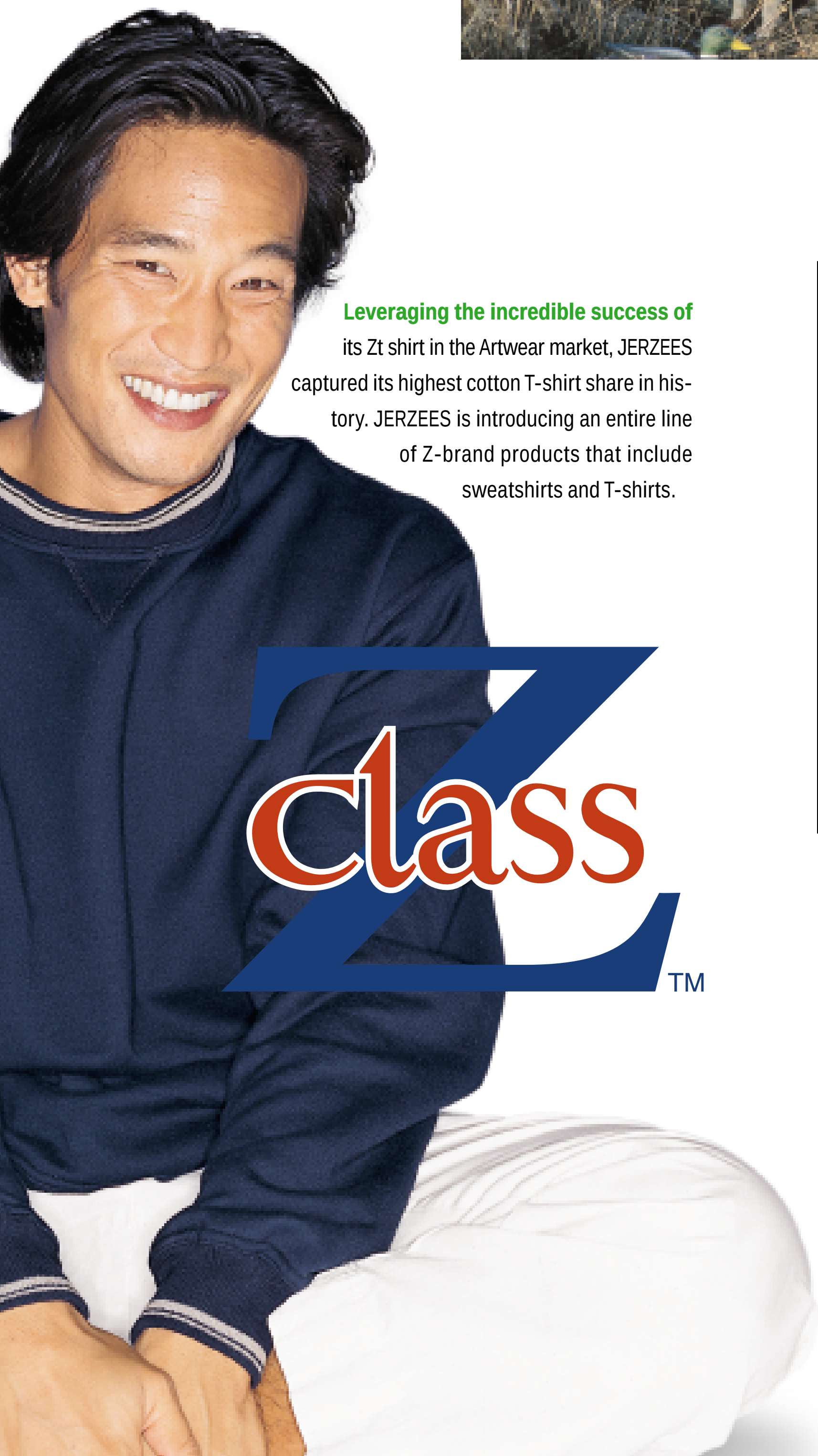
Armed with new research and insights, Russell Athletic is seeking to expand its present position in the team uniform market. In 2000, Little Leaguers, Major Leaguers and Olympians all won wearing Russell Athletic. In 2001, look for more Russell on the backs of recreation leaguers – such as the Matadors in softball.

Hang Out. Go Out. Work Out. Activewear basics appeal to everyone for everything – one of the few apparel categories that crosses every generational and gender line.

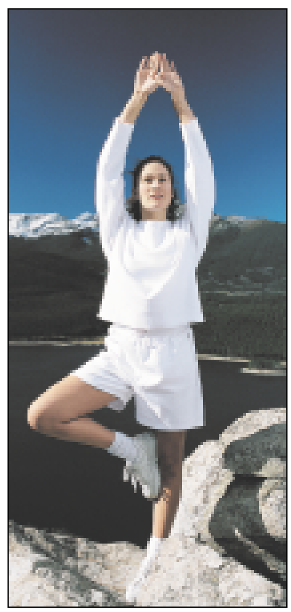
The Company's acquisition of the Mossy Oak brand for apparel provides a premium product line for the outdoor product category in specialty sporting goods stores. The brand also has helped accelerate the roll-out of a JERZEES outdoors line in the mass market.







Leveraging the incredible success of its Zt shirt in the Artwear market, JERZEES captured its highest cotton T-shirt share in history. JERZEES is introducing an entire line of Z-brand products that include sweatshirts and T-shirts.



Russell Athletic's women's line offers more stylized products in a variety of colors and fabrications, such as spa mesh, micro-fleece and sueded fleece.

The Cross Creek division supplies multiple products, including placket shirts, to the Artwear market under the JERZEES brand.

When 38-year-old weekend jocks visited Russell Athletic's new concept shop and remembered their glory days, **they dem**anded, "I'm

DEMAND CUSTOMIZED RETAIL PROGRAMS

There is no better place to communicate with a buyer than at the point of sale. And, there is no better way to build relationships with retailers than to help turn inventory into sell-through. Russell brands capitalize on these dynamics by leaving no stone unturned in the retail environment. From fixtures and hangers to merchandising displays and product hangtags, from in-store signage to behind-the-scenes customer service support, Russell wants to present its products in the best manner possible to drive sales. The bottom line: Every inch of retail space represents a sales opportunity. The more productive the space, the more opportunity for growth.

taking it."

POINT OF SALE PROGRAMS
that hit where it counts.

Russell Athletic takes marketing right down to the product itself. Packaging, hangtags and other product labeling provides yet another venue to tell the brand's "story" and reinforce imagery and awareness.

Russell Athletic's concept shop helps to create a unique personality for the brand on the sales floor. The shops utilize locker-room imagery and fixtures to reinforce the strong athletic heritage of the brand. The first of these debuted in the fall of 2000. Roll-outs across the nation will continue in 2001.

A licensing agreement with M. Hidary & Company, Inc., a leading supplier of kids' clothing, will extend Russell Athletic to the children's department of major stores this spring.

In-store concepts such as custom signage and display fixtures are part of the Company's strategy to build powerful mega brands.

JERZEES is testing a new line, CaZuals, for women that features fashion product in fabrications such as stretch French terry. The line also is available direct to consumers through a partnership with e-tailer, Styleclick.com.

Directors and Officers

DIRECTORS (clockwise front to back)

MARGARET M. PORTER[3]
Civic Volunteer,
Birmingham, Alabama
Chairman of the Corporate Responsibility Committee

HERSCHEL M. BLOOM[1] [4]
Partner,
King & Spalding
Atlanta, Georgia
Chairman of the Management Development and Compensation Committee

MARY JANE ROBERTSON[2]
Chief Financial Officer,
Crum&Forster
Morristown, New Jersey

RONALD G. BRUNO[4]
President,
Bruno Capital Management Corporation
Birmingham, Alabama

JOHN R. THOMAS[2]
Chairman, President and Chief Executive Officer,
Aliant Financial Corporation
Alexander City, Alabama

TIM A. LEWIS[3]
President,
T. A. Lewis & Associates, Inc.
Birmingham, Alabama

C.V. "JIM" NALLEY III[4] [5]
Chief Executive Officer,
Nalley Automotive Group
Atlanta, Georgia
Chairman of the Nominating Committee

JOHN F. WARD[1] [5]
Chairman of the Board
Chairman of the Executive Committee

(not pictured)
JOHN A. WHITE[2] [5]
Chancellor,
University of Arkansas
Fayetteville, Arkansas
Chairman of the Audit Committee

(not pictured)
BEN RUSSELL[3]
Chairman and Chief Executive Officer,
Russell Lands, Incorporated
Alexander City, Alabama

Committees of the Board of Directors
(1) Executive Committee
(2) Audit Committee
(3) Corporate Responsibility Committee
(4) Management Development and Compensation Committee
(5) Nominating Committee

OFFICERS

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Chairman, President and Chief Executive Officer

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Executive Vice President/ Chief Executive Officer, JERZEES

ROBERT D. MARTIN
Senior Vice President, Chief Financial Officer

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Senior Vice President, Corporate Development, General Counsel and Secretary

ERIC N. HOYLE
Senior Vice President/President and Chief Executive Officer, Cross Creek Apparel

THOMAS R. JOHNSON, JR.
Senior Vice President/President and Chief Executive Officer, Yarn

CAROL M. MABE
Senior Vice President/President and Chief Executive Officer, Russell Athletic

JT TAUNTON, JR.
Senior Vice President/President and Chief Executive Officer, Fabrics and Services

K. ROGER HOLLIDAY
Vice President, Investor Relations and Treasurer

NANCY N. YOUNG
Vice President, Communications and Community Relations

LARRY E. WORKMAN
Controller

STEVE R. FOREHAND
Assistant General Counsel and Assistant Secretary

CHRISTOPHER M. CHAMPION
Associate Counsel, Director of Government Relations and Assistant Secretary

Russell Corporation
and Subsidiaries
Financial Review

Net Sales increased 6.6%

UP $75 Million

Net Income before special charges*

UP 13%

Diluted Earnings Per Share before special charges* an increase

OF 17%

** Special charges related to certain non-recurring expenses, severance, and write-down and sale of certain assets included as part of previously announced multi-year restructuring plans.*

Ten-Year Selected Financial Highlights

(Dollars in thousands, except Common Stock Data and Financial Statistics)	2000	1999	1998
Operations			
Net sales	$1,217,578	$1,142,234	$1,180,118
Cost of goods sold	876,726	844,961	878,106
Interest expense	32,401	28,060	27,824
Income (loss) before income taxes[a]	33,077	20,330	(10,265)
Income taxes[a]	18,562	11,942	114
Net income (loss) applicable to common shares[a]	14,515	8,388	(10,379)
Financial Data			
Depreciation and amortization	$ 54,645	$ 63,891	$ 74,368
Net income plus depreciation and amortization	69,160	72,279	63,989
Capital expenditures	59,457	53,376	72,864
Working capital	471,414	460,041	435,819
Long-term debt and redeemable preferred stock	384,211	377,865	323,043
Stockholders' equity	525,940	549,342	614,771
Capital employed	910,151	927,207	937,814
Total assets	1,153,160	1,153,131	1,153,564
Common Stock Data			
Net income (loss) assuming dilution[a]	$ .44	$ .25	$ (.29)
Dividends	.56	.56	.56
Book value	16.49	16.74	17.31
Price Range:			
High	22.94	25.12	33.88
Low	12.13	12.13	18.00
Financial Statistics			
Net sales times:			
Receivables[b]	6.2	6.2	5.6
Inventories[b]	3.1	3.0	3.2
Capital employed[b]	1.3	1.2	1.2
Interest coverage[a]	2.0	1.7	.6
Income (loss) before income taxes as a percent of sales[a]	2.7%	1.8%	(.9%)
Net income (loss) as a percent of sales[a]	1.2%	.7%	(.9%)
Net income (loss) as a percent of stockholders' equity[a] [b]	2.7%	1.4%	(1.6%)
Other Data			
Net common shares outstanding (000s omitted)	31,896	32,814	35,519
Approximate number of common shareholders	8,000	8,000	8,000

(a) Fiscal 1993 includes a noncash, pre-tax charge of $34,583,000 associated with the write-down of certain fixed assets and goodwill. The after-tax impact of this write-down on 1993 earnings was ($.56) per common share. Fiscal 1998, 1999, and 2000 include pre-tax charges of $83,007,000, $70,721,000, and $65,011,000, respectively, associated with restructuring, asset impairment and other unusual charges as described in Note 10 to the Consolidated Financial Statements. The after-tax impact of these charges on 1998, 1999 and 2000 earnings was ($1.46), ($1.38), and ($1.46), respectively, per common share.

(b) Average of amounts at beginning and end of each fiscal year.

1997	1996	1995	1994	1993	1992	1991
$1,228,198	$1,244,204	$1,152,633	$1,098,259	$ 930,787	$899,136	$804,585
857,531	846,166	816,834	739,700	613,325	592,837	553,160
28,165	25,738	21,698	19,434	16,948	15,841	18,097
88,352	129,545	87,733	127,585	80,717	129,507	90,866
33,904	47,969	33,616	48,759	31,619	47,269	34,027
54,448	81,576	54,117	78,826	49,080	81,945	56,279
$ 74,421	$ 72,226	$ 68,010	$ 67,042	$ 66,226	$ 60,444	$ 56,594
128,869	153,802	122,127	145,868	115,306	142,389	112,873
72,926	114,031	86,556	38,562	83,979	109,161	89,532
501,431	412,591	438,070	310,330	277,993	285,469	255,392
360,607	255,935	287,878	144,163	163,334	186,122	185,923
665,602	679,823	632,558	628,662	587,651	570,003	502,501
1,026,209	935,758	920,436	772,825	750,985	756,125	688,424
1,247,962	1,195,180	1,118,164	1,046,577	1,017,044	964,933	818,220
$ 1.47	$ 2.11	$ 1.38	$ 1.96	$ 1.19	$ 1.99	$ 1.38
.53	.50	.48	.42	.39	.34	.32
18.25	17.87	16.34	15.84	14.54	13.97	12.39
38.38	33.75	31.25	32.63	36.87	40.37	36.25
25.00	23.13	22.00	24.00	26.00	27.75	19.75
5.3	5.5	5.3	5.6	5.3	5.8	5.9
3.4	3.7	3.8	3.9	3.7	4.6	4.8
1.3	1.3	1.4	1.4	1.2	1.2	1.2
4.1	6.0	5.0	7.6	5.8	9.2	6.0
7.2%	10.4%	7.6%	11.6%	8.7%	14.4%	11.3%
4.4%	6.6%	4.7%	7.2%	5.3%	9.1%	7.0%
8.2%	12.4%	8.6%	13.0%	8.5%	15.3%	11.7%
36,463	38,049	38,715	39,689	40,405	40,810	40,569
10,100	12,300	12,300	13,000	13,000	13,000	18,000

Management's Discussion and Analysis

2000 vs. 1999

Net sales Net sales increased 6.6%, or $75,344,000, to $1,217,578,000 for fiscal 2000 from $1,142,234,000 for fiscal 1999. The overall net increase consisted of a 10.2% increase, or $89,763,000, within the Company's Activewear segment of which, approximately $24,400,000 related to acquisitions during fiscal year 2000 (see Note 12 to the Consolidated Financial Statements for more information concerning the Company's fiscal year 2000 acquisitions); a 10.8% decline, or $13,308,000, within the Company's International segment; and a 0.8% decrease, or $1,111,000, for the "All Other" segment. The majority of the sales increase within the Activewear segment was due to strong sales within the Company's JERZEES and JERZEES Outdoors brand of activewear. Overall dozens shipped within the Activewear segment were up approximately 16% over the prior year. Favorable product mix changes within the Activewear segment offset the negative impact of lower selling prices within certain categories. Approximately $10,250,000 of the sales decline within the International segment was attributable to the weaker euro and British pound sterling against the U.S. dollar. The remaining decline was attributable to an unfavorable sales mix shift, unexpected shipping delays caused by systems problems, and restructuring or discontinuance of lines of businesses.

Gross Margin Percentage The Company's overall gross margin percentage increased to 28.0% for fiscal 2000 versus 26.0% in fiscal 1999. Excluding the impact of restructuring, asset impairment and other unusual charges (special charges), as described in Note 10 to the Consolidated Financial Statements, of $18,187,000 and $32,039,000 for 2000 and 1999, respectively, the overall gross margin percentage increased to 29.5% for 2000 from 28.8% for 1999. Gross margins were impacted by the overall net increase in net sales mentioned above and continue to be positively impacted by the reduction in manufacturing costs as a result of the Company's continued efforts to move the assembly of garments to low-cost geographic locations. In addition, the Company continues to improve and streamline other manufacturing processes. The Company's overall gross margin percentage was not significantly impacted by the fiscal 2000 acquisitions.

Selling, General and Administrative (SG&A) SG&A as a percent of net sales decreased to 18.9% for fiscal 2000 versus 19.0% in fiscal 1999. Excluding the impact of special charges of $3,677,000 and $6,088,000 for 2000 and 1999, respectively, SG&A as a percent of net sales increased slightly to 18.6% for 2000 from 18.5% for 1999. The Company continues to increase its advertising and marketing spending over that of prior years in an effort to raise brand awareness within the markets of the JERZEES, Russell Athletic and Cross Creek brands. The increased spending to raise brand awareness has been partially offset by lower distribution costs as a result of major reconfiguration changes of certain distribution facilities during 1999. The Company's overall SG&A as a percent of net sales was not significantly impacted by the fiscal 2000 acquisitions.

Earnings Before Interest and Taxes (EBIT) The Company's overall EBIT as a percent of net sales increased to 10.7% for fiscal 2000 from 10.4% in fiscal 1999 when calculated exclusive of special charges of $65,011,000 and $70,721,000 for 2000 and 1999, respectively. The Activewear segment EBIT, exclusive of special charges, as a percent of net sales increased to 14.1% for fiscal 2000 from 13.0% in fiscal 1999. Again, this improvement is attributed primarily to the overall increase in net sales mentioned above and reduced manufacturing costs associated with the continued move of much of the Company's apparel assembly operations offshore. The International segment EBIT, exclusive of special charges, as a percent of net sales decreased to a negative 7.1% for fiscal 2000 from a positive 7.4% in fiscal 1999. A major component of the decline within the International segment was due to foreign currency issues mentioned above, which adversely impacted both sales and margins in Europe. Additionally, the International segment incurred higher freight and distribution costs than in the prior year as a result of product shipping delays at the Company's Europe facility during the first quarter of 2000. The "All Other" segment EBIT, exclusive of special charges, as a percent of net sales increased to 15.8% for fiscal 2000 from 13.8% in fiscal 1999, primarily due to lower manufacturing costs. The Company's overall EBIT as a percent of net sales was not significantly impacted by the fiscal 2000 acquisitions.

1999 vs. 1998

Net Sales Net sales decreased 3.2%, or $37,884,000, to $1,142,234,000 for fiscal 1999 from $1,180,118,000 for fiscal 1998. The decrease consisted primarily of declines of 3.4%, or $30,754,000 and 2.1%, or $2,631,000 within the Company's Activewear and International segments, respectively. The majority of the sales decline within the Activewear segment was due to price declines and the discontinuance of certain lines of businesses in fiscal 1998 as part of the restructuring and reorganization plan described below.

Gross Margin Percentage The Company's overall gross margin percentage increased to 26.0% for fiscal 1999 versus 25.6% in fiscal 1998. Excluding the impact of special charges of $32,039,000 and $22,227,000 for fiscal 1999 and fiscal 1998, respectively, the gross margin percentage increased to 28.8% for fiscal 1999 from 27.5% for fiscal 1998. Gross margins were positively impacted by the reduction in manufacturing cost as a result of the Company's aggressive move to assemble garments in low-cost geographic locations versus the prior fiscal year. However, the positive impact experienced as a result of those cost reductions was partially offset by lower selling prices.

Selling, General and Administrative (SG&A) SG&A as a percent of net sales decreased to 19.0% for fiscal 1999 from 20.9% in fiscal 1998. Excluding the impact of special charges of $6,088,000 and $21,318,000 for the fiscal years 1999 and 1998, respectively, SG&A as a percent of net sales decreased to 18.5% for fiscal 1999 from 19.1% in fiscal 1998, primarily due to lower distribution costs, which were partially offset with increases in advertising and marketing expenses.

Earnings Before Interest and Taxes (EBIT) The Company's overall EBIT as a percent of net sales increased to 10.4% for fiscal 1999 from 8.5% in fiscal 1998 when calculated exclusive of special charges of $70,721,000 and $83,007,000 for fiscal 1999 and 1998, respectively. The Activewear segment EBIT, exclusive of special charges, as a percent of net sales was 13.0% for fiscal 1999 up from 11.2% for fiscal 1998. This improvement was attributed to reduced manufacturing cost associated with the move of much of the Company's apparel assembly operations offshore. The International segment EBIT, exclusive of special charges, as a percent of net sales increased to 7.4% for fiscal 1999 up from a negative 3.6% for fiscal 1998. This significant turnaround was primarily due to the elimination of certain unprofitable product lines and businesses as part of the Company's restructuring and reorganization plan.

For information concerning income tax provisions for fiscal years 2000, 1999 and 1998, as well as information regarding differences between effective tax rates and statutory tax rates, see Note 6 to the Consolidated Financial Statements.

MULTI-YEAR RESTRUCTURING AND REORGANIZATION PLAN

On July 22, 1998, the Company announced its intention to undertake a major restructuring and reorganization to improve the Company's global competitiveness. Elements of the multi-year strategic plan included: the closing of approximately 25 of the Company's 90 worldwide facilities over the next three years, including selected manufacturing plants, distribution centers and offices; expanding production outside the United States; consolidating and downsizing the licensed products businesses; disposing of owned shopping-center real estate; reorganizing the corporate structure; establishing a dual headquarters in the metropolitan Atlanta area; as well as other cost savings activities. It was anticipated that the three-year plan would ultimately reduce costs by approximately $80 million pre-tax annually and would result in the elimination of approximately 4,000 domestic positions.

The Company announced it would incur charges over three years for restructuring, asset impairment and other unusual charges as a result of the restructuring and reorganization plan. These charges would relate to the closing of facilities, including plants, distribution centers and offices; and consolidation and/or exiting certain product lines and brands and disposing of owned shopping-center real estate; and would be reflected in the Company's consolidated financial statements over the next three years beginning in the third quarter of 1998. The recognition of these charges would depend, in large part, on expansion of production capabilities outside the United States. The Company continues to execute its multi-year strategic plan. This plan, as originally announced in July 1998, anticipated charges of $125 million after-tax, including the closure of 25 facilities impacting 4,000 positions, primarily associated with the movement of apparel assembly operations to lower cost areas. Additionally, the plan as announced in 1998 would also generate one-time expenses associated with the establishment of a dual headquarters in Atlanta. That move is now nearly complete. In line with previous announcements in 2000 which revised the restructuring plan, the Company has recorded charges to-date of $142.2 million, after-tax, including the closure of 30 facilities, impacting more than 5,000 positions. Additional projects are also being considered, and the Company estimates future special charges will be in the $15 million range after-tax during fiscal 2001.

For information concerning restructuring, asset impairment and other unusual charges associated with the multi-year restructuring and reorganization plan for fiscal 2000, 1999 and 1998, see Note 10 to the Consolidated Financial Statements.

The Company has achieved actual savings from the restructuring and reorganization plan which are in line with the savings anticipated at the inception of the plan.

LIQUIDITY AND CAPITAL RESOURCES

The balance sheet continues to reflect the conservative financial nature of the Company and its strong financial condition. At the end of fiscal 2000, long-term debt to total capitalization increased to 42.2% versus 40.8% at the end of fiscal 1999. The increase is primarily the result of the Company purchasing approximately 1 million of its outstanding common shares for approximately $15.2 million, and acquisitions of approximately $40.0 million (see Note 12 to the Consolidated Financial Statements), which were funded through the credit facility (long-term debt). Current ratios were 3.8 and 4.0, respectively, for year-end 2000 and 1999.

Operations provided approximately $97.2 million and increased borrowings provided $52.3 million of the cash requirements in fiscal 2000. This cash was used for capital expenditures, acquisitions, payments on long-term debt, dividends and treasury stock repurchases. Capital expenditures during fiscal 2000 were approximately $59.5 million. Approximately 95%, or $56.2 million, of the fiscal 2000 expenditures were within the Activewear segment.

Management's Discussion and Analysis (CONTINUED)

During fiscal 1999, operations provided approximately $86.2 million, and increased borrowings provided $63.5 million of the Company's cash requirements. This cash was used for capital expenditures, payments on long-term debt, dividends and treasury stock repurchases. Capital expenditures during fiscal 1999 were approximately $53.4 million. Approximately 92%, or $49.4 million, of the fiscal 1999 expenditures were within the Activewear segment.

The Company anticipates that fiscal 2001 capital expenditures will be in the range of approximately $55 million. The majority of the fiscal 2001 capital expenditures will be for further enhancements of the Company's manufacturing and distribution capabilities. At December 30, 2000, the Company had accrued liabilities of approximately $5.7 million related to employee severance and costs to exit certain facilities, licenses and contracts. The Company anticipates that the continued execution of its restructuring and reorganization plan during fiscal 2001 will require no significant increase in cash, if the Company successfully disposes of all property and equipment affected by the restructuring and reorganization plan.

In December 1999, the Board of Directors adjusted the stock repurchase authorization upward to 5,000,000 shares. Purchases of the Company's Common Stock totaled $15,151,000 in 2000, representing 994,649 shares, compared to $53,368,000 representing 2,705,361 shares in 1999. At December 30, 2000, the Company could repurchase an additional 3,878,751 shares under its current authorization.

In prior years, the Company was dependent on informal uncommitted lines of credit to finance its working capital requirements. During the fourth quarter of 1999, the Company entered into a five-year $250 million unsecured revolving credit facility which assures the Company availability of funds at market-based rates. (See Note 2 to the Consolidated Financial Statements for additional details related to the Company's credit facility).

At year-end, the Company had $62 million of availability from informal lines of credit with two banks. The Company believes that the combination of its credit facility and the two informal lines of credit will be sufficient for its cash requirements during fiscal year 2001 and does not presently intend to issue any additional long-term debt (other than available borrowings under the existing credit facility) or equity securities in fiscal 2001.

During fiscal years 2000, 1999 and 1998, the Company utilized two interest rate swap agreements in the management of its interest rate exposure on long-term debt. These agreements effectively converted a portion of the Company's interest rate exposure from a fixed to a floating rate basis and from a floating to a fixed rate basis. The effect of these agreements lowered the effective interest rate on the Company's long-term debt from 6.66% to 6.57%; 6.67% to 6.34%; and 6.74% to 6.47% in 2000, 1999 and 1998, respectively. On October 10, 2000, the Company terminated its fixed to floating interest rate swap agreement.

For information concerning ongoing litigation of the Company, see Note 9 to the Consolidated Financial Statements.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

For information concerning the impact of recently issued accounting standards, see Note 1 to the Consolidated Financial Statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risks relating to fluctuations in interest rates, currency exchange rates and commodity prices. The objective of financial risk management at the Company is to minimize the negative impact of interest rate, foreign exchange rate and commodity price fluctuations on the Company's earnings, cash flows and equity. To manage these risks, the Company uses various derivative financial instruments, including interest rate swap agreements, forward currency exchange contracts and commodity futures contracts. The Company only uses commonly traded instruments. These contracts are entered into with major financial institutions, thereby minimizing the risk of credit loss. Also, refer to Notes 1 and 4 to the Consolidated Financial Statements for a more complete description of the Company's accounting policies and use of such instruments.

The following analyses present the sensitivity of the market value, earnings and cash flows of the Company's financial instruments to hypothetical changes in interest rates, exchange rates and commodity prices as if these changes occurred at December 30, 2000. The range of changes chosen for these analyses reflects the Company's view of changes which are reasonably possible over a one-year period. Market values are the present values of projected future cash flows based on the interest rate assumptions or quoted market prices where available. These forward-looking disclosures are selective in nature and only address the potential impacts from financial instruments. They do not include other potential effects, which could impact the Company's business as a result of these changes in interest rates, exchange rates and commodity prices.

INTEREST RATE AND DEBT SENSITIVITY ANALYSIS

At December 30, 2000, the Company had debt totaling $423,482,000 and one interest rate swap agreement with a notional value of $48,250,000. The interest rate swap was entered into as a hedge of an underlying debt instrument to effectively change the characteristics of the interest rate without altering the debt instrument. At December 30, 2000, the interest rate swap agreement converted $48,250,000 of outstanding variable rate debt to fixed rate debt for a period of time. For fixed rate debt, interest rate changes affect the fair market value but do not impact earnings or cash flows.

At December 30, 2000, after adjusting for the effect of the interest rate swap agreement, the Company had fixed rate debt of $294,679,000 and variable rate debt of $128,803,000. Assuming all other variables remain constant, a one percentage point increase in interest rates would decrease the fair market value of the fixed rate debt by approximately $9,200,000 at December 30, 2000. Pre-tax earnings and cash flows would be negatively impacted by approximately $1,300,000 from a one percentage point increase in interest rates holding other variables constant.

CURRENCY EXCHANGE RATE SENSITIVITY

The Company and its subsidiaries have foreign currency exposures related to buying, selling and financing in currencies other than their respective functional currencies. The Company also has foreign currency exposure related to foreign denominated revenues and profits translated into U.S. dollars.

These exposures are primarily concentrated in the euro, British pound sterling and Mexican peso. The Company enters into foreign currency forward contracts to manage the transaction risk associated with doing business in foreign currencies. It is the Company's policy to hedge currency exposures of firm commitments and anticipated transactions denominated in non-functional currencies to protect against the possibility of diminished cash flow and adverse impacts on earnings. The potential loss in fair value of the Company's foreign currency forward contracts at December 30, 2000, from a hypothetical 10% adverse change in quoted foreign currency exchange rates, primarily the euro, would be approximately $2.3 million. However, this hypothetical adverse impact on the value of foreign currency forward contracts would be offset by the benefit of translating foreign currency denominated transactions into U.S. dollars at more favorable exchange rates.

The Company generally views its investments in foreign subsidiaries with a functional currency other than the U.S. dollar as long-term. As a result, the Company does not generally hedge these net investments.

COMMODITY PRICE SENSITIVITY

The availability and price of cotton is subject to wide fluctua-tions due to unpredictable factors such as weather conditions, governmental regulations, economic climate or other unforeseen circumstances. To reduce price risk caused by market fluctuations, the Company enters into futures contracts to fix prices on varying proportions of its cotton needs, thereby minimizing the risk of decreased margins from cotton price increases. A sensitivity analysis has been prepared to estimate the Company's exposure to market risk from its cotton position, excluding inventory on hand and fixed price contracts. The fair value of the Company's position is calculated by valuing its net position at quoted futures prices. Market risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in such prices. The potential loss in fair value of the Company's cotton futures position at December 30, 2000, from a hypothetical 10% decrease in cotton prices would be approximately $668,000.

FORWARD LOOKING INFORMATION

This annual report, including management's discussion and analysis, contains certain statements that describe the Company's beliefs concerning future business conditions and prospects, growth opportunities, new product lines, offshore apparel assembly and related cost savings, and the outlook for the Company based upon currently available information. Wherever possible, the Company has identified these "forward looking" statements (as defined in Section 21E of the Securities and Exchange Act of 1934) by words such as "anticipates," "believes," "intends," "estimates," "expects," "projects" and similar phrases. These forward looking statements are based upon assumptions the Company believes are reasonable. Such forward looking statements are subject to risks and uncertainties, which could cause the Company's actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements, including among other matters, significant competitive activity, including promotional and price competition, changes in customer demand for the Company's products, inherent risks in the marketplace associated with new products and new product lines, including uncertainties about trade and consumer acceptance and other risk factors listed from time to time in the Company's SEC reports and announcements. These risks and uncertainties include, but are not limited to, the matters discussed under the caption "Forward Looking Information" in the Company's Annual Report on Form 10-K for the year ended December 30, 2000, which will be filed by March 30, 2001. The Company assumes no obligation to publicly update any forward looking statements whether as a result of new information, future events or otherwise.

Consolidated Balance Sheets

December 30, 2000, and January 1, 2000

(In thousands, except share data)	2000	1999
ASSETS		
Current assets:		
Cash	$ 4,193	$ 9,123
Trade accounts receivable, less allowances of $9,796 in 2000 and $7,912 in 1999	198,610	191,803
Inventories	406,446	387,841
Prepaid expenses and other current assets	18,013	14,874
Future income tax benefits	–	11,481
Income tax receivable	12,879	–
Total current assets	640,141	615,122
Property, plant and equipment:		
Land	10,106	11,207
Buildings	291,477	329,439
Machinery and equipment	884,389	877,312
Construction-in-progress	27,750	11,985
	1,213,722	1,229,943
Less allowances for depreciation and amortization	(760,714)	(747,343)
	453,008	482,600
Other assets	60,011	55,409
	$1,153,160	$1,153,131
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 61,387	$ 72,972
Employee compensation	33,528	32,627
Accrued expenses	33,620	27,242
Deferred income taxes	921	–
Income taxes payable	–	826
Current maturities of long-term debt	39,271	21,414
Total current liabilities	168,727	155,081
Long-term debt, less current maturities	384,211	377,865
Deferred liabilities:		
Income taxes	45,928	38,741
Pension and other	28,354	32,102
	74,282	70,843
Commitments and contingencies	–	–
Stockholders' equity:		
Common stock, par value $.01 per share; authorized 150,000,000 shares, issued 41,419,958 shares	414	414
Paid-in capital	47,104	48,294
Retained earnings	716,460	720,111
Treasury stock (2000 – 9,524,424 and 1999 – 8,605,925 shares)	(226,470)	(213,461)
Accumulated other comprehensive loss	(11,568)	(6,016)
	525,940	549,342
	$1,153,160	$1,153,131

See notes to consolidated financial statements.

Consolidated Statements of Operations

Years ended December 30, 2000, January 1, 2000, and January 2, 1999

(In thousands, except share and per share data)	2000	1999	1998
Net sales	$1,217,578	$1,142,234	$1,180,118
Costs and expenses:			
Cost of goods sold	876,726	844,961	878,106
Selling, general and administrative expenses	229,991	217,571	246,518
Other – net	45,383	31,312	37,935
Interest expense	32,401	28,060	27,824
	1,184,501	1,121,904	1,190,383
Income (loss) before income taxes	33,077	20,330	(10,265)
Provision for income taxes	18,562	11,942	114
Net income (loss)	$ 14,515	$ 8,388	$ (10,379)
Net income (loss) per common share:			
Basic	$ .45	$ .25	$ (.29)
Diluted	$ .44	$ .25	$ (.29)
Weighted-average shares outstanding:			
Basic	32,405,926	33,842,751	36,216,571
Diluted	32,686,006	33,866,501	36,216,571

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 30, 2000, January 1, 2000, and January 2, 1999

(In thousands)	2000	1999	1998
OPERATING ACTIVITIES			
Net income (loss)	$ 14,515	$ 8,388	$ (10,379)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	54,645	63,891	74,368
Deferred income taxes	19,589	2,024	(19,568)
Loss (gain) on sale of property, plant and equipment	574	573	(111)
Non-cash restructuring, asset impairment and other unusual charges	37,209	26,440	55,742
Foreign currency transaction loss	2,276	1,100	634
Changes in operating assets and liabilities:			
Trade accounts receivable	(97)	(12,625)	52,038
Inventories	(13,699)	(22,496)	(18,192)
Prepaid expenses and other current assets	(2,970)	(2,926)	(583)
Other assets	14,200	(6,127)	1,189
Accounts payable and accrued expenses	(11,585)	29,438	16,299
Income taxes	(13,951)	(932)	12,372
Pension and other deferred liabilities	(3,535)	(569)	6,216
Net cash provided by operating activities	97,171	86,179	170,025
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(59,457)	(53,376)	(72,864)
Cash paid for acquisitions	(39,972)	–	–
Proceeds from sale of property, plant and equipment	6,450	4,572	2,224
Net cash used in investing activities	(92,979)	(48,804)	(70,640)
FINANCING ACTIVITIES			
Borrowings on credit facility – net	52,303	76,383	–
Payments on short-term debt	–	(12,908)	(26,416)
Payments on notes payable	(26,564)	(32,214)	(26,828)
Dividends on common stock	(18,166)	(19,000)	(20,326)
Distribution of treasury stock	952	–	2,072
Cost of common stock for treasury	(15,151)	(53,368)	(22,355)
Net cash used in financing activities	(6,626)	(41,107)	(93,853)
Effect of exchange rate changes on cash	(2,496)	(997)	(289)
Net (decrease) increase in cash	(4,930)	(4,729)	5,243
Cash balance at beginning of year	9,123	13,852	8,609
Cash balance at end of year	$ 4,193	$ 9,123	$ 13,852

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Years ended December 30, 2000, January 1, 2000, and January 2, 1999

(In thousands, except share data)	Common Stock	Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at January 3, 1998	$414	$48,654	$(140,170)	$761,428	$ (4,724)	$665,602
Comprehensive loss:						
Net loss	–	–	–	(10,379)	–	(10,379)
Foreign currency translation adjustments	–	–	–	–	157	157
Comprehensive loss						(10,222)
Exercise of stock options	–	(360)	–	–	–	(360)
Treasury stock acquired (1,041,800 shares)	–	–	(22,355)	–	–	(22,355)
Treasury stock reissued (98,572 shares)	–	–	2,432	–	–	2,432
Cash dividends ($.56 per share)	–	–	–	(20,326)	–	(20,326)
Balance at January 2, 1999	414	48,294	(160,093)	730,723	(4,567)	614,771
Comprehensive income:						
Net income	–	–	–	8,388	–	8,388
Foreign currency translation adjustments	–	–	–	–	(1,449)	(1,449)
Comprehensive income						6,939
Treasury stock acquired (2,705,361 shares)	–	–	(53,368)	–	–	(53,368)
Cash dividends ($.56 per share)	–	–	–	(19,000)	–	(19,000)
Balance at January 1, 2000	414	48,294	(213,461)	720,111	(6,016)	549,342
Comprehensive income:						
Net income	–	–	–	14,515	–	14,515
Foreign currency translation adjustments	–	–	–	–	(5,552)	(5,552)
Comprehensive income						8,963
Treasury stock acquired (994,649 shares)	–	–	(15,151)	–	–	(15,151)
Treasury stock reissued (76,150 shares)	–	(1,190)	2,142	–	–	952
Cash dividends ($.56 per share)	–	–	–	(18,166)	–	(18,166)
Balance at December 30, 2000	$414	$47,104	$(226,470)	$716,460	$(11,568)	$525,940

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Russell Corporation is an international branded apparel company specializing in activewear, casualwear and athletic uniforms. Major brands include Russell Athletic, JERZEES, Cross Creek, and Mossy Oak apparel. The Company designs and merchandises a variety of leisure and sports apparel marketed to sporting goods dealers, department and specialty stores, mass merchandisers, golf pro shops, college bookstores, screen printers and embroiderers, distributors, mail order houses, and other apparel manufacturers. Products are derived from a combination of internally produced products, contractors and third-party sources.

REVENUE RECOGNITION

The Company records revenues when products are shipped to customers.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Russell Corporation and its subsidiaries after the elimination of intercompany accounts and transactions.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

INVENTORIES

Inventories of finished goods, work-in-process and raw materials are carried at the lower of cost or market, with cost for a substantial portion of inventories determined under the Last-In, First-Out (LIFO) method. Certain inventories are carried under the First-In, First-Out (FIFO) method, or the average cost method, and were valued at approximately $69,628,000 in 2000 and $67,450,000 in 1999. Inventories are summarized as follows:

(In thousands)	2000	1999
Finished goods	$293,587	$279,212
Work-in-process	69,568	68,297
Raw materials and supplies	41,718	45,288
	404,873	392,797
LIFO and lower-of-cost or market adjustments, net	1,573	(4,956)
	$406,446	$387,841

Replacement cost of inventories carried on LIFO exceeded the net LIFO carrying value by $8,530,000 at December 30, 2000.

PROPERTY, PLANT AND EQUIPMENT

The provision for depreciation of property, plant and equipment (recorded at cost), including assets capitalized under capital lease agreements, has been computed generally on the straight-line method at rates based upon their estimated useful lives. Initial estimated useful lives range from 25 to 37 years for buildings and from 3 to 12 years for machinery and equipment. When events and circumstances indicate that the useful lives or salvage values may have changed, the Company adjusts the related useful life and records depreciation over the shortened useful life after giving consideration to the revised salvage values. Revisions to the remaining estimated useful lives and salvage values of plants scheduled for closing resulted in an increase in depreciation expense of $995,000 in 2000 and $7,149,000 in 1999. (See Note 10.)

OTHER ASSETS

Included in other assets is goodwill of approximately $14,017,000 and $11,672,000, which is net of accumulated amortization of $2,850,000 and $7,923,000, at December 30, 2000, and January 1, 2000, respectively. Goodwill is being amortized over 15 years on a straight-line basis. The carrying value of goodwill is reviewed if the facts and circumstances suggest that it may be impaired. If this review indicates that goodwill will not be recoverable based upon the undiscounted cash flows of the entity acquired over the remaining amortization period, the Company's carrying value of the goodwill is reduced by the excess of the carrying value over the fair value of the entity acquired. During 2000, the Company recorded impairment charges of $7,735,000 related to goodwill. (See Note 10.) Also included within other assets are approximately $15,400,000 of other intangible assets related to fiscal 2000 acquisitions. (See Note 12.)

LONG-LIVED ASSETS

The Company records impairment losses on long-lived assets under the provisions of Financial Accounting Standards Board (FASB) Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." When events and circumstances indicate that assets may be impaired, and the undiscounted cash flows estimated to be generated from those assets are less than the carrying value of such assets, the Company records an impairment loss equal to the excess of the carrying value (including allocated goodwill, where appropriate) over the asset's fair value. Asset impairment charges related to the closing of certain facilities and retail store locations are described more fully in Note 10.

INCOME TAXES

The Company accounts for income taxes under the provisions of FASB Statement No. 109, "Accounting for Income Taxes." Under Statement No. 109, deferred tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured at the enacted tax rates that will be in effect when the taxes are expected to be paid.

ADVERTISING, MARKETING AND PROMOTIONS EXPENSE

The cost of advertising, marketing and promotions is expensed as incurred. The Company incurred $48,921,000, $45,522,000 and $37,236,000 in such costs during 2000, 1999 and 1998, respectively.

STOCK-BASED COMPENSATION

The Company issues awards under its incentive compensation plans as described in Note 7. These stock options and awards are accounted for in accordance with Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees."

CONCENTRATIONS OF CREDIT RISK AND FINANCIAL INSTRUMENTS

Financial instruments that subject the Company to credit risk are primarily trade accounts receivable. Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number and diversity of customers comprising the Company's customer base. Management believes that any risk associated with trade accounts receivable is adequately provided for in the allowance for doubtful accounts.

Wal-Mart represented 24.0% and 25.4% of the Company's net accounts receivable at December 30, 2000, and January 1, 2000, respectively.

HEDGING ACTIVITIES

The Company periodically enters into futures contracts as hedges for its purchases of cotton inventory. Realized gains and losses on these hedges are deferred and reflected in cost of sales as such inventory is sold. Deferred gains and losses on such contracts were insignificant at both December 30, 2000, and January 1, 2000. The Company utilizes forward exchange contracts in its international operations to hedge inventory purchases and sales denominated in foreign currencies, defined as currencies other than a foreign subsidiary's functional currency. Forward contracts that do not qualify as hedges are marked to market on a current basis with the resulting gains and losses reflected in the statements of operations.

The Company uses an interest rate swap agreement to manage interest rate exposure on long-term debt. The differential to be received, or paid, under this agreement is accrued as interest rates change and recorded as an adjustment to interest expense. The related amount payable to, or receivable from, the counterparty to this agreement is included in other liabilities. The Company believes that the possibility of credit losses associated with third-party nonperformance is remote. (See Note 4.)

EARNINGS PER COMMON SHARE

The Company reports earnings per common share in accordance with FASB Statement No. 128, "Earnings Per Share." Basic earnings per common share is computed by using the weighted-average number of common shares outstanding during the period without consideration of common stock equivalents. Diluted earnings per common share is computed by using the weighted-average number of common shares outstanding plus common stock equivalents (employee stock options) unless such stock options are anti-dilutive.

FISCAL YEAR

The Company's fiscal year ends on the Saturday nearest to January 1, which periodically results in a fiscal year of 53 weeks. Fiscal years 2000, 1999 and 1998 ended on December 30, 2000, January 1, 2000, and January 2, 1999, respectively, and each contained 52 weeks.

NEW ACCOUNTING PRONOUNCEMENT

FASB Statement No. 133, as amended, "Accounting for Derivative Instruments and Hedging Activities," will require the Company to recognize all derivatives on the balance sheet at fair value beginning in fiscal 2001. Derivatives that are not hedges must be adjusted to fair value through income. If a derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability or firm commitment through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

Notes to Consolidated Financial Statements (CONTINUED)

The Company plans to adopt the new Statement effective December 31, 2000, and will record the effect of the transition to these new accounting requirements in the first quarter of 2001. The Company uses derivatives, including futures contracts, forward contracts and swap contracts, to manage its exposure to movements in commodity prices, foreign exchange rates and interest rates, respectively. The Company's futures contracts are designated as cash flow hedges against anticipated purchases of commodities and the swap contract is a cash flow hedge against the related debt instrument. The majority of the foreign currency forward contracts, as they are currently used in operations, will not qualify for hedge accounting. In accordance with the provisions of Statement 133, the Company will record a transition adjustment upon adoption. The expected pre-tax impact of this transition adjustment is to decrease accumulated other comprehensive income by approximately $930,000 and to decrease net assets by approximately $930,000.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to fiscal 2000 presentation. These changes had no impact on previously reported results of operations or stockholders' equity.

FOREIGN CURRENCIES

Assets and liabilities recorded in foreign currencies on the books of foreign subsidiaries are translated at the exchange rate in effect on the balance sheet date. Translation adjustments resulting from this process are charged or credited to accumulated other comprehensive income or loss. Revenues, costs and expenses are translated at average rates of exchange prevailing during the year. Transaction gains or losses result from a change in exchange rates between the functional currency and the currency in which a foreign currency transaction is denominated. Transaction gains and losses are included in other expenses for the period in which the exchange rate changes.

Note 2 LONG-TERM DEBT

Long-term debt includes the following:

(In thousands)	2000	1999
Revolving credit facility due October 15, 2004	$127,003	$ 76,236
Notes payable to financial institutions:		
6.72% notes due annually through 2002	21,429	32,143
6.65% notes due annually 2001 through 2007	125,000	125,000
6.78% notes due annually 2003 through 2008	100,000	100,000
Variable rate (6.44% at December 30, 2000) note due semi-annually through 2005	48,250	58,950
Capital lease obligations (variable rate of 5.10% at December 30, 2000) due 2017	1,800	6,950
	423,482	399,279
Less current maturities	(39,271)	(21,414)
	$384,211	$377,865

On October 15, 1999, the Company entered into a five-year $250 million unsecured revolving credit facility with a group of six banks. The credit facility assures the Company availability of funds at market-based rates, provided the Company continues to meet the various covenants set forth in the credit agreement. The credit facility consists of a swing line of credit bearing interest at the banks' current market rates and revolving loans, which bear interest at LIBOR plus a margin ranging from .45% to .90% based on the Company's leverage ratio, as defined in the credit agreement, at the time of the borrowing. At December 30, 2000, the Company was able to borrow at LIBOR plus .55%. The credit facility also calls for a facility fee payable quarterly, in arrears, at a rate of .15% to .30% on the total available facility of $250 million. The facility fee at December 30, 2000 was .20%. As of December 30, 2000, the Company had $10,800,000 outstanding under the swing line of credit at a rate of 7.78% and $116,203,000 outstanding in revolving loans at a weighted average rate of 6.94%. At December 30, 2000, the total balance outstanding under this credit facility was $127,003,000, and $122,997,000 was available for borrowing. The weighted-average interest rates of borrowings under the credit facility during fiscal 2000 and 1999 were 6.81% and 6.17%, respectively. The weighted-average interest rate of borrowings outstanding under the credit facility at December 30, 2000 was 7.01%, (6.32% at January 1, 2000).

The Company's credit facility contains restrictive covenants that require the maintenance of minimum consolidated tangible net worth; total debt to earnings before income tax, interest, depreciation and amortization (EBITDA) ratio; consolidated earnings before income tax and interest (EBIT) to consolidated interest ratio; and places limits on dividends and other borrowings.

The notes payable to financial institutions are unsecured and contain restrictions on the payment of dividends; incurrence of indebtedness; liens or leases; acquisition of investments; retirement of capital stock; and the maintenance of working capital. At December 30, 2000, $38,797,000 of retained earnings was unrestricted for payment of dividends.

The capital lease obligations relate to land, buildings and machinery and equipment financed primarily by industrial revenue bonds. The carrying value of property capitalized under the capital lease obligations amounted to $1,260,000 and $4,051,000 at December 30, 2000 and January 1, 2000, respectively.

Aggregate maturities of long-term debt at December 30, 2000, are as follows for fiscal years:

(In thousands)

2001	$ 39,271
2002	39,271
2003	45,224
2004	172,227
2005	39,974
Thereafter	87,515
	$423,482

Note 3 SHORT-TERM DEBT

Prior to October 15, 1999, the Company could borrow up to approximately $287 million under informal line of credit arrangements with six banks, on such terms as the Company and the banks mutually agreed. Generally, the arrangements could be canceled by either party at any time. The Company has reduced the number of informal line of credit agreements from six to two with a maximum availability of approximately $62 million as of December 30, 2000. There were no outstanding borrowings under the two informal line of credit agreements at December 30, 2000. The weighted-average interest rates of bank borrowings during 2000, 1999 and 1998 were 7.8%, 5.3% and 6.3%, respectively.

Note 4 FINANCIAL INSTRUMENTS

COTTON FUTURES

The Company utilizes commodity futures contracts in connection with estimating product sales prices in advance of the selling seasons. These transactions effectively limit the Company's risk associated with future cotton price increases as well as the benefits of future price decreases. At December 30, 2000, the Company had outstanding futures contracts that represented approximately 2% of its anticipated fiscal year 2001 cotton requirements.

INTEREST RATE SWAP AGREEMENTS

The Company has utilized two interest rate swap agreements in the management of interest rate exposure on long-term debt. The Company entered into a fixed to floating rate swap agreement in 1992. Under this agreement, which would have originally expired on August 31, 2002, the Company received a fixed rate payment of 6.14% on the outstanding balance of the related debt and paid a floating rate based upon LIBOR, as determined at six month intervals. On October 10, 2000, the Company terminated this swap agreement and recorded a deferred loss of approximately $600,000, which will be amortized through August 31, 2002 (the remaining term of the hedged debt).

In 1995, the Company entered into a floating to fixed rate swap agreement. Under this agreement, which expires June 30, 2005, the Company receives a variable rate based upon LIBOR plus .29%, as determined quarterly, and pays a fixed rate of 6.67% on the outstanding balance of the related debt (approximately $48 million and $59 million at December 30, 2000, and January 1, 2000, respectively).

Notes to Consolidated Financial Statements (CONTINUED)

These agreements, when combined, effectively lowered the weighted-average interest rate on the Company's long-term debt from 6.66% to 6.57%; 6.67% to 6.34%; and 6.74% to 6.47% in 2000, 1999 and 1998, respectively. The Company believes that future changes in interest rates will not have a material impact on the Company's consolidated financial position or results of operations. The fair value of the swap agreements, as indicated below, is the estimated termination value of the agreements at the balance sheet date and may not be indicative of the current termination values.

CURRENCY CONTRACTS

The Company uses forward exchange contracts to hedge inventory purchases and anticipated sales denominated in currencies other than a subsidiary's functional currency. These contracts lock in exchange rates on the anticipated transactions, thus limiting the uncertainty of product cost and sales values due to currency fluctuations. These contracts have been marked to market as of year-end with the resulting gains and losses included in the statements of operations because they do not qualify as hedges under current hedging rules.

OTHER FINANCIAL INSTRUMENTS

At December 30, 2000, and January 1, 2000, the carrying value of financial instruments such as cash, trade accounts receivable and payables approximated their fair values, based on the short-term maturities of these instruments. The fair value of the Company's long-term debt is estimated using discounted cash flow analyses, based upon the Company's current incremental borrowing rates for similar types of borrowing arrangements. The following table summarizes fair value information for financial instruments, including derivative instruments:

	2000		1999	
LIABILITY (ASSETS) *(In thousands)*	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	$423,482	$422,543	$399,279	$405,281
Interest-rate swap agreement terminated on October 10, 2000	(521)	–	(5,551)	(5,188)
Interest-rate swap agreement terminating June 30, 2005	–	557	–	574
Forward currency exchange contracts	953	953	–	–
Cotton futures contracts	–	376	–	303
Investments (trading portfolio)	(8,882)	(8,882)	(6,586)	(6,586)

Note 5 EMPLOYEE RETIREMENT BENEFITS

The Company has a qualified, noncontributory, defined benefit pension plan (Retirement Plan), covering substantially all of its United States employees, and a savings plan that is qualified under Section 401(k) of the Internal Revenue Code (Savings Plan).

Benefits for the Retirement Plan are based upon years of service and the employee's highest consecutive five years of compensation during the last ten years of employment. The Company's funding policy for the Retirement Plan is to contribute annually the maximum amount that can be deducted for federal income tax purposes. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Net pension cost of the Retirement Plan included the following components:

(In thousands)	2000	1999
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$132,249	$138,968
Service cost	4,120	6,419
Interest cost	10,331	9,195
Actuarial loss (gain)	6,310	(12,625)
Benefits paid	(9,803)	(7,105)
Curtailment benefit	(778)	(2,603)
Benefit obligation at end of year	142,429	132,249
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	133,801	125,721
Actual return on plan assets	(8,883)	14,113
Company contributions	7,444	1,072
Benefits paid	(9,803)	(7,105)
Fair value of plan assets at end of year	122,559	133,801
Funded status of the plan (underfunded) overfunded	(19,870)	1,552
Unrecognized prior service cost	1,400	2,364
Unrecognized net actuarial loss (gain)	4,720	(22,072)
Unrecognized transition asset	(2,343)	(3,021)
Accrued benefit cost	$(16,093)	$ (21,177)

WEIGHTED-AVERAGE ASSUMPTIONS *as of December 31*	2000	1999
Discount rate	7.50%	7.50%
Expected return on plan assets	9.50%	9.00%
Rate of compensation increase	4.00%	4.00%

(In thousands)	2000	1999	1998
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service cost	$ 4,120	$ 6,419	$ 5,807
Interest cost	10,331	9,195	8,142
Expected return on plan assets	(11,816)	(10,446)	(9,851)
Net amortization and deferral	(462)	(315)	(429)
Effect of curtailment	187	(1,935)	–
Net pension cost	$ 2,360	$ 2,918	$ 3,669

Curtailments (principally related to reductions in employment associated with the move of apparel assembly offshore) decreased net pension costs in 1999 and contributed to a slight increase in 2000.

Plan assets at December 30, 2000, include 600,960 shares of the Company's common stock having a market value of $9,277,620. Dividends paid to the plan by the Company were $337,000 for 2000 and 1999, respectively.

The Company's Savings Plan allows substantially all United States employees to defer portions of their annual compensation and to participate in Company matching and discretionary contributions. Compensation expense associated with this plan was $1,001,000, $1,213,000 and $1,426,000 in 2000, 1999 and 1998, respectively.

Note 6 INCOME TAXES

Foreign operations contributed approximately $(33,994,000), $5,367,000 and $(7,060,000) to the Company's income (loss) before income taxes in 2000, 1999 and 1998, respectively.

Significant components of the provision for income taxes are as follows:

	2000		1999		1998	
(In thousands)	Currently Payable	Deferred	Currently Payable	Deferred	Currently Payable	Deferred
Federal	$(6,695)	$16,627	$8,731	$ 252	$16,142	$(15,105)
State	1,554	4,028	791	(2,514)	3,391	(2,210)
Foreign	4,114	(1,066)	396	4,286	149	(2,253)
Totals	$(1,027)	$19,589	$9,918	$ 2,024	$19,682	$(19,568)

The reconciliation of income tax computed by applying the statutory federal income tax rate of 35% to income before income taxes to total income tax expense is as follows:

(In thousands)	2000	1999	1998
Taxes (benefit) at statutory rate on income before income taxes	$11,577	$ 7,115	$(3,593)
State income taxes, net of federal income tax benefit	1,028	(1,120)	1,174
Goodwill	2,972	328	1,622
Charitable contribution of appreciated property	(2,188)	–	–
Tax effects of foreign operations – net	2,119	–	–
Change in valuation allowance on foreign/state NOLs	4,000	3,948	–
Other – net	(946)	1,671	911
	$18,562	$11,942	$ 114

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of December 30, 2000, and January 1, 2000, are as follows:

(In thousands)	2000	1999
Deferred tax liabilities:		
Property, plant and equipment	$57,127	$50,756
Inventories	17,351	3,846
Accounts receivable and other	526	1,200
Total deferred tax liabilities	75,004	55,802
Deferred tax assets:		
Pension and postemployment obligations	8,768	11,048
Inventories	–	3,996
Foreign and state net operating loss carryforwards	12,218	9,180
Employee benefits	5,305	4,372
Capital loss and credit carryforwards	1,455	–
Other	8,590	4,127
Total deferred tax assets	36,336	32,723
Valuation allowance for deferred tax assets	(8,181)	(4,181)
Net deferred tax assets	28,155	28,542
Net deferred tax liabilities	$46,849	$27,260

Net operating loss carryforwards (NOLs) are available to offset future earnings within the time periods specified by law. At December 30, 2000, the Company had U.S. state NOLs of approximately $211,000,000 expiring in 2013–2015. International NOLs total approximately $17,000,000. The International NOLs pertain primarily to the Company's United Kingdom and Australian operations. NOLs can be carried forward indefinitely in the United Kingdom and Australia.

Notes to Consolidated Financial Statements (CONTINUED)

In the fourth quarter of fiscal year 1999, the Company announced a restructuring of its European operations (see Note 10). As a result of the restructuring, the Company increased its valuation allowance related to NOL carryforwards in the United Kingdom to $4,181,000 because, under the current global tax structure, these NOLs will most likely generate no global tax savings. During 2000, the Company continued to incur tax deductible restructuring charges which, when combined with the implementation of certain tax strategies, resulted in additional U.S. state NOL carryforwards. The Company recorded a $4,000,000 valuation allowance in 2000 related to state NOL carryforwards.

The Company does not provide for federal income taxes on the undistributed earnings of its international subsidiaries because earnings are reinvested and, in the opinion of management, will continue to be reinvested indefinitely. At December 30, 2000, the Company had not provided federal income taxes on earnings of individual international subsidiaries of approximately $15,000,000. Should these earnings be distributed in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes and withholding taxes in the various international jurisdictions. Determination of the related amount of unrecognized deferred U.S. income tax liability is not practicable because of the complexities associated with the hypothetical calculation. Withholding of approximately $750,000 would be payable if all previously unremitted earnings as of December 30, 2000, were remitted to the U.S. Company.

Note 7 STOCK RIGHTS PLAN AND STOCK OPTION PLANS

On September 15, 1999, the Board of Directors declared a dividend, which was issued on October 25, 1999, of one Right for each share of common stock outstanding, which, when exercisable, entitles the holder to purchase a unit of one one-hundredth share of Series A Junior Participating Preferred Stock, par value $.01, at a purchase price of $85. Upon certain events relating to the acquisition of, or right to acquire, beneficial ownership of 15% or more of the Company's outstanding common stock by a third party, or a change in control of the Company, the Rights entitle the holder to acquire, after the Rights are no longer redeemable by the Company, shares of common stock for each Right held at a significant discount to market. The Rights will expire on October 25, 2009, unless redeemed earlier by the Company at $.01 per Right under certain circumstances. The Rights were issued to replace rights previously issued to purchase Series A Junior Participating Preferred Stock, whose rights expired on October 25, 1999.

The Company has adopted the Executive Incentive Plan (formerly known as the 1993 Executive Long-Term Incentive Plan). Persons eligible to participate in the Executive Incentive Plan include all officers and key employees of the Company and its subsidiaries. The Executive Incentive Plan permits the issuance of awards in several forms including restricted stock, incentive stock options, nonqualified stock options, reload stock options, bonus shares, defined shares, stock appreciation rights and performance shares and performance unit awards.

The Company has also adopted the Russell Corporation 2000 Stock Option Plan (2000 Option Plan). All of the Company's employees, including officers, are eligible to participate in the 2000 Option Plan, and awards may also be made to persons performing consulting services for the Company or any majority-owned subsidiary. The 2000 Option Plan permits the issuance of awards in a variety of forms, including incentive stock options, nonqualified stock options, reload stock options, restricted shares, bonus shares, deferred shares, freestanding stock appreciation rights, tandem stock appreciation rights, performance units and performance shares.

Under the Executive Incentive Plan, the 2000 Option Plan and predecessor stock option plans, a total of 7,253,210 shares of common stock were reserved for issuance at December 30, 2000. The options are granted at a price equal to the stock's fair market value at the date of grant. All options, except the ones granted in 1999, are exercisable two years after the date of grant and expire 10 years after the date of grant. The stock options that were granted during 1999 are exercisable equally over periods of either two or four years and expire 10 years after the date of grant. The following table summarizes the status of options under the Executive Incentive Plan, 2000 Option Plan and predecessor plans:

	2000		1999		1998	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	2,979,266	$25.06	2,394,416	$27.02	1,414,950	$28.21
Granted at fair value	2,644,605	$15.25	935,650	$19.82	999,766	$25.34
Exercised	–	–	–	–	20,300	$27.74
Expired	–	–	4,500	$22.06	–	–
Forfeited	521,105	$19.87	346,300	$26.24	–	–
Outstanding at end of year	5,102,766	$20.50	2,979,266	$25.06	2,394,416	$27.02
Exercisable at end of year	2,134,704	$27.33	1,142,750	$28.20	1,133,350	$27.60

At December 30, 2000, options outstanding representing 315,613 shares were exercisable at prices which ranged from $15.34 to $23.00 per share, having a weighted-average contractual life of 8.02 years, and options representing 1,819,091 shares were exercisable at prices which ranged from $23.01 to $31.34 per share, having a weighted-average contractual life of 4.97 years.

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (Statement No. 123), provides an alternative to APB Opinion No. 25 in accounting for stock-based compensation issued to employees. The statement allows for a fair value based method of accounting for employee stock options and similar equity instruments. However, for companies that continue to follow the accounting provisions of APB Opinion No. 25, Statement No. 123 requires disclosure of the pro forma effect on net income and earnings per share as if the accounting provisions of the fair value method of Statement No. 123 had been employed. For the purposes of this disclosure, the fair value of the Company's employee stock options was estimated at the date of grant using an option pricing model. The fair values derived for options granted during fiscal years 2000, 1999 and 1998 and weighted-average assumptions used to determine these values were as follows:

	2000	1999	1998
Risk-free interest rate	6.1%	5.5%	5.2%
Dividend yield	3.6%	3.0%	2.2%
Volatility factor	.323	.229	.198
Weighted-average expected life of options	10 years	10 years	10 years
Estimated fair value per option	$4.11	$6.01	$7.40

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows:

(In thousands, except per share data)	2000	1999	1998
Pro forma net income (loss)	$11,529	$ 4,430	$ (12,798)
Pro forma income (loss) per share:			
Basic	$ .36	$ .13	$ (.35)
Diluted	$ .35	$ .13	$ (.35)

On July 26, 2000, the Board of Directors adopted the Russell Corporation 2000 Non-Employee Directors' Compensation Plan (the "Directors' Plan") as a replacement for the Russell Corporation 1997 Non-Employee Directors' Stock Grant, Stock Option and Deferred Compensation Plan (the "Prior Plan"). Under the Directors' Plan, each nonemployee director of the Company (an "Eligible Director") receives annually (i) a fee of $35,000, to be paid in quarterly installments of $8,750, and (ii) an option to purchase a number of shares of common stock equal to $25,000 multiplied by 4 (or the number of full and partial quarters remaining until the next annual meeting), and divided by the fair market value of the shares of common stock as of the grant date. Eligible Directors may also elect to receive all or a portion of their annual fee in shares, stock options or deferred shares. Under the Directors' Plan and the Prior Plan 2,464 and 1,936 shares of stock grants were issued in 2000 and 1999 and options to purchase an aggregate of 35,096 shares of common stock at a price of $16.28 and 3,733 shares at a price of $20.09 were granted in 2000 and 4,768 shares at a price of $20.81 were granted in 1999. Options to purchase an aggregate of 35,096 and 3,733 shares at prices of $16.28 and $20.09 for 2000 and 4,768 at a price of $20.81 are presently outstanding under the Directors' Plan and the Prior Plan.

Note 8 SUPPLEMENTAL CASH FLOW INFORMATION

Net cash provided by operating activities in the consolidated statements of cash flows reflects cash payments for interest and income taxes as follows:

(In thousands)	2000	1999	1998
Interest	$32,135	$28,849	$28,929
Income taxes – net of refunds	12,677	11,081	9,177

Note 9 COMMITMENTS AND CONTINGENCIES

At December 30, 2000, the Company had commitments for the acquisition of property and equipment totaling $6,796,000 and commitments for the acquisition of cotton totaling $30,155,000. The Company was also committed under noncancelable operating leases with initial or remaining terms of one year or more to minimum rental payments by fiscal years as follows:

(In thousands)	Non-related Party	Related Party	Total
2001	$ 4,260	$ 2,391	$ 6,651
2002	2,993	2,426	5,419
2003	2,186	2,459	4,645
2004	1,816	2,493	4,309
2005	1,652	2,527	4,179
Thereafter	4,873	12,482	17,355
	$17,780	$24,778	$42,558

Notes to Consolidated Financial Statements (CONTINUED)

The Company had $14,450,000 and $11,230,000 outstanding under letters of credit for the purchase of inventories at December 30, 2000, and January 1, 2000, respectively.

Lease and rental expense for fiscal years 2000, 1999 and 1998 was $11,312,000, $8,962,000 and $9,943,000, respectively.

The Company has been a co-defendant in *Sullivan, et al. v. Russell Corporation, et al.*, in Jefferson County, Alabama. Five families were plaintiffs in this case; other defendants were Avondale Mills, Inc., and Alabama Power Company. The claims asserted at the trial of this case were for trespass and nuisance relating to property owned by the plaintiffs on Lake Martin in a subdivision of Alexander City, Alabama. The damages claimed by the plaintiffs were for decreased value of their homes, mental anguish and punitive damages. In November 1998, the jury returned a verdict against all three defendants in the amount of $155,200 compensatory damages for alleged property devaluation, $0 damages for mental anguish and punitive damages of $52,398,000. The defendants appealed this verdict to the Alabama Supreme Court, which on August 4, 2000, reversed the jury verdict and rendered judgment in favor of the Company and the other defendants on all claims. The plaintiffs filed an application for rehearing before the Alabama Supreme Court, which denied that application and reaffirmed its ruling in favor of the defendants in an opinion issued on January 12, 2001. The Alabama Supreme Court issued a Certificate of Judgment affecting such actions on January 30, 2001.

On February 23, 1999, a similar lawsuit was filed in Jefferson County, Alabama, by two former residents of the same residential subdivision, which suit was dismissed with prejudice without liability on the Company's part on February 1, 2001. On January 13, 2000, another lawsuit was filed in Jefferson County, Alabama, by 15 families owning property adjacent to Lake Martin, seeking unspecified damages for alleged nuisance and trespass. The Company plans to vigorously defend this suit.

By letter dated January 13, 2000, the Company was notified by the United States Department of Justice (DOJ) that the DOJ intended to institute legal proceedings against the Company and certain other parties alleging violations by those parties of the Clean Water Act in connection with the treatment and discharge of waste at a water treatment facility operated by the City of Alexander City, Alabama. Preliminary discussions are being held with the DOJ with regard to the proposed suit by the DOJ. The Company believes it is in compliance with the Clean Water Act and will vigorously oppose the imposition of any monetary penalties or injunctive relief in any lawsuit that may be filed.

Note 10 RESTRUCTURING, ASSET IMPAIRMENT AND OTHER UNUSUAL CHARGES (SPECIAL CHARGES)

On July 22, 1998, the Company announced the Board of Directors had approved a three-year restructuring and reorganization plan to improve the Company's global competitiveness.

The charges reflected in the statements of operations are as follows:

(In thousands)	2000	1999	1998
RESTRUCTURING CHARGES:			
Employee termination charges	$11,834	$17,542	$ 8,088
Exit costs related to facilities	4,596	11,743	4,480
Termination of certain licenses and contracts	3,313	–	7,257
	$19,743	$29,285	$19,825
ASSET IMPAIRMENT CHARGES:			
Impairment of facilities used in operations	$ 1,668	$13,389	$ 1,553
Impairment of facilities and equipment held for disposal	23,602	7,921	3,628
Impairment of intangible assets	7,735	–	22,240
	$33,005	$21,310	$27,421
OTHER UNUSUAL CHARGES:			
Inventory losses including shipping and warehousing costs	$ 3,648	$ 4,988	$16,109
Losses (recoveries) on receivables	(272)	–	11,120
Accelerated depreciation on facilities and equipment to be taken out of service	995	7,149	–
Expenses associated with the establishment of dual headquarters	3,121	6,088	–
Charges related to retirement and subsequent replacement of CEO[1]	–	–	8,000
Other	4,771	1,901	532
	$12,263	$20,126	$35,761
TOTALS BEFORE TAX	$65,011	$70,721	$83,007
TOTALS AFTER TAX	$47,570	$46,632	$52,957

[1] These charges were not an element of the restructuring and reorganization plan previously described.

These charges have been classified in the statements of operations as follows:

(In thousands)	2000	1999	1998
Cost of goods sold	$18,187	$32,039	$22,227
Selling, general and administrative expenses	3,677	6,088	21,318
Other – net	43,147	32,594	39,462
	$65,011	$70,721	$83,007

Charges recorded by segments were as follows:

2000			
(In thousands)	Restructuring Charges	Asset Impairment Charges	Other Unusual Charges
Activewear	$15,380	$18,265	$ 2,627
International	4,363	14,740	6,515
All Other	–	–	3,121
	$19,743	$33,005	$12,263

1999			
(In thousands)	Restructuring Charges	Asset Impairment Charges	Other Unusual Charges
Activewear	$23,544	$16,612	$ 8,174
International	2,879	2,751	5,864
All Other	2,862	1,947	6,088
	$29,285	$21,310	$20,126

1998			
(In thousands)	Restructuring Charges	Asset Impairment Charges	Other Unusual Charges
Activewear	$19,311	$25,755	$24,860
International	514	622	2,901
All Other	–	1,044	8,000
	$19,825	$27,421	$35,761

A summary of the activity related to the restructuring and asset impairment charges is as follows:

(In thousands)	Liability At Jan. 1, 2000	2000 Expense Incurred	2000 Amount Paid	Liability At Dec. 30, 2000
CASH RELATED:				
Exit costs related to facilities	$ 534	$ 4,596	$ 5,130	$ –
Employee termination charges	4,770	11,834	13,284	3,320
Other	1,223	10,377	9,194	2,406
	$6,527	$26,807	$27,608	$5,726

(In thousands)	Liability At Jan. 2, 1999	1999 Expense Incurred	1999 Amount Paid	Liability At Jan. 1, 2000
CASH RELATED:				
Exit costs related to facilities	$ 534	$11,743	$11,743	$ 534
Employee termination charges	4,567	17,542	17,339	4,770
Other	1,223	7,847	7,847	1,223
	$6,324	$37,132	$36,929	$6,527

(In thousands)	1998 Expense Incurred	1998 Amount Paid	Liability At Jan. 2, 1999
CASH RELATED:			
Exit costs related to facilities	$ 4,480	$ 3,946	$ 534
Employee termination charges	8,088	3,521	4,567
Other	14,697	13,474	1,223
	$27,265	$20,941	$6,324

(In thousands)	2000	1999	1998
NON-CASH RELATED:			
Impairment of facilities	$26,098	$28,459	$ 5,180
Impairment of intangible assets	7,735	–	22,240
Other	4,371	5,130	28,322
	$38,204	$33,589	$55,742

The restructuring charges in 2000 relate primarily to plant closings and the restructuring of the Russell Athletic and Woodbrook brands in Europe. Revenues and operating losses related to the Russell Athletic and Woodbrook brands in Europe were approximately $14,000,000 and $(4,500,000), respectively.

The restructuring charges in 1999 relate primarily to plant closings and the reconfiguration of distribution facilities. There were no significant revenue losses related to the 1999 restructuring charges.

Revenues and operating losses for 1998 related to discontinued businesses with separately identifiable operations were approximately $46,366,000 and $(21,032,000), respectively.

Notes to Consolidated Financial Statements (CONTINUED)

RESTRUCTURING CHARGES

In 2000, the Company continued to move sewing operations to a combination of Company-owned and contractor locations in Central America and Mexico. The Company closed six domestic apparel operations, one textile research facility and one yarn-manufacturing facility in 2000. During the year, approximately 1,700 employees were terminated. The Company expensed approximately $11.8 million in fiscal year 2000 for employee severance benefits, including approximately $1.3 million for workers' compensation claims from prior year employee terminations where the estimated costs were lower than actual costs. The Company also expensed $3.8 million associated with the ongoing maintenance cost of facilities that are being held for sale.

In 2000, the Company announced the restructuring of the Russell Athletic line of business in Europe, the Cross Creek brand in Australia and the Woodbrook brand in Europe. In connection with the restructuring of these lines of business, the Company recorded $3.3 million related to the cancellation of reseller contracts and $.8 million related to leased facilities in Europe.

In 1999, the Company closed 14 domestic apparel operations and announced the closure of two manufacturing plants in Scotland. The Company also closed two yarn-manufacturing facilities and one cloth fabrication facility. Reconfiguration of distribution facilities continued throughout the year and was completed during fiscal 2000. In 1999, approximately 2,200 employees were terminated. The Company expensed approximately $17.5 million in fiscal year 1999 related to severance charges, of which approximately $3.0 million related to health insurance costs from prior year employee terminations where the estimated costs were lower than actual costs.

Also during 1999, the Company incurred approximately $4.1 million associated with the removal of equipment from a distribution facility and approximately $7.7 million associated with ongoing maintenance costs of facilities that were being held for sale during the year. On October 15, 1999, the Company announced that it would be closing its Scottish manufacturing plants in Bo'ness and Livingston. These facilities were closed by the end of fiscal 2000. Due to the ongoing impact of increased competition within the European marketplace and the fact that many of the Company's competitors source their product requirements from developing countries, the economics of maintaining a manufacturing base in Scotland were no longer viable. The Company plans to source 100% of its European product requirements from contractors or joint ventures, augmented by products exported from the United States.

During 1998, the Company began moving a substantial part of its sewing operations to a combination of owned and contractor locations in Central America and Mexico as part of its restructuring and reorganization plan to improve global competitiveness by reducing costs. The Company closed four domestic sewing facilities and reconfigured two others in 1998. In order to further control costs, the plan realigned and consolidated certain manufacturing and distribution functions and facilities to accommodate a more orderly and efficient product flow of goods throughout the manufacturing and distribution processes. The 1998 restructuring and reorganization plan called for exiting 34 Company-operated retail or outlet stores in 13 states. In total, approximately 2,000 employees were severed in 1998. The facilities closed included manufacturing plants, distribution centers and offices and retail stores. Also, as part of the plan, the Company discontinued certain licensed products in 1998 and recorded charges for the termination of the related agreements.

ASSET IMPAIRMENT CHARGES

The Company recorded asset impairment charges of $1.7 million and $13.4 million in 2000 and 1999, respectively, related to the reconfiguration of certain domestic distribution facilities. The reconfiguration is now substantially complete.

Assets held for disposal at December 30, 2000, are carried at $40.7 million and are expected to be disposed of during fiscal year 2001. Charges for impairment of assets held for disposal of $23.6 million, $7.9 million and $3.6 million were recorded in 2000, 1999 and 1998, respectively, when the facilities and equipment (primarily yarn-manufacturing and apparel assembly) were removed from operations. These assets have been written down to their fair values (less cost to sell) and depreciation has been suspended since the date they were first classified as assets held for disposal. Fair values used in recording asset impairment charges were determined by reference to third-party appraisals or internal analyses based upon recent sales prices of comparable facilities. Net gains and losses recorded during 2000 associated with sales of facilities and equipment that were being held for disposal at the beginning of fiscal year 2000 resulted in a net gain of approximately $1.3 million.

The 2000 asset impairment charges included $7.1 million to write-down building and apparel assembly assets located in Europe related to the Russell Athletic and Woodbrook brands' operations in Europe.

In 2000, the Company also recorded an impairment charge of $7.7 million to write off the remaining carrying value of goodwill associated with the European business. This charge was necessary as a result of the Company's revised undiscounted cash flow forecast for the European business performed as a result of the Company's decision to restructure the Russell Athletic and Woodbrook brands in Europe.

In 1998, the Company recorded asset impairment charges of approximately $1.6 million related to shopping center real estate held for disposal. The carrying value of these assets exceeded the estimated fair values of the assets. Fair values were determined by utilizing a combination of discounted cash flow projections, internally estimated disposal proceeds or third-party appraisals.

Asset impairment charges of $22.2 million also were recorded in 1998 for intangible assets related to discontinued trademarks and unamortized goodwill. All facilities and products acquired in these business combinations were either sold, closed or are held for sale at December 30, 2000. For goodwill associated with property and equipment, the projected future cash flow from the sale of the facilities indicated that the goodwill had no value. For other intangibles, such as trademarks, the projected cash flows were substantially reduced as a result of the restructuring and reorganization plan.

OTHER UNUSUAL CHARGES

As a result of restructuring certain product lines in 2000, the Company recorded charges of $3.6 million to reduce the carrying value of discontinued inventories to their estimated net realizable values. The Company also recorded $4.8 million of miscellaneous other unusual charges, of which $3.0 million relates to the cost of restructuring the Russell Athletic line of business in Europe. In addition, the Company incurred an additional $3.1 million of cost associated with the move to Atlanta for the establishment of its dual headquarters.

The Company recorded special charges of $5.0 million during fiscal year 1999 to reduce the carrying value of discontinued inventories (primarily in Europe) to their estimated net realizable values. As plans were finalized in 1999 to close plants, the Company recorded an additional provision for depreciation of $7.1 million with respect to planned facility closures that had not been announced. In addition, the Company incurred $6.1 million of costs associated with the move to Atlanta for the establishment of its dual headquarters.

As a result of exiting certain products, brands and trademarks, the Company recorded special charges in 1998 to reduce the carrying value of discontinued inventory to its estimated net realizable value. The inventory consisted primarily of headwear products under a discontinued brand, items held at retail locations and inventory produced to satisfy the terms of certain licensing agreements, which the Company terminated.

During fiscal year 1998, management implemented more stringent credit and collection policies that significantly restrict shipments to slow paying customers and intensify and accelerate collection efforts through agencies and other means. In connection with implementation of the new policies, the Company recorded a charge of approximately $11.1 million to write off affected customer accounts receivable.

The Company also recorded charges of approximately $8.0 million during fiscal year 1998 related to the retirement and subsequent replacement of the Chairman, President and Chief Executive Officer of the Company, which was not an element of the 1998 restructuring and reorganization plan. These charges are included in selling, general and administrative expenses.

Notes to Consolidated Financial Statements (CONTINUED)

Note 11 SEGMENT INFORMATION

DESCRIPTION OF THE TYPES OF PRODUCTS FROM WHICH EACH REPORTABLE SEGMENT DERIVES ITS REVENUES

Russell Corporation has two reportable segments: activewear and international operations. The Company's activewear segment consists of three strategic business units that sell the following products to sporting goods dealers, department and specialty stores, mass merchants, wholesale clubs, college bookstores, screen printers, distributors, golf pro shops and mail order catalogs: T-shirts, fleece products (such as sweatshirts and pants), athletic uniforms and knit shirts. The international strategic business unit manufactures and distributes activewear products to international locations in approximately 50 countries. Other segments that do not meet the quantitative thresholds for determining reportable segments sell fabrics to other apparel manufacturers, and manufacture and sell socks to mass merchants. These are included in the "All Other" data presented herein.

MEASUREMENT OF SEGMENT PROFIT OR LOSS AND SEGMENT ASSETS

The Company evaluates performance and allocates resources based on profit or loss from operations before interest, income taxes, restructuring, reorganization and other unusual charges (Segment EBIT). The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies except that inventories are valued at standard cost at the segment level, where as a substantial portion of inventories are valued on a Last-In, First-Out (LIFO) basis in the consolidated financial statements. Intersegment transfers are recorded at the Company's cost; there is no intercompany profit or loss on intersegment transfers. During fiscal year 1998, the Company did not allocate assets to segments but did allocate depreciation for the purpose of determining segment EBIT. Accordingly, segment asset data is not available for fiscal year 1998.

SEGMENT FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 30, 2000

(In thousands)	Activewear	International	All Other	Total
Net sales	$967,835	$110,393	$139,350	$1,217,578
Depreciation and amortization expense	48,343	2,268	4,034	54,645
Segment EBIT (loss)	136,278	(7,829)	21,962	150,411
Total assets	969,644	84,012	99,504	1,153,160
2000 purchases of long-lived assets	56,204	1,421	1,832	59,457

SEGMENT FINANCIAL INFORMATION FOR THE YEAR ENDED JANUARY 1, 2000

(In thousands)	Activewear	International	All Other	Total
Net sales	$878,072	$123,701	$140,461	$1,142,234
Depreciation and amortization expense	49,251	2,680	4,811	56,742
Segment EBIT	114,084	9,154	19,426	142,664
Total assets	947,401	114,013	91,717	1,153,131
1999 purchases of long-lived assets	49,368	1,616	2,392	53,376

SEGMENT FINANCIAL INFORMATION FOR THE YEAR ENDED JANUARY 2, 1999

(In thousands)	Activewear	International	All Other	Total
Net sales	$908,826	$126,332	$144,960	$1,180,118
Depreciation and amortization expense	66,445	3,199	4,724	74,368
Segment EBIT (loss)	101,518	(4,603)	19,640	116,555

RECONCILIATION OF SEGMENT EBIT TO CONSOLIDATED PRE-TAX INCOME (LOSS)

(In thousands)	2000	1999	1998
Total segment EBIT	$150,411	$142,664	$116,555
Restructuring, asset impairment and other unusual charges	(65,011)	(70,721)	(83,007)
Unallocated amounts:			
Corporate expenses	(20,263)	(23,182)	(16,605)
Inventory cost adjustments	341	(371)	616
Interest expense	(32,401)	(28,060)	(27,824)
Income (loss) before income taxes	$ 33,077	$ 20,330	$(10,265)

GEOGRAPHIC INFORMATION

(In thousands)	2000	1999	1998
NET SALES:			
United States	$1,107,185	$1,018,533	$1,053,786
Europe	85,751	101,496	104,341
Other foreign countries	24,642	22,205	21,991
Consolidated total	$1,217,578	$1,142,234	$1,180,118

(In thousands)	2000	1999
LONG-LIVED ASSETS:		
United States	$447,177	$464,953
Europe	5,261	17,046
Other foreign countries	570	601
Consolidated total	$453,008	$482,600

Revenues are attributed to countries based on the location of customers.

MAJOR CUSTOMER

Net sales to Wal-Mart represent approximately 17.9%, 19.4% and 19.0% of the Company's consolidated net sales for fiscal 2000, 1999 and 1998, respectively.

Note 12 ACQUISITIONS

On March 8, 2000, the Company announced the acquisition of apparel rights from Haas Outdoors, Inc., and the formation of Mossy Oak Apparel Company, a wholly owned subsidiary. The $20.6 million acquisition was accounted for using the purchase method of accounting. The excess of the purchase price over the net assets acquired, approximately $12.7 million, was recorded as an intangible (license agreement) asset. The consolidated statements of operations include the results of operations for Mossy Oak Apparel Company subsequent to March 8, 2000.

On April 13, 2000, the Company announced the acquisition of the worldwide rights to the Discus and Discus Athletic brands for $2.8 million. This transaction was accounted for as the purchase of brand rights.

On September 5, 2000, the Company announced the acquisition of A&C International, which designs, sources, markets and distributes a broad line of woven casual apparel. The transaction of approximately $13.5 million was accounted for using the purchase method. The excess of the purchase price over net assets acquired, approximately $11.1 million, was recorded as goodwill. The goodwill will be amortized using the straight-line method over 15 years. The consolidated statements of operations include the results of operations of the acquired business from the date of acquisition.

Note 13 SUMMARY OF QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of unaudited quarterly results of operations (in thousands, except per share data):

	Quarter ended			
Year ended December 30, 2000	April 2	July 2	Oct. 1	Dec. 30
Net sales	$251,982	$282,462	$356,909	$326,225
Gross profit	64,685	73,246	105,225	97,696
Net income	466	2,472	526	11,051
Net income per common share:				
Basic	$ .01	$ .08	$ .02	$ .35
Diluted	$ .01	$ .07	$ .02	$ .34
Special charges, described in Note 10, on an after-tax basis that are included in the above net income	$ 5,608	$ 4,917	$ 25,250	$ 11,795

	Quarter ended			
Year ended January 1, 2000	April 4	July 4	Oct. 3	Jan. 1
Net sales	$233,177	$260,449	$344,915	$303,693
Gross profit	56,382	60,673	103,429	76,789
Net income (loss)	(14,351)	1,443	19,937	1,359
Net income (loss) per common share: (basic and diluted)	$ (.41)	$ .04	$ .60	$ .04
Special charges, described in Note 10, on an after-tax basis that are included in the above net income (loss)	$ 17,941	$ 4,570	$ 3,964	$ 20,157

Report of Ernst & Young LLP, Independent Auditors

THE BOARD OF DIRECTORS AND SHAREHOLDERS

RUSSELL CORPORATION

We have audited the accompanying consolidated balance sheets of Russell Corporation and Subsidiaries as of December 30, 2000, and January 1, 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three fiscal years in the period ended December 30, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Russell Corporation and Subsidiaries at December 30, 2000, and January 1, 2000, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended December 30, 2000, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

February 2, 2001
Birmingham, Alabama

Shareholder Information

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(256) 500-4000

OTHER INFORMATION

The Company's press releases, annual report and other information can be accessed through its home page on the World Wide Web, http://www.russellcorp.com

TRANSFER AGENT AND REGISTRAR

SunTrust Bank, Atlanta
P.O. Box 4625
Atlanta, Georgia 30302

DIVIDEND DISBURSING AGENT

SunTrust Bank, Atlanta
P.O. Box 4625
Atlanta, Georgia 30302

AUDITORS

Ernst & Young LLP
1900 AmSouth/Harbert Plaza
Birmingham, Alabama 35203

FORM 10-K

Copies of Form 10-K as filed with the Securities and Exchange Commission are available without cost to shareholders of the Company by writing to:

Corporate Secretary
Russell Corporation
Suite 800
3330 Cumberland Blvd.
Atlanta, Georgia 30339
(678) 742-8000

ANNUAL MEETING

The annual meeting of shareholders of the Corporation will be at 11:00 a.m. CDT on April 25, 2001, at the offices of the Company in Alexander City, Alabama. For information, contact:

Investor Relations
(678) 742-8000

DIVIDEND REINVESTMENT PLAN

For information about accounts or issuance of certificates, contact:

SunTrust Bank, Atlanta
P.O. Box 4625
Atlanta, Georgia 30302

DIVIDEND AND MARKET INFORMATION

Russell Corporation stock trades on the New York Stock Exchange and various other regional exchanges under the ticker symbol RML. The range of high and low prices of the Common Stock and the dividends per share paid during each calendar quarter of the last two years are presented below:

The following are registered trademarks of Russell Corporation and/or its subsidiaries:

Russell Athletic®
JERZEES®
Cross Creek®
Country Cottons®
Red Eagle Trading Company®
Zt®
Z-Brand™
CaZuals™
Mossy Oak® *used under license from Haas Outdoors, Inc.*

MARKET PRICE

2000	Dividend	High	Low	Close
First	$.14	$16.69	$12.88	
Second	.14	22.94	14.44	
Third	.14	20.63	13.69	
Fourth	.14	17.13	12.13	
	$.56			$15.44

MARKET PRICE

1999	Dividend	High	Low	Close
First	$.14	$22.38	$18.56	
Second	.14	25.12	18.88	
Third	.14	20.69	14.00	
Fourth	.14	17.13	12.13	
	$.56			$16.75

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