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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ____to ____

Commission file number: 001-31829

CARTER'S, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**13-3912933**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Phipps Tower,
3438 Peachtree Road NE, Suite 1800
Atlanta, Georgia 30326
(Address of principal executive offices, including zip code)
(678) 791-1000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	CRI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes ☐ No ☒

As of April 19, 2024, there were 36,498,558 shares of the registrant's common stock outstanding.

CARTER'S, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CARTER'S, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(*dollars in thousands, except per share data*)
(unaudited)

	March 30, 2024	December 30, 2023	April 1, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	$ 267,575	$ 351,213	$ 157,685
Accounts receivable, net of allowance for credit losses of $5,159, $4,754, and $7,425, respectively	224,075	183,774	223,939
Finished goods inventories, net of inventory reserves of $11,018, $8,990, and $18,076, respectively	473,362	537,125	613,921
Prepaid expenses and other current assets	51,775	29,131	47,173
Total current assets	1,016,787	1,101,243	1,042,718
Property, plant, and equipment, net of accumulated depreciation of $628,627, $615,907, and $577,183, respectively	182,513	183,111	180,383
Operating lease assets	522,192	528,407	494,969
Tradenames, net	298,141	298,186	298,331
Goodwill	209,733	210,537	209,601
Customer relationships, net	26,383	27,238	29,801
Other assets	29,769	29,891	27,524
Total assets	$ 2,285,518	$ 2,378,613	$ 2,283,327
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 191,406	$ 242,149	$ 180,181
Current operating lease liabilities	133,190	135,369	139,350
Other current liabilities	94,361	134,344	91,104
Total current liabilities	418,957	511,862	410,635
Long-term debt, net	497,543	497,354	576,803
Deferred income taxes	48,090	41,470	46,090
Long-term operating lease liabilities	444,375	448,810	417,012
Other long-term liabilities	35,200	33,867	34,894
Total liabilities	$ 1,444,165	$ 1,533,363	$ 1,485,434
Commitments and contingencies - Note 13			
Shareholders' equity:			
Preferred stock; par value $0.01 per share;100,000 shares authorized; none issued or outstanding	$ —	$ —	$ —
Common stock, voting; par value $0.01 per share; 150,000,000 shares authorized; 36,600,032, 36,551,221, and 37,799,251 shares issued and outstanding, respectively	366	366	378
Additional paid-in capital	—	—	—
Accumulated other comprehensive loss	(25,667)	(23,915)	(30,412)
Retained earnings	866,654	868,799	827,927
Total shareholders' equity	841,353	845,250	797,893
Total liabilities and shareholders' equity	$ 2,285,518	$ 2,378,613	$ 2,283,327

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(*dollars in thousands, except per share data*)
(unaudited)

	Fiscal quarter ended	
	March 30, 2024	**April 1, 2023**
Net sales	$ 661,492	$ 695,880
Cost of goods sold	346,302	386,413
Gross profit	315,190	309,467
Royalty income, net	5,216	6,519
Selling, general, and administrative expenses	265,371	259,632
Operating income	55,035	56,354
Interest expense	7,905	9,644
Interest income	(3,089)	(700)
Other expense (income), net	274	(258)
Income before income taxes	49,945	47,668
Income tax provision	11,912	11,672
Net income	$ 38,033	$ 35,996
Basic net income per common share	$ 1.04	$ 0.95
Diluted net income per common share	$ 1.04	$ 0.95
Dividend declared and paid per common share	$ 0.80	$ 0.75

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(*dollars in thousands*)
(unaudited)

	Fiscal quarter ended	
	March 30, 2024	**April 1, 2023**
Net income	$ 38,033	$ 35,996
Other comprehensive income:		
Foreign currency translation adjustments	(1,752)	3,926
Comprehensive income	$ 36,281	$ 39,922

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(*amounts in thousands, except share amounts*)
(unaudited)

	Common stock - shares	Common stock - $	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at December 31, 2022	37,692,132	$ 377	$ —	$ (34,338)	$ 830,370	$ 796,409
Exercise of stock options	1,400	—	83	—	—	83
Withholdings from vesting of restricted stock	(61,423)	(1)	(4,404)	—	(371)	(4,776)
Restricted stock activity	303,015	3	(3)	—	—	—
Stock-based compensation expense	—	—	4,343	—	—	4,343
Repurchase of common stock	(135,873)	(1)	—	—	(9,585)	(9,586)
Cash dividends declared and paid of $0.75 per common share	—	—	—	—	(28,483)	(28,483)
Comprehensive income	—	—	—	3,926	35,996	39,922
Other	—	—	(19)	—	—	(19)
Balance at April 1, 2023	37,799,251	$ 378	$ —	$ (30,412)	$ 827,927	$ 797,893

	Common stock - shares	Common stock - $	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at December 30, 2023	36,551,221	$ 366	$ —	$ (23,915)	$ 868,799	$ 845,250
Exercise of stock options	4,408	—	367	—	—	367
Withholdings from vesting of restricted stock	(90,922)	(1)	(5,535)	—	(1,842)	(7,378)
Restricted stock activity	243,120	2	(2)	—	—	—
Stock-based compensation expense	—	—	5,170	—	—	5,170
Repurchase of common stock	(107,795)	(1)		—	(8,998)	(8,999)
Cash dividends declared and paid of $0.80 per common share	—	—	—	—	(29,338)	(29,338)
Comprehensive income	—	—	—	(1,752)	38,033	36,281
Balance at March 30, 2024	36,600,032	$ 366	$ —	$ (25,667)	$ 866,654	$ 841,353

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(*dollars in thousands*)
(unaudited)

	Fiscal quarter ended	
	March 30, 2024	**April 1, 2023**
Cash flows from operating activities:		
Net income	$ 38,033	$ 35,996
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation of property, plant, and equipment	13,905	14,799
Amortization of intangible assets	929	939
Provision for (recoveries of) excess and obsolete inventory, net	2,026	(1,256)
Gain on partial termination of corporate lease	—	(4,366)
Other asset impairments and loss on disposal of property, plant and equipment, net of recoveries	(1)	2,632
Amortization of debt issuance costs	403	393
Stock-based compensation expense	5,170	4,343
Unrealized foreign currency exchange loss (gain), net	9	(240)
Provisions for doubtful accounts receivable from customers	561	235
Unrealized gain on investments	(618)	(433)
Deferred income taxes	6,811	5,031
Effect of changes in operating assets and liabilities:		
Accounts receivable	(40,746)	(24,944)
Finished goods inventories	61,039	134,147
Prepaid expenses and other assets	(22,386)	(12,678)
Accounts payable and other liabilities	(90,686)	(112,401)
Net cash (used in) provided by operating activities	$ (25,551)	$ 42,197
Cash flows from investing activities:		
Capital expenditures	$ (12,017)	$ (13,827)
Net cash used in investing activities	$ (12,017)	$ (13,827)
Cash flows from financing activities:		
Payments on secured revolving credit facility	$ —	$ (40,000)
Repurchases of common stock	(8,999)	(9,586)
Dividends paid	(29,338)	(28,483)
Withholdings from vesting of restricted stock	(7,378)	(4,776)
Proceeds from exercises of stock options	367	83
Net cash used in financing activities	$ (45,348)	$ (82,762)
Net effect of exchange rate changes on cash and cash equivalents	(722)	329
Net decrease in cash and cash equivalents	$ (83,638)	$ (54,063)
Cash and cash equivalents, beginning of period	351,213	211,748
Cash and cash equivalents, end of period	$ 267,575	$ 157,685

See accompanying notes to the unaudited condensed consolidated financial statements.

CARTER'S, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 – THE COMPANY

Carter's, Inc. and its wholly owned subsidiaries (collectively, the "Company") design, source, and market branded childrenswear under the *Carter's*, *OshKosh B'gosh* (or "*OshKosh*"), *Skip Hop, Child of Mine*, *Just One You*, *Simple Joys, Little Planet,* and other brands. The Company's products are sourced through contractual arrangements with manufacturers worldwide for wholesale distribution to leading department stores, national chains, and specialty retailers domestically and internationally and for sale in the Company's retail stores and eCommerce sites that market its brand name merchandise and other licensed products manufactured by other companies.

Our trademarks that are referred to in this Quarterly Report on Form 10-Q, including *Carter's*, *OshKosh B'gosh*, *OshKosh*, *Child of Mine*, *Just One You*, *Simple Joys*, *Little Planet* and other brands, many of which are registered in the United States and in over 100 other countries and territories, are each the property of one or more subsidiaries of Carter's, Inc.

NOTE 2 – BASIS OF PRESENTATION, RECENT ACCOUNTING PRONOUNCEMENTS, AND OTHER

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). All intercompany transactions and balances have been eliminated in consolidation.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all normal and recurring adjustments necessary to state fairly the consolidated financial condition, results of operations, comprehensive income, statement of shareholders' equity, and cash flows of the Company for the interim periods presented. Except as otherwise disclosed, all such adjustments consist only of those of a normal recurring nature. Operating results for the fiscal quarter ended March 30, 2024 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 28, 2024.

The preparation of these unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The accompanying condensed consolidated balance sheet as of December 30, 2023 was derived from the Company's audited consolidated financial statements included in its most recently filed Annual Report on Form 10-K. Certain information and footnote disclosure normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC and the instructions to Form 10-Q.

Accounting Policies

The accounting policies the Company follows are set forth in its most recently filed Annual Report on Form 10-K. There have been no material changes to these accounting policies.

Recent Accounting Pronouncements

Segment Reporting - Improvements to Reportable Segment Disclosures (ASU 2023-07)

In November 2023, the FASB issued *ASU No. 2023-07, Segment Reporting - Improvements to Reportable Segment Disclosures.* This new guidance is designed to improve the disclosures about a public entity's reportable segments and address requests from investors for more detailed information about a reportable segment's expenses on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Public entities must adopt the changes to the segment reporting guidance on a retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this amendment on its consolidated financial statements but does not expect the effect of the adoption of ASU 2023-07 to be material.

Income Taxes - Improvements to Income Tax Disclosures (ASU 2023-09)

In December 2023, the FASB issued *ASU No. 2023-09, Income Taxes - Improvements to Income Tax Disclosures.* This new guidance requires consistent categories and greater disaggregation of information in the rate reconciliation and greater disaggregation of income taxes paid by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this amendment on its consolidated financial statements but does not expect the effect of the adoption of ASU 2023-09 to be material.

Supplier Finance Program

We have established a voluntary supply chain finance ("SCF") program through participating financial institutions. This SCF program enables participating suppliers to accelerate payments for receivables due from the Company by selling them directly to the participating financial institutions at their discretion. As of March 30, 2024, the SCF program has a $70.0 million revolving capacity. We are not a party to the agreements between the participating financial institutions and the suppliers in connection with the SCF program. Payment terms for most of our suppliers are 60 days, regardless of participation in the SCF program. The Company does not provide any guarantees under the SCF program.

The Company's liability related to amounts payable to the participating financial institution for suppliers who voluntarily participate in the SCF program are included in Accounts payable on our condensed consolidated balance sheets. As of March 30, 2024 December 30, 2023, and April 1, 2023, amounts under the SCF program included in Accounts payable were $20.5 million,$14.8 million, and $7.8 million, respectively. Payments made in connection with the SCF program, like payments of other accounts payable, are reflected as a reduction to our operating cash flow.

NOTE 3 – REVENUE RECOGNITION

The Company's revenues are earned from contracts or arrangements with retail consumers, wholesale customers, and licensees. Contracts include written agreements, as well as arrangements that are implied by customary practices or law.

Disaggregation of Revenue

The Company sells its products directly to consumers ("direct-to-consumer") and to other retail companies and partners that subsequently sell the products directly to their own retail customers ("wholesale channel"). The Company also earns royalties from certain of its licensees. Disaggregated revenues from these sources for the fiscal periods presented were as follows:

	Fiscal quarter ended March 30, 2024			
(dollars in thousands)	**U.S. Retail**	**U.S. Wholesale**	**International**	**Total**
Direct-to-consumer	$ 307,642	$ —	$ 55,061	$ 362,703
Wholesale channel	—	264,131	34,658	298,789
	$ 307,642	$ 264,131	$ 89,719	$ 661,492
Royalty income, net	$ 1,485	$ 3,359	$ 372	$ 5,216

	Fiscal quarter ended April 1, 2023			
(dollars in thousands)	**U.S. Retail**	**U.S. Wholesale**	**International**	**Total**
Direct-to-consumer	$ 323,721	$ —	$ 53,673	$ 377,394
Wholesale channel	—	279,990	38,496	318,486
	$ 323,721	$ 279,990	$ 92,169	$ 695,880
Royalty income, net	$ 2,078	$ 3,558	$ 883	$ 6,519

Accounts Receivable from Customers and Licensees

The components of Accounts receivable, net, were as follows:

(dollars in thousands)	March 30, 2024	December 30, 2023	April 1, 2023
Trade receivables from wholesale customers, net	$ 219,842	$ 172,106	$ 222,069
Royalties receivable, net	5,366	4,753	6,396
Other receivables[(1)]	11,266	20,032	13,351
Total receivables	$ 236,474	$ 196,891	$ 241,816
Less: Wholesale accounts receivable reserves[(2)(3)]	(12,399)	(13,117)	(17,877)
Accounts receivable, net	$ 224,075	$ 183,774	$ 223,939

(1) Includes tenant allowances, tax, payroll, gift card and other receivables. The balance for the fiscal period ended December 30, 2023 includes a receivable for a $6.9 million court approved settlement in December 2023 related to payment card interchange fees. This payment was received in the first quarter of fiscal 2024.

(2) Includes allowance for chargebacks of $7.2 million, $8.4 million, and $10.5 million for the periods ended March 30, 2024, December 30, 2023, and April 1, 2023, respectively.

(3) Includes allowance for credit losses of $5.2 million, $4.8 million, and $7.4 million for the periods ended March 30, 2024, December 30, 2023, and April 1, 2023, respectively.

Contract Assets and Liabilities

The Company's contract assets are not material.

Contract Liabilities

The Company recognizes a contract liability when it has received consideration from a customer and has a future obligation to transfer goods to the customer. Total contract liabilities consisted of the following amounts:

(dollars in thousands)	March 30, 2024	December 30, 2023	April 1, 2023
Contract liabilities - current:			
Unredeemed gift cards[(1)]	$ 24,405	$ 25,162	$ 22,601
Unredeemed customer loyalty rewards	2,994	3,355	5,070
Carter's credit card - upfront bonus[(2)]	714	714	714
Total contract liabilities - current[(3)]	$ 28,113	$ 29,231	$ 28,385
Contract liabilities - non-current[(4)]	$ 536	$ 714	$ 1,250
Total contract liabilities	$ 28,649	$ 29,945	$ 29,635

(1) During the first quarters of fiscal 2024 and fiscal 2023, the Company recognized revenue of $3.7 million and $3.4 million related to the gift card liability balance that existed at December 30, 2023 and December 31, 2022, respectively.

(2) The Company received an upfront signing bonus from a third-party financial institution, which will be recognized as revenue on a straight-line basis over the term of the agreement. This amount reflects the current portion of this bonus to be recognized as revenue over the next twelve months.

(3) Included with Other current liabilities on the Company's condensed consolidated balance sheets.

(4) This amount reflects the non-current portion of the Carter's credit card upfront bonus and is included within Other long-term liabilities on the Company's condensed consolidated balance sheets.

NOTE 4 – OTHER CURRENT LIABILITIES

Other current liabilities at the end of any comparable period, were as follows:

(dollars in thousands)	March 30, 2024	December 30, 2023	April 1, 2023
Unredeemed gift cards	$ 24,405	$ 25,162	$ 22,601
Income taxes payable	13,475	12,697	12,132
Accrued taxes	12,037	12,909	10,904
Accrued employee benefits	11,308	17,928	12,604
Accrued salaries and wages	5,078	12,458	4,163
Accrued bonuses and incentive compensation	4,205	20,817	3,851
Other	23,853	32,373	24,849
Other current liabilities	$ 94,361	$ 134,344	$ 91,104

NOTE 5 – LONG-TERM DEBT

Long-term debt consisted of the following:

(dollars in thousands)	March 30, 2024	December 30, 2023	April 1, 2023
$500 million 5.625% Senior Notes due 2027	$ 500,000	$ 500,000	$ 500,000
Less unamortized issuance-related costs for senior notes	(2,457)	(2,646)	(3,197)
Senior notes, net	$ 497,543	$ 497,354	$ 496,803
Secured revolving credit facility	—	—	80,000
Total long-term debt, net	$ 497,543	$ 497,354	$ 576,803

Secured Revolving Credit Facility

As of March 30, 2024, the Company had no outstanding borrowings under its secured revolving credit facility, exclusive of $5.3 million of outstanding letters of credit. As of March 30, 2024, there was approximately $844.7 million available for future borrowing. All outstanding borrowings under the Company's secured revolving credit facility are classified as non-current liabilities on the Company's condensed consolidated balance sheets because of the contractual repayment terms under the credit facility.

The Company's secured revolving credit facility provides for an aggregate credit line of $850.0 million which includes a $750.0 million U.S. dollar facility and a $100.0 million multicurrency facility. The credit facility matures in April 2027. The facility contains covenants that restrict the Company's ability to, among other things: (i) create or incur liens, debt, guarantees or other investments, (ii) engage in mergers and consolidations, (iii) pay dividends or other distributions to, and redemptions and repurchases from, equity holders, (iv) prepay, redeem or repurchase subordinated or junior debt, (v) amend organizational documents, and (vi) engage in certain transactions with affiliates.

As of March 30, 2024, the interest rate margins applicable to the secured revolving credit facility were 1.125% for adjusted term Secured Overnight Financing Rate ("SOFR") rate loans and 0.125% for base rate loans. As of March 30, 2024, any U.S. dollar borrowings outstanding under the secured revolving credit facility would have accrued interest at an adjusted term SOFR rate plus the applicable margin, which would have resulted in a borrowing rate of 6.55%. As of March 30, 2024, the Company was in compliance with its financial and other covenants under the secured revolving credit facility.

NOTE 6 – COMMON STOCK

Open Market Share Repurchases

The Company repurchased and retired shares in open market transactions in the following amounts for the fiscal periods indicated:

	Fiscal quarter ended	
	March 30, 2024	April 1, 2023
Number of shares repurchased(1)	107,795	135,873
Aggregate cost of shares repurchased *(dollars in thousands)*(2)	$ 8,999	$ 9,586
Average price per share(2)	$ 83.48	$ 70.55

(1) Share repurchases were made in compliance with all applicable rules and regulations and in accordance with the share repurchase authorizations.

(2) The aggregate cost of share repurchases and average price paid per share excludes excise tax on share repurchases.

The total aggregate remaining capacity under outstanding repurchase authorizations as of March 30, 2024, was approximately $640.5 million, based on settled repurchase transactions. The share repurchase authorizations have no expiration date.

Future repurchases may occur from time to time in the open market, in privately negotiated transactions, or otherwise. The timing and amount of any repurchases will be at the discretion of the Company subject to restrictions under the Company's revolving credit facility, market conditions, stock price, other investment priorities, and other factors.

Dividends

In the first quarter of fiscal 2024 and fiscal 2023, the Board of Directors declared, and the Company paid cash dividends of $0.80 and $0.75 per common share, respectively. The Board of Directors will evaluate future dividend declarations based on a number of factors, including restrictions under the Company's revolving credit facility, business conditions, the Company's financial performance, and other considerations.

Provisions in the Company's secured revolving credit facility could have the effect of restricting the Company's ability to pay cash dividends on, or make future repurchases of, its common stock, as further described in Note 5, *Long-term Debt*, to the condensed consolidated financial statements.

NOTE 7 – STOCK-BASED COMPENSATION

The Company recorded stock-based compensation cost as follows:

	Fiscal quarter ended	
(dollars in thousands)	**March 30, 2024**	**April 1, 2023**
Restricted stock:		
Time-based awards	$ 4,761	$ 4,362
Performance-based awards	330	(19)
Market-based awards	79	—
Total	$ 5,170	$ 4,343

The Company recognizes compensation cost ratably over the applicable performance periods based on the estimated probability of achievement of its performance targets at the end of each period. During the first quarter of fiscal 2023, the achievement of performance target estimates related to certain performance-based grants were revised resulting in a reversal of $0.4 million of previously recognized stock compensation expense.

On February 28, 2024, the Company's Board of Directors approved the issuance of the following new awards to certain key employees under the Company's existing stock-based compensation plan, subject to vesting: 194,464 shares of time-based restricted stock awards with a grant-date fair value of $81.95, 55,089 shares of performance-based restricted stock awards with a grant-date fair value of $81.95, and 28,375 shares of market-based restricted stock awards with a grant-date fair value of $117.28.

The market-based restricted stock awards cliff vest after a three-year period, subject to the performance of the Company's total shareholder return ("TSR") relative to the TSR of a select group of peer companies over the three-year period. A Monte-Carlo simulation was utilized to determine the grant-date fair value of the market-based restricted stock awards.

Additionally, a total of 218,945 restricted stock awards (time-based) vested during the first quarter of fiscal 2024. There were no vestings of performance-based restricted stock awards in the first quarter of fiscal 2024.

NOTE 8 – ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of Accumulated other comprehensive loss consisted of the following:

(dollars in thousands)	**March 30, 2024**	**December 30, 2023**	**April 1, 2023**
Cumulative foreign currency translation adjustments	$ (19,985)	$ (18,233)	$ (24,900)
Pension and post-retirement obligations(*)	(5,682)	(5,682)	(5,512)
Total accumulated other comprehensive loss	$ (25,667)	$ (23,915)	$ (30,412)

(*) Net of income taxes of $1.8 million, $1.8 million, and $1.7 million, for the period ended March 30, 2024, December 30, 2023, and April 1, 2023, respectively.

During the first quarter of both fiscal 2024 and fiscal 2023, no amounts were reclassified from Accumulated other comprehensive loss to the statement of operations.

NOTE 9 – FAIR VALUE MEASUREMENTS

Investments

The Company invests in marketable securities, principally equity-based mutual funds, to approximate the participant's investment return on employee deferrals of compensation. All of the marketable securities are included in Other assets on the accompanying condensed consolidated balance sheets, and their aggregate fair values were approximately $17.9 million, $17.3 million, and $15.5 million at March 30, 2024, December 30, 2023, and April 1, 2023, respectively. These investments are classified as Level 1 within the fair value hierarchy. The change in the aggregate fair values of marketable securities is due to the net activity of gains and losses and any contributions and distributions during the period. Gains on the investments in marketable securities were $0.6 million and $0.4 million for the first fiscal quarters ended March 30, 2024 and April 1, 2023, respectively. These amounts are included in Other expense (income), net on the Company's condensed consolidated statement of operations.

Borrowings

As of March 30, 2024, the Company had no outstanding borrowings under its secured revolving credit facility.

The fair value of the Company's senior notes at March 30, 2024, was approximately $496.3 million. The fair value of these senior notes with a notional value and carrying value (gross of debt issuance costs) of $500.0 million was estimated using a quoted price as provided in the secondary market, which considers the Company's credit risk and market related conditions, and is therefore within Level 2 of the fair value hierarchy.

Goodwill, Intangible, and Long-Lived Tangible Assets

Some assets are not measured at fair value on a recurring basis but are subject to fair value adjustments only in certain circumstances. These assets can include goodwill, indefinite-lived intangible assets, and long-lived assets that have been reduced to fair value when impaired. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs.

NOTE 10 – INCOME TAXES

As of March 30, 2024, the Company had gross unrecognized income tax benefits of approximately $8.2 million, of which $5.8 million, if ultimately recognized, may affect the Company's effective income tax rate in the periods settled. The Company has recorded tax positions for which the ultimate deductibility is more likely than not, but for which there is uncertainty about the timing of such deductions.

Included in the reserves for unrecognized tax benefits at March 30, 2024 is approximately $1.3 million of reserves for which the statute of limitations is expected to expire within the next 12 months. If these tax benefits are ultimately recognized, such recognition, net of federal income taxes, may affect the annual effective income tax rate for fiscal 2024 along with the effective income tax rate in the quarter in which the benefits are recognized.

The Company recognizes interest related to unrecognized tax benefits as a component of interest expense and recognizes penalties related to unrecognized income tax benefits as a component of income tax expense. Interest expense recorded on uncertain tax positions was not material for the first fiscal quarters ended March 30, 2024 and April 1, 2023. The Company had approximately $1.7 million, $1.5 million, and $1.6 million of interest accrued on uncertain tax positions as of March 30, 2024, December 30, 2023, and April 1, 2023, respectively.

NOTE 11 – EARNINGS PER SHARE

The following is a reconciliation of basic common shares outstanding to diluted common and common equivalent shares outstanding:

	Fiscal quarter ended	
	March 30, 2024	April 1, 2023
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	35,860,740	37,104,527
Dilutive effect of equity awards	3,843	8,063
Diluted number of common and common equivalent shares outstanding	35,864,583	37,112,590
Earnings per share:		
(dollars in thousands, except per share data)		
Basic net income per common share:		
Net income	$ 38,033	$ 35,996
Income allocated to participating securities	(691)	(576)
Net income available to common shareholders	$ 37,342	$ 35,420
Basic net income per common share	$ 1.04	$ 0.95
Diluted net income per common share:		
Net income	$ 38,033	$ 35,996
Income allocated to participating securities	(691)	(576)
Net income available to common shareholders	$ 37,342	$ 35,420
Diluted net income per common share	$ 1.04	$ 0.95
Anti-dilutive awards excluded from diluted earnings per share computation(*)	448,870	505,070

(*) The volume of anti-dilutive awards is, in part, due to the related unamortized compensation costs.

NOTE 12 – SEGMENT INFORMATION

The table below presents certain information for our reportable segments and unallocated corporate expenses for the periods indicated:

	Fiscal quarter ended			
(dollars in thousands)	March 30, 2024	% of consolidated net sales	April 1, 2023	% of consolidated net sales
Net sales:				
U.S. Retail	$ 307,642	46.5 %	$ 323,721	46.5 %
U.S. Wholesale	264,131	39.9 %	279,990	40.3 %
International	89,719	13.6 %	92,169	13.2 %
Consolidated net sales	$ 661,492	100.0 %	$ 695,880	100.0 %
Operating income:		% of segment net sales		% of segment net sales
U.S. Retail	$ 14,294	4.6 %	$ 26,939	8.3 %
U.S. Wholesale	63,328	24.0 %	52,092	18.6 %
International	2,186	2.4 %	3,124	3.4 %
Corporate expenses(*)	(24,773)	n/a	(25,801)	n/a
Consolidated operating income	$ 55,035	8.3 %	$ 56,354	8.1 %

(*) Corporate expenses include expenses related to incentive compensation, stock-based compensation, executive management, severance and relocation, finance, office occupancy, information technology, certain legal fees, consulting fees, and audit fees.

(dollars in millions)	Fiscal quarter ended April 1, 2023		
Charges:	**U.S. Retail**	**U.S. Wholesale**	**International**
Organizational restructuring(*)	$ (0.8)	$ (0.5)	$ (0.1)

(*) Relates to gains for organizational restructuring and related corporate office lease amendment actions. Additionally, the first fiscal quarter ended April 1, 2023 includes a corporate charge of $2.4 million related to organizational restructuring and related corporate office lease amendment actions.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims and pending or threatened lawsuits in the normal course of business. The Company is not currently a party to any legal proceedings that it believes would have a material adverse impact on its financial position, results of operations, or cash flows.

The Company's contractual obligations and commitments include obligations associated with leases, the secured revolving credit agreement, senior notes, and employee benefit plans.

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

FORWARD-LOOKING STATEMENTS

Statements in this Quarterly Report on Form 10-Q that are not historical fact and use predictive words such as "estimates", "outlook", "guidance", "expect", "believe", "intend", "designed", "target", "plans", "may", "will", "are confident" and similar words are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). These forward-looking statements and related assumptions involve risks and uncertainties that could cause actual results and outcomes to differ materially from any forward-looking statements or views expressed in this Form 10-Q. These risks and uncertainties include, but are not limited to, the factors disclosed in Part I, Item 1A. "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2023, and otherwise in our reports and filings with the Securities and Exchange Commission, as well as the following factors: risks related to public health crises, such as the COVID-19 pandemic; changes in global economic and financial conditions, and the resulting impact on consumer confidence and consumer spending, as well as other changes in consumer discretionary spending habits; continued inflationary pressures with respect to labor and raw materials and global supply chain constraints that have, and could continue, to affect freight, transit, and other costs; risks related to geopolitical conflict, including ongoing geopolitical challenges between the United States and China, the ongoing hostilities in Ukraine, Israel, and the Red Sea region, acts of terrorism, mass casualty events, social unrest, civil disturbance or disobedience; risks related to a shutdown of the U.S. government; financial difficulties for one or more of our major customers; an overall decrease in consumer spending, including, but not limited to, decreases in birth rates; our products not being accepted in the marketplace and our failure to manage our inventory; increased competition in the marketplace; diminished value of our brands; the failure to protect our intellectual property; the failure to comply with applicable quality standards or regulations; unseasonable or extreme weather conditions; pending and threatened lawsuits; a breach of our information technology systems and the loss of personal data; increased margin pressures, including increased cost of materials and labor and our inability to successfully increase prices to offset these increased costs; our foreign sourcing arrangements; disruptions in our supply chain, including increased transportation and freight costs; the management and expansion of our business domestically and internationally; the acquisition and integration of other brands and businesses; changes in our tax obligations, including additional customs, duties or tariffs; fluctuations in foreign currency exchange rates; risks associated with corporate responsibility issues; our ability to achieve our forecasted financial results for the fiscal year; our continued ability to declare and pay a dividend and conduct share repurchases in future periods; our planned opening and closing of stores during the fiscal year. Except for any ongoing obligations to disclose material information as required by federal securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. The inclusion of any statement in this Quarterly Report on Form 10-Q does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

OVERVIEW

We are the largest branded marketer of young children's apparel in North America. We own two of the most highly recognized and trusted brand names in the children's apparel market, *Carter's* and *OshKosh B'gosh* (or "*OshKosh*"). We also own *Skip Hop*, a leading young children's lifestyle brand, *Little Planet*, a brand focused on organic fabrics and sustainable materials, and exclusive *Carter's* brands developed for Amazon, Target, and Walmart.

Established in 1865, our *Carter's* brand is recognized and trusted by consumers for high-quality apparel and accessories for children in sizes newborn to 14.

Established in 1895, *OshKosh* is a well-known brand, trusted by consumers for high-quality apparel and accessories for children in sizes newborn to 14, with a focus on playclothes for toddlers and young children. We acquired *OshKosh* in 2005.

Established in 2003, the *Skip Hop* brand rethinks, reenergizes, and reimagines durable necessities to create higher value, superior quality, and top-performing products for parents, babies, and toddlers. We acquired *Skip Hop* in 2017.

Launched in 2021, the *Little Planet* brand focuses on sustainable clothing through the sourcing of mostly organic cotton as certified under the Global Organic Textile Standard (“GOTS”), a global textile processing standard for organic fibers. This brand includes a wide assortment of baby and toddler apparel, accessories, and sleepwear.

Additionally, *Child of Mine*, an exclusive *Carter's* brand, is sold at Walmart, *Just One You*, an exclusive *Carter's* brand, is sold at Target, and *Simple Joys*, an exclusive *Carter's* brand, is available on Amazon.

Our mission is to serve the needs of families with young children, with a vision to be the world’s favorite brands in young children’s apparel and related products. We believe our brands are complementary to one another in product offering and aesthetic. Each brand is uniquely positioned in the marketplace and offers great value to families with young children. Our multichannel global business model, which includes retail stores, eCommerce, and wholesale distribution channels, as well as omni-channel capabilities in the United States and Canada, enables us to reach a broad range of consumers around the world. As of March 30, 2024, our channels included 1,027 company-owned retail stores in North America, eCommerce websites, approximately 19,350 wholesale locations in North America, as well as our international wholesale accounts and licensees who operate in over 1,100 locations outside of North America in over 90 countries.

The following is a discussion of our results of operations and current financial condition. This should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in this Form 10-Q and audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the 2023 fiscal year ended December 30, 2023.

Segments

Our three business segments are: U.S. Retail, U.S. Wholesale, and International. These segments are our operating and reporting segments. Our U.S. Retail segment consists of revenue primarily from sales of products in the United States through our retail stores and eCommerce websites. Similarly, our U.S. Wholesale segment consists of revenue primarily from sales in the United States of products to our wholesale partners. Our International segment consists of revenue primarily from sales of products outside the United States, largely through our retail stores and eCommerce websites in Canada and Mexico, and sales to our international wholesale customers and licensees.

Gross Profit and Gross Margin

Gross profit is calculated as consolidated net sales less cost of goods sold. Gross margin is calculated as gross profit divided by consolidated net sales. Cost of goods sold includes expenses related to the merchandising, design, and procurement of product, including inbound freight, purchasing, receiving, and inspection costs. Also included in costs of goods sold are the costs of shipping eCommerce product to end consumers. Retail store occupancy costs, distribution expenses, and generally all other expenses other than interest and income taxes are included in Selling, general, and administrative (“SG&A”) expenses. Distribution expenses that are included in SG&A primarily consist of payments to third-party shippers and handling costs to process product through our distribution facilities, including eCommerce fulfillment costs, and delivery to our wholesale customers and to our retail stores. Our gross profit and gross margin may not be comparable to other entities that define their metrics differently.

Known or Anticipated Trends

Macroeconomic Factors and Consumer Demand

Macroeconomic factors, including persistent inflationary pressures on families with young children, increased interest rates, increased consumer debt levels, decreased savings rates, increased energy prices, and geopolitical unrest continue to create a complex and challenging retail environment. These macroeconomic factors have had and may continue to have a negative impact on consumer sentiment and consumer demand for our products. Additionally, we have observed increased promotional activity across the retail industry, which may negatively impact our financial results, including revenue and operating margins in the future.

We have taken actions to mitigate this decrease in consumer demand, including strengthening our product offerings through a focus on style and value, lowering prices on select essential core products, increasing our mix of premium price offerings, including through our *Little Planet* brand, optimizing our fleet of retail stores, improving our marketing effectiveness to drive traffic, including through the relaunch of our loyalty program, and investing in our exclusive wholesale brands and in our international omnichannel capabilities.

Supply Chain

Overall, we experienced improvement in our freight input costs in fiscal 2023 and in the first quarter of fiscal 2024. However, the disruption of container shipping traffic through the Red Sea has affected transit times and shipping costs for our inventory from our Asia manufacturers in the first quarter of fiscal 2024. We expect that the adverse impact of the disruptions in the region, including additional transportation fees to re-reroute these shipments, could be approximately $6.0 million to $8.0 million through the end of fiscal 2024. Despite these additional costs, we expect for our freight input costs for fiscal 2024 to be favorable to that in fiscal 2023. However, if these hostilities continue or escalate, our business and results of operations could be materially adversely affected.

First Fiscal Quarter 2024 Financial Highlights

Unless otherwise stated, comparisons are to the first quarter of fiscal 2023:

- Consolidated net sales decreased $34.4 million, or 4.9%, to $661.5 million, driven by lower eCommerce sales as a result of decreased traffic, the timing of wholesale customer shipments, and decreased sales to off-price wholesale customers.
    - Sales through our U.S. retail stores were relatively consistent in the period, as decreased average selling prices per unit were offset by sales contribution of our new retail stores. Promotional activity increased in the period due to planned price reductions on certain essential core products and an increased mix of clearance sales.
    - Although consolidated net sales were lower in the period, we continue to experience increased growth in our exclusive *Carter’s* brands, in our *Little Planet* brand, and in Mexico. We believe we will see continued growth with our exclusive *Carter’s* brands in the future due to consumer demand trends in the mass channel. We have meaningful growth planned for the *Little Planet* brand as we expand product assortment and distribution. Our Mexican retail stores continue to deliver growth and reinforce plans for further expansion in Mexico.
- Consolidated gross profit increased $5.7 million, or 1.8%, to $315.2 million and gross margin increased 310 bps to 47.6%, driven by lower average cost per unit sold as a result of decreased ocean freight rates and decreased product input costs.
- Consolidated SG&A expenses increased $5.7 million, or 2.2%, to $265.4 million, and SG&A as a percentage of consolidated net sales (“SG&A rate”) increased 280 bps to 40.1%, driven by investments in new retail stores.
    - Along with growth in our exclusive *Carter’s* brands and elevating the style and value of our product offerings, we believe that our growth in the years ahead will be driven by continued fleet optimization, including store openings, new store formats, and remodels. During the first quarter of fiscal 2024, we opened 7 stores and closed 10 stores in the United States. We are projecting approximately 33 store openings and 20 store closures in the remainder of fiscal 2024. We expect to see the benefits from our continued fleet optimization strategies in fiscal 2024.
- Consolidated operating income decreased $1.3 million, or 2.3%, to $55.0 million and operating margin increased 20 bps to 8.3% due to the factors discussed above and a decrease in royalty income of $1.3 million.
- Consolidated net income increased $2.0 million, or 5.7%, to $38.0 million due to the factors discussed above and an increase in interest income of $2.4 million.
- Diluted net income per common share increased $0.09, or 9.5%, to $1.04, and adjusted diluted net income per common share increased $0.06, or 6.1%, to $1.04.
- In the first quarter of fiscal 2024, we relaunched and rebranded our existing loyalty program as *Carter’s Rewards*. We believe this relaunched tiered loyalty program will drive increased customer transactions and customer retention while creating greater reward differentiation for our best customers.

- Inventories decreased $140.6 million, or 22.9%, to $473.4 million, due to decreased "pack and hold" inventory (inventory originally intended for sale in fiscal 2022 which was packed and held for sale profitably in a future period), decreased days of supply, and decreased ocean freight rates and product input costs.
- As a result of our strong financial position and available liquidity, we returned $38.3 million to our shareholders, comprised of $29.3 million in cash dividends and $9.0 million in share repurchases.

RESULTS OF OPERATIONS

FIRST FISCAL QUARTER ENDED MARCH 30, 2024 COMPARED TO FIRST FISCAL QUARTER ENDED APRIL 1, 2023

The following table summarizes our results of operations.

	Fiscal quarter ended			
(dollars in thousands, except per share data)	**March 30, 2024**	**April 1, 2023**	**$ Change**	**% / bps Change**
Consolidated net sales	$ 661,492	$ 695,880	$ (34,388)	(4.9)%
Cost of goods sold	346,302	386,413	(40,111)	(10.4)%
Gross profit	315,190	309,467	5,723	1.8 %
Gross profit as % of consolidated net sales	*47.6 %*	*44.5 %*		*310 bps*
Royalty income, net	5,216	6,519	(1,303)	(20.0)%
Royalty income as % of consolidated net sales	*0.8 %*	*0.9 %*		*(10) bps*
Selling, general, and administrative expenses	265,371	259,632	5,739	2.2 %
SG&A expenses as % of consolidated net sales	*40.1 %*	*37.3 %*		*280 bps*
Operating income	55,035	56,354	(1,319)	(2.3)%
Operating income as % of consolidated net sales	*8.3 %*	*8.1 %*		*20 bps*
Interest expense	7,905	9,644	(1,739)	(18.0)%
Interest income	(3,089)	(700)	(2,389)	>100%
Other income, net	274	(258)	532	nm
Income before income taxes	49,945	47,668	2,277	4.8 %
Income tax provision	11,912	11,672	240	2.1 %
Effective tax rate(*)	*23.9 %*	*24.5 %*		*(60) bps*
Net income	$ 38,033	$ 35,996	$ 2,037	5.7 %
Basic net income per common share	$ 1.04	$ 0.95	$ 0.09	9.5 %
Diluted net income per common share	$ 1.04	$ 0.95	$ 0.09	9.5 %
Dividend declared and paid per common share	$ 0.80	$ 0.75	$ 0.05	6.7 %

(*) Effective tax rate is calculated by dividing the provision for income taxes by income before income taxes.

Note: Results may not be additive due to rounding. Percentage changes that are not considered meaningful are denoted with "nm".

Consolidated Net Sales

Consolidated net sales decreased $34.4 million, or 4.9%, to $661.5 million. The decrease in net sales was driven by lower eCommerce sales as a result of decreased traffic, decreased sales to off-price wholesale channels as a result of our improved excess inventory levels, the timing of wholesale customer shipments, and decreased average selling prices per unit. These decreases were partially offset by increased sales of our exclusive *Carter's* brands and growth from our Mexican retail stores. Average selling prices per unit decreased mid-single digits and units sold decreased low-single digits. Changes in foreign currency exchange rates used for translation had an favorable effect on our consolidated net sales of approximately $2.0 million.

Gross Profit and Gross Margin

Consolidated gross profit increased $5.7 million, or 1.8%, to $315.2 million and consolidated gross margin increased 310 bps to 47.6%. The increase in consolidated gross profit and gross margin was driven by lower average cost per unit sold and decreased sales to off-price wholesale channels. Average cost per unit sold decreased high-single digits driven by lower ocean freight rates and lower product input costs. We expect to experience decreased inbound transportation rates, including ocean freight rates, in the second quarter of fiscal 2024 and decreased product input costs for the remainder of fiscal 2024. These factors were partially offset by decreased net sales, decreased average selling prices per unit mentioned above, and an increase in the mix of U.S. Wholesale net sales, including sales of our exclusive *Carter's* brands, which have a lower contribution to gross margin than our U.S. Retail segment.

Selling, General, and Administrative Expenses

Consolidated SG&A expenses increased $5.7 million, or 2.2%, to $265.4 million and SG&A rate increased 280 bps to 40.1%. This increase in the SG&A rate was driven by investments in new retail stores, fixed cost deleverage on decreased sales, and the nonrecurrence of a gain on the partial termination of a corporate office lease in the first quarter of fiscal 2023. These factors were partially offset by decreased transportation costs and the nonrecurrence of organizational restructuring charges in the first quarter of fiscal 2023.

Operating Income

Consolidated operating income decreased $1.3 million, or 2.3%, to $55.0 million and consolidated operating margin increased 20 bps to 8.3%, primarily due to the factors discussed above.

Interest Expense

Consolidated interest expense decreased $1.7 million, or 18.0%, to $7.9 million. Weighted-average borrowings for the first quarter of fiscal 2024 were $500.0 million at an effective interest rate of 6.17%, compared to weighted-average borrowings for the first quarter of fiscal 2023 of $613.8 million at an effective interest rate of 6.18%. The decrease in weighted-average borrowings was attributable to decreased borrowings under our secured revolving credit facility.

Interest Income

Consolidated interest income increased $2.4 million to $3.1 million due to increased cash balances during the period.

Income Taxes

Consolidated income tax provision increased $0.2 million, or 2.1%, to $11.9 million and the effective tax rate decreased 60 bps to 23.9%. The decreased effective tax rate relates to a lower proportion of income generated in higher-rate foreign jurisdictions.

Net Income

Consolidated net income increased $2.0 million, or 5.7%, to $38.0 million, primarily due to the factors previously discussed and increased interest income.

Results by Segment - First Quarter of Fiscal 2024 compared to First Quarter of Fiscal 2023

The following table summarizes consolidated net sales and operating income, by segment, for the first quarter of fiscal 2024 and the first quarter of fiscal 2023:

	Fiscal quarter ended					
(dollars in thousands)	**March 30, 2024**	**% of consolidated net sales**	**April 1, 2023**	**% of consolidated net sales**	**$ Change**	**% Change**
Net sales:						
U.S. Retail	$ 307,642	46.5 %	$ 323,721	46.5 %	$ (16,079)	(5.0)%
U.S. Wholesale	264,131	39.9 %	279,990	40.3 %	(15,859)	(5.7)%
International	89,719	13.6 %	92,169	13.2 %	(2,450)	(2.7)%
Consolidated net sales	$ 661,492	100.0 %	$ 695,880	100.0 %	$ (34,388)	(4.9)%
Operating income:		**% of segment net sales**		**% of segment net sales**		
U.S. Retail	$ 14,294	4.6 %	$ 26,939	8.3 %	$ (12,645)	(46.9)%
U.S. Wholesale	63,328	24.0 %	52,092	18.6 %	11,236	21.6 %
International	2,186	2.4 %	3,124	3.4 %	(938)	(30.0)%
Unallocated corporate expenses	(24,773)	n/a	(25,801)	n/a	1,028	4.0 %
Consolidated operating income	$ 55,035	8.3 %	$ 56,354	8.1 %	$ (1,319)	(2.3)%

Comparable Sales Metrics

We present comparable sales metrics because we consider them an important supplemental measure of our U.S. Retail and International performance, and the Company uses such information to assess the performance of the U.S. Retail and International segments. Additionally, we believe they are frequently used by securities analysts, investors, and other interested parties in the evaluation of our business.

Our comparable sales metrics include sales for all stores and eCommerce sites that were open and operated by us during the comparable fiscal period, including stand-alone format stores that converted to multi-branded format stores and certain remodeled or relocated stores. A store or site becomes comparable following 13 consecutive full fiscal months of operations. If a store relocates within the same center with no business interruption or material change in square footage, the sales of such store will continue to be included in the comparable store metrics. If a store relocates to another center more than five miles away, or there is a material change in square footage, such store is treated as a new store. Stores that are closed during the relevant fiscal period are included in the comparable store sales metrics up to the last full fiscal month of operations.

The method of calculating sales metrics varies across the retail industry. As a result, our comparable sales metrics may not be comparable to those of other retailers.

U.S. Retail

U.S. Retail segment net sales decreased $16.1 million, or 5.0%, to $307.6 million. The decrease in net sales was driven by lower traffic in our eCommerce channels as a result of decreased consumer demand on more discretionary purchases and decreased average selling prices per unit, partially offset by sales contribution of our new retail stores. Average selling prices per unit decreased mid-single digits due to planned price reductions on select essential core products and an increased mix of clearance sales. Units sold decreased low-single digits.

Comparable net sales, including retail store and eCommerce, decreased 6.8% primarily driven by the factors mentioned above. As of March 30, 2024, we operated 789 retail stores in the U.S. compared to 792 as of December 30, 2023, and 760 as of April 1, 2023.

U.S. Retail segment operating income decreased $12.6 million, or 46.9%, to $14.3 million, due to a decrease in gross profit of $10.0 million and an increase in SG&A expenses of $2.1 million. Operating margin decreased 370 bps to 4.6%. The primary drivers of the decrease in operating margin were a 20 bps decrease in gross margin and a 340 bps increase in SG&A rate. The decrease in gross margin was due to decreased average selling prices per unit mentioned above, partially offset by decreased average cost per unit sold and decreased fabric purchase commitment charges. Average cost per unit sold decreased low-single digits due to decreased ocean freight rates. The increase in SG&A rate was driven by fixed cost deleverage on decreased sales, fleet optimization, including retail store openings and new store formats and remodels, and increased retail store employee costs.

U.S. Wholesale

U.S. Wholesale segment net sales decreased $15.9 million, or 5.7%, to $264.1 million, driven by the timing of wholesale customer shipments and decreased sales to off-price wholesale channels as a result of our improved excess inventory levels. Average selling prices per unit decreased mid-single digits, while units sold decreased low-single digits. These factors were partially offset by increased sales of our exclusive *Carter's* brands and our *Little Planet* brand.

U.S. Wholesale segment operating income increased $11.2 million, or 21.6%, to $63.3 million, due to an increase in gross profit of $10.3 million and a decrease in SG&A expenses of $1.1 million. Operating margin increased 540 bps to 24.0%. The primary drivers of the increase in operating margin were a 560 bps increase in gross margin, partially offset by a 20 bps increase in SG&A rate. The increase in gross margin was driven by decreased average cost per unit sold, partially offset by customer mix. Average cost per unit sold decreased low teens due to decreased ocean freight rates and product input costs. The increase in the SG&A rate was driven by fixed cost deleverage on decreased sales and increased marketing costs, partially offset by decreased transportation costs.

International

International segment net sales decreased $2.5 million, or 2.7%, to $89.7 million. Changes in foreign currency exchange rates, primarily between the U.S. dollar and the Mexican Peso, had a $2.0 million favorable effect on International segment net sales. The decrease in net sales was driven by decreased net eCommerce sales in Canada as a result of decreased consumer demand on more discretionary purchases and decreased demand from our international partners. These decreases were partially offset by growth in sales in our Mexico retail stores. Units sold decreased mid-single digits, while average selling prices per unit increased low-single digits.

Canadian comparable net sales, including retail store and eCommerce, decreased 5.1%, driven by decreased sales in our eCommerce channel. As of March 30, 2024, we operated 186 and 52 retail stores in Canada and Mexico, respectively. As of December 30, 2023, we operated 188 and 54 retail stores in Canada and Mexico, respectively. As of April 1, 2023, we operated 187 and 49 retail stores in Canada and Mexico, respectively.

International segment operating income decreased $0.9 million, or 30.0%, to $2.2 million, due to an increase in SG&A expenses of $5.8 million, partially offset by an increase in gross profit of $5.4 million. Operating margin decreased 100 bps to 2.4%. The decrease in the operating margin was attributable to a 760 bps increase in the SG&A rate, partially offset by a 710 bps increase in gross margin. The increase in gross margin was due to decreased average cost per unit and decreased fabric purchase commitment charges. Average cost per unit sold decreased high-single digits due to decreased ocean freight rates and product input costs. The increase in the SG&A rate was due to increased investments in our Mexican retail stores and technology, fixed cost deleverage on decreased sales, and increased retail store employee costs.

Unallocated Corporate Expenses

Unallocated corporate expenses include corporate overhead expenses that are not directly attributable to one of our business segments and include unallocated accounting, finance, legal, human resources, and information technology expenses, occupancy costs for our corporate headquarters, and other benefit and compensation programs, including performance-based compensation.

Unallocated corporate expenses decreased $1.0 million, or 4.0%, to $24.8 million, driven by the nonrecurrence of organizational restructuring charges in the first quarter of fiscal 2023. Unallocated corporate expenses, as a percentage of consolidated net sales, remained consistent at 3.7%.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES

We have provided non-GAAP adjusted operating income, income taxes, net income, and diluted net income per common share measures, which exclude certain items presented below. We believe that this information provides a meaningful comparison of our results and affords investors a view of what management considers to be our core performance, and we also, from time to time, use some of these non-GAAP measures, such as adjusted operating income, as performance metrics in awards under our annual and long-term incentive compensation plans. These measures are not in accordance with, or an alternative to, generally accepted accounting principles in the U.S. (GAAP). The most comparable GAAP measures are operating income, income tax provision, net income, and diluted net income per common share, respectively. Adjusted operating income, income taxes, net income, and diluted net income per common share should not be considered in isolation or as a substitute for analysis of our results as reported in accordance with GAAP. Other companies may calculate adjusted operating income, income taxes, net income, and diluted net income per common share differently than we do, limiting the usefulness of the measure for comparisons with other companies.

	Fiscal quarter ended									
	March 30, 2024					April 1, 2023				
(In millions, except earnings per share)	Operating Income	% Net Sales	Income Taxes	Net Income	Diluted Net Income per Common Share	Operating Income	% Net Sales	Income Taxes	Net Income	Diluted Net Income per Common Share
As reported (GAAP)	**$ 55.0**	**8.3 %**	**$ 11.9**	**$ 38.0**	**$ 1.04**	**$ 56.4**	**8.1 %**	**$ 11.7**	**$ 36.0**	**$ 0.95**
Organizational restructuring(*)	—		—	—	—	1.2		0.3	0.9	0.03
As adjusted	**$ 55.0**	**8.3 %**	**$ 11.9**	**$ 38.0**	**$ 1.04**	**$ 57.5**	**8.3 %**	**$ 12.0**	**$ 36.9**	**$ 0.98**

(*) Relates to charges for organizational restructuring and related corporate office lease amendment actions in the first quarter of fiscal 2023.

Note: Results may not be additive due to rounding.

LIQUIDITY AND CAPITAL RESOURCES

Our ongoing cash needs are primarily for working capital (consisting primarily of inventory), capital expenditures, employee compensation, interest on debt, the return of capital to our shareholders, and other general corporate purposes. We expect that our primary sources of liquidity will be cash and cash equivalents on hand, cash flow from operations, and available borrowing capacity under our secured revolving credit facility. We believe that our sources of liquidity are sufficient to meet our cash requirements for at least the next twelve months. However, these sources of liquidity may be affected by events described in "Forward-Looking Statements" section of this Form 10-Q, including, but not limited to, our risk factors discussed under the heading "Risk Factors" in our most recently filed Annual Report on Form 10-K and in other reports filed with the Securities and Exchange Commission from time to time.

As discussed under the heading "Known or Anticipated Trends" in this Quarterly Report on Form 10-Q and in our most recently filed Annual Report on Form 10-K, inflationary pressures and declining consumer sentiment have had and may continue to have a negative impact on consumer demand for our products and on our financial results in fiscal 2024. We cannot predict the timing and amount of such impact.

As of March 30, 2024, we had approximately $267.6 million of cash and cash equivalents held at major financial institutions, including approximately $87.1 million held at financial institutions located outside of the United States. We maintain cash deposits with major financial institutions that exceed the insurance coverage limits provided by the Federal Deposit Insurance Corporation in the United States and by similar insurers for deposits located outside the United States. To mitigate this risk, we utilize a policy of allocating cash deposits among major financial institutions that have been evaluated by us and third-party rating agencies as having acceptable risk profiles.

Balance Sheet

Inventories at March 30, 2024 were $473.4 million compared to $613.9 million at April 1, 2023 and $537.1 million at December 30, 2023. The decrease of $140.6 million, or 22.9%, at March 30, 2024, compared to April 1, 2023, was driven by decreased "pack and hold" inventory, decreased days of supply, and decreased ocean freight rates and product input costs. Due to the seasonal nature of our operations, the inventories balance at March 30, 2024, is not comparable to the inventories balance at December 30, 2023.

Cash Flow

Net Cash (Used in) Provided by Operating Activities

Net cash used in operating activities for the first quarter of fiscal 2024 was $25.6 million compared to net cash provided by operating activities of $42.2 million in the first quarter of fiscal 2023. Our cash flows from operating activities is driven by net income and changes in our net working capital. The change in net cash from operating activities was primarily driven by smaller reductions in inventory balances due to the sell through of a large portion of our "pack and hold" inventory in fiscal 2023.

Net Cash Used in Investing Activities

Net cash used in investing activities for the first quarter of fiscal 2024 was $12.0 million compared to $13.8 million in the first quarter of fiscal 2023. The decrease in net cash used in investing activities was driven by decreased capital expenditures. Capital expenditures in the first quarter of fiscal 2024 was driven by U.S. and international retail store openings and remodels and investments in our distribution facilities.

We plan to invest approximately $80.0 million in capital expenditures in fiscal 2024, which primarily relates to U.S. and international retail store openings and remodels, investments in our distribution facilities, and strategic information technology initiatives.

Net Cash Used in Financing Activities

Net cash used in financing activities was $45.3 million in the first quarter of fiscal 2024 compared to $82.8 million in the first quarter of fiscal 2023. This change in cash flow from financing activities was driven by payments on our secured revolving credit facility in the first quarter of fiscal 2023.

Share Repurchases

In the first quarter of fiscal 2024, we repurchased and retired 107,795 shares in open market transactions for approximately $9.0 million, at an average price of $83.48 per share. In the first quarter of fiscal 2023, we repurchased and retired 135,873 shares in open market transactions for approximately $9.6 million at an average price of $70.55 per share.

The total remaining capacity under outstanding repurchase authorizations as of March 30, 2024, was approximately $640.5 million, based on settled repurchase transactions. The share repurchase authorizations have no expiration dates.

Future repurchases may occur from time to time in the open market, in privately negotiated transactions, or otherwise. The timing and amount of any repurchases will be at the discretion of the Company subject to restrictions under the Company's revolving credit facility and considerations given to market conditions, stock price, other investment priorities, excise taxes, and other factors.

Dividends

In the first quarter of fiscal 2024 and fiscal 2023, the Board of Directors declared, and the Company paid cash dividends of $0.80 and $0.75 per common share, respectively.

Our Board of Directors will evaluate future dividend declarations based on a number of factors, including restrictions under the Company's revolving credit facility, business conditions, the Company's financial performance, and other considerations.

Provisions in our secured revolving credit facility could have the effect of restricting our ability to pay cash dividends on, or make future repurchases of, our common stock, as further described in Note 5, *Long-term Debt*, to the condensed consolidated financial statements.

Financing Activities

Secured Revolving Credit Facility

As of March 30, 2024, we had no outstanding borrowings under our secured revolving credit facility, exclusive of $5.3 million of outstanding letters of credit. As of March 30, 2024, there was approximately $844.7 million available for future borrowing. Any outstanding borrowings under our secured revolving credit facility are classified as non-current liabilities on our condensed consolidated balance sheets due to contractual repayment terms under the credit facility. However, these repayment terms also allow us to repay some or all of the outstanding borrowings at any time.

As of March 30, 2024, the interest rate margins applicable to the secured revolving credit facility were 1.125% for adjusted term SOFR rate loans and 0.125% for base rate loans. As of March 30, 2024, we were in compliance with the financial and other covenants under the secured revolving credit facility.

Senior Notes

As of March 30, 2024, the Company had $500.0 million principal amount of senior notes outstanding, bearing interest at a rate of 5.625% per annum, and maturing on March 15, 2027. On our condensed consolidated balance sheets, the $500.0 million of outstanding senior notes as of March 30, 2024 is reported net of $2.5 million of unamortized issuance-related debt costs.

Seasonality

We experience seasonal fluctuations in our sales and profitability due to the timing of certain holidays and key retail shopping periods, which generally has resulted in lower sales and gross profit in the first half of our fiscal year versus the second half of the fiscal year. Accordingly, our results of operations during the first half of the year may not be indicative of the results we expect for the full year.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Our critical accounting policies and estimates are described under the heading "Critical Accounting Policies and Estimates" in Item 7 of our most recent Annual Report on Form 10-K for the 2023 fiscal year ended December 30, 2023. Our critical accounting policies and estimates are those policies that require management's most difficult and subjective judgments and may result in the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies and estimates include: revenue recognition and accounts receivable allowance, inventory, goodwill and tradename, accrued expenses, loss contingencies, accounting for income taxes, foreign currency, employee benefit plans, and stock-based compensation arrangements. There have been no material changes in these critical accounting policies and estimates from those described in our most recent Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency and Interest Rate Risks

In the operation of our business, we have market risk exposures including those related to foreign currency risk and interest rates. These risks, and our strategies to manage our exposure to them, are discussed below.

Currency Risk

We contract for production with third parties, primarily in Asia. While these contracts are stated in U.S. dollars, there can be no assurance that the cost for the future production of our products will not be affected by exchange rate fluctuations between the U.S. dollar and the local currencies of these contractors. Due to the number of currencies involved, we cannot quantify the potential impact that future currency fluctuations may have on our results of operations in future periods.

The financial statements of our foreign subsidiaries that are denominated in functional currencies other than the U.S. dollar are translated into U.S. dollars using period-end exchange rates for assets and liabilities and weighted-average exchange rates for revenues and expenses. Gains and losses resulting from translating assets and liabilities from the functional currency to U.S. dollars are included in Accumulated other comprehensive income (loss).

Our foreign subsidiaries typically record sales denominated in currencies other than the U.S. dollar, which are then translated into U.S. dollars using weighted-average exchange rates. The changes in foreign currency exchange rates used for translation in the first quarter of fiscal 2024, compared to the first quarter of fiscal 2023, had a $2.0 million favorable effect on our consolidated net sales.

Fluctuations in exchange rates between the U.S. dollar and other currencies may affect our results of operations, financial position, and cash flows. Transactions by our foreign subsidiaries may be denominated in a currency other than the entity's functional currency. Foreign currency transaction gains and losses also include the impact of intercompany loans with foreign subsidiaries that are marked to market. In our condensed consolidated statement of operations, these gains and losses are recorded within Other (income) expense, net. Foreign currency transaction gains and losses related to intercompany loans with foreign subsidiaries that are of a long-term nature are accounted for as translation adjustments and are included in Accumulated other comprehensive income (loss).

Interest Rate Risk

Our operating results are subject to risk from interest rate fluctuations on our secured revolving credit facility, which carries variable interest rates. As of March 30, 2024, there were no variable rate borrowings outstanding under the secured revolving credit facility. As a result, the impact of a hypothetical 100 bps increase in the effective interest rate would not result in a material amount of additional interest expense over a 12-month period.

Other Risks

We enter into various purchase order commitments with our suppliers. We can cancel these arrangements, although in some instances we may be subject to a termination charge reflecting a percentage of work performed prior to cancellation.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of March 30, 2024.

Changes in Internal Control over Financial Reporting

The Principal Executive Officer and Principal Financial Officer also conducted an evaluation of the Company's internal control over financial reporting ("Internal Control") to determine whether any changes in Internal Control occurred during the fiscal quarter ended March 30, 2024, that have materially affected, or which are reasonably likely to materially affect, Internal Control.

There were no changes in the Company's Internal Control that materially affected, or were likely to materially affect, such control over financial reporting during the fiscal quarter ended March 30, 2024.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is subject to various claims and pending or threatened lawsuits in the normal course of our business. The Company is not currently a party to any legal proceedings that it believes would have a material adverse effect on its financial position, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors described in our Form 10-K for the 2023 fiscal year ended December 30, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Share Repurchases

The following table provides information about share repurchases during the first quarter of fiscal 2024:

Period	Total number of shares purchased	Average price paid per share(1)	Total number of shares purchased as part of publicly announced plans or programs(2)	Approximate dollar value of shares that may yet be purchased under the plans or programs(3)
December 31, 2023 through January 27, 2024	—	$ —	—	$ 649,492,412
January 28, 2024 through February 24, 2024 (4)	69,401	$ 81.33	—	$ 649,492,412
February 25, 2024 through March 30, 2024 (5)	129,316	$ 83.48	107,795	$ 640,493,185
Total	198,717		107,795	

(1) The average price paid per share excludes excise tax on share repurchases.

(2) Share purchases during the first quarter of fiscal 2024 were made in compliance with all applicable rules and regulations and in accordance with the share repurchase authorizations described in Note 6, Common Stock, to our accompanying unaudited condensed consolidated financial statements included in Part I. Item 1 of this Quarterly Report on Form 10-Q.

(3) Under share repurchase authorizations approved by our Board of Directors. The share repurchase authorizations have no expiration date.

(4) All the 69,401 shares purchased represent shares of our common stock surrendered by our employees to satisfy required tax withholding upon the vesting of restricted stock awards between January 28, 2024 and February 24, 2024.

(5) Includes shares of our common stock surrendered by our employees to satisfy required tax withholding upon the vesting of restricted stock awards. There were 21,521 shares surrendered between February 25, 2024 and March 30, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

N/A

ITEM 4. MINE SAFETY DISCLOSURES

N/A

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During the fiscal quarter ended March 30, 2024, none of the Company’s directors or officers, as defined in Section 16 of the Exchange Act, adopted, or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement” as defined under Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit Number	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Carter's, Inc.	8-K	3.1	May 23, 2017	
3.2	Amended and Restated By-Laws of Carter's, Inc.	8-K	3.1	August 18, 2023	
10.1 *	Form of Restricted Stock Award Agreement.				X
10.2 *	Form of rTSR Performance-Based Restricted Stock Award Agreement.				X
10.3 *	Form of Company Performance-Based Restricted Stock Award Agreement.				X
31.1	Rule 13a-15(e)/15d-15(e) and 13a-15(f)/15d-15(f) Certification.				X
31.2	Rule 13a-15(e)/15d-15(e) and 13a-15(f)/15d-15(f) Certification.				X
32	Section 1350 Certification.				X
101.INS	XBRL Instance Document - the instant document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X
104	The cover page from this Current Report on Form 10-Q formatted as Inline XBRL				X

* Indicates a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CARTER'S, INC.

April 26, 2024	/s/ MICHAEL D. CASEY
	Michael D. Casey *Chairman, Chief Executive Officer and President* *(Principal Executive Officer)*
April 26, 2024	/s/ RICHARD F. WESTENBERGER
	Richard F. Westenberger *Senior Executive Vice President,* *Chief Financial Officer and Chief Operating Officer* *(Principal Financial and Accounting Officer)*

Exhibit 10.1

Restricted Stock Award Agreement

This Restricted Stock Award Agreement (this "Agreement") is by and between the "Participant" and Carter's, Inc. (the "Company") pursuant to the Carter's, Inc. Amended and Restated Equity Incentive Plan (as may be amended from time to time, the "Plan"). All capitalized terms not otherwise defined herein shall have the meaning provided in the Plan.

WHEREAS, the Company has adopted the Plan, pursuant to which awards of Restricted Stock may be granted;

WHEREAS, the Participant has agreed to terms of employment with the Company or certain of its subsidiaries; and

WHEREAS, as part of the Participant's compensation, the Company wishes to grant the Participant the award of Restricted Stock, and Participant wishes to accept such grant through an online system, as provided for herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. *Award*. The Company hereby grants an Award to the Participant on the "Grant Date" shown in the "Award Details" box in the "Grant Summary – Grant Detail" screen (the "Grant Date"), consisting of the number of shares of Stock shown in the "Shares Granted" line of the "Award Details" box in the "Grant Summary – Grant Detail" screen (the "Restricted Stock"), on the terms and conditions and subject to the restrictions described in this Agreement and in the Plan (which is incorporated herein by reference with the same effect as if set forth herein in full) in addition to such other restrictions, if any, as may be imposed by law.

2. *Meaning of Certain Terms*. Except as otherwise expressly provided herein, all terms used herein and not defined herein shall have the same meaning as in the Plan. The term "vest" as used herein with respect to any Restricted Stock means the lapsing of the restrictions described herein with respect to such Restricted Stock.

3. *Restrictions*. Subject to any exceptions set forth in this Agreement or the Plan, during the Restricted Period (as defined herein), the Restricted Stock or the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Stock or the rights relating thereto during the Restricted Period shall be wholly ineffective and, if any such attempt is made, the Restricted Stock will be forfeited by the Participant and all of the Participant's rights to such Restricted Stock shall immediately terminate without any payment or consideration by the Company.

4. *Forfeiture Risk*. If the Participant's Employment ceases for any reason, except as specifically provided in Paragraph 7 below, any then-outstanding and unvested Restricted Stock shall be automatically and immediately forfeited. The Participant hereby (i) appoints the Company as the attorney-in-fact of the Participant to take such actions as may be necessary or appropriate to effectuate a transfer of the record ownership of any such Restricted Stock that is unvested and forfeited hereunder; (ii) agrees to deliver to the Company, as a precondition to the issuance of any certificate or certificates with respect to unvested Restricted Stock hereunder, one or more stock powers, endorsed in blank, with respect to such Restricted Stock; and (iii) agrees to sign such other powers and take such other actions as the Company may reasonably request to accomplish the transfer or forfeiture of any unvested Restricted Stock that is forfeited hereunder.

5. *Retention of Certificates*. The Company shall hold any certificates representing unvested Restricted Stock. If unvested Restricted Stock is held in book entry form, the Participant agrees that the Company may give stop transfer instructions to the depository to ensure compliance with the provisions hereof.

6. *Vesting of Restricted Stock*.

   a. Except as provided in Paragraph 7 below, the Restricted Stock acquired hereunder shall vest, in accordance with the provisions of this Agreement and applicable provisions of the Plan as follows:

      i. One-fourth (1/4) of the award shall become vested on the first anniversary of the Grant Date;

      ii. One-fourth (1/4) of the award shall become vested on the second anniversary of the Grant Date;

      iii. One-fourth (1/4) of the award shall become vested on the third anniversary of the Grant Date; and

      iv. A final one-fourth (1/4) of the award shall become vested on the fourth anniversary of the Grant Date.

   b. Notwithstanding the foregoing, the Restricted Stock shall vest as to one hundred percent (100%) of the total number of Restricted Stock on the date of a Covered Transaction.

   c. The period over which the Restricted Stock vests is referred to as the "Restricted Period" for purposes of this Agreement.

7. *Death or Disability; Covered Transaction*.

a. If the Participant dies prior to the Restricted Stock vesting, one hundred percent (100%) of the Restricted Stock shall automatically vest upon Participant's death.

b. If the Participant becomes disabled due to injury or illness and is unable to serve as an Employee for a period of time not exceeding six (6) months and returns to serve as an Employee after such disability, the Participant's vesting schedule in the Restricted Stock will not be affected by such disability. If the Participant becomes disabled due to injury or illness and the Company, in its sole discretion, determines the Participant is unable to serve as Employee for a period of time reasonably expected to exceed six (6) months, one hundred percent (100%) of the Participant's Restricted Stock will vest automatically upon such determination.

c. In the event a Covered Transaction is consummated, the Restricted Stock shall vest as provided in Paragraph 6(b).

8. *Legend*. Book entry records representing unvested Restricted Stock shall be held by the Company's transfer agent, and any such records shall contain a legend substantially in the following form:

THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF CARTER'S, INC.'S AMENDED AND RESTATED EQUITY INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND CARTER'S, INC. COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE IN THE OFFICES OF CARTER'S, INC.

As soon as practicable following the vesting of any Restricted Stock, the Company shall cause shares of Stock underlying such Restricted Stock, without the aforesaid legend, to be issued and delivered to the Participant. The Company may take such steps, as it deems necessary or appropriate, to record and manifest the restrictions applicable to such Restricted Stock.

9. *Dividends Equivalents, etc*. The Participant shall be entitled, as to one hundred percent (100%) of the total number of shares, to (i) receive a cash payment equal to the amount of any and all dividends or other cash distributions paid with respect to those shares of Restricted Stock of which Participant is the record owner on the record date for such dividend or other distribution, and (ii) vote any shares of Stock of which Participant is the record owner on the record date for such vote; *provided, however*, that any property (other than cash) distributed with respect to any share of Restricted Stock(the "Associated Share") acquired hereunder, including without limitation a distribution of Stock by reason of a stock dividend, stock split or otherwise, or a distribution of other securities with

respect to an Associated Share, shall be subject to the restrictions of this Agreement in the same manner and for so long as the Associated Share remains subject to such restrictions, and shall be promptly forfeited if and when the Associated Share is so forfeited; *and further provided*, that the Administrator may require that any cash distribution with respect to the Restricted Stock other than a normal cash dividend be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan. References in this Agreement to the Restricted Stock shall refer in the same way to any such restricted amounts.

10. *Sale of Vested Restricted Stock*. The Participant understands that any sale of vested Restricted Stock by the Participant will be subject to the satisfaction of (i) any applicable tax withholding requirements with respect to the vesting or transfer of such Restricted Stock; (ii) any requirements that the Company may reasonably impose; and (iii) applicable requirements of federal and state securities laws.

11. *Certain Tax Matters*. The Participant expressly acknowledges that the Participant has been advised to confer promptly with a professional tax advisor to consider whether the Participant should make a so-called “83(b) election” with respect to the Restricted Stock. Any such election, to be effective, must be made in accordance with applicable regulations (including, without limitation, the requirement to provide a copy of such election to the Company in advance of filing such election under the Internal Revenue Code) and within thirty (30) days following the date of this award. The Company has made no recommendation to the Participant with respect to the advisability of making such an election. In addition, the award or vesting of the Restricted Stock acquired hereunder, and the payment of dividends with respect to such Restricted Stock, may give rise to “wages” subject to withholding. The undersigned expressly acknowledges and agrees that his/her rights hereunder are subject to his/her promptly paying to the Company in cash (or by such other means as may be acceptable to the Administrator in its discretion, including, if the Administrator so determines, by the delivery of previously acquired Stock or Restricted Stock acquired hereunder or by the withholding of amounts from any payment hereunder) all taxes required to be withheld in connection with such award, vesting or payment. Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding (“Tax-Related Items”), the ultimate liability for all Tax-Related Items is and remains the Participant’s responsibility and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant or vesting of the Restricted Stock or the subsequent sale of any shares; and (ii) does not commit to structure the Restricted Stock to reduce or eliminate the Participant’s liability for Tax-Related Items.

12. *Clawback*. The Participant acknowledges and agrees that the Restricted Stock is subject to Section 10 of the Plan and the Clawback Policy, and by accepting this award, the Participant is agreeing to be bound by the Clawback Policy.

13. *Plan Document*. By signing below, the Participant acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions thereof and hereof, and accepts the Restricted Stock subject to all of the terms and conditions of the Plan and this Agreement. The Participant acknowledges that there may be adverse tax consequences upon the grant or vesting of the Restricted Stock or disposition of the underlying shares and that the Participant has been advised to consult his or her tax advisor prior to such grant, vesting, or disposition.

14. *Governing Law*. This Agreement and all claims or disputes arising out of or based upon this Agreement or relating to the subject matter hereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

15. *Interpretation*. Any dispute regarding the interpretation of this Agreement shall be submitted by the Participant or the Company to the Administrator for review. The resolution of such dispute by the Administrator shall be final and binding on the Participant and the Company.

16. *Restricted Stock Subject to Plan*. This Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

17. *Successors and Assigns*. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the Restricted Stock may be transferred by will or the laws of descent or distribution.

18. *Severability*. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

19. *Discretionary Nature of Plan*. The Plan is discretionary and may be amended, cancelled or terminated by the Company at any time, in its discretion. The grant of the Restricted Stock in this Agreement does not create any contractual right or other right to receive any Restricted Stock or other Awards in the future. Future Awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Participant's Employment with the Company.

20. *Amendment*. The Administrator has the right to amend, alter, suspend, discontinue or cancel the Restricted Stock, prospectively or retroactively; provided that, no such amendment shall adversely affect the Participant's material rights under this Agreement without the Participant's consent.

21. *Counterparts*. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

IN WITNESS WHEREOF, the parties to this Agreement have duly authorized this Agreement to be effective as of the date first written above.

rTSR Performance-Based Restricted Stock Award Agreement

This rTSR Performance-Based Restricted Stock Award Agreement (this "Agreement") is by and between the "Participant" and Carter's, Inc. (the "Company") pursuant to the Carter's, Inc. Amended and Restated Equity Incentive Plan (as may be amended from time to time, the "Plan"). All capitalized terms not otherwise defined herein shall have the meaning provided in the Plan.

WHEREAS, the Company has adopted the Plan, pursuant to which awards of Restricted Stock may be granted;

WHEREAS, the Participant has agreed to terms of employment with the Company or certain of its subsidiaries; and

WHEREAS, as part of the Participant's compensation, the Company wishes to grant the Participant two separate performance-based awards of Restricted Stock, consisting of (1) a performance-based award with performance goals tied to the performance of the Company (to be set forth in a separate agreement) and (2) a performance-based award with a performance goal tied to rTSR metrics as described herein, and Participant wishes to accept such grant through an online system, as provided for herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. *Award*. The Company hereby grants an award of Restricted Stock to the Participant on the "Grant Date" shown in the "Grant Summary" box in the "Online Grant Summary" screen (the "Grant Date"), consisting of (a) the number of shares of Stock shown in the "Granted" line of "Grant Summary" box in the "Online Grant Summary" screen (such amount, the "Target Amount" and such Stock, the "Target Stock") and (b) an additional number of shares of Stock equal to up to one hundred percent (100%) of the Target Amount (the "Bonus Stock," and together with the Target Stock, the "Award"), each on the terms and conditions and subject to the restrictions described in this Agreement and in the Plan (which is incorporated herein by reference with the same effect as if set forth herein in full) in addition to such other restrictions, if any, as may be imposed by law. The number of shares of Restricted Stock that the Participant actually earns for the Performance Periods (up to the maximum numbers set forth above) will be determined by the level of achievement of the Performance Goal set forth in Paragraph 6 of this Agreement. For the avoidance of doubt, (x) shares of Target Stock will be issued to the Participant, subject to the provisions of the Plan and this Agreement (including Paragraph 3 and 4 hereof as to restrictions and forfeiture risks) as well as the performance goal and vesting requirements, and (y) shares of Bonus Stock, if any, will be issued to the Participant after the Certification Date set forth in Paragraph 6.c.

2. *Meaning of Certain Terms*. Except as otherwise expressly provided herein, all terms used herein and not defined herein shall have the same meaning as in the Plan. The term "vest" as used herein with respect to any Award means the lapsing of the restrictions described herein with respect to such Award.

3. *Restrictions*. Subject to any exceptions set forth in this Agreement or the Plan, during the Restricted Period (as defined herein), neither the Award nor the rights relating thereto, may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Award or the rights relating thereto during the Restricted Period shall be wholly ineffective and, if any such attempt is made, the Award will be forfeited by the Participant and all of the Participant's rights to such Award shall immediately terminate without any payment or consideration by the Company.

4. *Forfeiture Risk*. If the Participant's Employment ceases for any reason, except as specifically provided in Paragraph 7 below, any then-outstanding and unvested Award shall be automatically and immediately forfeited. The Participant hereby (a) appoints the Company as the attorney-in-fact of the Participant to take such actions as may be necessary or appropriate to effectuate a transfer of the record ownership of any such Restricted Stock that is unvested and forfeited hereunder; (b) agrees to deliver to the Company, as a precondition to the issuance of any certificate or certificates with respect to unvested Restricted Stock hereunder, one or more stock powers, endorsed in blank, with respect to such Restricted Stock; and (c) agrees to sign such other powers and take such other actions as the Company may reasonably request to accomplish the transfer or forfeiture of any unvested Restricted Stock that is forfeited hereunder.

5. *Retention of Certificates*. The Company shall hold any certificates representing unvested Restricted Stock. If unvested Restricted Stock is held in book entry form, the Participant agrees that the Company may give stop transfer instructions to the depository to ensure compliance with the provisions hereof. Book entry records representing unvested Restricted Stock shall be held by the Company's transfer agent, and any such records shall contain a legend substantially in the following form:

   THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF CARTER'S, INC.'S AMENDED AND RESTATED EQUITY INCENTIVE PLAN AND A PERFORMANCE-BASED RESTRICTED STOCK AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND CARTER'S, INC. COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE IN THE OFFICES OF CARTER'S, INC.

As soon as practicable following the vesting of any Restricted Stock, the Company shall cause shares of Stock underlying such Restricted Stock, without the aforesaid legend, to be issued and delivered to the Participant. The Company may take such steps, as it deems necessary or appropriate, to record and manifest the restrictions applicable to such Restricted Stock.

6. *Performance Goal and Vesting of Award*.

   a. For purposes of this Agreement, the term "Performance Period" shall mean the Company's [YEAR 1], [YEAR 2] and [YEAR 3] Fiscal Years. For purposes of this Agreement, the performance criteria used to establish the Performance Goal shall be rTSR (as defined below) (the "Performance Goal").

   b. For purposes of this Agreement, the following terms have the following meanings:

      i. "Comparator Group" consists of the companies set forth on Exhibit A, which are from the [COMPARATOR GROUP INDEX], and subject to the Comparator Group Modification Rules set forth in Section 8.

      ii. "rTSR" means the percentile ranking of the Company's TSR, as measured relative to the TSR of each company in the Comparator Group for the Performance Period.

      iii. "TSR" or "Total Shareholder Return" for the Company, and for each company in the Comparator Group, as determined by the Administrator, shall be determined by comparing the rate of growth between (i) the average stock price for the Company and each company in the Comparator Group for the twenty (20) trading days prior to the start of the Performance Period, with dividends reinvested at the closing stock price of the applicable stock on the ex-dividend date, and (ii) the average stock price for the Company and each company in the Comparator Group for the final twenty (20) trading days of the Performance Period, with dividends reinvested at the closing stock price of the applicable stock on the ex-dividend date. The Total Shareholder Return calculation shall be adjusted in an equitable manner for any stock splits, reverse stock splits, or other similar transactions to the extent determined in the sole discretion of the Administrator.

   c. Except as provided in Paragraph 7 below, the number of shares of Target Stock and Bonus Stock underlying the Award that are eligible to vest as of the Vesting Date (as defined below) will be determined by the Administrator after the end of the [YEAR 3] Performance Period

("Performance End Date"), based on the level of achievement at the end of the Performance Period and the application of the Performance Formula to such Performance Goal, in accordance with this Paragraph 6. All determinations of whether the Performance Goal has been achieved, the maximum number of shares of Target Stock and Bonus Stock underlying the Award that are eligible to vest as a result of the application of the Performance Formula to the Performance Goal, and all other matters related to this Paragraph 6 shall be made by the Administrator in its sole discretion.

i. Promptly following completion of the [YEAR 3] Performance Period, the Administrator shall review and certify in writing whether, and to what extent, the Performance Goal has been achieved and, if so, calculate and certify in writing the number of shares of Target Stock and Bonus Stock that are eligible to vest, if any, based upon the application of the Performance Formula to the Performance Goal (such date of certification, the "Certification Date," and such shares of Stock, if any, the "Earned Stock").

d. Except as otherwise noted herein, the maximum number of Restricted Stock (and underlying shares of Stock), if any, as certified by the Administrator in accordance with Paragraph 6.c. of this Agreement, shall vest (and the restrictions set forth in this Agreement with respect to such Restricted Stock shall be lifted) on the Certification Date (the "Vesting Date").

e. Target Stock. The number of shares of Target Stock eligible to vest, if any, shall be determined based on achievement of rTSR (such Target Stock, the "rTSR Target Stock") as set forth in the table below.

i. The shares of rTSR Target Stock are eligible to vest based on rTSR measured at the end of [YEAR 3]. Shares of rTSR Target Stock that do not vest based on the Company's actual performance are forfeited.

ii. If rTSR is below the Threshold set forth below, then zero percent (0%) of the rTSR Target Stock will vest. If rTSR is at the Threshold set forth below, then [THRESHOLD PERCENTAGE] of the rTSR Target Stock will vest. If rTSR is at or above the Target set forth below, then one hundred percent (100%) of the rTSR Target Stock will vest. If rTSR is between the various thresholds set forth in the table below, a pro-rata percentage of rTSR Target Stock relative to the applicable percentages will vest, as applicable.

rTSR Target Stock		
Performance Level	**Actual rTSR**	**Percentage of rTSR Target Stock Earned**
Threshold	[THRESHOLD PERFORMANCE]	[THRESHOLD PERCENTAGE]
Target	[TARGET PERFORMANCE]	100%

f. Bonus Stock. The number of shares of Bonus Stock eligible to be issued and vest, if any, shall be determined based on achievement of the Performance Goals set forth in the table below (such Bonus Stock, the "rTSR Bonus Stock").

i. The shares of rTSR Bonus Stock are eligible to be issued and vest based on rTSR measured at the end of [YEAR 3]. Shares of rTSR Bonus Stock that do not vest based on the Company's actual performance are not eligible to be issued.

ii. If rTSR is at or below the Bonus Stock Threshold set forth below, then zero percent (0%) of the rTSR Bonus Stock will vest. If rTSR is at or above the Bonus Stock Maximum set forth below, then one hundred percent (100%) of the rTSR Bonus Stock will vest. If rTSR is between the various thresholds set forth in the table below, a pro-rata percentage of rTSR Bonus Stock relative to the applicable percentages will vest.

rTSR Bonus Stock		
Performance Level	**Actual rTSR**	**Percentage of rTSR Bonus Stock Earned**
Bonus Stock Threshold	[BONUS STOCK THRESHOLD PERFORMANCE]	0%
Bonus Stock Maximum	[BONUS STOCK MAXIMUM PERFORMANCE]	100%

g. Settlement of Award. The Company shall, as soon as administratively practicable after the Vesting Date of any portion of the Bonus Stock (but in no event later than March 11, [YEAR AFTER YEAR 3]) issue and effect delivery of the shares of Bonus Stock with respect to such vested portion to the Participant in accordance with Paragraph 6.d of this Agreement. No shares of the Bonus Stock will be issued to Participant pursuant to this award unless and until all legal requirements applicable to the issuance or transfer of such Bonus Stock have been complied with to the satisfaction of the Administrator. The Participant understands that any issuance of Stock upon vesting and settlement of the Award or any portion thereof by the Participant will be subject to the satisfaction of (i) any applicable tax withholding requirements with respect to the vesting or transfer of such Restricted Stock; (ii) any requirements that the Company may reasonably impose; and (iii) applicable requirements of federal and state securities laws.

h. Covered Transactions. Notwithstanding the foregoing, (i) if a Covered Transaction occurs on or after the Grant Date and before or on the Certification Date, then one hundred percent (100%) of the Target Stock shall vest on such date of the Covered Transaction and (ii) if a Covered Transaction occurs after the Certification Date and before or on the Vesting Date, then the Earned Stock shall vest on such date of the Covered Transaction. For the avoidance of doubt, no Bonus Stock shall vest in the event of a Covered Transaction that occurs on or after the Grant Date and before or on the Certification Date. Settlement shall be made as soon as practicable following the occurrence or consummation (as applicable) of the Covered Transaction but in no event later than the 60th day following such event.

i. Restricted Period. The period from the Grant Date until the Vesting Date is referred to as the "Restricted Period" for purposes of this Agreement.

7. *Death, Disability, or Retirement; Covered Transaction*.

a. Death. If (i) the Participant dies on or after the Grant Date and before or on the Certification Date, then one hundred percent (100%) of the Target Stock shall vest automatically on the date of the Participant's death and (ii) if the Participant dies after the Certification Date and before or on the Vesting Date, then the Earned Stock shall vest automatically upon Participant's death, provided that such Stock would have otherwise vested in accordance with this Agreement with the passage of time and the Participant's continued service as an Employee. For the avoidance of doubt, no Bonus Stock shall vest if the Participant dies on or after the Grant Date and before or on the Certification Date.

b. Disability. If the Participant becomes disabled due to injury or illness and is unable to serve as an Employee for a period of time not exceeding six (6) months and returns to serve as an Employee after such disability, the vesting of the Stock will not be affected by such disability. If the Participant becomes disabled due to injury or illness and the Company, in its sole discretion, determines the Participant is unable to serve as Employee for a period of time reasonably expected to exceed six (6) months (such determination date, a "Disability Date"), then if, (i) the Disability Date is on or after the Grant Date and before or on the Certification Date, then one hundred percent (100%) of the Target Stock shall vest automatically and (ii) the Disability Date is after the Certification Date and before or on the Vesting Date, then the Earned Stock shall vest automatically, in each case on the Disability Date. For the avoidance of doubt, no Bonus Stock shall vest in the event of a Disability Date that occurs on or after the Grant Date and before or on the Certification Date.

c. Retirement. If the Participant's Employment terminates due to Retirement during the Restricted Period (such date, the "Retirement Date"), then if:

i. the Retirement Date is on or after the Grant Date and before or on the Performance End Date, then the amount of Earned Stock that is earned, if any, shall be equal to the product of (x) the number of Earned Stock, if any, as certified by the Administrator in accordance with Paragraph 6.c. of this Agreement, multiplied by (y) the quotient of (I) the total number of calendar days between the Grant Date and the Retirement Date (inclusive), divided by (II) the total number of calendar days between the Grant Date and the Performance End Date; and any such Earned Stock shall vest on the Certification Date; and

ii. the Retirement Date is after the Performance Date and before or on the Vesting Date, then the Earned Stock shall vest automatically on the Retirement Date.

For the purposes of this Agreement, "Retirement" means a termination of employment by the Participant on or after the date on which the Participant has attained age 60 and completed at least five years of service with the Company or any of its Affiliates, but only to the extent that circumstances constituting Cause do not exist.

d. Covered Transaction. In the event a Covered Transaction is consummated, the Restricted Stock shall vest as provided in Paragraph 6.h.

8. *Comparator Group Modification Rules*. During the Performance Period, the corporate structure of a company in the Comparator Group may fundamentally change. The following provisions describe these scenarios and their impact on the Comparator Group during the Performance Period, as determined by the Administrator:

a. In the event of a bankruptcy, liquidation or delisting of a Comparator Group company at any time during the Performance Period, such company shall remain a Comparator Group company and be assigned a TSR of negative 100%. “Delisting” means that a company ceases to be publicly traded on a national securities exchange as a result of any involuntary failure to meet the listing requirements of such national securities exchange, but shall not include delisting as a result of any voluntary going private or similar transaction.

b. If a company is added to the [COMPARATOR GROUP INDEX], such company will not join the Comparator Group.

c. If two Comparator Group companies merge and become one company, the newly-formed company will remain in the Comparator Group.

d. If a Comparator Group company merges with a company not in the Comparator Group, then (x) the surviving company that was originally in the Comparator Group will remain in the Comparator Group and (y) if the surviving company was not originally in the Comparator Group, the surviving company will be removed from the Comparator Group.

e. If a Comparator Group company spins off another company, the newly-formed company will not be included in the Comparator Group. The original Comparator Group company will remain in the Comparator Group and the dividend of the stock in the spun-off company will be reflected in the calculation of TSR for the Comparator Group company as set forth in Section 6(b)(iii).

f. If a Comparator Group company becomes a private company, the company will be removed from the Comparator Group.

g. Other scenarios will be reviewed by the Administrator on a case-by-case basis to determine, in the sole discretion of the Administrator, the status of the Comparator Group company as it relates to the Performance Period. Any such determination shall be final and binding on all parties.

9. *Dividend Equivalents, Voting, etc*. The Participant shall be entitled, as to (a) if on or after the Grant Date and before or on the Certification Date, one hundred percent (100%) of the total number of shares of Target Stock and (b) if after the Certification Date and before or on the Vesting Date, any Earned Stock, in each

case to (i) receive a cash payment equal to the amount of any and all cash dividends or other cash distributions paid with respect to one share of Stock times the number of shares of Target Stock or Earned Stock, as the case may be and (ii) vote any Stock of which Participant is the record owner on the record date for such vote; *provided, however*, that any property (other than cash) distributed with respect to any such share of Target Stock or Earned Stock (the "Associated Share"), including without limitation a distribution of Stock by reason of a stock dividend, stock split or otherwise, or a distribution of other securities with respect to an Associated Share, shall be subject to the restrictions of this Agreement in the same manner and for so long as the Associated Share remains subject to such restrictions, and shall be promptly forfeited if and when the Associated Share is so forfeited; *and provided, further*, that the Administrator may require that any cash distribution with respect to the Target Stock or Earned Stock (as the case may be) other than a normal cash dividend be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan. References in this Agreement to the Target Stock or Earned Stock (as the case may be) shall refer in the same way to any such restricted amounts. For the avoidance of doubt, Bonus Stock is not issued and outstanding as of the Grant Date, does not have the right to vote or to receive dividends or other distributions that may be made with respect to shares of Common Stock of the Company, and may vest and be issued as and to the extent set forth in Paragraph 6.

10. *Certain Tax Matters*. The Participant expressly acknowledges that the Participant has been advised to confer promptly with a professional tax advisor to consider whether the Participant should make a so-called "83(b) election" with respect to the Restricted Stock. Any such election, to be effective, must be made in accordance with applicable regulations (including, without limitation, the requirement to provide a copy of such election to the Company in advance of filing such election under the Internal Revenue Code) and within thirty (30) days following the date of this award. The Company has made no recommendation to the Participant with respect to the advisability of making such an election. In addition, the award or vesting of the Restricted Stock acquired hereunder, and the payment of dividends with respect to such Restricted Stock, may give rise to "wages" subject to withholding. The undersigned expressly acknowledges and agrees that his/her rights hereunder are subject to his/her promptly paying to the Company in cash (or by such other means as may be acceptable to the Administrator in its discretion, including, if the Administrator so determines, by the delivery of previously acquired Stock or Restricted Stock acquired hereunder or by the withholding of amounts from any payment hereunder) all taxes required to be withheld in connection with such award, vesting or payment. Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with

the grant or vesting of the Restricted Stock or the subsequent sale of any shares; and (ii) does not commit to structure the Restricted Stock to reduce or eliminate the Participant's liability for Tax-Related Items.

11. *Clawback*. The Participant acknowledges and agrees that the Restricted Stock is subject to Section 10 of the Plan and the Clawback Policy, and by accepting this award, the Participant is agreeing to be bound by the Clawback Policy.

12. *Plan Document*. By signing below, the Participant acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions thereof and hereof, and accepts the Award subject to all of the terms and conditions of the Plan and this Agreement. The Participant acknowledges that there may be adverse tax consequences upon the grant or vesting of the Award or disposition of the underlying shares and that the Participant has been advised to consult his or her tax advisor prior to such grant, vesting, or disposition.

13. *Governing Law*. This Agreement and all claims or disputes arising out of or based upon this Agreement or relating to the subject matter hereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

14. *Interpretation*. Any dispute regarding the interpretation of this Agreement shall be submitted by the Participant or the Company to the Administrator for review. The resolution of such dispute by the Administrator shall be final and binding on the Participant and the Company.

15. *Award Subject to Plan*. This Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

16. *Successors and Assigns.* The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the Award may be transferred by will or the laws of descent or distribution.

17. *Severability*. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of

the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

18. *Discretionary Nature of Plan*. The Plan is discretionary and may be amended, cancelled, or terminated by the Company at any time, in its discretion. The grant of the Award in this Agreement does not create any contractual right or other right to receive any Award or other awards in the future. Future awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Participant's Employment with the Company.

19. *Amendment*. The Administrator has the right to amend, alter, suspend, discontinue, or cancel the Restricted Stock, prospectively or retroactively; provided, that, no such amendment shall adversely affect the Participant's material rights under this Agreement without the Participant's consent.

20. *Counterparts*. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

IN WITNESS WHEREOF, the parties to this Agreement have duly authorized this Agreement to be effective as of the date first written above.

Exhibit A

[COMPARATOR GROUP INDEX]

Exhibit 10.3

Company Performance-Based Restricted Stock Award Agreement

This Company Performance-Based Restricted Stock Award Agreement (this "Agreement") is by and between the "Participant" and Carter's, Inc. (the "Company") pursuant to the Carter's, Inc. Amended and Restated Equity Incentive Plan (as may be amended from time to time, the "Plan"). All capitalized terms not otherwise defined herein shall have the meaning provided in the Plan.

WHEREAS, the Company has adopted the Plan, pursuant to which awards of Restricted Stock may be granted;

WHEREAS, the Participant has agreed to terms of employment with the Company or certain of its subsidiaries; and

WHEREAS, as part of the Participant's compensation, the Company wishes to grant the Participant two separate performance-based awards of Restricted Stock, consisting of (1) a performance-based award with performance goals tied to the performance of the Company (as set forth in this Agreement) and (2) a performance-based award with a performance goal tied to rTSR (to be set forth in a separate agreement), and Participant wishes to accept such grant through an online system, as provided for herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. *Award*. The Company hereby grants an award of Restricted Stock to the Participant on the "Grant Date" shown in the "Grant Summary" box in the "Online Grant Summary" screen (the "Grant Date"), consisting of (a) the number of shares of Stock shown in the "Granted" line of "Grant Summary" box in the "Online Grant Summary" screen (such amount, the "Target Amount" and such Stock, the "Target Stock") and (b) an additional number of shares of Stock equal to up to one hundred percent (100%) of the Target Amount (the "Bonus Stock," and together with the Target Stock, the "Award"), each on the terms and conditions and subject to the restrictions described in this Agreement and in the Plan (which is incorporated herein by reference with the same effect as if set forth herein in full) in addition to such other restrictions, if any, as may be imposed by law. The number of shares of Restricted Stock that the Participant actually earns for the Performance Periods (up to the maximum numbers set forth above) will be determined by the level of achievement of the Performance Goals set forth in Paragraph 6 of this Agreement. For the avoidance of doubt, (x) shares of Target Stock will be issued to the Participant, subject to the provisions of the Plan and this Agreement (including Paragraph 3 and 4 hereof as to restrictions and forfeiture risks) as well as the performance goals and vesting requirements, and (y) shares of Bonus Stock, if any, will be issued to the Participant after the Certification Date set forth in Paragraph 6.b.

2. *Meaning of Certain Terms*. Except as otherwise expressly provided herein, all terms used herein and not defined herein shall have the same meaning as in the Plan. The term "vest" as used herein with respect to any Award means the lapsing of the restrictions described herein with respect to such Award.

3. *Restrictions*. Subject to any exceptions set forth in this Agreement or the Plan, during the Restricted Period (as defined herein), neither the Award nor the rights relating thereto, may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Award or the rights relating thereto during the Restricted Period shall be wholly ineffective and, if any such attempt is made, the Award will be forfeited by the Participant and all of the Participant's rights to such Award shall immediately terminate without any payment or consideration by the Company.

4. *Forfeiture Risk*. If the Participant's Employment ceases for any reason, except as specifically provided in Paragraph 7 below, any then-outstanding and unvested Award shall be automatically and immediately forfeited. The Participant hereby (i) appoints the Company as the attorney-in-fact of the Participant to take such actions as may be necessary or appropriate to effectuate a transfer of the record ownership of any such Restricted Stock that is unvested and forfeited hereunder; (ii) agrees to deliver to the Company, as a precondition to the issuance of any certificate or certificates with respect to unvested Restricted Stock hereunder, one or more stock powers, endorsed in blank, with respect to such Restricted Stock; and (iii) agrees to sign such other powers and take such other actions as the Company may reasonably request to accomplish the transfer or forfeiture of any unvested Restricted Stock that is forfeited hereunder.

5. *Retention of Certificates*. The Company shall hold any certificates representing unvested Restricted Stock. If unvested Restricted Stock is held in book entry form, the Participant agrees that the Company may give stop transfer instructions to the depository to ensure compliance with the provisions hereof. Book entry records representing unvested Restricted Stock shall be held by the Company's transfer agent, and any such records shall contain a legend substantially in the following form:

   THE TRANSFERABILITY OF THIS CERTIFICATE AND THE SHARES OF STOCK REPRESENTED HEREBY ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) OF CARTER'S, INC.'S AMENDED AND RESTATED EQUITY INCENTIVE PLAN AND A PERFORMANCE-BASED RESTRICTED STOCK AGREEMENT ENTERED INTO BETWEEN THE REGISTERED OWNER AND CARTER'S, INC. COPIES OF SUCH PLAN AND AGREEMENT ARE ON FILE IN THE OFFICES OF CARTER'S, INC.

As soon as practicable following the vesting of any Restricted Stock, the Company shall cause shares of Stock underlying such Restricted Stock, without the aforesaid legend, to be issued and delivered to the Participant. The Company may take such steps, as it deems necessary or appropriate, to record and manifest the restrictions applicable to such Restricted Stock.

6. *Performance Goals and Vesting of Award*.

a. For purposes of this Agreement, the term "Performance Period" shall mean each of the Company's [YEAR 1], [YEAR 2] and [YEAR 3]. For purposes of this Agreement, the performance criteria used to establish the Performance Goals shall be the Company's [YEAR 1], [YEAR 2] and [YEAR 3] (x) [INSERT METRIC 1] ("[METRIC 1]") and (y) [INSERT METRIC 2] ("[METRIC 2]"), in each case that is approved by the Company's Board of Directors, or a committee thereof, for presentation to the financial markets, provided that the financial impact of any business acquisition or combination the Company completed will be excluded from [METRIC 1] and [METRIC 2] for the fiscal year of the acquisition and the following fiscal year. No adjustments will be made for any other impacts (e.g., stock buybacks, tax changes, etc.).

b. Except as provided in Paragraph 7 below, the number of shares of Target Stock and Bonus Stock underlying the Award that are eligible to vest as of the Vesting Date (as defined below) will be determined by the Administrator after the end of the [YEAR 3] Performance Period ("Performance End Date"), based on the level of achievement of the Performance Goals during all three Performance Periods and the application of the Performance Formula to such Performance Goals, in accordance with this Paragraph 6. All determinations of whether the Performance Goals have been achieved, the maximum number of shares of Target Stock and Bonus Stock underlying the Award that are eligible to vest as a result of the application of the Performance Formula to the Performance Goals, and all other matters related to this Paragraph 6 shall be made by the Administrator in its sole discretion.

i. Promptly following completion of the [YEAR 3] Performance Period, the Administrator shall review and certify in writing whether, and to what extent, the Performance Goals for each of the Performance Periods have been achieved and, if so, calculate and certify in writing the number of shares of Target Stock and Bonus Stock that are eligible to vest, if any, based upon the application of the Performance Formula to the Performance Goals (such date of certification, the "Certification Date," and such shares of Stock, if any, the "Earned Stock").

c. Except as otherwise noted herein, the maximum number of shares of Restricted Stock (and underlying shares of stock), if any, as certified by the Administrator in accordance with Paragraph 6.b. of this Agreement, shall vest (and the restrictions set forth in this Agreement with respect to such Restricted Stock shall be lifted) on the Certification Date (the "Vesting Date").

d. Target Stock. The number of shares of Target Stock eligible to vest, if any, shall be determined based on achievement of the following Performance Goals. [ ] percent ([ ]%) of the Target Stock will vest based on [METRIC 1] (such Target Stock, the "[METRIC 1] Target Stock"), and [ ] percent ([ ]%) of the Target Stock will vest based on [METRIC 2] (such Target Stock, the "[METRIC 2] Target Stock"), in each case as set forth in the tables below.

i. One third (1/3) of the shares of [METRIC 1] Target Stock are eligible to vest based on actual [METRIC 1] for [YEAR 1], one third (1/3) of the [METRIC 1] Target Stock are eligible to vest based on actual [METRIC 1] for [YEAR 2], and one third (1/3) of the [METRIC 1] Target Stock are eligible to vest based on actual [METRIC 1] for [YEAR 3]. One third (1/3) of the shares of [METRIC 2] Target Stock are eligible to vest based on actual [METRIC 2] for [YEAR 1], one third (1/3) of the [METRIC 2] Target Stock are eligible to vest based on actual [METRIC 2] for [YEAR 2], and one third (1/3) of the [METRIC 2] Target Stock are eligible to vest based on actual [METRIC 2] for [YEAR 3]. Shares of Target Stock that do not vest for a particular Fiscal Year based on the Company's actual performance for that Fiscal Year are forfeited and not eligible to vest in a subsequent year.

ii. If [METRIC 1] is below the applicable [METRIC 1] Threshold set forth below, then zero percent (0%) of the [METRIC 1] Target Stock will vest, and if [METRIC 2] is below the applicable [METRIC 2] Target Stock Threshold, then zero percent (0%) of the [METRIC 2] Target Stock will vest. If [METRIC 1] is at or above the applicable [METRIC 1] Target set forth below, then one hundred percent (100%) of the [METRIC 1] Target Stock will vest, and if [METRIC 2] is at or above the applicable [METRIC 2] Target Stock Target, then one hundred percent (100%) of the [METRIC 2] Target Stock will vest. If either [METRIC 1] and/or [METRIC 2] is between the various thresholds set forth in the table below, a pro-rata percentage of [METRIC 1] Target Stock and/or [METRIC 2] Target Stock relative to the applicable percentages will vest, as applicable. For the avoidance of doubt, [METRIC 1] Target Stock and [METRIC 2] Target Stock may vest at different percentages, and in no event shall the aggregate amount of [METRIC 1] Target Stock and [METRIC 2] Target Stock that vests exceed the aggregate amount of Target Stock.

[YEAR 1] – Target Stock				
	[METRIC 1] (*in millions*)	**[METRIC 2]**	**Percentage of [METRIC 1] Target Stock Earned**	**Percentage of [METRIC 2] Target Stock Earned**
Threshold	$[ ]	$[ ]	[ ]%	[ ]%
Target	$[ ]	$[ ]	100%	100%

[YEAR 2] – Target Stock				
	[METRIC 1] *Actual [YEAR 1] +% below*[1]	**[METRIC 2]** *Actual [YEAR 1] +% below*[1]	**Percentage of [METRIC 1] Target Stock Earned**	**Percentage of [METRIC 2] Target Stock Earned**
Threshold	+[ ]%	+[ ]%	[ ]%	[ ]%
Target	+[ ]%	+[ ]%	100%	100%

[YEAR 3] – Target Stock

[1] The [METRIC 1] and [METRIC 2] Performance Goal metrics for [YEAR 2] are based on a percentage increase from actual performance for [YEAR 1], and for [YEAR 3] are based on a percentage increase from actual performance for [YEAR 2]. For example, if actual [METRIC 1] for [YEAR 2] represented a [ ]% increase from actual [METRIC 1] for [YEAR 1], the percentage of [METRIC 1] Target Stock eligible to vest for [YEAR 2] would be [ ]%.

	[METRIC 1] *Actual [YEAR 2] +% below*[1]	[METRIC 2] *Actual [YEAR 2] +% below*[1]	**Percentage of [METRIC 1] Target Stock Earned**	**Percentage of [METRIC 2] Target Stock Earned**
Threshold	+[ ]%	+[ ]%	[ ]%	[ ]%
Target	+[ ]%	+[ ]%	100%	100%

e. Bonus Stock. The number of shares of Bonus Stock eligible to be issued and vest, if any, shall be determined based on achievement of the following Performance Goals. Fifty percent (50%) of the Bonus Stock will vest based on [METRIC 1] (such Bonus Stock, the "[METRIC 1] Bonus Stock"), and the remaining fifty percent (50%) of the Bonus Stock will vest based on [METRIC 2] (such Bonus Stock, the "[METRIC 2] Bonus Stock"), in each case as set forth in the tables below.

i. One third (1/3) of the shares of [METRIC 1] Bonus Stock are eligible to vest based on actual [METRIC 1] for [YEAR 1], one third (1/3) of the [METRIC 1] Bonus Stock are eligible to vest based on actual [METRIC 1] for [YEAR 2], and one third (1/3) of the [METRIC 1] Bonus Stock are eligible to vest based on actual [METRIC 1] for [YEAR 3]. One third (1/3) of the shares of [METRIC 2] Bonus Stock are eligible to vest based on actual [METRIC 2] for [YEAR 1], one third (1/3) of the [METRIC 2] Bonus Stock are eligible to vest based on actual [METRIC 2] for [YEAR 2], and one third (1/3) of the [METRIC 2] Bonus Stock are eligible to vest based on actual [METRIC 2] for [YEAR 3]. Shares of Bonus Stock that do not vest for a particular Fiscal Year based on the Company's actual performance for that Fiscal Year are forfeited and not eligible to vest in a subsequent year.

ii. If [METRIC 1] is equal to or below the applicable Bonus Stock Threshold, then zero percent (0%) of the [METRIC 1] Bonus Stock will vest, and if [METRIC 2] is equal to or below the applicable [METRIC 2] Bonus Stock Threshold, then zero percent (0%) of the [METRIC 2] Bonus Stock will vest. If [METRIC 1] is at or above the applicable Bonus Stock Maximum, then one hundred percent (100%) of the [METRIC 1] Bonus Stock will vest, and if [METRIC 2] is at or above the applicable Bonus Stock Maximum, then one hundred percent (100%) of the [METRIC 2] Bonus Stock will vest. If either [METRIC 1] and/or [METRIC 2] is between the various thresholds set forth in the tables below, a pro-rata percentage of [METRIC 1] Bonus Stock and/or [METRIC 2] Bonus Stock relative to the applicable percentages will vest, as applicable. For the avoidance of doubt, [METRIC 1] Bonus Stock and [METRIC 2] Bonus Stock may vest at different percentages, and in no event shall the aggregate amount of [METRIC 1] Bonus Stock and [METRIC 2] Bonus S5tock that vests exceed the aggregate amount of Bonus Stock.

[YEAR 1] – Bonus Stock				
	[METRIC 1] (*in millions*)	**[METRIC 2]**	**Percentage of [METRIC 1] Bonus Stock Earned**	**Percentage of [METRIC 2] Bonus Stock Earned**
Bonus Stock Threshold	$[ ]	$[ ]	0%	0%
Bonus Stock Maximum	$[ ]	$[ ]	100%	100%

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[YEAR 2] – Bonus Stock				
	[METRIC 1] *Actual [YEAR 1] +% below*	**[METRIC 2]** *Actual [YEAR 1] +% below*	**Percentage of [METRIC 1] Bonus Stock Earned**	**Percentage of [METRIC 2] Bonus Stock Earned**
Bonus Stock Threshold	+[ ]%	+[ ]%	0%	0%
Bonus Stock Maximum	+6.0%	+6.0%	100%	100%

[YEAR 3] – Bonus Stock				
	[METRIC 1] *Actual [YEAR 2] +% below*	**[METRIC 2]** *Actual [YEAR 2] +% below*	**Percentage of [METRIC 1] Bonus Stock Earned**	**Percentage of [METRIC 2] Bonus Stock Earned**
Bonus Stock Threshold	+[ ]%	+[ ]%	0%	0%
Bonus Stock Maximum	+[ ]%	+[ ]%	100%	100%

f. Settlement of Award. The Company shall, as soon as administratively practicable after the Vesting Date (but in no event later than March 11, [YEAR FOLLOWING YEAR 3]) issue and effect delivery of the shares of Bonus Stock with respect to such vested portion to the Participant in accordance with Paragraph 6.c of this Agreement. No shares of the Bonus Stock will be issued to Participant pursuant to this award unless and until all legal requirements applicable to the issuance or transfer of such Bonus Stock have been complied with to the satisfaction of the Administrator. The Participant understands that any issuance of Stock upon vesting and settlement of the Award or any portion thereof by the Participant will be subject to the satisfaction of (i) any applicable tax withholding requirements with respect to the vesting or transfer of such Restricted Stock; (ii) any requirements that the Company may reasonably impose; and (iii) applicable requirements of federal and state securities laws.

g. Covered Transactions. Notwithstanding the foregoing, (i) if a Covered Transaction occurs on or after the Grant Date and before or on the Certification Date, then one hundred percent (100%) of the Target Stock shall vest on such date of the Covered Transaction and (ii) if a Covered Transaction occurs after the Certification Date and before or on the Vesting Date, then the Earned Stock shall vest on such date of the Covered Transaction. For the avoidance of doubt, no Bonus Stock shall vest in the event of a Covered Transaction that occurs on or after the Grant Date and before or on the Certification Date. Settlement shall be made as soon as practicable following the occurrence or consummation (as applicable) of the Covered Transaction but in no event later than the 60th day following such event.

h. Restricted Period. The period from the Grant Date until the Vesting Date is referred to as the "Restricted Period" for purposes of this Agreement.

7. *Death, Disability, or Retirement; Covered Transaction*.

a. Death. If (i) the Participant dies on or after the Grant Date and before or on the Certification Date, then one hundred percent (100%) of the Target Stock shall vest automatically on the date of the Participant's death and (ii) if the Participant dies after the Certification Date and before or on the Vesting Date, then the Earned Stock shall vest automatically upon Participant's death, provided that such Stock would have otherwise vested in accordance with this Agreement with the passage of time and the Participant's continued service as an Employee. For the avoidance of doubt, no Bonus Stock shall vest if the Participant dies on or after the Grant Date and before or on the Certification Date.

b. Disability. If the Participant becomes disabled due to injury or illness and is unable to serve as an Employee for a period of time not exceeding six (6) months and returns to serve as an Employee after such disability, the vesting of the Stock will not be affected by such disability. If the Participant becomes disabled due to injury or illness and the Company, in its sole discretion, determines the Participant is unable to serve as

Employee for a period of time reasonably expected to exceed six (6) months (such determination date, a "Disability Date"), then if, (i) the Disability Date is on or after the Grant Date and before or on the Certification Date, then one hundred percent (100%) of the Target Stock shall vest automatically and (ii) the Disability Date is after the Certification Date and before or on the Vesting Date, then the Earned Stock shall vest automatically, in each case on the Disability Date. For the avoidance of doubt, no Bonus Stock shall vest in the event of a Disability Date that occurs on or after the Grant Date and before or on the Certification Date.

c. Retirement. If the Participant's Employment terminates due to Retirement during the Restricted Period (such date, the "Retirement Date"), then if:

i. the Retirement Date is on or after the Grant Date and before or on the Performance End Date, then the amount of Earned Stock that is earned, if any, shall be equal to the product of (x) the number of Earned Stock, if any, as certified by the Administrator in accordance with Paragraph 6.b. of this Agreement, multiplied by (y) the quotient of (I) the total number of calendar days between the Grant Date and the Retirement Date (inclusive), divided by (II) the total number of calendar days between the Grant Date and the Performance End Date; and any such Earned Stock shall vest on the Certification Date; and

ii. the Retirement Date is after the Performance Date and before or on the Vesting Date, then the Earned Stock shall vest automatically on the Retirement Date.

For the purposes of this Agreement, "Retirement" means a termination of employment by the Participant on or after the date on which the Participant has attained age 60 and completed at least five years of service with the Company or any of its Affiliates, but only to the extent that circumstances constituting Cause do not exist.

d. Covered Transaction. In the event a Covered Transaction is consummated, the Restricted Stock shall vest as provided in Paragraph 6(g).

8. *Dividend Equivalents, Voting, etc*. The Participant shall be entitled, as to (a) if on or after the Grant Date and before or on the Certification Date, one hundred percent (100%) of the total number of shares of Target Stock and (b) if after the Certification Date and before or on the Vesting Date, any Earned Stock, in each case to (i) receive a cash payment equal to the amount of any and all cash dividends or other cash distributions paid with respect to one share of Stock times the number of shares of Target Stock or Earned Stock, as the case may be and (ii)

vote any Stock of which Participant is the record owner on the record date for such vote; *provided, however*, that any property (other than cash) distributed with respect to any such share of Target Stock or Earned Stock (the "Associated Share"), including without limitation a distribution of Stock by reason of a stock dividend, stock split or otherwise, or a distribution of other securities with respect to an Associated Share, shall be subject to the restrictions of this Agreement in the same manner and for so long as the Associated Share remains subject to such restrictions, and shall be promptly forfeited if and when the Associated Share is so forfeited; *and provided, further*, that the Administrator may require that any cash distribution with respect to the Target Stock or Earned Stock (as the case may be) other than a normal cash dividend be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan. References in this Agreement to the Target Stock or Earned Stock (as the case may be) shall refer in the same way to any such restricted amounts. For the avoidance of doubt, Bonus Stock is not issued and outstanding as of the Grant Date, does not have the right to vote or to receive dividends or other distributions that may be made with respect to shares of Common Stock of the Company, and may vest and be issued as and to the extent set forth in Paragraph 6.

9. *Certain Tax Matters*. The Participant expressly acknowledges that the Participant has been advised to confer promptly with a professional tax advisor to consider whether the Participant should make a so-called "83(b) election" with respect to the Restricted Stock. Any such election, to be effective, must be made in accordance with applicable regulations (including, without limitation, the requirement to provide a copy of such election to the Company in advance of filing such election under the Internal Revenue Code) and within thirty (30) days following the date of this award. The Company has made no recommendation to the Participant with respect to the advisability of making such an election. In addition, the award or vesting of the Restricted Stock acquired hereunder, and the payment of dividends with respect to such Restricted Stock, may give rise to "wages" subject to withholding. The undersigned expressly acknowledges and agrees that his/her rights hereunder are subject to his/her promptly paying to the Company in cash (or by such other means as may be acceptable to the Administrator in its discretion, including, if the Administrator so determines, by the delivery of previously acquired Stock or Restricted Stock acquired hereunder or by the withholding of amounts from any payment hereunder) all taxes required to be withheld in connection with such award, vesting or payment. Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and the Company (i) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant or vesting of the Restricted Stock or the subsequent sale of any shares; and (ii) does not commit to structure the Restricted Stock to reduce or eliminate the Participant's liability for Tax-Related Items.

10. *Clawback*. The Participant acknowledges and agrees that the Restricted Stock is subject to Section 10 of the Plan and the Clawback Policy, and by accepting this award, the Participant is agreeing to be bound by the Clawback Policy.

11. *Plan Document*. By signing below, the Participant acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions thereof and hereof, and accepts the Award subject to all of the terms and conditions of the Plan and this Agreement. The Participant acknowledges that there may be adverse tax consequences upon the grant or vesting of the Award or disposition of the underlying shares and that the Participant has been advised to consult his or her tax advisor prior to such grant, vesting, or disposition.

12. *Governing Law*. This Agreement and all claims or disputes arising out of or based upon this Agreement or relating to the subject matter hereof will be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

13. *Interpretation*. Any dispute regarding the interpretation of this Agreement shall be submitted by the Participant or the Company to the Administrator for review. The resolution of such dispute by the Administrator shall be final and binding on the Participant and the Company.

14. *Award Subject to Plan*. This Agreement is subject to the Plan as approved by the Company's shareholders. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

15. *Successors and Assigns*. The Company may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom the Award may be transferred by will or the laws of descent or distribution.

16. *Severability*. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

17. *Discretionary Nature of Plan*. The Plan is discretionary and may be amended, cancelled, or terminated by the Company at any time, in its discretion. The grant

of the Award in this Agreement does not create any contractual right or other right to receive any Award or other awards in the future. Future awards, if any, will be at the sole discretion of the Company. Any amendment, modification, or termination of the Plan shall not constitute a change or impairment of the terms and conditions of the Participant's Employment with the Company.

18. *Amendment*. The Administrator has the right to amend, alter, suspend, discontinue, or cancel the Restricted Stock, prospectively or retroactively; provided, that, no such amendment shall adversely affect the Participant's material rights under this Agreement without the Participant's consent.

19. *Counterparts*. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

IN WITNESS WHEREOF, the parties to this Agreement have duly authorized this Agreement to be effective as of the date first written above.

Exhibit 31.1

CERTIFICATION

I, Michael D. Casey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carter’s, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 26, 2024

/s/ MICHAEL D. CASEY

Michael D. Casey
Chairman, Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION

I, Richard F. Westenberger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carter’s, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 26, 2024

/s/ RICHARD F. WESTENBERGER

Richard F. Westenberger
Senior Executive Vice President,
Chief Financial Officer and Chief Operating Officer

Exhibit 32

CERTIFICATION

Each of the undersigned in the capacity indicated hereby certifies that, to his knowledge, this Report on Form 10-Q for the fiscal quarter ended March 30, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of Carter’s, Inc.

April 26, 2024	/s/ MICHAEL D. CASEY
	Michael D. Casey *Chairman, Chief Executive Officer and President*
April 26, 2024	/s/ RICHARD F. WESTENBERGER
	Richard F. Westenberger *Senior Executive Vice President,* *Chief Financial Officer and Chief Operating Officer*

The foregoing certifications are being furnished solely pursuant to 18 U.S.C. § 1350 and are not being filed as part of the Report on Form 10-Q or as a separate disclosure document.