

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 27, 2011

Carter's, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation)*

001-31829
(Commission File Number)

13-3912933
*(I.R.S. Employer
Identification No.)*

**The Proscenium,
1170 Peachtree Street NE, Suite 900
Atlanta, Georgia 30309**
(Address of principal executive offices, including zip code)

(404) 745-2700
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



Item 2.02. Results of Operations and Financial Condition.

On October 27, 2011, Carter's, Inc. issued a press release announcing its financial results for its third quarter ended October 1, 2011. A copy of that press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report on Form 8-K shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits.

Exhibits – The following exhibit is furnished as part of this Current Report on Form 8-K.

Exhibit Number	Description
99.1	Press Release of Carter's, Inc., dated October 27, 2011

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, Carter's, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

October 27, 2011

CARTER'S, INC.

By: /s/ BRENDAN M. GIBBONS
Name: Brendan M. Gibbons
Title: *Senior Vice President of Legal & Corporate Affairs, General Counsel,
and Secretary*



Contact:
Sean McHugh
Vice President
Investor Relations &
Treasury
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CARTER'S, INC. REPORTS THIRD QUARTER 2011 RESULTS

§ **NET SALES \$640 MILLION, UP 23%**
§ **EARNINGS PER SHARE \$0.58, DOWN 30%**
§ **ADJUSTED EPS \$0.67, DOWN 19%**

Atlanta, Georgia, October 27, 2011 / Business Wire -- Carter's, Inc. (NYSE:CRI), the largest branded marketer in the United States of apparel exclusively for babies and young children, today reported its third quarter 2011 results.

"We are very pleased with our third quarter performance. The success of our growth strategies has resulted in strong revenue growth and market share gains this year," said Michael D. Casey, Chairman and Chief Executive Officer. "As expected, profitability this year has been affected by the abnormal spike in cotton prices. We are encouraged by the improved outlook on product costs and the continued support of our brands from consumers in all channels of distribution."

Third Quarter of Fiscal 2011 compared to Third Quarter of Fiscal 2010

Consolidated net sales increased \$121.7 million, or 23.5%, to \$639.6 million. Net domestic sales of the Company's *Carter's* brands increased \$70.5 million, or 17.5%, to \$473.3 million. Net domestic sales of the Company's *OshKosh B'gosh* brand increased \$3.2 million, or 3.1%, to \$106.9 million. Net international sales, which are comprised of sales of *Carter's* and *OshKosh B'gosh* branded products to wholesale customers outside the United States and Canadian retail store sales, increased \$48.0 million to \$59.4 million.

The Company's pre-tax income in the third quarter of fiscal 2011 includes expenses related to the acquisition of Bonnie Togs, a Canadian children's apparel retailer, of approximately \$7.0 million, including \$5.9 million of purchase accounting adjustments recorded in cost of goods sold.

Operating income in the third quarter of fiscal 2011 was \$56.8 million, a decrease of \$23.1 million, or 28.9%, from \$79.9 million in the third quarter of fiscal 2010. Excluding the effect of the acquisition-related expenses described above, adjusted operating income in the third quarter of fiscal 2011 was \$63.8 million, a decrease of \$16.1 million, or 20.1%, from the third quarter of fiscal 2010. The decrease primarily reflects the net effect of higher product costs.

Net income decreased \$15.2 million, or 30.6%, to \$34.4 million, or \$0.58 per diluted share, compared to \$49.7 million, or \$0.83 per diluted share, in the third quarter of fiscal 2010. Excluding the effect of the acquisition-related expenses described above, adjusted net income in the third quarter of fiscal 2011 decreased \$9.9 million, or 19.9%, to \$39.7 million, or \$0.67 per adjusted diluted share.

A reconciliation of income as reported under accounting principles generally accepted in the United States of America ("GAAP") to adjusted income is provided at the end of this release.

Business Segment Results

In light of the acquisition of Bonnie Togs, the Company has realigned certain of its reportable segments. Effective in the third quarter of fiscal year 2011, the *Carter's* and *OshKosh* wholesale segments now reflect domestic business activities formerly reported in these brands' wholesale and mass channel segments. In addition, the Company added a new international segment, which includes its Canadian retail business, international wholesale sales, and international royalty income. Prior-year amounts have been recast to conform to the current year presentation.

Carter's Segments

Carter's retail segment sales increased \$33.7 million, or 22.3%, to \$184.5 million, driven by incremental sales of \$15.9 million generated by new store openings, \$10.9 million generated by eCommerce sales, and a comparable store sales increase of \$7.9 million, or 5.5%. In the third quarter of fiscal 2011, the Company opened 23 *Carter's* retail stores. As of the end of the third quarter, the Company operated 351 *Carter's* retail stores.

Carter's wholesale segment sales increased \$36.8 million, or 14.6%, to \$288.8 million driven by strong demand.

OshKosh B'gosh Segments

OshKosh retail segment sales increased \$2.5 million, or 3.2%, to \$80.5 million, driven by incremental sales of \$2.5 million generated by new store openings, \$3.3 million generated by eCommerce sales, partially offset by a comparable store sales decrease of \$1.7 million, or 2.3%, and store closures of \$1.6 million. In the third quarter of fiscal 2011, the Company opened one and closed two *OshKosh* retail stores. As of the end of the third quarter, the Company operated 176 *OshKosh* retail stores.

OshKosh wholesale segment sales increased \$0.7 million, or 2.6%, to \$26.5 million.

International Segment

International segment sales increased \$48.0 million to \$59.4 million, reflecting the acquisition of the Canadian retailer Bonnie Togs in the current year and higher wholesale sales. In the third quarter of fiscal 2011, the Company opened five stores in Canada. As of the end of the third quarter, the Company operated 64 retail stores in Canada.

First Nine Months of Fiscal 2011 compared to First Nine Months of Fiscal 2010

Consolidated net sales increased \$249.1 million, or 19.9%, to \$1.5 billion. Net domestic sales of the Company's *Carter's* brands increased \$182.1 million, or 18.5%, to \$1.2 billion. Net domestic sales of the Company's *OshKosh B'gosh* brand increased \$11.8 million, or 4.9%, to \$252.8 million. Net international sales increased \$55.1 million to \$82.0 million.

The Company's pre-tax income in the first nine months of fiscal 2011 includes Bonnie Togs acquisition related charges of approximately \$9.2 million, which includes \$5.9 million of purchase accounting adjustments recorded in cost of goods sold.

Operating income in the first nine months of fiscal 2011 was \$132.4 million, a decrease of \$52.0 million, or 28.2%, from \$184.5 million in the first nine months of fiscal 2010. Excluding the effect of the acquisition-related expenses described above, adjusted operating income in the first nine months of fiscal 2011 was \$141.6 million, a decrease of \$42.8 million, or 23.2%, from the first nine months of fiscal 2010. The decrease primarily reflects the net effect of higher product costs.

Net income decreased \$32.3 million, or 29.0%, to \$79.2 million, or \$1.35 per diluted share, compared to \$111.6 million, or \$1.86 per diluted share, in the first nine months of fiscal 2010. Excluding the effect of the acquisition-related expenses described above, adjusted net income in the first nine months of fiscal 2011 decreased \$25.6 million, or 23.0%, to \$85.9 million, or \$1.46 per adjusted diluted share from the first nine months of fiscal 2010.

A reconciliation of income as reported under GAAP to income adjusted for expenses related to the Company's acquisition of the Bonnie Togs business is provided at the end of this release.

Cash flow used in operations in the first nine months of fiscal 2011 was \$85.8 million compared to cash flow from operations of \$5.2 million in the first nine months of fiscal 2010. The decline was primarily due to net changes in working capital and decreased earnings.

Carter's Segments

Carter's retail segment sales increased \$82.7 million, or 21.6%, to \$465.3 million, driven by incremental sales of \$37.7 million generated by new store openings, \$27.8 million generated by eCommerce sales, and a comparable store sales increase of \$18.1 million, or 4.9%. In the first nine months of fiscal 2011, the Company opened 47 *Carter's* retail stores and closed two stores.

Carter's wholesale segment sales increased \$99.4 million, or 16.5%, to \$703.0 million principally due to strong demand.

OshKosh B'gosh Segments

OshKosh retail segment sales increased \$6.5 million, or 3.5%, to \$191.6 million, driven by incremental sales of \$8.2 million generated by eCommerce sales, \$7.3 million generated by new store openings, partially offset by a comparable store sales decrease of \$5.8 million, or 3.3%, and store closures of \$3.2 million. In the first nine months of fiscal 2011, the Company opened three *OshKosh* retail stores and closed seven stores.

OshKosh wholesale segment sales increased \$5.3 million, or 9.5%, to \$61.2 million.

International Segment

International segment sales increased \$55.1 million to \$82.0 million, reflecting the acquisition of Bonnie Togs in the current year and higher wholesale sales.

Outlook

The Company projects net sales for the fourth quarter of fiscal 2011 will increase approximately 15% to 17% (inclusive of the contribution from the Bonnie Togs acquisition) over the fourth quarter of fiscal 2010. The Company also expects adjusted diluted earnings per share, excluding the impact of purchase accounting charges related to the Bonnie Togs acquisition and other acquisition related or other non-recurring items, to be approximately \$0.40 to \$0.45 compared to \$0.60 in the fourth quarter of fiscal 2010.

For fiscal 2011, the Company expects net sales to increase approximately 19%, with adjusted diluted earnings per share to be approximately \$1.88 to \$1.93 compared to \$2.46 in fiscal 2010.

The Company anticipates that product costs for its domestic Spring 2012 merchandise assortments will increase approximately 15% compared to its Spring 2011 assortments, due to continued elevated cotton, labor, and other product-related costs. Although product costs for the Company's domestic Fall 2012 merchandise assortment are still being negotiated, the Company expects domestic Fall 2012 costs to decline compared to Fall 2011 costs.

Conference Call

The Company will hold a conference call with investors to discuss third quarter results on October 27, 2011 at 8:30 a.m. Eastern Time. To participate in the call, please dial 913-312-0708. To listen to a live broadcast of the call on the internet, please log on to www.carters.com and select the “Q3 2011 Earnings Conference Call” link under the “Investor Relations” tab. Presentation materials for the call can be accessed on the Company’s website at www.carters.com by selecting the “Conference Calls & Webcasts” link under the “Investor Relations” tab. A replay of the call will be available shortly after the broadcast through November 5, 2011, at 719-457-0820, passcode 3242025. The replay will be archived on the Company’s website at the same location.

For more information on Carter’s, Inc., please visit www.carters.com.

Cautionary Language

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 relating to the Company's future performance, including, without limitation, statements with respect to the Company's anticipated financial results for the fourth quarter of fiscal 2011 and fiscal 2011, or any other future period, assessment of the Company's performance and financial position, and drivers of the Company's sales and earnings growth. Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. Factors that could cause actual results to materially differ include: the acceptance of the Company's products in the marketplace; changes in consumer preference and fashion trends; seasonal fluctuations in the children's apparel business; negative publicity; the breach of the Company's consumer databases; increased production costs; deflationary pricing pressures and customer acceptance of higher selling prices; a continued decrease in the overall level of consumer spending; the Company's dependence on its foreign supply sources; failure of its foreign supply sources to meet the Company's quality standards or regulatory requirements; the impact of governmental regulations and environmental risks applicable to the Company's business; the loss of a product sourcing agent; increased competition in the baby and young children's apparel market; the ability of the Company to identify new retail store locations, and negotiate appropriate lease terms for the retail stores; the ability of the Company to adequately forecast demand, which could create significant levels of excess inventory; failure to successfully integrate Bonnie Togs into our existing business and realize growth opportunities and other benefits from the acquisition; failure to achieve sales growth plans, cost savings, and other assumptions that support the carrying value of the Company's intangible assets; and the ability to attract and retain key individuals within the organization. Many of these risks are further described in the most recently filed Quarterly Report on Form 10-Q and other reports filed with the Securities and Exchange Commission under the headings "Risk Factors" and "Forward-Looking Statements." The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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

	For the three-month periods ended		For the nine-month periods ended	
	October 1, 2011	October 2, 2010	October 1, 2011	October 2, 2010
Net sales	\$ 639,617	\$ 517,928	\$ 1,503,105	\$ 1,253,986
Cost of goods sold	447,744	325,125	1,018,688	764,122
Gross profit	191,873	192,803	484,417	489,864
Selling, general, and administrative expenses	145,602	123,321	380,088	333,084
Royalty income	(10,494)	(10,396)	(28,092)	(27,690)
Operating income	56,765	79,878	132,421	184,470
Interest expense, net	1,699	1,568	5,305	6,674
Foreign currency gain	(88)	--	(319)	--
Income before income taxes	55,154	78,310	127,435	177,796
Provision for income taxes	20,705	28,653	48,204	66,218
Net income	<u>\$ 34,449</u>	<u>\$ 49,657</u>	<u>\$ 79,231</u>	<u>\$ 111,578</u>
Basic net income per common share	\$ 0.59	\$ 0.84	\$ 1.37	\$ 1.89
Diluted net income per common share	\$ 0.58	\$ 0.83	\$ 1.35	\$ 1.86

CARTER'S, INC.
BUSINESS SEGMENT RESULTS
(unaudited)

	For the three-month periods ended				For the nine-month periods ended			
	October 1, 2011	% of Total	October 2, 2010	% of Total	October 1, 2011	% of Total	October 2, 2010	% of Total
(dollars in thousands)								
Net sales:								
Carter's Wholesale	\$ 288,775	45.1%	\$ 251,943	48.7%	\$ 703,028	46.7%	\$ 603,599	48.1%
Carter's Retail (a)	184,498	28.9%	150,838	29.1%	465,281	31.0%	382,570	30.5%
Total Carter's	<u>473,273</u>	<u>74.0%</u>	<u>402,781</u>	<u>77.8%</u>	<u>1,168,309</u>	<u>77.7%</u>	<u>986,169</u>	<u>78.6%</u>
OshKosh Retail (a)	80,472	12.6%	77,946	15.0%	191,578	12.7%	185,050	14.8%
OshKosh Wholesale	26,472	4.1%	25,810	5.0%	61,248	4.1%	55,935	4.5%
Total OshKosh	<u>106,944</u>	<u>16.7%</u>	<u>103,756</u>	<u>20.0%</u>	<u>252,826</u>	<u>16.8%</u>	<u>240,985</u>	<u>19.3%</u>
International (b)	59,400	9.3%	11,391	2.2%	81,970	5.5%	26,832	2.1%
Total net sales	<u>\$ 639,617</u>	<u>100.0%</u>	<u>\$ 517,928</u>	<u>100.0%</u>	<u>\$ 1,503,105</u>	<u>100.0%</u>	<u>\$ 1,253,986</u>	<u>100.0%</u>
Operating income (loss):								
		% of segment net sales		% of segment net sales		% of segment net sales		% of segment net sales
Carter's Wholesale	\$ 33,023	11.4%	\$ 44,496	17.7%	\$ 90,603	12.9%	\$ 122,407	20.3%
Carter's Retail (a)	25,698	13.9%	31,579	20.9%	72,897	15.7%	76,405	20.0%
Total Carter's	<u>58,721</u>	<u>12.4%</u>	<u>76,075</u>	<u>18.9%</u>	<u>163,500</u>	<u>14.0%</u>	<u>198,812</u>	<u>20.2%</u>
OshKosh Retail (a)	2,154	2.7%	9,420	12.1%	(10,079)	(5.3%)	10,474	5.7%
OshKosh Wholesale	362	1.4%	3,855	14.9%	(260)	(0.4%)	4,476	8.0%
Total OshKosh	<u>2,516</u>	<u>2.4%</u>	<u>13,275</u>	<u>12.8%</u>	<u>(10,339)</u>	<u>(4.1%)</u>	<u>14,950</u>	<u>6.2%</u>
International (b)	<u>7,919</u> (c)	<u>13.3%</u>	<u>5,567</u>	<u>48.9%</u>	<u>16,500</u> (c)	<u>20.1%</u>	<u>12,794</u>	<u>47.7%</u>
Segment operating income	69,156	10.8%	94,917	18.3%	169,661	11.3%	226,556	18.1%
Corporate expenses (d)	<u>(12,391)</u> (e)	<u>(1.9%)</u>	<u>(15,039)</u>	<u>(2.9%)</u>	<u>(37,240)</u> (e)	<u>(2.5%)</u>	<u>(42,086)</u>	<u>(3.4%)</u>
Total operating income	<u>\$ 56,765</u>	<u>8.9%</u>	<u>\$ 79,878</u>	<u>15.4%</u>	<u>\$ 132,421</u>	<u>8.8%</u>	<u>\$ 184,470</u>	<u>14.7%</u>

(a) Includes eCommerce results.

(b) Includes international retail and wholesale sales, and international licensing income.

(c) Includes \$5.9 million of expense related to the amortization of the fair value step-up for Bonnie Togs inventory acquired and a \$1.0 million charge associated with the revaluation of the Company's contingent consideration.

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

(e) Includes \$0.1 million and \$2.3 million of professional service fees associated with the acquisition of Bonnie Togs for the three and nine-month periods ended October 1, 2011, respectively.

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

	<u>October 1, 2011</u>	<u>January 1, 2011</u>	<u>October 2, 2010</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 81,634	\$ 247,382	\$ 182,329
Accounts receivable, net	214,558	121,453	171,501
Finished goods inventories, net	385,960	298,509	263,782
Prepaid expenses and other current assets	16,412	17,372	12,369
Deferred income taxes	24,384	31,547	25,701
Total current assets	722,948	716,263	655,682
Property, plant, and equipment, net	111,830	94,968	92,558
Trade names	306,234	305,733	305,733
Goodwill	186,536	136,570	136,570
Deferred debt issuance costs, net	2,801	3,332	1,237
Other intangible assets, net	268	--	--
Other assets	499	316	305
Total assets	\$ 1,331,116	\$ 1,257,182	\$ 1,192,085
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current maturities of long-term debt	\$ --	\$ --	\$ 2,450
Accounts payable	83,491	116,481	94,440
Other current liabilities	42,426	66,891	62,502
Total current liabilities	125,917	183,372	159,392
Long-term debt	236,000	236,000	229,709
Deferred income taxes	115,982	113,817	109,855
Other long-term liabilities	81,600	44,057	45,626
Total liabilities	559,499	577,246	544,582
Commitments and contingencies			
Stockholders' equity:			
Preferred stock; par value \$.01 per share; 100,000 shares authorized; none issued or outstanding at October 1, 2011, January 1, 2011, and October 2, 2010	--	--	--
Common stock, voting; par value \$.01 per share; 150,000,000 shares authorized, 58,529,586, 57,493,567, and 57,696,317 shares issued and outstanding at October 1, 2011, January 1, 2011, and October 2, 2010, respectively	585	575	577
Additional paid-in capital	228,061	210,600	214,547
Accumulated other comprehensive loss	(6,911)	(1,890)	(3,378)
Retained earnings	549,882	470,651	435,757
Total stockholders' equity	771,617	679,936	647,503
Total liabilities and stockholders' equity	\$ 1,331,116	\$ 1,257,182	\$ 1,192,085

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

	For the nine-month periods ended	
	October 1, 2011	October 2, 2010
Cash flows from operating activities:		
Net income	\$ 79,231	\$ 111,578
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	23,522	22,730
Amortization of Bonnie Togs inventory step-up	5,944	--
Non-cash revaluation of contingent consideration	1,020	--
Amortization of Bonnie Togs tradename and non-compete agreements	96	--
Amortization of debt issuance costs	531	1,232
Non-cash stock-based compensation expense	7,161	5,397
Income tax benefit from stock-based compensation	(6,292)	(8,973)
Loss (gain) on disposal/sale of property, plant, and equipment	149	(3)
Deferred income taxes	8,021	6,974
Effect of changes in operating assets and liabilities:		
Accounts receivable	(90,263)	(89,407)
Inventories	(59,355)	(49,782)
Prepaid expenses and other assets	1,019	(1,255)
Accounts payable and other liabilities	(56,572)	6,710
	(85,788)	5,201
Cash flows from investing activities:		
Capital expenditures	(29,157)	(29,483)
Acquisition of Bonnie Togs	(61,199)	--
Proceeds from sale of property, plant, and equipment	10	286
	(90,346)	(29,197)
Cash flows from financing activities:		
Payments on term loan	--	(102,364)
Repurchases of common stock	--	(44,090)
Income tax benefit from stock-based compensation	6,292	8,973
Withholdings from vesting of restricted stock	(1,635)	(715)
Proceeds from exercise of stock options	5,428	9,480
	10,085	(128,716)
Effect of exchange rate changes on cash	301	--
Net decrease in cash and cash equivalents	(165,748)	(152,712)
Cash and cash equivalents, beginning of period	247,382	335,041
Cash and cash equivalents, end of period	\$ 81,634	\$ 182,329

CARTER'S, INC.
RECONCILIATION OF GAAP TO ADJUSTED RESULTS

Three-month period ended October 1, 2011

(dollars in millions, except earnings per share)	<u>Gross Margin</u>	<u>SG&A</u>	<u>Operating Income</u>	<u>Net Income</u>	<u>Diluted EPS</u>
As reported (GAAP)	\$ 191.9	\$ 145.6	\$ 56.8	\$ 34.4	\$ 0.58
Amortization of fair value step-up of inventory (a)	5.9	--	5.9	4.3	0.07
Revaluation of contingent consideration	--	(1.0)	1.0	1.0	0.02
Professional fees / other expenses (b)	--	(0.1)	0.1	--	--
As adjusted (c)	<u>\$ 197.8</u>	<u>\$ 144.5</u>	<u>\$ 63.8</u>	<u>\$ 39.7</u>	<u>\$ 0.67</u>

Nine-month period ended October 1, 2011

(dollars in millions, except earnings per share)	<u>Gross Margin</u>	<u>SG&A</u>	<u>Operating Income</u>	<u>Net Income</u>	<u>Diluted EPS</u>
As reported (GAAP)	\$ 484.4	\$ 380.1	\$ 132.4	\$ 79.2	\$ 1.35
Amortization of fair value step-up of inventory (a)	5.9	--	5.9	4.3	0.07
Revaluation of contingent consideration	--	(1.0)	1.0	1.0	0.02
Professional fees / other expenses (b)	--	(2.3)	2.3	1.4	0.02
As adjusted (c)	<u>\$ 490.3</u>	<u>\$ 376.8</u>	<u>\$ 141.6</u>	<u>\$ 85.9</u>	<u>\$ 1.46</u>

(a) Includes \$5.9 million of expense related to the amortization of the fair value step-up for Bonnie Togs inventory acquired.

(b) Professional service fees associated with the acquisition of Bonnie Togs.

(c) In addition to the results provided in this earnings release in accordance with GAAP, the Company has provided adjusted, non-GAAP financial measurements that present operating income, net income, and net income on a diluted share basis excluding the adjustments discussed above. The Company has excluded \$7.0 million and \$9.2 million in acquisition-related expenses from these results for the three and nine-month period ended October 1, 2011, respectively. The Company believes these adjustments provide a meaningful comparison of the Company's results. The adjusted, non-GAAP financial measurements included in this earnings release should not be considered as an alternative to net income or as any other measurement of performance derived in accordance with GAAP. The adjusted, non-GAAP financial measurements are presented for informational purposes only and are not necessarily indicative of the Company's future condition or results of operations.