



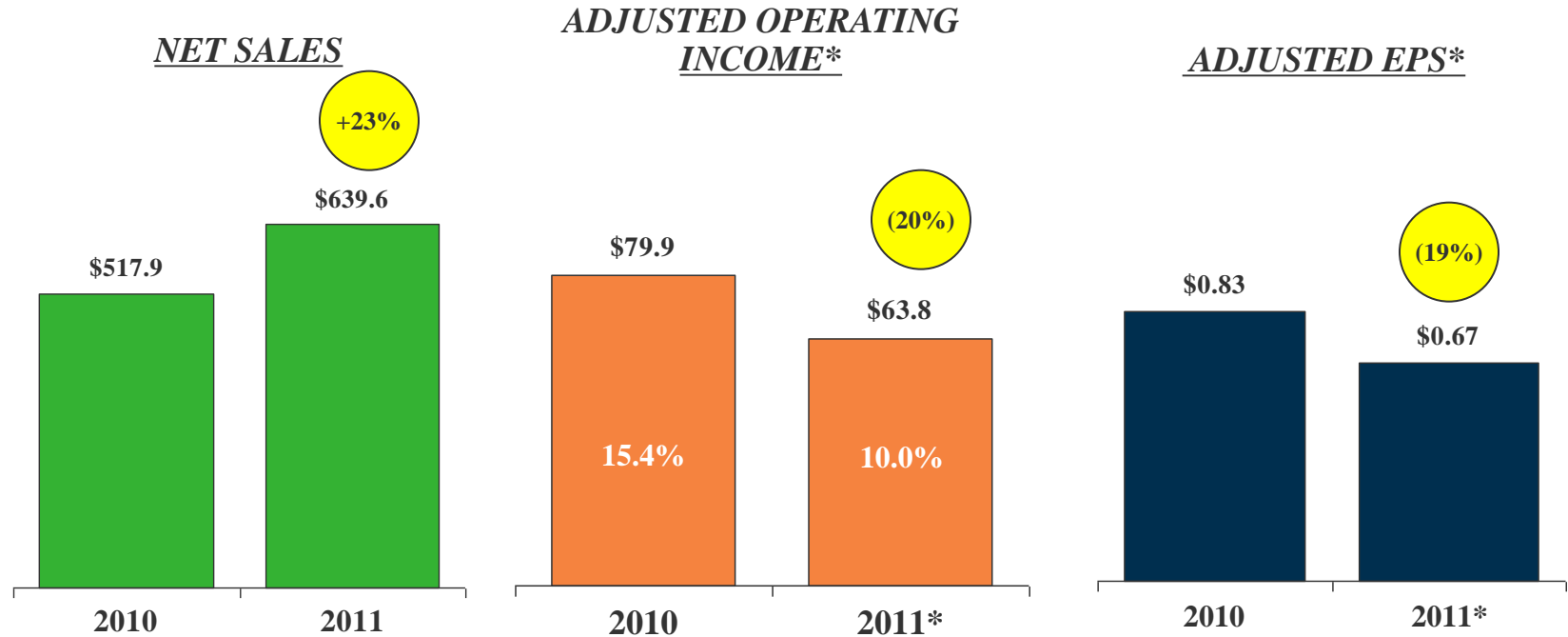
carter's®

*Third Quarter
Business Update*

— October 27, 2011 —

Third Quarter Highlights

\$ in millions, except EPS



* Results are stated on an adjusted basis; see reconciliation to GAAP on page 10.

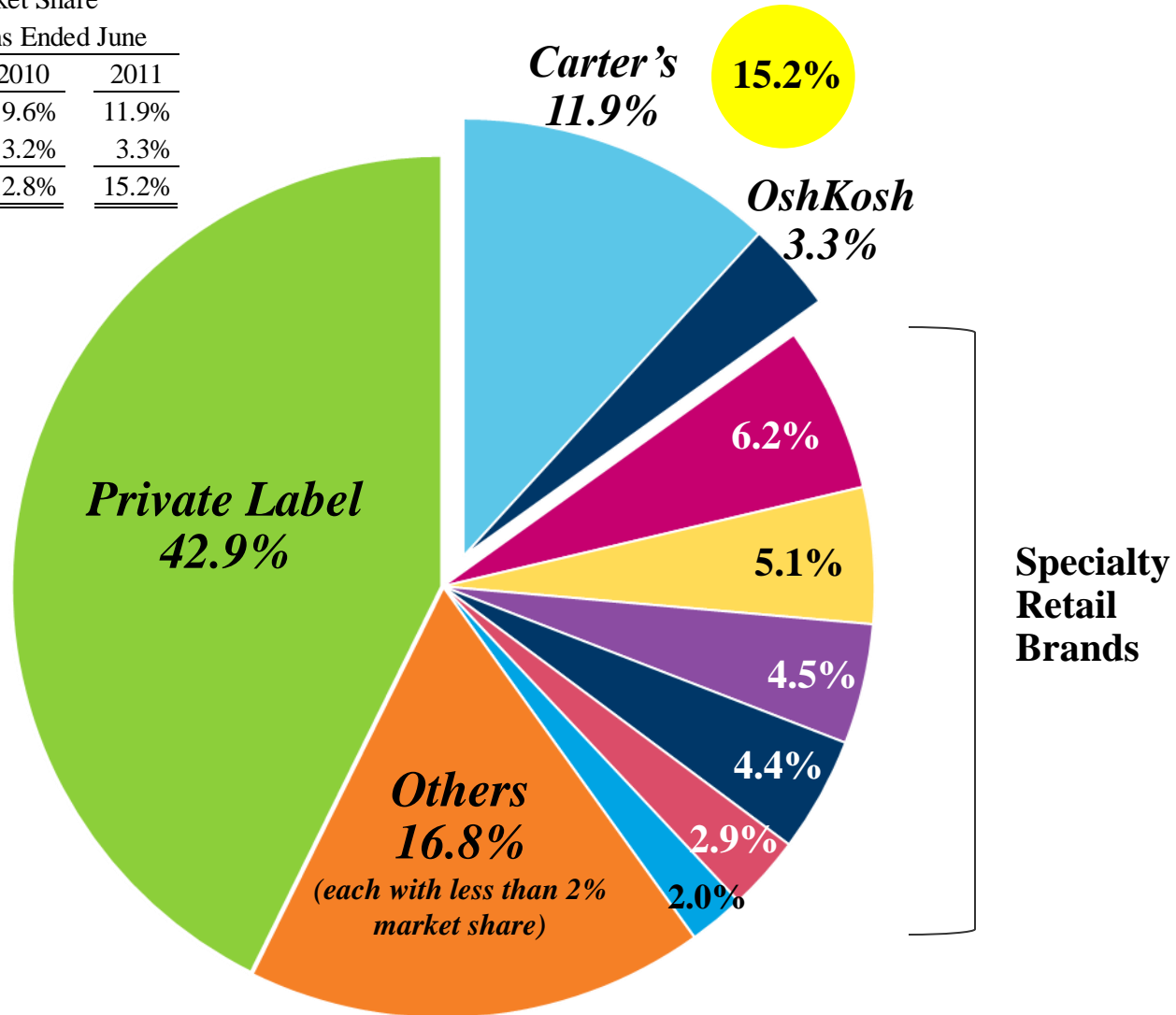
- Sales growth in every channel of distribution
 - U.S. net sales +15%
 - Carter's brands net sales +18%
 - OshKosh B'gosh brand net sales +3%
 - International sales \$59 million (+\$48 million); 9% of total company sales
- Increased U.S. market share to 15.2% from 12.8% over the past 12 months

We Continue to Grow Our U.S. Market Share

Children's 0-7 Industry U.S. Market Share

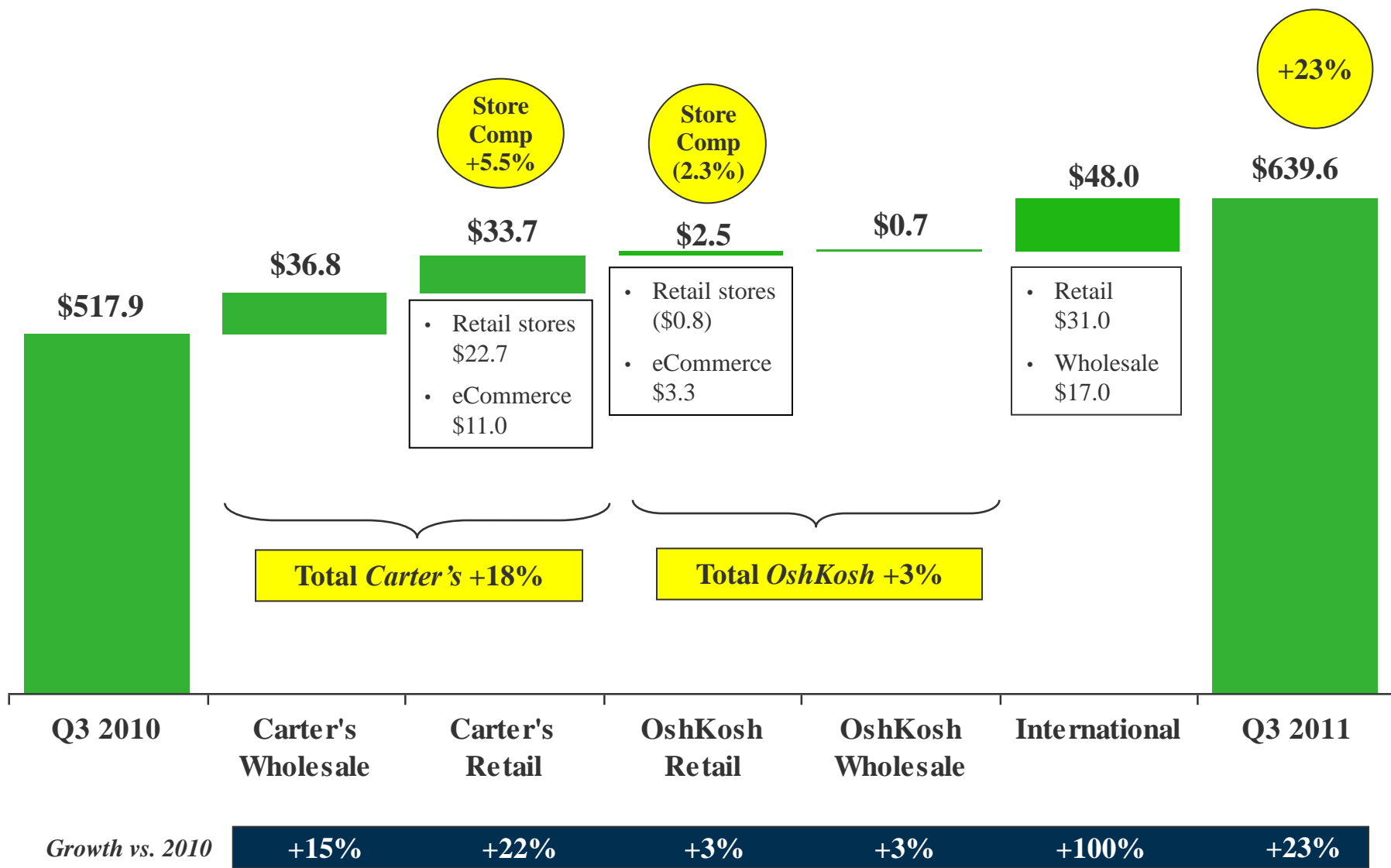
12 Months Ended June 2011

	Market Share		
	12 Months Ended June		
	2009	2010	2011
<i>Carter's</i>	8.7%	9.6%	11.9%
<i>OshKosh B'gosh</i>	3.3%	3.2%	3.3%
Total	<u>12.0%</u>	<u>12.8%</u>	<u>15.2%</u>



Third Quarter Net Sales

\$ in millions

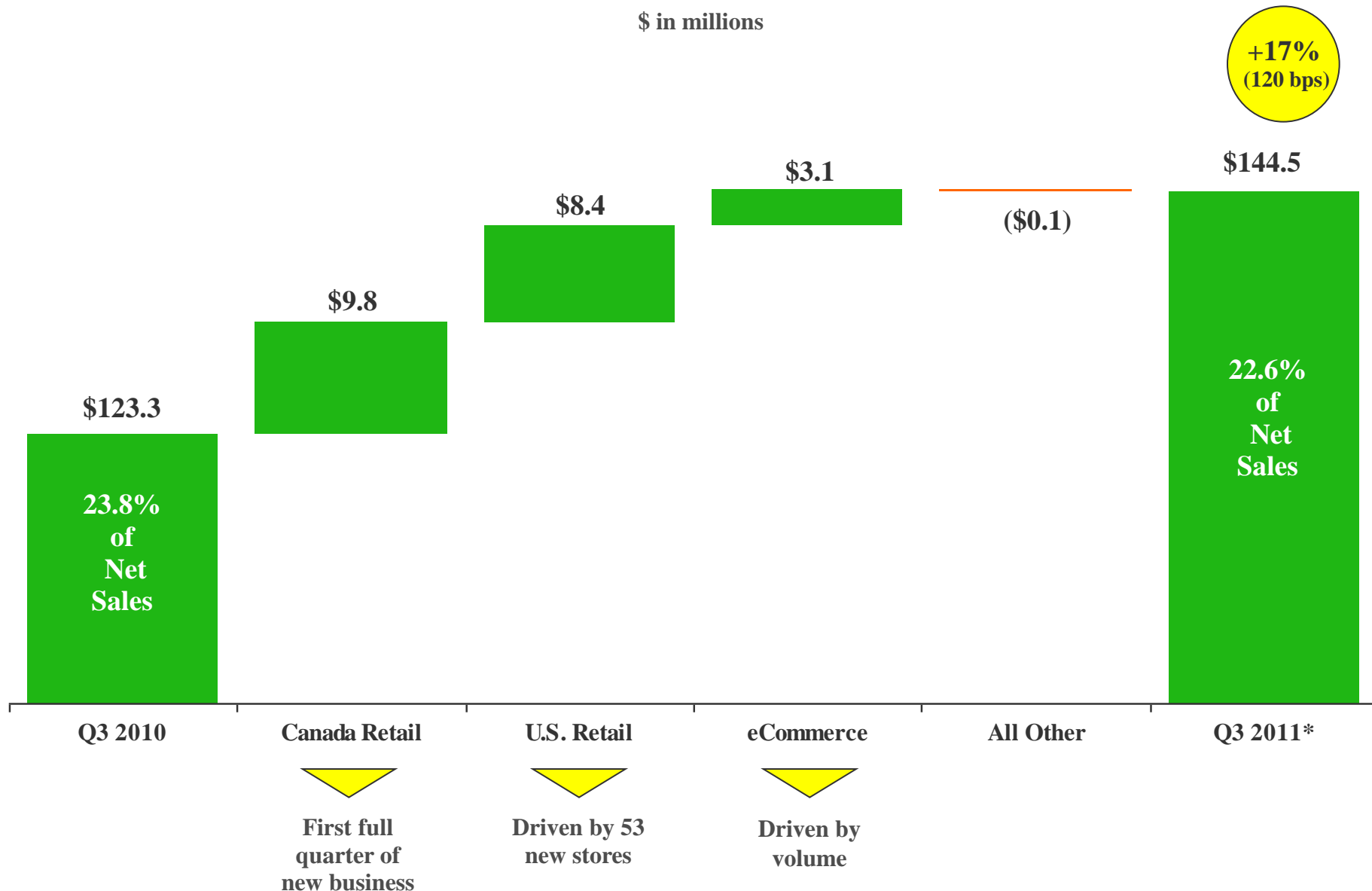


Third Quarter Adjusted Results

	\$ in millions, except EPS				Increase (Decrease)
	Q3 2011*	% of sales	Q3 2010	% of sales	
Net sales	\$639.6		\$517.9		23%
Adjusted gross profit	197.8	30.9%	192.8	37.2%	3%
Adjusted SG&A	144.5	22.6%	123.3	23.8%	17%
Royalty income	(10.5)	(1.6%)	(10.4)	(2.0%)	1%
Adjusted operating income	63.8	10.0%	79.9	15.4%	(20%)
Interest and other, net	1.6	0.3%	1.6	0.3%	3%
Income before taxes	62.2	9.7%	78.3	15.1%	(21%)
Income taxes	22.5	3.5%	28.7	5.5%	(21%)
Adjusted net income	\$39.7	6.2%	\$49.7	9.6%	(20%)
Adjusted earnings per diluted share	\$0.67		\$0.83		(19%)
Weighted average diluted share count	58.3		59.0		

* Adjusted results are reconciled to GAAP on page 10.

Third Quarter Adjusted SG&A



* Results are stated on an adjusted basis; see reconciliation to GAAP on page 10.

Third Quarter Adjusted Business Segment Performance

\$ in millions

	Net Sales			Adjusted Operating Income (Loss)			Adjusted Operating Margin	
	2011	2010	\$ Growth	2011	2010	\$ Growth	2011	2010
Carter's Wholesale (a)	\$289	\$252	\$37	\$33	\$44	(\$11)	11.4%	17.7%
Carter's Retail (b)	184	151	34	26	32	(6)	13.9%	20.9%
Total Carter's	\$473	\$403	\$70	\$59	\$76	(\$17)	12.4%	18.9%
OshKosh Wholesale (c)	\$26	\$26	\$1	\$0	\$4	(\$3)	1.4%	14.9%
OshKosh Retail (b)	80	78	3	2	9	(7)	2.7%	12.1%
Total OshKosh	\$107	\$104	\$3	\$3	\$13	(\$11)	2.4%	12.8%
Adjusted International (d)(e)	59	11	48	15	6	9	25.1%	48.9%
Adjusted corporate expenses (e)				(12)	(15)	3	(1.9%)	(2.9%)
Total, as adjusted (e)	\$640	\$518	\$122	\$64	\$80	(\$16)	10.0%	15.4%

(a) Includes Carter's, Child of Mine, Just One You, and Precious Firsts results

(b) Includes U.S. retail stores and eCommerce results

(c) Includes Genuine Kids net royalty income

(d) Includes Canada retail, international wholesale, and international royalty income. Presented on adjusted basis; see reconciliation of adjustments on page 10

(e) See reconciliation of reported (GAAP) results to results as adjusted on page 10

Third Quarter Year-to-Date Adjusted Results

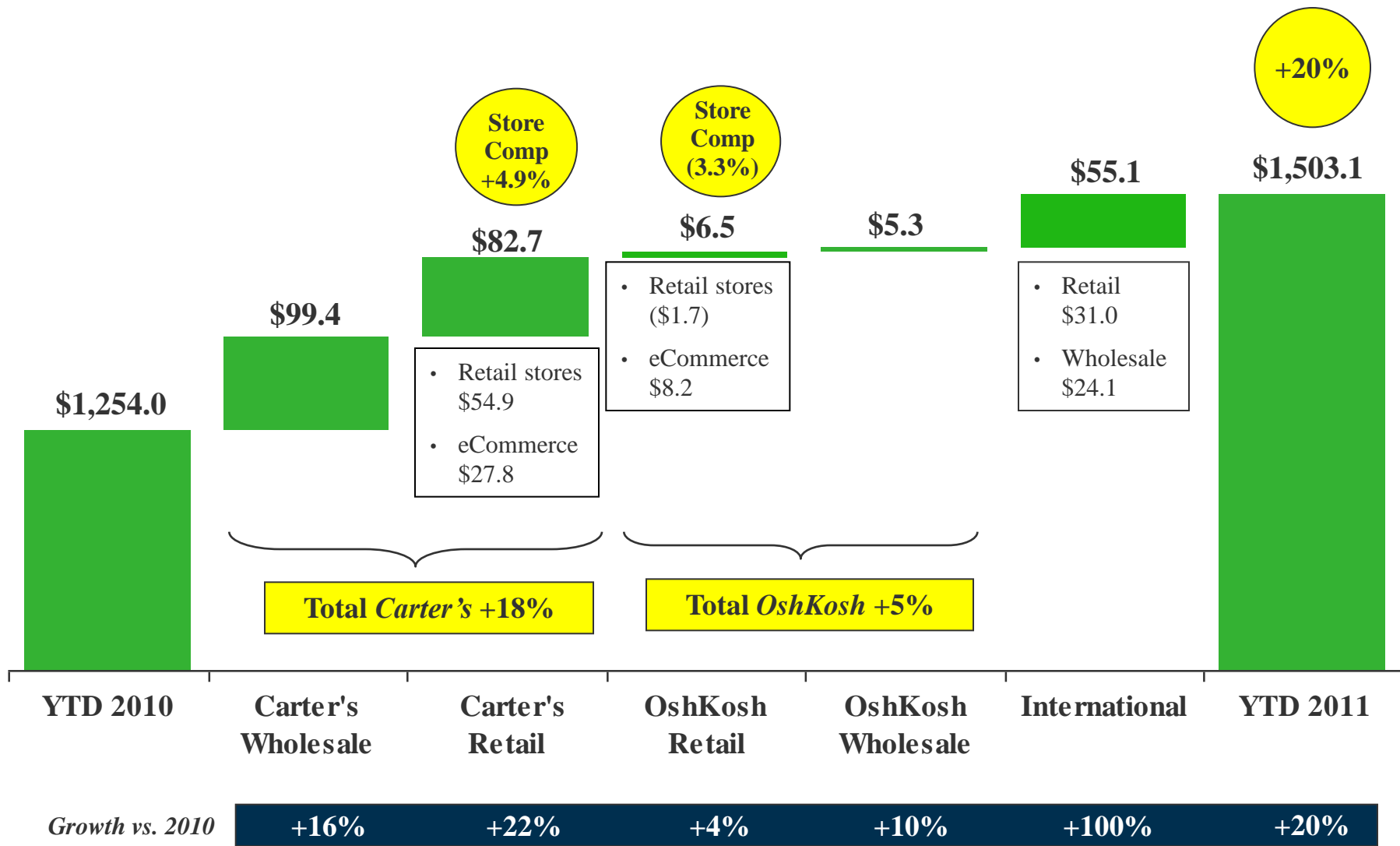
\$ in millions, except EPS

	2011*	<i>% of sales</i>	2010	<i>% of sales</i>	Increase (Decrease)
Net sales	\$1,503.1		\$1,254.0		20%
Adjusted gross profit	490.3	32.6%	489.9	39.1%	
Adjusted SG&A	376.8	25.1%	333.1	26.6%	13%
Royalty income	(28.1)	(1.9%)	(27.7)	(2.2%)	1%
Adjusted operating income	141.6	9.4%	184.5	14.7%	(23%)
Interest and other, net	5.0	0.3%	6.7	0.5%	(25%)
Income before taxes	136.6	9.1%	177.8	14.2%	(23%)
Income taxes	50.7	3.4%	66.2	5.3%	(23%)
Adjusted net income	\$85.9	5.7%	\$111.6	8.9%	(23%)
Adjusted earnings per diluted share	\$1.46		\$1.86		(22%)
Weighted average diluted share count	58.1		59.4		

* Adjusted results are reconciled to GAAP on page 10.

Third Quarter Year-to-Date Net Sales

\$ in millions



Reconciliation of GAAP to Adjusted Earnings

\$ in millions, except EPS

	Income Statement								Segment Reporting			
	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	International Operating Income	% of segment net sales	Corporate Operating Expenses	% of segment net sales
Third Quarter of Fiscal 2011												
As reported (GAAP)	\$191.9	30.0%	\$145.6	22.8%	\$56.8	8.9%	\$34.4	\$0.58	\$7.9	13.3%	(\$12.4)	(1.9%)
Acquisition-related expenses: (a)												
Amortization of fair value step-up of inventory	5.9				5.9		4.3	0.07	5.9			
Revaluation of contingent consideration			(1.0)		1.0		1.0	0.02	1.0			
Professional fees / other expenses			(0.1)		0.1						0.1	
Total acquisition-related expenses	5.9		(1.1)		7.0		5.3	0.09	6.9		0.1	
As adjusted (b)	\$197.8	30.9%	\$144.5	22.6%	\$63.8	10.0%	\$39.7	\$0.67	\$14.8	25.1%	(\$12.3)	(1.9%)

	Income Statement								Segment Reporting			
	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	International Operating Income	% of segment net sales	Corporate Operating Expenses	% of segment net sales
First Nine Months of Fiscal 2011												
As reported (GAAP)	\$484.4	32.2%	\$380.1	25.3%	\$132.4	8.8%	\$79.2	\$1.35	\$16.5	20.1%	(\$37.2)	(2.5%)
Acquisition-related expenses: (a)												
Amortization of fair value step-up of inventory	5.9				5.9		4.3	0.07	5.9			
Revaluation of contingent consideration			(1.0)		1.0		1.0	0.02	1.0			
Professional fees / other expenses			(2.3)		2.3		1.4	0.02			2.3	
Total acquisition-related expenses	5.9		(3.3)		9.2		6.7	0.11	6.9		2.3	
As adjusted (b)	\$490.3	32.6%	\$376.8	25.1%	\$141.6	9.4%	\$85.9	\$1.46	\$23.4	28.6%	(\$34.9)	(2.3%)

(a) Expenses related to the Company's acquisition of Canadian retailer Bonnie Togs.

(b) 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 \$9.3 million in acquisition-related expenses from these results for the three and nine-months 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 should not be considered as alternatives 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.

Balance Sheet and Cash Flow

\$ in millions

Balance Sheet (As of 10/1/11)

	2011	2010
Cash	\$81.6	\$182.3
Accounts Receivable	\$214.6	\$171.5
Inventories	\$386.0	\$263.8
Long-Term Debt	\$236.0	\$232.2

Cash Flow (Year to Date)

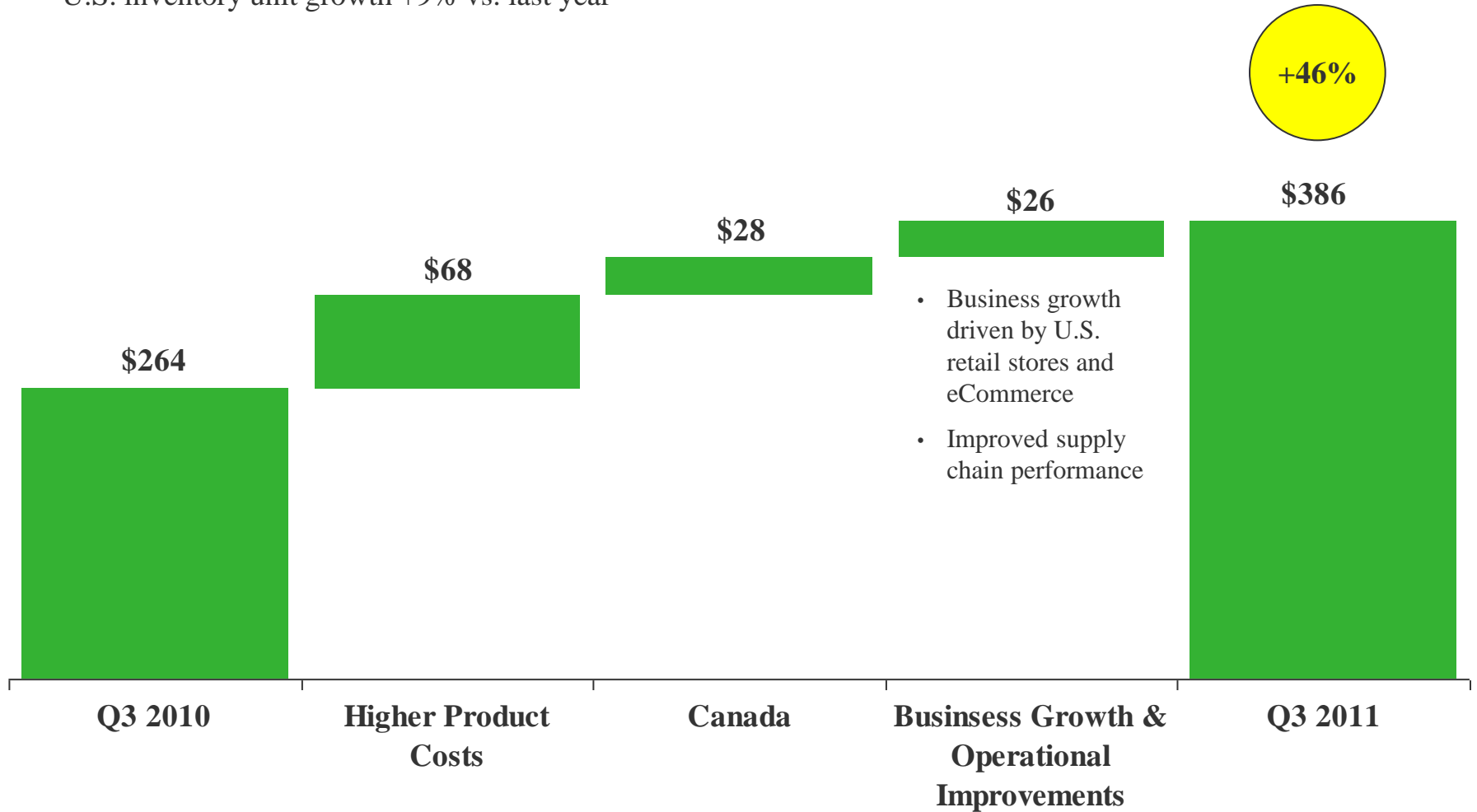
Operating Cash Flow	(\$85.8)	\$5.2
CapEx	(29.2)	(29.5)
Free Cash Flow	<u>(\$115.0)</u>	<u>(\$24.3)</u>

- Strong balance sheet and liquidity
- Inventory increase driven primarily by higher product costs, incremental inventory to support business growth, and improved supply chain performance (+9% unit growth, excluding Canada)
- Accounts receivable increase driven by higher sales
- Operating cash flow decline driven by higher inventories and lower earnings
- Majority of capital expenditures relate to U.S. retail growth

Third Quarter Results - Ending Net Inventory vs. LY

\$ in millions

- U.S. inventory unit growth +9% vs. last year



Carter's Wholesale Results

KEY METRICS

	Growth vs. LY	
	Q3	YTD
Net Sales	15%	16%
Units	8%	13%
Average Price	6%*	3%

* +10% excluding off-price channel

HIGHLIGHTS

- Strong demand across all brands: *Carter's*, *Child of Mine*, *Just One You*, and *Precious Firsts*
- Over-the-counter sales performance improved over the quarter, strongest in September
- Spring 2012 bookings up approximately 8%

Carter's U.S. Retail Store Results

KEY METRICS

Growth

	Q3		YTD	
	TY	LY	TY	LY
Total Retail Store Sales*	15.6%	5.9%	14.6%	7.3%
Comparable Stores:				
Sales	5.5%	1.4%	4.9%	1.6%
UPTs	0.5%	3.8%	3.0%	2.4%
Average Price	7.8%	(4.5%)	3.6%	(0.9%)
Transactions #	(2.6%)	2.3%	(1.8%)	0.1%
Inventory/Door:				
Cost	19.9%	(1.0%)		
Units	(5.0%)	7.5%		

Brand stores	172
Outlet stores	<u>179</u>
Total stores	<u><u>351</u></u>

**+45 net
stores
YTD**

HIGHLIGHTS

- Strong comparable store performance despite lower consumer traffic
- Good progress in raising AURs
- Strongest performance in Baby and Accessories product categories
- All regions posted comp store gains, led by the South and East Regions
- Strong performance in Brand store format which represents approximately 50% of store base

* Excludes eCommerce sales, see page 23 for reconciliation

KEY METRICS

	Growth vs. LY	
	Q3	YTD
Net Sales	3%	9%
Units	(7%)	3%
Average Price	11%*	6%

* +17% excluding off-price channel

HIGHLIGHTS

- Fall over-the-counter sales and margin comparable to last year on lower customer inventories
 - Good performance in Boys
 - Girls below expectations
- Business tracking to achieve full year sales growth plan of +5%
- Spring 2012 bookings comparable to last year

OshKosh U.S. Retail Store Results

KEY METRICS

Growth

	Q3		YTD	
	TY	LY	TY	LY
Total Retail Store Sales*	(1.1%)	3.0%	(0.9%)	2.5%
Comparable Stores:				
Sales	(2.3%)	0.6%	(3.3%)	(0.2%)
UPTs	0.7%	2.6%	2.6%	3.5%
Average Price	4.3%	(5.2%)	(0.9%)	(3.1%)
Transactions #	(6.9%)	3.5%	(4.8%)	(0.4%)
Inventory/Door:				
Cost	29.8%	6.5%		
Units	4.5%	16.5%		

Brand stores	20
Outlet stores	<u>156</u>
Total stores	<u><u>176</u></u>

(4) net stores YTD

HIGHLIGHTS

- Comp trend improved throughout the quarter
- Positive consumer reaction to new assortments
- Good progress in raising AURs
- Strong performance in Brand store format
- Inventory levels well positioned heading into Q4
- Continuing to develop alternative store formats
- More aggressive management of store portfolio

* Excludes eCommerce sales, see page 23 for reconciliation

ECOMMERCE NET SALES

\$ in millions

	Q3	YTD
<i>Carter's</i>	\$15.9	\$35.0
<i>OshKosh B'Gosh</i>	<u>4.9</u>	<u>10.7</u>
Total	<u>\$20.8</u>	<u>\$45.7</u>
Growth vs. LY	\$14.3	\$36.1

HIGHLIGHTS

- Q3 sales represent approximately 9% of U.S. retail store sales
- Significant growth in site traffic
- Average order value approximately 2x retail store
- 3rd consecutive profitable quarter
- Projecting 2011 sales of nearly \$70 million
- Expecting sales +\$100 million in 2012



International Results

KEY METRICS

\$ in millions

	Q3	YTD
<u>Net Sales:</u>		
Retail	\$31.0	\$31.0
Wholesale	<u>28.4</u>	<u>51.0</u>
Total International Sales	<u>\$59.4</u>	<u>\$82.0</u>
Adjusted operating income *	\$14.9	\$23.5
Adjusted operating margin *	25.1%	28.6%

HIGHLIGHTS

- Acquisition of Canadian retailer Bonnie Togs added significant sales and operating income
- Strong Canadian retail performance
 - Q3 retail store comp +6.4%, strong *OshKosh* brand performance
 - Opened 5 new Carter's / OshKosh B'gosh stores in Q3 and 11 stores year-to-date
 - Integration proceeding
- Strong growth in sales to other international markets, +104%

* Results are stated on an adjusted basis; see reconciliation to GAAP on page 10.

Outlook

Fourth Quarter 2011

- Net sales +15 - 17% vs. LY
- Forecasted growth to be led by Canada, *Carter's* retail, and eCommerce
- Adjusted EPS of approximately \$0.40 - \$0.45
- New retail stores: Carter's 8, Canada 1

Full Year Fiscal 2011

- Net sales growth of approximately +19% vs. LY
- Adjusted EPS of approximately \$1.88 - \$1.93
- Full year CapEx of approximately \$50 million
- Full year operating cash flow \$75 - \$85 million

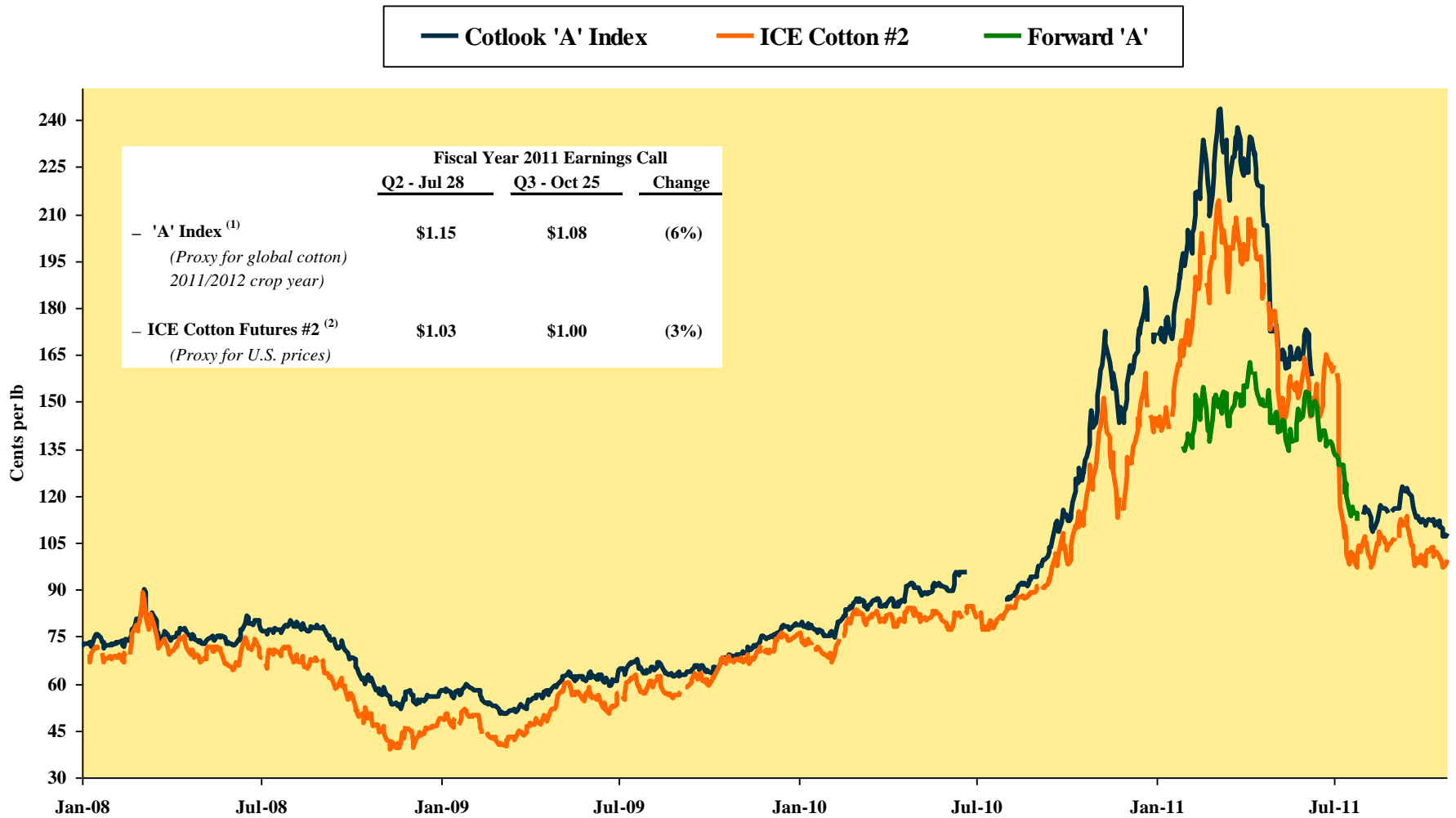
Fiscal 2012

- Net sales and earnings growth +10%
- Profitability expected to decline in the first half and increase in the second half



Appendix

Cotton Price Trend



Source: ⁽¹⁾ Cotton Outlook and ⁽²⁾ ICE. Breaks in the price curves represent dates where indices were not reported

Third Quarter Year-to-Date Adjusted Business Segment Performance

\$ in millions

	Net Sales			Adjusted Operating Income (Loss)			Adjusted Operating Margin	
	2011	2010	\$ Growth	2011	2010	\$ Growth	2011	2010
Carter's Wholesale (a)	\$703	\$604	\$99	\$91	\$122	(\$32)	12.9%	20.3%
Carter's Retail (b)	465	383	83	73	76	(4)	15.7%	20.0%
Total Carter's	\$1,168	\$986	\$182	\$164	\$199	(\$35)	14.0%	20.2%
OshKosh Wholesale (c)	\$61	\$56	\$5	\$0	\$4	(\$4)	0.4%	8.0%
OshKosh Retail (b)	192	185	7	(10)	10	(21)	(5.3%)	5.7%
Total OshKosh	\$253	\$241	\$12	(\$10)	\$15	(\$25)	(3.9%)	6.2%
Adjusted International (d)(e)	82	27	55	23	13	11	28.6%	47.7%
Adjusted corporate expenses (e)				(35)	(42)	7	(2.3%)	(3.4%)
Total, as adjusted (e)	\$1,503	\$1,254	\$249	\$142	\$184	(\$42)	9.5%	14.7%

(a) Includes Carter's, Child of Mine, Just One You, and Precious Firsts results

(b) Includes U.S. retail stores and eCommerce results

(c) Includes Genuine Kids net royalty income

(d) Includes Canada retail, international wholesale, and international royalty income. Presented on adjusted basis; see reconciliation of adjustments on page 10

(e) See reconciliation of reported (GAAP) results to results as adjusted on page 10

Retail Store and eCommerce Net Sales

	\$ in millions		Variance	
	Q3		\$	%
	2011	2010		
Carter's Retail Segment Sales:				
Retail	\$169	\$146	\$23	15.6%
eCommerce	16	5	11	220.5%
Total Carter's	\$184	\$151	\$34	22.3%
OshKosh Retail Segment Sales:				
Retail	\$76	\$76	(\$1)	(1.1%)
eCommerce	5	2	3	208.0%
Total OshKosh	\$80	\$78	\$3	3.2%
<hr/>				
	First Nine Months		Variance	
	2011	2010	\$	%
	2011	2010		
Carter's Retail Segment Sales:				
Retail	\$430	\$375	\$55	14.6%
eCommerce	35	7	28	385.4%
Total Carter's	\$465	\$383	\$83	21.6%
OshKosh Retail Segment Sales:				
Retail	\$181	\$183	(\$2)	(0.9%)
eCommerce	11	2	8	337.4%
Total OshKosh	\$192	\$185	\$7	3.5%

Recast Segment Performance

\$ in millions

	2011						2010									
	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q1	% of Total	Q2	% of Total	Q3	% of Total	Q4	% of Total	Fiscal Year	% of Total
Net sales:																
Carter's Wholesale	\$242	51.7%	\$173	43.8%	\$289	45.1%	\$205	50.1%	\$147	44.9%	\$252	48.7%	\$224	45.3%	\$828	47.3%
Carter's Retail	138	29.4%	143	36.2%	184	28.9%	118	28.9%	114	34.7%	151	29.1%	164	33.0%	546	31.2%
Total Carter's	380	81.1%	316	80.0%	473	74.0%	323	79.0%	260	79.6%	403	77.8%	388	78.3%	1,374	78.6%
OshKosh Wholesale	20	4.3%	15	3.7%	26	4.1%	20	4.8%	10	3.2%	26	5.0%	20	3.9%	75	4.3%
OshKosh Retail	54	11.5%	57	14.5%	80	12.6%	55	13.5%	52	15.9%	78	15.0%	80	16.1%	265	15.1%
Total OshKosh	74	15.8%	72	18.2%	107	16.7%	75	18.3%	62	19.0%	104	20.0%	99	20.1%	340	19.5%
International	15	3.1%	7	1.8%	59	9.3%	11	2.7%	4	1.4%	11	2.2%	8	1.6%	35	2.0%
Total net sales	\$469	100.0%	\$394	100.0%	\$640	100.0%	\$409	100.0%	\$327	100.0%	\$518	100.0%	\$495	100.0%	\$1,749	100.0%
Operating income (loss):																
		% of net sales		% of net sales		% of net sales		% of net sales		% of net sales		% of net sales		% of net sales		% of net sales
Carter's Wholesale	\$37	15.3%	\$20	11.8%	\$33	11.4%	\$49	24.1%	\$29	19.5%	\$44	17.7%	\$30	13.3%	\$152	18.4%
Carter's Retail	27	19.7%	20	14.0%	26	13.9%	26	22.1%	19	16.4%	32	20.9%	39	23.6%	115	21.1%
Total Carter's	64	16.9%	40	12.8%	59	12.4%	75	23.4%	47	18.2%	76	18.9%	69	17.7%	267	19.5%
OshKosh Wholesale	1	7.3%	(2)	(14.2%)	0	1.4%	3	15.5%	(2)	(23.7%)	4	14.9%	(1)	(3.1%)	4	5.1%
OshKosh Retail	(6)	(10.9%)	(6)	(11.1%)	2	2.7%	2	3.6%	(1)	(1.7%)	9	12.1%	7	8.8%	18	6.6%
Total OshKosh	(4)	(6.0%)	(8)	(11.7%)	3	2.4%	5	6.7%	(3)	(5.4%)	13	12.8%	6	6.5%	21	6.3%
International (a)	5	34.0%	4	51.3%	8	13.3%	5	46.1%	2	48.5%	6	48.9%	4	51.3%	17	48.5%
Corporate expenses (b)	(11)	(2.4%)	(14)	(3.5%)	(12)	(1.9%)	(14)	(3.5%)	(13)	(3.9%)	(15)	(2.9%)	(20)	(4.1%)	(62)	(3.6%)
Total operating income	\$54	11.4%	\$22	5.6%	\$57	8.9%	\$71	17.4%	\$33	10.2%	\$80	15.4%	\$59	11.9%	\$243	13.9%

(a) Q3 2011 includes acquisition-related expenses of \$7.0 million.

(b) Includes acquisition-related expenses of \$1.0 million, \$1.2 million and \$0.1 million for Q1, Q2 and Q3 of 2011, respectively.

Forward-looking Statements and Other Information

Results provided in this presentation are preliminary and unaudited. This presentation should be read in conjunction with the audio broadcast or transcript of the Company's earnings call, held on October 27, 2011, which is available at www.carters.com. Also, this presentation 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 outlook and future performance, including, without limitation, statements with respect to the Company's anticipated financial results for the fourth quarter of fiscal 2011, fiscal 2011, and fiscal 2012 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 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 Company's most recently filed Quarterly Report on Form 10-Q and other reports filed with the Securities and Exchange Commission under the heading "Risk Factors" and "Forward-Looking Statements." All information is provided as of October 27, 2011. The Company undertakes no obligation to publicly update or revise any forward-looking statements or other information, whether as a result of new information, future events, or otherwise.



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