

carter's®

if they could just stay little™



CL King's

Best Ideas Conference

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September 12, 2012

OSH KOSH

B'gosh®





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 July 25, 2012, 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 third quarter of fiscal 2012, and fiscal year 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; disruption to our eCommerce business, distribution facilities, or in-sourcing capabilities; 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 July 25, 2012. 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.



Highlights

- **Best known brands in young children's apparel**
- **Largest share of attractive market**
- **Broadest distribution**
- **Long track record of growth**
- **Multiple growth & margin improvement opportunities**





Our Brand Portfolio

Tagline

Established

Brand Positioning

Target Consumer

Brand Loyalty

carter's®

if they could just stay little

“What Really Matters to Mom”

1865

Good-Better

Moms and First-Time Moms
of Babies up to 2 years

- Near 100% Brand Awareness
- 81% Repeat Purchase

OSHKOSH B'gosh®

“The Genuine Article Since 1895”

1895

Better-Premium

Moms of Kids 2-7 years old

- Near 100% Brand Awareness
- 78% Repeat Purchase



★ | Leading Brands in Multiple Channels

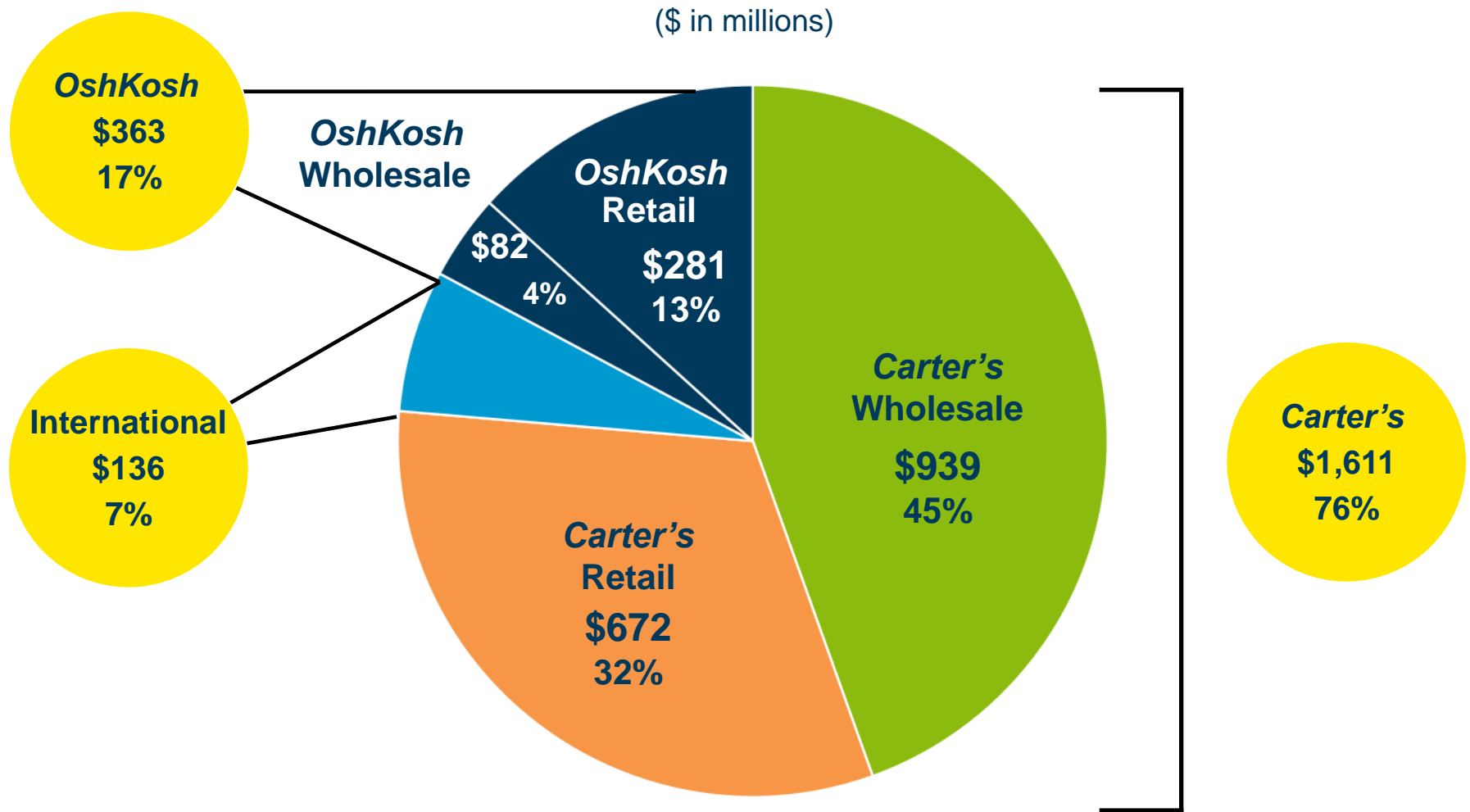
Brands



Channels

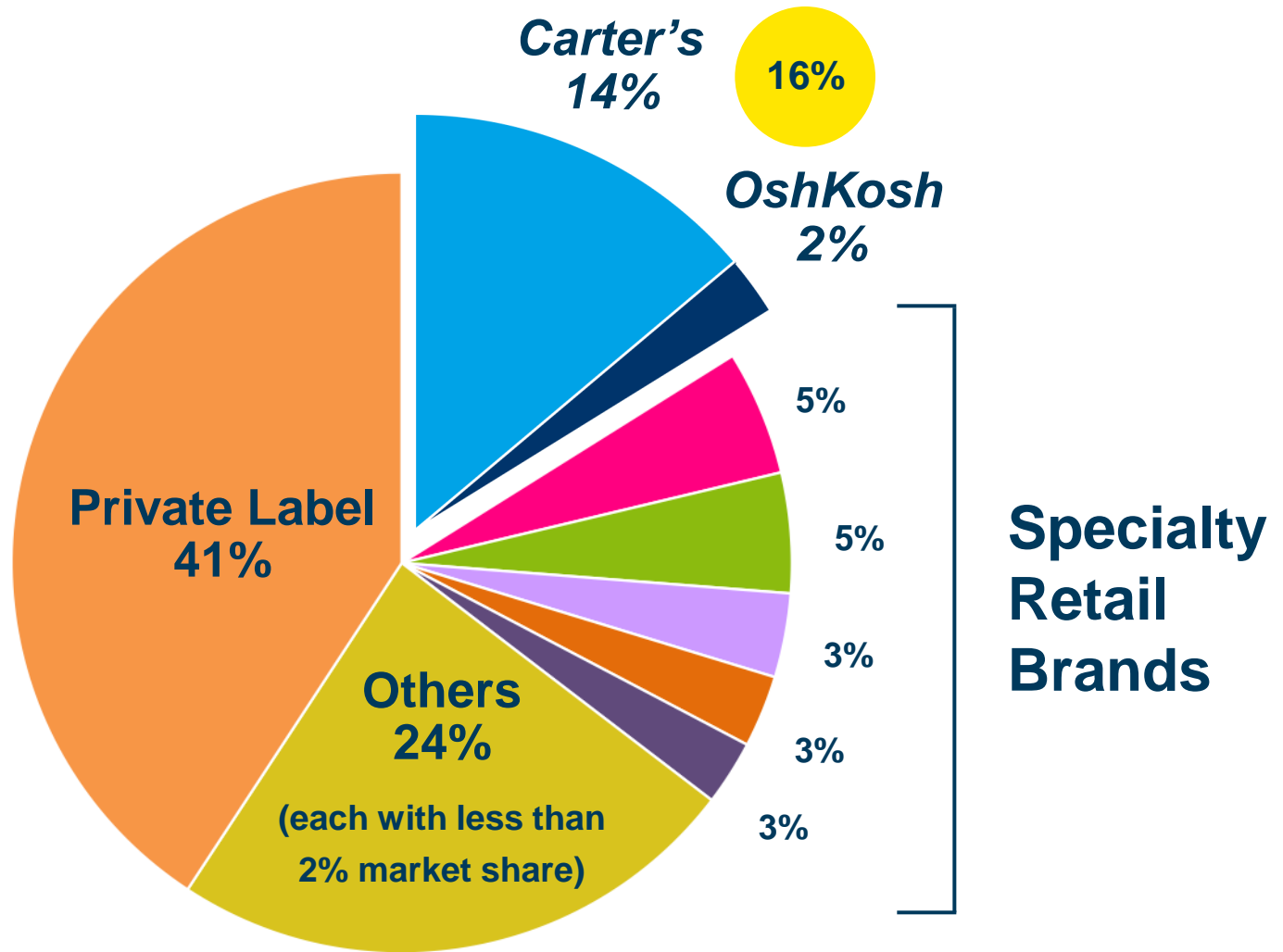
- **Wholesale**
- **Retail**
- **eCommerce**
- **International**

★ | Record \$2.1 Billion in Sales in 2011, +21%



Note: Results may not be additive due to rounding

★ Largest Share of a \$22 Billion U.S. Market

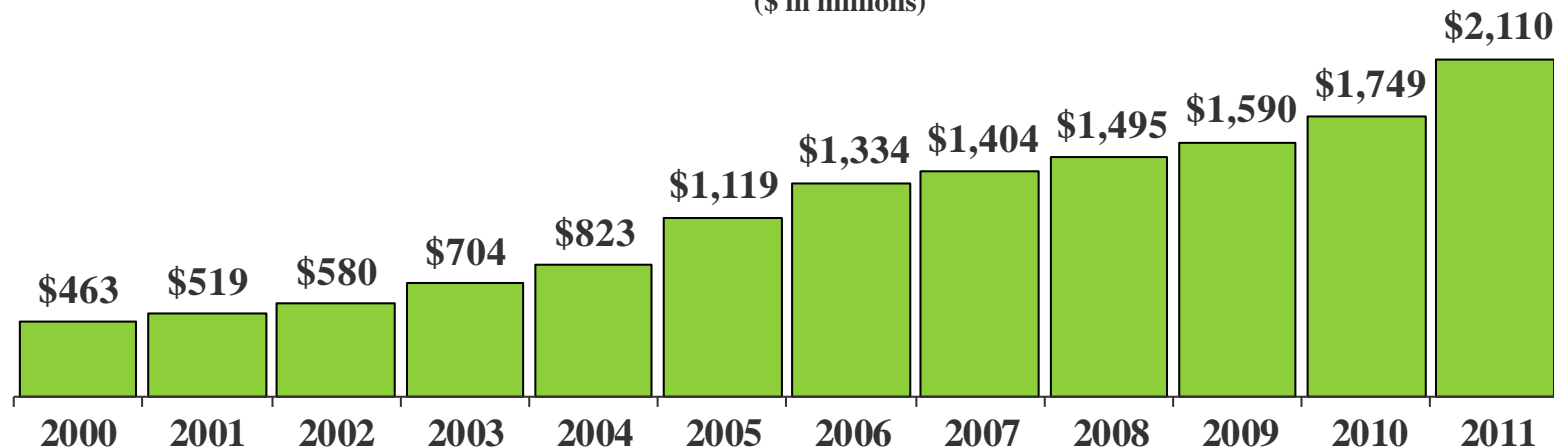


Note: U.S. Children's apparel market, ages 0-7
Source: The NPD Group / Consumer Panel Track SM (consumer-reported sales) for the 12 months ending December 2011, all channels of distribution



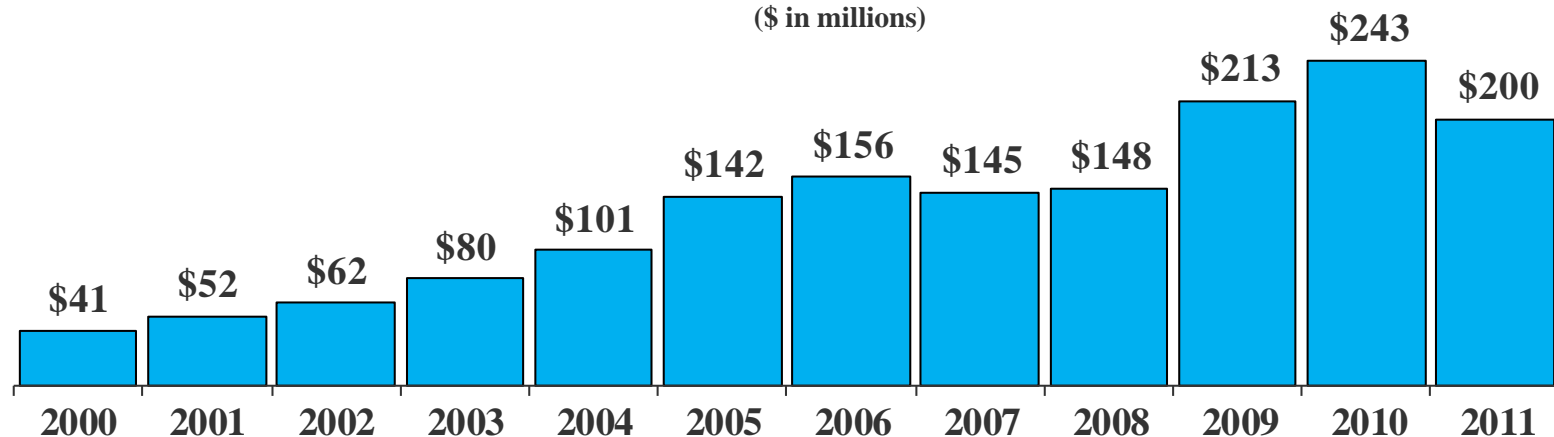
Long Track Record of Growth

Sales
(\$ in millions)



15%
CAGR
2000-2011

Adjusted Operating Income*
(\$ in millions)



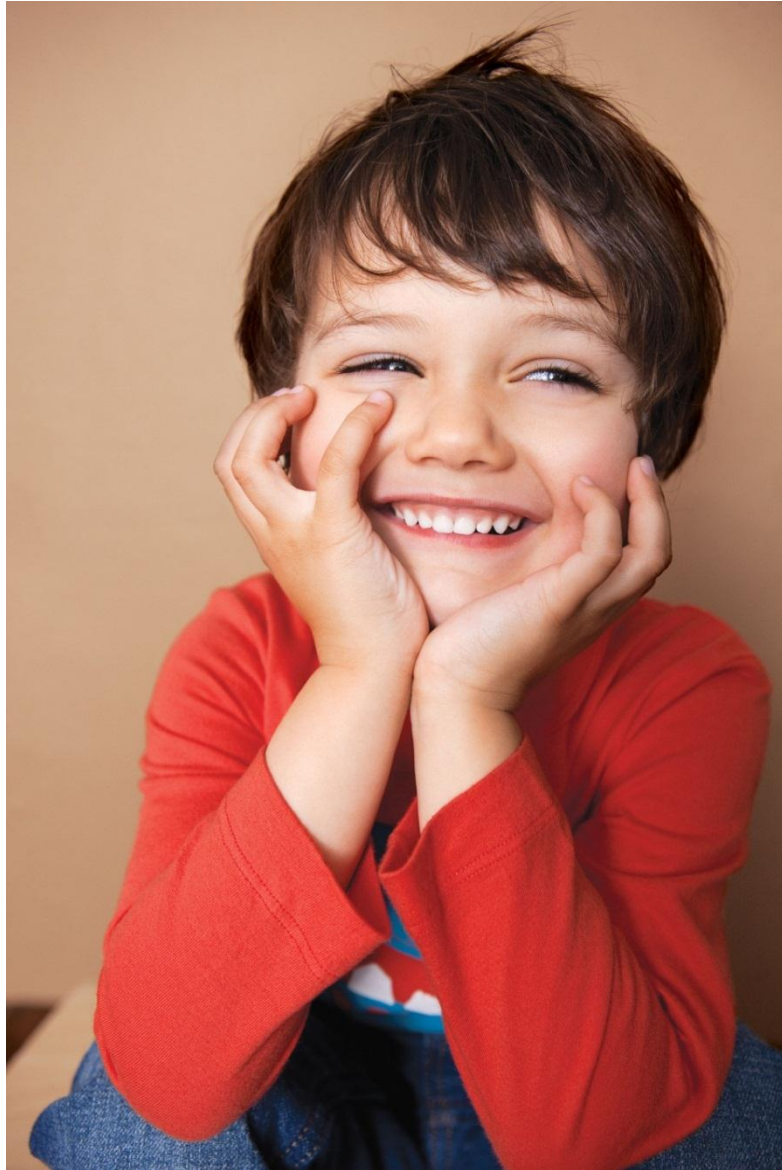
16%
CAGR
2000-2011

Margin*	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	8.7%	9.9%	10.6%	11.3%	12.3%	12.6%	11.7%	10.4%	9.9%	13.4%	13.9%	9.5%

* Excludes non-recurring charges in certain years. See reconciliation to GAAP on page 29.

- **Lead the market in product value and brand presentation**
- **Extend the reach of our brands**
- **Improve profitability**





- **Wholesale**
- **U.S. Retail**
- **eCommerce**
- **International**

★ Largest Supplier of Young Children's Apparel to the Largest Retailers



- ~17,000 points of distribution
- Focus on continued growth across portfolio
 - Improve productivity
 - Grow and strengthen branded presence online
 - Expand current offering to all doors in accounts with limited distribution
 - Benefit from new door openings and comp growth

★ Wholesale – Kohl's



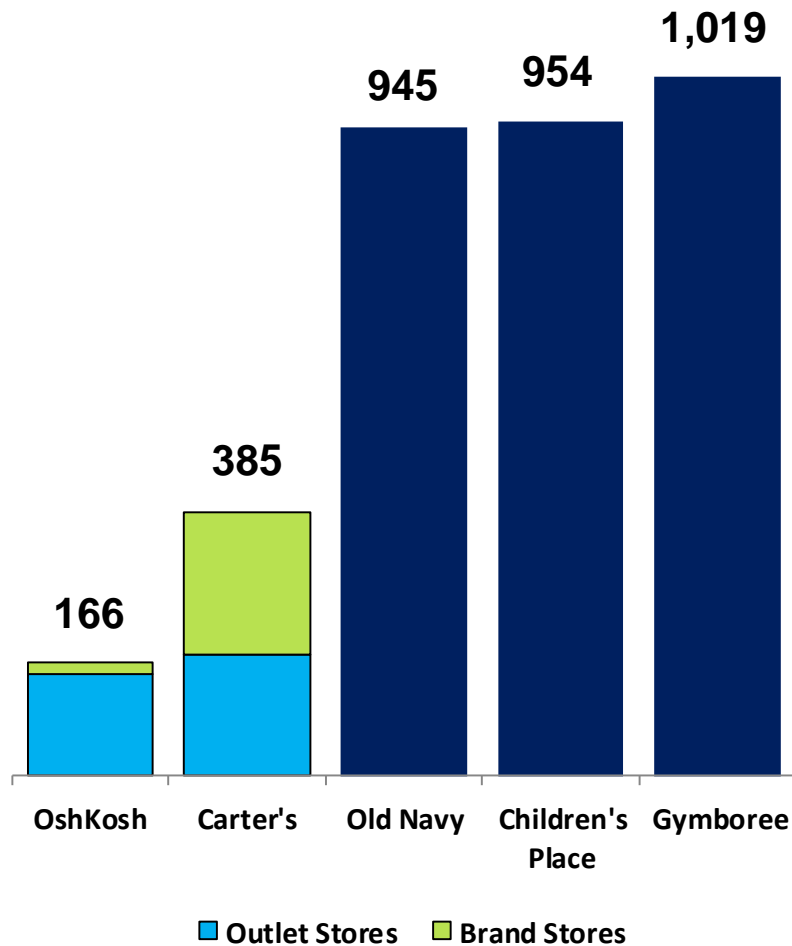


Wholesale – Target, Walmart





U.S. Retail Growth Opportunity



- Significant existing penetration in outlet locations
- Meaningful brand store growth opportunity over next several years
- Rolling out successful *Carter's* brand store format
- Testing *OshKosh B'gosh* mall store format

★ | *Carter's* – Retail



★ | *Carter's* – Retail



★ | *OshKosh* – Retail



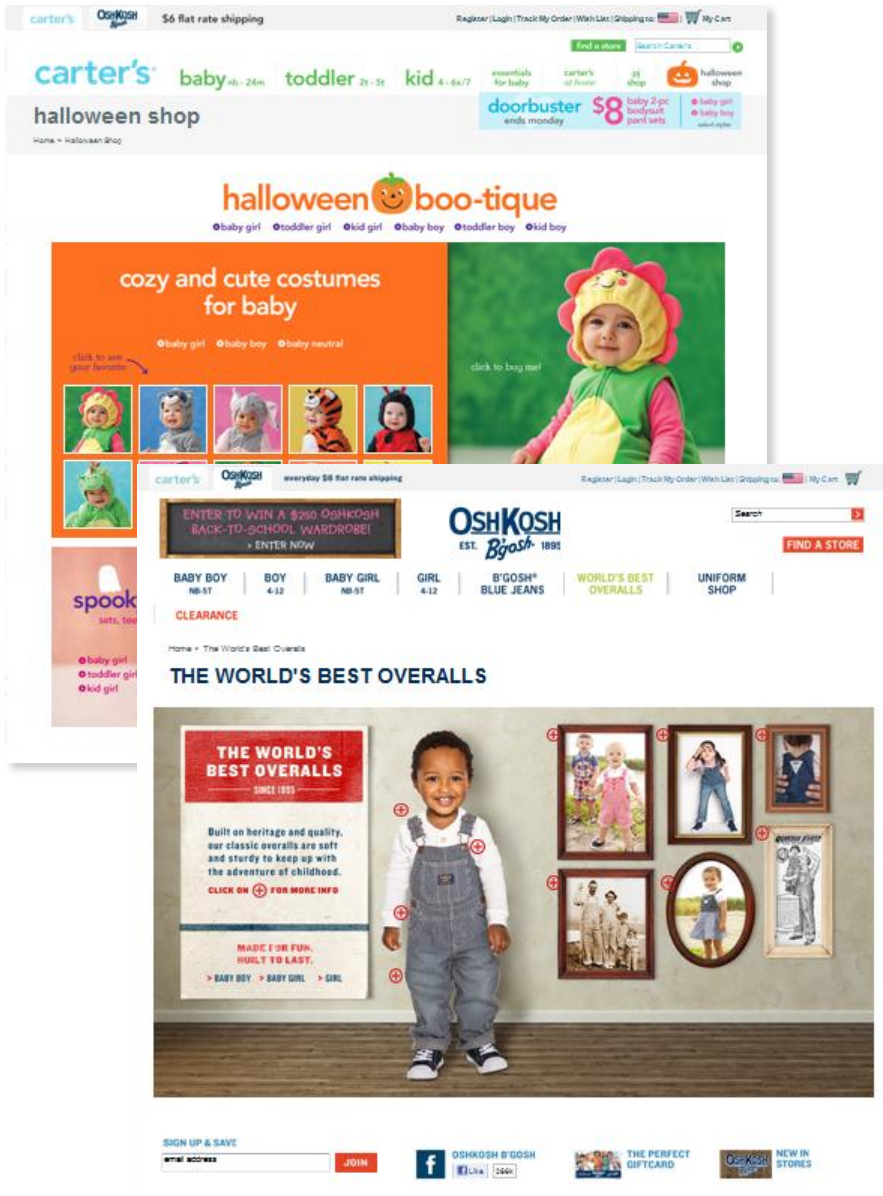


OshKosh – Retail





eCommerce Opportunity



- Launched in 2010
- Strong traffic and sales momentum – \$100 million+ opportunity in 2012
- Reinforcing *Carter's*, *OshKosh* brand positioning and strength
- Building valuable customer relationships
- Focused on providing a best-in-class shopping experience
- Building infrastructure to enable growth



International Opportunity

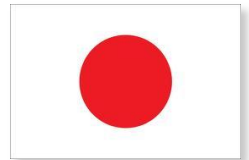
- **Retail**

- Open 18-20 Canadian stores per year through 2016, growing to ~160 stores



- **Wholesale / Licensing**

- Convert select licensees to wholesale model
- Continue to grow with U.S. multinational retailers and regional wholesalers
- Execute new partnerships



- **eCommerce**

- Launched global eCommerce fulfillment capabilities in Q2 through partnership with FiftyOne
- Build Canada eCommerce capabilities



★ | International – *Carter's/OshKosh* Store





International – South Korea

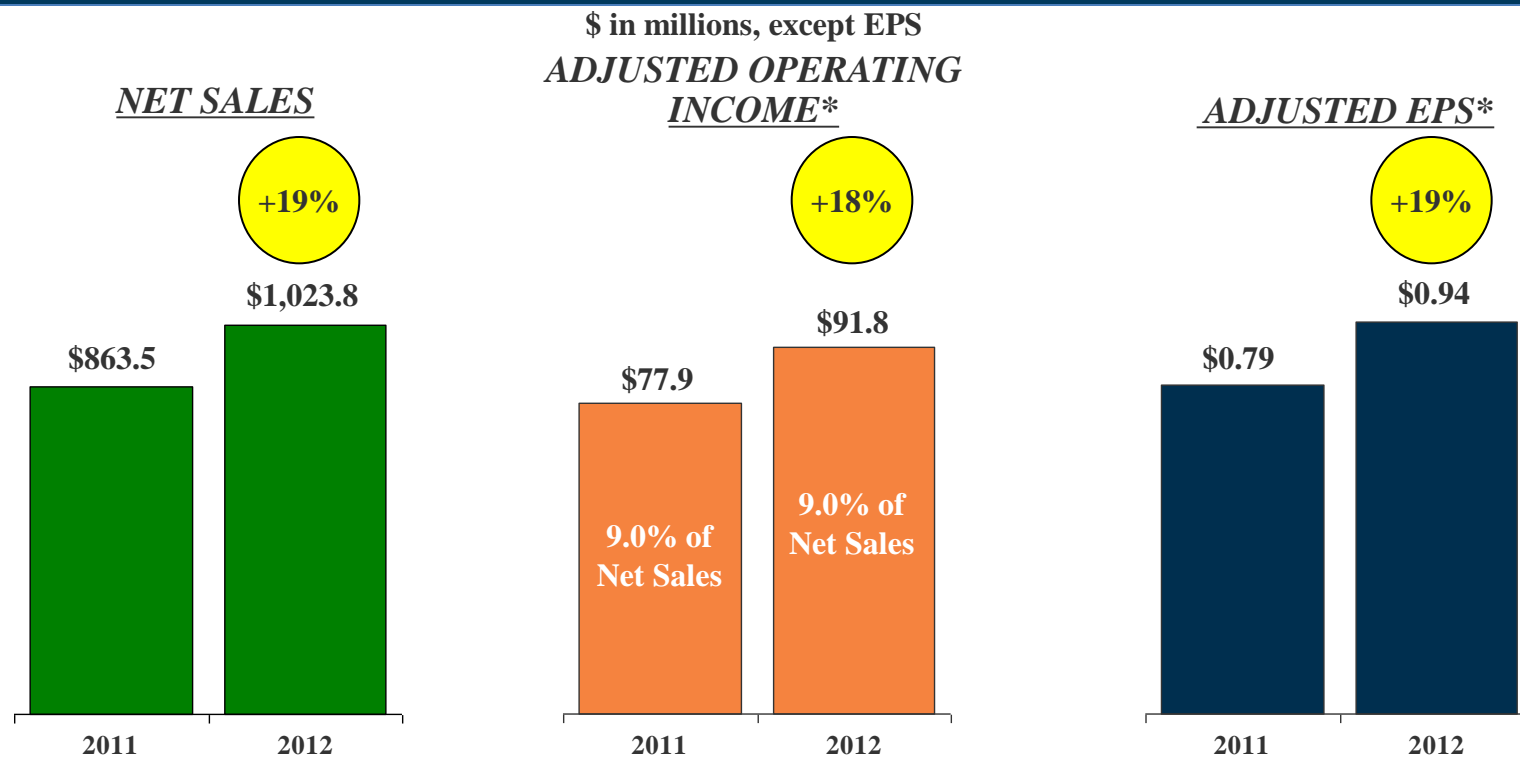


★ | International – United Arab Emirates





First Half 2012 Highlights



- Sales growth reflects strength of our product offerings and success of our multichannel growth strategies
 - U.S. net sales +11.8%
 - *Carter's* brands +13.7%
 - *OshKosh B'gosh* brand +2.4%
 - International net sales \$84.0 million (+\$61.4 million); 8.2% of total company sales
- Success of growth strategies and pricing, promotional, and supply chain initiatives helped to overcome meaningful product cost increases

* Results are stated on an adjusted basis; see reconciliation to GAAP on page 30.



Margin Expansion Opportunities

- **Accelerating high margin retail, eCommerce, and international businesses**
- **Lowering product costs**
- **Building direct sourcing capabilities**
- **Improving inventory management disciplines**
- **Enhancing distribution capabilities**





Summary

- **Best known and trusted brands in children's apparel**
- **Largest US market share**
- **Broad reach – multiple brands in multiple channels**
- **Attractive growth and margin improvement opportunities**



★ | Question & Answer



Appendix





GAAP to Adjusted Operating Income Reconciliation

(\$ in millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	CAGR
Net Sales	\$463.4	\$518.5	\$579.5	\$703.8	\$822.7	\$1,119.3	\$1,333.9	\$1,404.0	\$1,494.5	\$1,589.7	\$1,749.3	\$2,109.7	14.8%
Operating Income - as reported (GAAP)	\$40.5	\$31.7	\$60.6	\$74.6	\$100.6	\$119.2	\$155.6	(\$14.2)	\$140.0	\$195.6	\$243.3	\$187.5	14.9%
Workforce reduction										5.5			
Barnesville, GA distribution center closure costs										3.3			
OshKosh, WI office asset impairment charges										1.2			
Professional fees associated with customer support investigation										5.7			
OshKosh intangible asset impairment								154.9					
Executive retirement charges									5.3				
White House, TN distribution center closure costs and asset write-down								5.3	2.6		0.7		
Mexican sewing facility closure charges						6.8							
Costa Rican sewing facility closure charges				1.0	0.6								
Accelerated depreciation on facility closures				1.3		1.6		2.1		1.0			
Berkshire Partners management fee termination				2.6									
Write-off of IPO expenses			0.9										
Barnesville, GA textile facility closure charges and write-down			0.2										
Barnesville, GA print facility closure charges and write-down		2.7											
Harlingen, TX sewing facility closure charges		1.3											
Berkshire Partners 2001 acquisition-related expenses		11.3											
Bonnie Togs 2011 acquisition-related expenses													3.0
Revaluation of contingent consideration													2.5
Inventory step-up expense						13.9							6.7
Reversal of performance-related stock-based compensation								(2.7)					
		19.8	1.1	4.9	0.6	22.3		159.6	7.9	17.4		12.2	
Operating Income - as adjusted	\$40.5	\$51.6	\$61.6	\$79.6	\$101.2	\$141.5	\$155.6	\$145.4	\$147.9	\$213.0	\$243.3	\$199.7	15.6%
<i>Adjusted Operating Margin %</i>	<i>8.7%</i>	<i>9.9%</i>	<i>10.6%</i>	<i>11.3%</i>	<i>12.3%</i>	<i>12.6%</i>	<i>11.7%</i>	<i>10.4%</i>	<i>9.9%</i>	<i>13.4%</i>	<i>13.9%</i>	<i>9.5%</i>	



Reconciliation of GAAP to Adjusted Earnings – First Half

\$ in millions, except EPS

First Half of Fiscal 2012	Income Statement						Segment Reporting			
	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
As reported (GAAP)	\$306.0	29.9%	\$88.2	8.6%	\$53.1	\$0.89	\$13.7	16.3%	(\$35.0)	(3.4%)
Revaluation of contingent consideration (a)	(1.8)		1.8		1.8	0.03	1.8			
Facility closure-related costs (b)	(1.8)		1.8		1.2	0.02			1.8	
Total adjustments	(3.6)		3.6		2.9	0.05	1.8		1.8	
As adjusted (d)	\$302.4	29.5%	\$91.8	9.0%	\$56.0	\$0.94	\$15.5	18.5%	(\$33.1)	(3.2%)

First Half of Fiscal 2011	Income Statement						Segment Reporting			
	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
As reported (GAAP)	\$235.1	27.2%	\$75.7	8.8%	\$44.8	\$0.76	\$8.6	38.0%	(\$25.0)	(2.9%)
Professional fees / other expenses (c)	(2.2)		2.2		1.4	0.03			2.2	
Total acquisition-related expenses	(2.2)		2.2		1.4	0.03	-		2.2	
As adjusted (d)	\$232.9	27.0%	\$77.9	9.0%	\$46.2	\$0.79	\$8.6	38.0%	(\$22.8)	(2.6%)

- (a) Revaluation of the contingent consideration liability associated with the Company's June 2011 acquisition of Bonnie Togs.
- (b) Costs related to closure of a distribution facility located in Hogansville, Georgia including severance and related benefits and accelerated depreciation.
- (c) Professional service fees related to the Company's June 2011 acquisition of Bonnie Togs.
- (d) The Company has provided adjusted, non-GAAP financial measurements that present SG&A, operating income, net income, and net income on a diluted share basis excluding the adjustments discussed above. The Company has excluded \$3.6 million and \$2.2 million in acquisition-related expenses from these results for the six-month periods ended June 30, 2012 and July 2, 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.

Note: Results may not be additive due to rounding.

Thank you!

