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): December 21, 2009

Carter's, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**001-31829**	**13-3912933**
(State or other jurisdiction of incorporation)	(Commission File Number)	(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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o 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 December 23, 2009, the Company issued a press release announcing: (i) the substantial completion of an independent investigation undertaken at the direction of the Company's Audit Committee concerning the reporting of customer accommodations in incorrect periods and (ii) the adjustments to the Company's statements of operations and balance sheets for the periods covered by the previously announced restatements of its prior period financial statements. A copy of the press release is attached as Exhibit 99.1 to this report.

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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Joseph Pacifico's employment with the Company and its affiliates ended on December 21, 2009. Mr. Pacifico was formerly President of the Company.

Item 8.01. Other Events.

On November 10, 2009, the Company announced that its Audit Committee, with the assistance of outside counsel, had commenced a review of customer margin support provided by the Company and an investigation into undisclosed margin support commitments and related matters. As a result of this review, the Company announced that the previously issued consolidated financial statements for the fiscal years 2004 through 2008 included in the Company's most recently filed Form 10-K, and for the fiscal quarters from September 29, 2007 through July 4, 2009 included in the Company's Forms 10-Q, should no longer be relied upon (collectively, the "Affected Periods").

Management initially began a review of margin support arrangements with respect to a single wholesale customer (the "Initial Customer") after becoming aware of a disputed amount of margin support with the Initial Customer. In the normal course of business, the Company provides margin support and other allowances (collectively, "accommodations") to its wholesale customers to assist them with the costs related to inventory clearance and sales promotions. The Company's policy is to reflect the amounts of accommodations as reductions to revenue or, in the case of certain co-op advertising expenses, as additions to selling, general, and administrative expenses. As a result of its review, management identified issues with respect to the timing of recognizing customer accommodations with respect to the Initial Customer.   Following management's review, the Audit Committee engaged outside counsel to undertake the review and investigation described above.

The Audit Committee has substantially completed its review and investigation, which was conducted with the assistance of outside counsel and forensic accountants engaged by outside counsel, and has concluded that the Company reported various customer accommodations in incorrect fiscal periods. The investigation uncovered irregularities involving members of the sales organization intentionally not disclosing accommodations arrangements with customers to the Company's finance organization and intentionally providing inaccurate documentation and explanations regarding accommodations to the finance organization. Consequently, such arrangements were not communicated to the Company's independent registered public accounting firm. These accommodations arrangements were made throughout the Affected Periods by certain members of the Company's sales organization and involved the deferral of accommodations into later fiscal periods. The deferrals resulted in the overstatement of net sales and net income in certain of the Affected Periods and the understatement of net sales and net income in certain of the Affected Periods. The deferrals related primarily to the Initial Customer and, to a lesser extent, other wholesale customers.

The cumulative, after-tax impact of the adjustments required to fairly state the previously issued financial statements for the Affected Periods is a 3% reduction in retained earnings in the amount of $7.5 million as of July 4, 2009. This amount reflects the sum of adjustments to net income for fiscal 2004 through the six-month period ended July 4, 2009, which total $4.4 million, and a 2003 cumulative adjustment to retained earnings in the amount of $3.1 million. The adjustments do not impact the Company's reported cash flow from operations for any of the periods presented. The adjustments to the Company's statements of operations and balance sheets for the Affected Periods are summarized in the tables below.

The Company has self-reported information concerning this investigation to the Securities and Exchange Commission. The Company has also been informed that the United States Attorney's Office is conducting an inquiry into this matter. The Company will continue to cooperate with these inquiries.

The Company expects to complete the restatement of its statements of operations and balance sheets for the fiscal years 2004 through 2008 and the fiscal quarters from September 29, 2007 through July 4, 2009 as soon as practicable. The Company also expects to file the restated financial statements for the Affected Periods and its quarterly report on Form 10-Q for the fiscal quarter ended October 3, 2009 with the Securities and Exchange Commission as soon as practicable.

Impact on Previously Reported
Consolidated Statements of Operations
($ in thousands, except EPS data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	For the six months ended July 4, 2009
Net sales, as reported	**$ 823,121**	**$ 1,121,358**	**$ 1,343,467**	**$ 1,412,246**	**$ 1,490,016**	**$ 674,696**
Accommodations adjustment	(413)	(2,016)	(9,539)	(8,220)	4,504	8,795
Net sales, as restated	**$ 822,708**	**$ 1,119,342**	**$ 1,333,928**	**$ 1,404,026**	**$ 1,494,520**	**$ 683,491**
% change	(0.1%)	(0.2%)	(0.7%)	(0.6%)	0.3%	1.3%
Income (loss) before income taxes, as reported	**$ 82,508**	**$ 77,867**	**$ 138,188**	**$ (29,088)**	**$ 117,407**	**$ 43,615**
Accommodations adjustment	(413)	(2,016)	(9,539)	(8,220)	4,504	8,795
Income (loss) before income taxes, as restated	**$ 82,095**	**$ 75,851**	**$ 128,649**	**$ (37,308)**	**$ 121,911**	**$ 52,410**
% change	(0.5%)	(2.6%)	(6.9%)	(28.3%)	3.8%	20.2%
Net income (loss), as reported	**$ 49,658**	**$ 47,202**	**$ 87,220**	**$ (70,618)**	**$ 75,058**	**$ 27,697**
Accommodations adjustment	(260)	(1,270)	(6,081)	(5,178)	2,846	5,541
Net income (loss), as restated	**$ 49,398**	**$ 45,932**	**$ 81,139**	**$ (75,796)**	**$ 77,904**	**$ 33,238**
% change	(0.5%)	(2.7%)	(7.0%)	(7.3%)	3.8%	20.0%
Basic net income (loss) per common share, as reported (a)	**$ 0.88**	**$ 0.82**	**$ 1.50**	**$ (1.21)**	**$ 1.32**	**$ 0.49**
Accommodations adjustment	0.00	(0.02)	(0.11)	(0.09)	0.05	0.10
Basic net income (loss) per common share, as restated	**$ 0.88**	**$ 0.80**	**$ 1.39**	**$ (1.30)**	**$ 1.37**	**$ 0.59**
% change	0.0%	(2.4%)	(7.3%)	(7.4%)	3.8%	20.4%
Diluted net income (loss) per common share, as reported (a)	**$ 0.83**	**$ 0.78**	**$ 1.42**	**$ (1.21)**	**$ 1.28**	**$ 0.47**
Accommodations adjustment	0.00	(0.03)	(0.10)	(0.09)	0.05	0.10
Diluted net income (loss) per common share, as restated	**$ 0.83**	**$ 0.75**	**$ 1.32**	**$ (1.30)**	**$ 1.33**	**$ 0.57**
% change	0.0%	(3.8%)	(7.0%)	(7.4%)	3.9%	21.3%

(a) As reported basic and diluted net income (loss) per share have been adjusted to reflect the adoption of new accounting guidance which requires earnings per share to be calculated pursuant to the two-class method.

Impact on Previously Reported
Consolidated Statements of Operations
($ in thousands, except EPS data)

	2009		
	First Quarter	Second Quarter	For the six months ended July 4, 2009
Net sales, as reported	**$ 356,787**	**$ 317,909**	**$ 674,696**
Accommodations adjustment	375	8,420	8,795
Net sales, as restated	**$ 357,162**	**$ 326,329**	**$ 683,491**
% change	0.1%	2.6%	1.3%
Income before income taxes, as reported	**$ 25,384**	**$ 18,231**	**$ 43,615**
Accommodations adjustment	375	8,420	8,795
Income before income taxes, as restated	**$ 25,759**	**$ 26,651**	**$ 52,410**
% change	1.5%	46.2%	20.2%
Net income, as reported	**$ 16,368**	**$ 11,329**	**$ 27,697**
Accommodations adjustment	236	5,305	5,541
Net income, as restated	**$ 16,604**	**$ 16,634**	**$ 33,238**
% change	1.4%	46.8%	20.0%
Basic net income per common share, as reported (a)	**$ 0.29**	**$ 0.20**	**$ 0.49**
Accommodations adjustment	0.00	0.09	0.10
Basic net income per common share, as restated	**$ 0.29**	**$ 0.29**	**$ 0.59**
% change	0.0%	45.0%	20.4%
Diluted net income per common share, as reported (a)	**$ 0.28**	**$ 0.19**	**$ 0.47**
Accommodations adjustment	0.00	0.09	0.10
Diluted net income per common share, as restated	**$ 0.28**	**$ 0.28**	**$ 0.57**
% change	0.0%	47.4%	21.3%

(a) As reported basic and diluted net income (loss) per share have been adjusted to reflect the adoption of new accounting guidance which requires earnings per share to be calculated pursuant to the two-class method.

Impact on Previously Reported
Consolidated Statements of Operations
($ in thousands, except EPS data)

	2008				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal 2008
Net sales, as reported	**$ 329,972**	**$ 301,675**	**$ 436,419**	**$ 421,950**	**$ 1,490,016**
Accommodations adjustment	3,913	1,961	(1,537)	167	4,504
Net sales, as restated	**$ 333,885**	**$ 303,636**	**$ 434,882**	**$ 422,117**	**$ 1,494,520**
% change	1.2%	0.7%	(0.4%)	0.0%	0.3%
Income before income taxes, as reported	**$ 16,033**	**$ 4,463**	**$ 53,050**	**$ 43,861**	**$ 117,407**
Accommodations adjustment	3,913	1,961	(1,537)	167	4,504
Income before income taxes, as restated	**$ 19,946**	**$ 6,424**	**$ 51,513**	**$ 44,028**	**$ 121,911**
% change	24.4%	43.9%	(2.9%)	0.4%	3.8%
Net income, as reported	**$ 11,559**	**$ 2,779**	**$ 33,375**	**$ 27,345**	**$ 75,058**
Accommodations adjustment	2,472	1,241	(973)	106	2,846
Net income, as restated	**$ 14,031**	**$ 4,020**	**$ 32,402**	**$ 27,451**	**$ 77,904**
% change	21.4%	44.7%	(2.9%)	0.4%	3.8%
Basic net income per common share, as reported (a)	**$ 0.20**	**$ 0.05**	**$ 0.59**	**$ 0.49**	**$ 1.32**
Accommodations adjustment	0.04	0.02	(0.02)	0.00	0.05
Basic net income per common share, as restated	**$ 0.24**	**$ 0.07**	**$ 0.57**	**$ 0.49**	**$ 1.37**
% change	20.0%	40.0%	(3.4%)	0.0%	3.8%
Diluted net income per common share, as reported (a)	**$ 0.19**	**$ 0.05**	**$ 0.57**	**$ 0.47**	**$ 1.28**
Accommodations adjustment	0.05	0.02	(0.02)	0.00	0.05
Diluted net income per common share, as restated	**$ 0.24**	**$ 0.07**	**$ 0.55**	**$ 0.47**	**$ 1.33**
% change	26.3%	40.0%	(3.5%)	0.0%	3.9%

(a) As reported basic and diluted net income (loss) per share have been adjusted to reflect the adoption of new accounting guidance which requires earnings per share to be calculated pursuant to the two-class method.

Impact on Previously Reported
Consolidated Statements of Operations
($ in thousands, except EPS data)

	2007				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal 2007
Net sales, as reported	**$ 320,128**	**$ 287,775**	**$ 410,949**	**$ 393,394**	**$ 1,412,246**
Accommodations adjustment	(2,187)	(965)	(4,254)	(814)	(8,220)
Net sales, as restated	**$ 317,941**	**$ 286,810**	**$ 406,695**	**$ 392,580**	**$ 1,404,026**
% change	(0.7%)	(0.3%)	(1.0%)	(0.2%)	(0.6%)
Income (loss) before income taxes, as reported	**$ 15,444**	**$ (143,577)**	**$ 53,987**	**$ 45,058**	**$ (29,088)**
Accommodations adjustment	(2,187)	(965)	(4,254)	(814)	(8,220)
Income (loss) before income taxes, as restated	**$ 13,257**	**$ (144,542)**	**$ 49,733**	**$ 44,244**	**$ (37,308)**
% change	(14.2%)	(0.7%)	(7.9%)	(1.8%)	(28.3%)
Net income, as reported	**$ 9,611**	**$ (143,449)**	**$ 34,618**	**$ 28,602**	**$ (70,618)**
Accommodations adjustment	(1,360)	(611)	(2,692)	(515)	(5,178)
Net income, as restated	**$ 8,251**	**$ (144,060)**	**$ 31,926**	**$ 28,087**	**$ (75,796)**
% change	(14.2%)	(0.4%)	(7.8%)	(1.8%)	(7.3%)
Basic net income (loss) per common share, as reported (a)	**$ 0.16**	**$ (2.47)**	**$ 0.60**	**$ 0.49**	**$ (1.21)**
Accommodations adjustment	(0.02)	(0.01)	(0.05)	0.00	(0.09)
Basic net income (loss) per common share, as restated	**$ 0.14**	**$ (2.48)**	**$ 0.55**	**$ 0.49**	**$ (1.30)**
% change	(12.5%)	(0.4%)	(8.3%)	0.0%	(7.4%)
Diluted net income (loss) per common share, as reported (a)	**$ 0.16**	**$ (2.47)**	**$ 0.57**	**$ 0.48**	**$ (1.21)**
Accommodations adjustment	(0.03)	(0.01)	(0.04)	(0.01)	(0.09)
Diluted net income (loss) per common share, as restated	**$ 0.13**	**$ (2.48)**	**$ 0.53**	**$ 0.47**	**$ (1.30)**
% change	(18.8%)	(0.4%)	(7.0%)	(2.1%)	(7.4%)

(a) As reported basic and diluted net income (loss) per share have been adjusted to reflect the adoption of new accounting guidance which requires earnings per share to be calculated pursuant to the two-class method.

Impact on Previously Reported
Net Sales and Segment Information

($ in thousands)

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	For the six months ended July 4, 2009
Carter's total net sales, as reported	**$ 823,121**	**$ 921,547**	**$ 1,018,013**	**$ 1,091,915**	**$ 1,166,616**	**$ 538,003**
Accommodations adjustment	(413)	(1,565)	(7,059)	(10,928)	(1,295)	7,038
Carter's total net sales, as restated	**$ 822,708**	**$ 919,982**	**$ 1,010,954**	**$ 1,080,987**	**$ 1,165,321**	**$ 545,041**
% change	(0.1%)	(0.2%)	(0.7%)	(1.0%)	(0.1%)	1.3%
Carter's wholesale net sales, as reported	**$ 385,810**	**$ 427,043**	**$ 464,636**	**$ 482,350**	**$ 489,744**	**$ 222,985**
Accommodations adjustment	(403)	(1,575)	(7,020)	(10,967)	(1,150)	6,893
Carter's wholesale net sales, as restated	**$ 385,407**	**$ 425,468**	**$ 457,616**	**$ 471,383**	**$ 488,594**	**$ 229,878**
% change	(0.1%)	(0.4%)	(1.5%)	(2.3%)	(0.2%)	3.1%
Carter's mass channel net sales, as reported	**$ 145,949**	**$ 178,027**	**$ 220,327**	**$ 243,269**	**$ 254,436**	**$ 102,961**
Accommodations adjustment	(10)	10	(39)	39	(145)	145
Carter's mass channel net sales, as restated	**$ 145,939**	**$ 178,037**	**$ 220,288**	**$ 243,308**	**$ 254,291**	**$ 103,106**
% change	(0.0%)	0.0%	(0.0%)	0.0%	(0.1%)	0.1%
OshKosh total net sales, as reported		**$ 199,811**	**$ 325,454**	**$ 320,331**	**$ 323,400**	**$ 136,693**
Accommodations adjustment		(451)	(2,480)	2,708	5,799	1,757
OshKosh total net sales, as restated		**$ 199,360**	**$ 322,974**	**$ 323,039**	**$ 329,199**	**$ 138,450**
% change		(0.2%)	(0.8%)	0.8%	1.8%	1.3%
OshKosh wholesale net sales, as reported		**$ 59,707**	**$ 96,351**	**$ 86,555**	**$ 74,270**	**$ 32,705**
Accommodations adjustment		(451)	(2,480)	2,708	5,799	1,757
OshKosh wholesale net sales, as restated		**$ 59,256**	**$ 93,871**	**$ 89,263**	**$ 80,069**	**$ 34,462**
% change		(0.8%)	(2.6%)	3.1%	7.8%	5.4%

Impact on Previously Reported
Operating Income and Segment Information
($ in thousands)

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	For the six months ended July 4, 2009
Carter's total segment operating income, as reported	**$ 132,944**	**$ 165,333**	**$ 177,267**	**$ 187,361**	**$ 182,372**	**$ 86,368**
% of segment net sales, as reported	16.2%	17.9%	17.4%	17.2%	15.6%	16.1%
Accommodations adjustment	(413)	(1,565)	(7,059)	(10,928)	(1,295)	7,038
Carter's total segment operating income, as restated	**$ 132,531**	**$ 163,768**	**$ 170,208**	**$ 176,433**	**$ 181,077**	**$ 93,406**
% of segment net sales, as restated	16.1%	17.8%	16.8%	16.3%	15.5%	17.1%
Carter's wholesale operating income, as reported	**$ 58,267**	**$ 80,566**	**$ 87,335**	**$ 92,934**	**$ 81,935**	**$ 36,531**
% of segment net sales, as reported	15.1%	18.9%	18.8%	19.3%	16.7%	16.4%
Accommodations adjustment	(403)	(1,575)	(7,020)	(10,967)	(1,150)	6,893
Carter's wholesale operating income, as restated	**$ 57,864**	**$ 78,991**	**$ 80,315**	**$ 81,967**	**$ 80,785**	**$ 43,424**
% of segment net sales, as restated	15.0%	18.6%	17.6%	17.4%	16.5%	18.9%
Carter's mass channel operating income, as reported	**$ 15,676**	**$ 21,588**	**$ 33,517**	**$ 37,395**	**$ 33,424**	**$ 16,674**
% of segment net sales, as reported	10.7%	12.1%	15.2%	15.4%	13.1%	16.2%
Accommodations adjustment	(10)	10	(39)	39	(145)	145
Carter's mass channel operating income, as restated	**$ 15,666**	**$ 21,598**	**$ 33,478**	**$ 37,434**	**$ 33,279**	**$ 16,819**
% of segment net sales, as restated	10.7%	12.1%	15.2%	15.4%	13.1%	16.3%
OshKosh total segment operating income (loss), as reported		**$ 10,169**	**$ 32,441**	**$ (134,947)**	**$ 7,878**	**$ (675)**
% of segment net sales, as reported		5.1%	10.0%	(42.1%)	2.4%	(0.5%)
Accommodations adjustment		(451)	(2,480)	2,708	5,799	1,757
OshKosh total segment operating income, as restated		**$ 9,718**	**$ 29,961**	**$ (132,239)**	**$ 13,677**	**$ 1,082**
% of segment net sales, as restated		4.9%	9.3%	(40.9%)	4.2%	0.8%
OshKosh wholesale operating income (loss), as reported		**$ 666**	**$ 11,204**	**$ (37,215)**	**$ (4,420)**	**$ (2,274)**
% of segment net sales, as reported		1.1%	11.6%	(43.0%)	(6.0%)	(7.0%)
Accommodations adjustment		(451)	(2,480)	2,708	5,799	1,757
OshKosh wholesale operating income (loss), as restated		**$ 215**	**$ 8,724**	**$ (34,507)**	**$ 1,379**	**$ (517)**
% of segment net sales, as restated		0.4%	9.3%	(38.7%)	1.7%	(1.5%)

Impact on Previously Reported Balance Sheets (end of period)

($ in thousands)

	2003 Cumulative Adjustment	2004	2005	2006	2007	2008	July 4, 2009
Accounts receivable, as reported	**$ 65,318**	**$ 80,440**	**$ 96,144**	**$ 110,615**	**$ 119,707**	**$ 106,060**	**$ 96,864**
Accommodations adjustment	(4,924)	(5,337)	(7,353)	(16,892)	(25,112)	(20,608)	(11,813)
Accounts receivable, as restated	**$ 60,394**	**$ 75,103**	**$ 88,791**	**$ 93,723**	**$ 94,595**	**$ 85,452**	**$ 85,051**
% change	(7.5%)	(6.6%)	(7.6%)	(15.3%)	(21.0%)	(19.4%)	(12.2%)
Deferred income taxes, as reported	**$ 9,045**	**$ 12,571**	**$ 23,909**	**$ 22,377**	**$ 24,234**	**$ 27,982**	**$ 25,712**
Accommodations adjustment	1,822	1,975	2,721	6,179	9,221	7,563	4,309
Deferred income taxes, as restated	**$ 10,867**	**$ 14,546**	**$ 26,630**	**$ 28,556**	**$ 33,455**	**$ 35,545**	**$ 30,021**
% change	20.1%	15.7%	11.4%	27.6%	38.0%	27.0%	16.8%
Total assets, as reported	**$ 646,102**	**$ 672,965**	**$ 1,116,727**	**$ 1,123,191**	**$ 974,668**	**$ 1,051,057**	**$ 1,098,813**
Accommodations adjustment	(3,102)	(3,362)	(4,632)	(10,713)	(15,891)	(13,045)	(7,504)
Total assets, as restated	**$ 643,000**	**$ 669,603**	**$ 1,112,095**	**$ 1,112,478**	**$ 958,777**	**$ 1,038,012**	**$ 1,091,309**
% change	(0.5%)	(0.5%)	(0.4%)	(1.0%)	(1.6%)	(1.2%)	(0.7%)
Retained earnings, as reported	**$ 30,476**	**$ 80,134**	**$ 127,336**	**$ 214,556**	**$ 146,526**	**$ 221,584**	**$ 249,281**
Accommodations adjustment	(3,102)	(3,362)	(4,632)	(10,713)	(15,891)	(13,045)	(7,504)
Retained earnings, as restated	**$ 27,374**	**$ 76,772**	**$ 122,704**	**$ 203,843**	**$ 130,635**	**$ 208,539**	**$ 241,777**
% change	(10.2%)	(4.2%)	(3.6%)	(5.0%)	(10.8%)	(5.9%)	(3.0%)
Stockholders' equity, as reported	**$ 272,536**	**$ 327,933**	**$ 386,644**	**$ 495,491**	**$ 382,129**	**$ 426,596**	**$ 460,642**
Accommodations adjustment	(3,102)	(3,362)	(4,632)	(10,713)	(15,891)	(13,045)	(7,504)
Stockholders' equity, as restated	**$ 269,434**	**$ 324,571**	**$ 382,012**	**$ 484,778**	**$ 366,238**	**$ 413,551**	**$ 453,138**
% change	(1.1%)	(1.0%)	(1.2%)	(2.2%)	(4.2%)	(3.1%)	(1.6%)

Control Deficiencies

Through the investigation, management identified: (i) control deficiencies in its internal controls associated with customer accommodations processes that constitute material weaknesses, and (ii) the need to restate prior period financial statements. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. While management is still in the process of evaluating the effectiveness of its internal control over financial reporting under the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, based on its preliminary evaluations, the material weaknesses identified to date are discussed below. Management will report its final conclusions in its restated Forms 10-Q and 10-K covering the Affected Periods.

(1) The control over the timing of the recording of customer accommodations was improperly designed and was not effective in capturing the accuracy, completeness, and timing of accommodations arrangements. The controls that had been in place focused primarily on the review of internal Company documentation and the representations of members of the sales organization to ensure deductions taken by customers were valid and authorized; however, the controls were not effective in recording completely and accurately the accommodations arrangements in the appropriate accounting periods.

(2) Training and oversight of the sales organization were not effective, which resulted in an insufficient understanding by the sales organization regarding the impact of failing to accurately and completely account for customer accommodations in correct periods on the Company's reported financial results.

Remediation Plan

Management has been actively engaged in developing remediation efforts to address the above control deficiencies. On a preliminary basis, the remediation efforts in process or expected to be implemented include the following:

- Making personnel changes, including the separation of certain employees from the Company, and a restructuring of the Company's sales organization;
- Implementing a periodic training program for all sales personnel regarding the appropriate accounting for accommodations and the impact on the Company's financial statements of recording such customer accommodations;
- Implementing procedures to improve the capture, review, approval, and recording of all accommodation arrangements in the appropriate accounting period;
- Establishing more comprehensive procedures for authorizing accommodations, including tiered accommodations approval levels that include the Chief Financial Officer and Chief Executive Officer;
- Establishing a new position in the finance organization with responsibilities to include tracking, monitoring, and reviewing all customer accommodations, including certain budgetary responsibilities for accommodations;
- Improving the method of educating employees on the Company's Code of Business Ethics and Professional Conduct; and
- Reemphasizing to all employees the availability of the Company's Financial Accounting and Reporting Hotline and communicating information to the Company's vendors and customers about this Hotline, which is available to both Company employees and its business partners.

The Audit Committee has directed management to develop a detailed plan and timetable for the implementation of the foregoing remediation efforts and will monitor the implementation. In addition, under the direction of the Audit Committee, management will continue to review and make necessary changes to the overall design of the Company's internal control environment, as well as to policies and procedures to improve the overall effectiveness of internal control over financial reporting.

Management believes the foregoing efforts will effectively remediate these material weaknesses. As the Company continues to evaluate and work to improve its internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify the remediation plan described above.

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 December 23, 2009

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.

December 23, 2009	CARTER’S, INC.
	By: /s/ Richard F. Westenberger
	Name: Richard F. Westenberger
	Title: Executive Vice President & Chief Financial Officer

Exhibit 99.1

carter's, inc.

Contact:
Richard F. Westenberger
Executive Vice President &
Chief Financial Officer
(404) 745-2889

CARTER'S, INC. PROVIDES AN UPDATE ON CUSTOMER ACCOMMODATIONS REVIEW AND ANNOUNCES MANAGEMENT CHANGES

Atlanta, Georgia, December 23, 2009 / Business Wire -- Carter's, Inc. (NYSE:CRI), today announced the substantial completion of an independent investigation undertaken at the direction of the Company's Audit Committee concerning the reporting of wholesale customer accommodations in incorrect periods and the resulting adjustments to the Company's financial statements for the periods covered by the previously announced restatement.

The Audit Committee conducted its investigation with the assistance of outside counsel and forensic accountants engaged by outside counsel, and has concluded that the Company reported various customer accommodations in incorrect fiscal periods. The investigation uncovered irregularities involving members of the sales organization intentionally not disclosing accommodations arrangements with customers to the Company's finance organization and intentionally providing inaccurate documentation and explanations regarding accommodations to the finance organization. Consequently, such arrangements were not communicated to the Company's independent registered public accounting firm.

These accommodations arrangements were made throughout the restated periods by certain members of the Company's sales organization and involved the deferral of accommodations into later fiscal periods. The deferrals resulted in the overstatement of net sales and net income in certain of the restated periods and the understatement of net sales and net income in certain of the restated periods. The deferrals related primarily to a single wholesale customer and, to a lesser extent, other wholesale customers.

The cumulative, after-tax impact of the adjustments required to fairly state the financial statements for the five fiscal years of 2004 through 2008 and the first six months of fiscal 2009 is a 3% reduction in retained earnings in the amount of $7.5 million. This amount reflects the sum of adjustments to net income for fiscal 2004 through the six-month period ended July 4, 2009, which total $4.4 million, and a 2003 cumulative adjustment to retained earnings in the amount of $3.1 million. The adjustments do not impact the Company's reported cash flow from operations for any of the periods presented. The adjustments to the Company's statements of operations and balance sheets for the restated periods are set forth at the end of this release.

Through the investigation, management identified control deficiencies in its internal controls associated with customer accommodations processes that constitute material weaknesses and determined to restate prior period financial statements. Management has been actively engaged in developing remediation efforts to address these control deficiencies. These efforts include the separation of certain employees from the Company. Additional information regarding the control deficiencies and remediation efforts is set forth in the Company's Form 8-K filed today.

"The Board of Directors is pleased that the Audit Committee's investigation of accommodations is substantially complete. We are thankful to our management team for their responsiveness to the challenging issues presented by the investigation," said Thomas E. Whiddon, Lead Director, speaking on behalf of the Company's Board of Directors.

The Company anticipates that it will complete the restatement of its previously issued financial statements, including filing amended Forms 10-K and 10-Q with the Securities and Exchange Commission, and release its fiscal third quarter 2009 financial results as soon as practicable.

The Company has self-reported information concerning this investigation to the Securities and Exchange Commission. The Company has also been informed that the United States Attorney's Office is conducting an inquiry into this matter. The Company will continue to cooperate with these inquiries.

Management Changes

The Company announced management changes, effective immediately. The Company has created two new leadership positions which report directly to Michael D. Casey, Chairman and Chief Executive Officer.

Brian J. Lynch has been promoted to Executive Vice President & Brand Leader for the *Carter's* brand. Mr. Lynch joined the Company in 2005 as Vice President of Merchandising and was named Senior Vice President of Merchandising and Brand Marketing in 2008. Prior to joining Carter's, Mr. Lynch worked for the Walt Disney Company holding several merchandising, product development, and strategy positions in the Disney Parks and Resorts division. Before Disney, Mr. Lynch spent nine years in various senior marketing and sales positions at Champion Products, Inc., a leading manufacturer of athletic apparel. In his new position, Mr. Lynch's scope of responsibility has been expanded to include the Company's *Carter's* brand sales, mass channel, and domestic licensing organizations.

Lisa A. Fitzgerald has been appointed Executive Vice President & Brand Leader for the *OshKosh B'gosh* brand. Ms. Fitzgerald joins the Company from Lands' End, Inc., a division of Sears Holdings Corporation, where she served as Executive Vice President of Merchandising, Design, and Creative. Ms. Fitzgerald held a variety of senior positions at Lands' End since joining the company in 2000. Prior to Lands' End, Ms. Fitzgerald spent four years at The Gymboree Corporation. Before Gymboree, Ms. Fitzgerald worked in various merchandising positions of increasing responsibility at Victoria's Secret, May Company, and Casual Corner.

"We are fortunate to have Brian and Lisa to help us further develop and grow our core businesses. Brian's success in leading the *Carter's* merchandising and design organizations positions him well for this broader leadership role within the Company," noted Mr. Casey. "Lisa brings a wealth of experience in brand development and management, merchandising, and design, and she possesses an extensive background in retail and direct commerce. Lisa's leadership will help us in our efforts to strengthen the performance and potential of our *OshKosh B'gosh* brand."

In addition to his responsibilities as Chairman and Chief Executive Officer, Mr. Casey has assumed the title and role of President effectively immediately.

Joseph Pacifico's employment with the Company and its affiliates ended on December 21, 2009. Mr. Pacifico was formerly President of the Company.

About Carter's, Inc.

Carter's, Inc. is a leading provider of apparel and related products exclusively for babies and young children. The Company owns the *Carter's* and *OshKosh B'gosh* brands, two of the most recognized brands in the marketplace. These brands are sold in leading department stores, national chains, and specialty retailers domestically and internationally and through more than 400 Company-operated stores. The Company's *Child of Mine* and *Just One Year* brands are available at Walmart and Target, respectively, and its *Genuine Kids* brand is sold at Target. Carter's is headquartered in Atlanta, Georgia. Additional information may be found at www.carters.com.

Impact on Previously Reported
Consolidated Statements of Operations
($ in thousands, except EPS data)

	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	For the six months ended July 4, 2009
Net sales, as reported	**$ 823,121**	**$ 1,121,358**	**$ 1,343,467**	**$ 1,412,246**	**$ 1,490,016**	**$ 674,696**
Accommodations adjustment	(413)	(2,016)	(9,539)	(8,220)	4,504	8,795
Net sales, as restated	**$ 822,708**	**$ 1,119,342**	**$ 1,333,928**	**$ 1,404,026**	**$ 1,494,520**	**$ 683,491**
% change	(0.1%)	(0.2%)	(0.7%)	(0.6%)	0.3%	1.3%
Income (loss) before income taxes, as reported	**$ 82,508**	**$ 77,867**	**$ 138,188**	**$ (29,088)**	**$ 117,407**	**$ 43,615**
Accommodations adjustment	(413)	(2,016)	(9,539)	(8,220)	4,504	8,795
Income (loss) before income taxes, as restated	**$ 82,095**	**$ 75,851**	**$ 128,649**	**$ (37,308)**	**$ 121,911**	**$ 52,410**
% change	(0.5%)	(2.6%)	(6.9%)	(28.3%)	3.8%	20.2%
Net income (loss), as reported	**$ 49,658**	**$ 47,202**	**$ 87,220**	**$ (70,618)**	**$ 75,058**	**$ 27,697**
Accommodations adjustment	(260)	(1,270)	(6,081)	(5,178)	2,846	5,541
Net income (loss), as restated	**$ 49,398**	**$ 45,932**	**$ 81,139**	**$ (75,796)**	**$ 77,904**	**$ 33,238**
% change	(0.5%)	(2.7%)	(7.0%)	(7.3%)	3.8%	20.0%
Basic net income (loss) per common share, as reported (a)	**$ 0.88**	**$ 0.82**	**$ 1.50**	**$ (1.21)**	**$ 1.32**	**$ 0.49**
Accommodations adjustment	0.00	(0.02)	(0.11)	(0.09)	0.05	0.10
Basic net income (loss) per common share, as restated	**$ 0.88**	**$ 0.80**	**$ 1.39**	**$ (1.30)**	**$ 1.37**	**$ 0.59**
% change	0.0%	(2.4%)	(7.3%)	(7.4%)	3.8%	20.4%
Diluted net income (loss) per common share, as reported (a)	**$ 0.83**	**$ 0.78**	**$ 1.42**	**$ (1.21)**	**$ 1.28**	**$ 0.47**
Accommodations adjustment	0.00	(0.03)	(0.10)	(0.09)	0.05	0.10
Diluted net income (loss) per common share, as restated	**$ 0.83**	**$ 0.75**	**$ 1.32**	**$ (1.30)**	**$ 1.33**	**$ 0.57**
% change	0.0%	(3.8%)	(7.0%)	(7.4%)	3.9%	21.3%

(a) As reported basic and diluted net income (loss) per share have been adjusted to reflect the adoption of new accounting guidance which requires earnings per share to be calculated pursuant to the two-class method.

Impact on Previously Reported
Balance Sheets (end of period)

($ in thousands)

	2003 Cumulative Adjustment	2004	2005	2006	2007	2008	July 4, 2009
Accounts receivable, as reported	**$ 65,318**	**$ 80,440**	**$ 96,144**	**$ 110,615**	**$ 119,707**	**$ 106,060**	**$ 96,864**
Accommodations adjustment	(4,924)	(5,337)	(7,353)	(16,892)	(25,112)	(20,608)	(11,813)
Accounts receivable, as restated	**$ 60,394**	**$ 75,103**	**$ 88,791**	**$ 93,723**	**$ 94,595**	**$ 85,452**	**$ 85,051**
% change	(7.5%)	(6.6%)	(7.6%)	(15.3%)	(21.0%)	(19.4%)	(12.2%)
Deferred income taxes, as reported	**$ 9,045**	**$ 12,571**	**$ 23,909**	**$ 22,377**	**$ 24,234**	**$ 27,982**	**$ 25,712**
Accommodations adjustment	1,822	1,975	2,721	6,179	9,221	7,563	4,309
Deferred income taxes, as restated	**$ 10,867**	**$ 14,546**	**$ 26,630**	**$ 28,556**	**$ 33,455**	**$ 35,545**	**$ 30,021**
% change	20.1%	15.7%	11.4%	27.6%	38.0%	27.0%	16.8%
Total assets, as reported	**$ 646,102**	**$ 672,965**	**$ 1,116,727**	**$ 1,123,191**	**$ 974,668**	**$ 1,051,057**	**$ 1,098,813**
Accommodations adjustment	(3,102)	(3,362)	(4,632)	(10,713)	(15,891)	(13,045)	(7,504)
Total assets, as restated	**$ 643,000**	**$ 669,603**	**$ 1,112,095**	**$ 1,112,478**	**$ 958,777**	**$ 1,038,012**	**$ 1,091,309**
% change	(0.5%)	(0.5%)	(0.4%)	(1.0%)	(1.6%)	(1.2%)	(0.7%)
Retained earnings, as reported	**$ 30,476**	**$ 80,134**	**$ 127,336**	**$ 214,556**	**$ 146,526**	**$ 221,584**	**$ 249,281**
Accommodations adjustment	(3,102)	(3,362)	(4,632)	(10,713)	(15,891)	(13,045)	(7,504)
Retained earnings, as restated	**$ 27,374**	**$ 76,772**	**$ 122,704**	**$ 203,843**	**$ 130,635**	**$ 208,539**	**$ 241,777**
% change	(10.2%)	(4.2%)	(3.6%)	(5.0%)	(10.8%)	(5.9%)	(3.0%)
Stockholders' equity, as reported	**$ 272,536**	**$ 327,933**	**$ 386,644**	**$ 495,491**	**$ 382,129**	**$ 426,596**	**$ 460,642**
Accommodations adjustment	(3,102)	(3,362)	(4,632)	(10,713)	(15,891)	(13,045)	(7,504)
Stockholders' equity, as restated	**$ 269,434**	**$ 324,571**	**$ 382,012**	**$ 484,778**	**$ 366,238**	**$ 413,551**	**$ 453,138**
% change	(1.1%)	(1.0%)	(1.2%)	(2.2%)	(4.2%)	(3.1%)	(1.6%)

Cautionary Language

Statements contained herein that relate to the Company's future performance, including, without limitation, statements with respect to the Company's anticipated results for fiscal 2009 or any other future period, are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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: a decrease in sales to, or the loss of one or more of, the Company's key customers; increased competition in the baby and young children's apparel market; the acceptance of the Company's products in the marketplace; deflationary pricing pressures; the Company's dependence on foreign supply sources; failure of foreign supply sources to meet the Company's quality standards or regulatory requirements; negative publicity; leverage, which increases the Company's exposure to interest rate risk and could require the Company to dedicate a substantial portion of it's cash flow to repay debt principal; an inability to access suitable financing due to the current economic environment; a continued decrease in the overall value of the United States equity markets due to the current economic environment; a continued decrease in the overall level of consumer spending; changes in consumer preference and fashion trends; the impact of governmental regulations and environmental risks applicable to the Company's business; the breach of the Company's consumer databases; the ability of the Company to adequately forecast demand, which could create significant levels of excess inventory; the ability of the Company to identify new retail store locations, and negotiate appropriate lease terms for the retail stores; the ability to attract and retain key individuals within the organization; failure to realize the revenue growth and earnings forecasts of OshKosh B'Gosh, Inc., which could further impact the carrying value of the Company's OshKosh intangible asset; and seasonal fluctuations in the children's apparel business. Many of these risks are further described in the most recently filed Annual Report on Form 10-K 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.