

**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): April 28, 2010

**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 April 28, 2010, Carter's, Inc. issued a press release announcing its financial results for its first quarter ended April 3, 2010. 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.

| <u>Exhibit<br/>Number</u> | <u>Description</u>                                    |
|---------------------------|---|
| 99.1                      | Press Release of Carter's, Inc., dated April 28, 2010 |

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**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.

April 28, 2010

CARTER'S, INC.

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

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# carter's, inc.

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

## CARTER'S, INC. REPORTS FIRST QUARTER 2010 RESULTS

Atlanta, Georgia, April 28, 2010 / 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 first quarter 2010 results.

"While our results benefited from earlier customer demand and the timing of the Easter holiday, we are clearly off to a strong start in 2010," said Michael D. Casey, Chairman and Chief Executive Officer. "We've continued to build on the positive momentum from 2009, which is driven by strong consumer demand for our products across our multiple channels of distribution. We are pleased with the launch of our new eCommerce business in the first quarter, which we believe will complement our existing businesses and be an additional driver of longer term growth."

### First Quarter of Fiscal 2010 compared to First Quarter of Fiscal 2009

Consolidated net sales increased \$51.9 million, or 14.5%, to \$409.0 million. Net sales of the Company's *Carter's* brands increased \$49.7 million, or 17.6%, to \$332.3 million. Net sales of the Company's *OshKosh B'gosh* brand increased \$2.1 million, or 2.9%, to \$76.7 million.

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Carter's wholesale sales increased \$24.4 million, or 20.1%, to \$146.3 million due to strong over-the-counter performance at our wholesale customers in all product categories and earlier than planned customer demand. OshKosh wholesale sales decreased \$1.2 million, or 5.2%, to \$21.6 million, due largely to lower off-price sales.

Consolidated retail sales increased \$19.5 million, or 12.7%, to \$173.3 million. Carter's retail segment sales increased \$16.2 million, or 15.9%, to \$118.1 million, driven by a comparable store sales increase of \$8.2 million, or 8.1%, and incremental sales of \$8.2 million generated by new store openings and the benefit of an earlier Easter holiday. OshKosh retail segment sales increased \$3.3 million, or 6.4%, to \$55.1 million, driven by a comparable store sales increase of \$1.8 million, or 3.5%, and incremental sales of \$1.7 million generated by new store openings and the benefit of an earlier Easter holiday.

In the first quarter of fiscal 2010, the Company opened five Carter's retail stores and two OshKosh retail stores. As of the end of the first quarter, the Company operated 281 Carter's and 172 OshKosh retail stores.

The Company's mass channel sales, which are comprised of sales of its *Child of Mine* brand to Walmart and *Just One Year* brand to Target, increased \$9.1 million, or 15.5%, to \$67.9 million. The increase was driven primarily by increased sales of our *Just One Year* brand due to new programs and improved product performance in addition to favorable timing of *Child of Mine* shipments resulting from earlier than planned demand.

In connection with a workforce reduction and distribution facility closure, the Company recorded pre-tax charges in the first quarter of fiscal 2009 of approximately \$8.7 million related to severance, asset impairment, accelerated depreciation, and other closure costs.

Operating income in the first quarter of fiscal 2010 was \$71.2 million, an increase of \$42.2 million, or 146.0%, from \$28.9 million in the first quarter of fiscal 2009. Excluding the effect of the workforce reduction and distribution facility closure in 2009, adjusted operating income increased \$33.5 million, or 88.9%, to \$71.2 million from \$37.6 million in the first quarter of fiscal 2009, driven largely by growth in earnings from the Carter's wholesale and retail segments.

Net income increased \$26.2 million, or 157.9%, to \$42.8 million, or \$0.71 per diluted share, compared to \$16.6 million, or \$0.28 per diluted share, in the first quarter of fiscal 2009. Excluding the effect of the workforce reduction and distribution facility closure in 2009, adjusted net income increased \$20.7 million, or 93.7%, to \$42.8 million, or \$0.71 per diluted share, compared to \$22.1 million, or \$0.38 per diluted share, on an adjusted basis, in the first quarter of fiscal 2009.

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

Cash flow from operations in the first quarter was \$23.4 million, a decrease of \$11.8 million, or 33.5%, over the first quarter of fiscal 2009 due primarily to net changes in working capital offset by increased earnings.

## Outlook

For the second quarter of fiscal 2010, the Company anticipates that net sales will increase low single digits and diluted earnings per share will be flat to down slightly as compared to adjusted diluted earnings per share of \$0.32 in the second quarter of fiscal 2009. Adjustments to the Company's reported second quarter results for fiscal 2009 are detailed at the end of this release.

For fiscal 2010, the Company anticipates that net sales will increase mid to high single digits and diluted earnings per share will increase approximately 15% - 20% over adjusted diluted earnings per share for fiscal 2009 of \$2.15. Adjustments to the Company's reported results for fiscal 2009 are detailed at the end of this release.

## Conference Call

The Company will hold a conference call with investors to discuss first quarter results on April 28, 2010 at 8:30 a.m. Eastern Time. To participate in the call, please dial 913-312-0391. To listen to a live broadcast of the call on the internet, please log on to [www.carters.com](http://www.carters.com) and select the "Q1 2010 Earnings Conference Call" link under the "Investor Relations" tab. The conference call will be simultaneously broadcast on the Company's website at [www.carters.com](http://www.carters.com). Presentation materials for the call can be accessed on the Company's website at [www.carters.com](http://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 May 7, 2010, at 719-457-0820, passcode 4904419. 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](http://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 second quarter of fiscal 2010 and fiscal 2010, 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: 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 its 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; seasonal fluctuations in the children's apparel business; the impact of governmental regulations and environmental risks applicable to the Company's business; the risk that ongoing litigation and investigations may be resolved adversely; 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 achieve sales growth plans, cost savings, and other assumptions that support the carrying value of our intangible assets; and the Company's inability to remediate its material weaknesses in internal control over financial reporting. 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.



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

|  | <b>Three-month periods ended</b> |                          |
|--|----------------------------------|--------------------------|
|  | <b>April 3,<br/>2010</b>         | <b>April 4,<br/>2009</b> |
| Net sales:                                     |                                  |                          |
| Carter's:                                      |                                  |                          |
| Wholesale                                      | \$ 146,258                       | \$ 121,817               |
| Retail   | 118,139                          | 101,930                  |
| Mass Channel                                   | 67,920                           | 58,823                   |
| Carter's net sales                             | <u>332,317</u>                   | <u>282,570</u>           |
| OshKosh:                                       |                                  |                          |
| Retail   | 55,145                           | 51,828                   |
| Wholesale                                      | 21,587                           | 22,764                   |
| OshKosh net sales                              | <u>76,732</u>                    | <u>74,592</u>            |
| Total net sales                                | 409,049                          | 357,162                  |
| Cost of goods sold                             | <u>242,239</u>                   | <u>229,440</u>           |
| Gross profit                                   | 166,810                          | 127,722                  |
| Selling, general, and administrative expenses  | 105,295                          | 99,130                   |
| Workforce reduction and facility closure costs | --                               | 8,420                    |
| Royalty income                                 | (9,654)                          | (8,762)                  |
| Operating income                               | 71,169                           | 28,934                   |
| Interest expense, net                          | 2,444                            | 3,175                    |
| Income before income taxes                     | 68,725                           | 25,759                   |
| Provision for income taxes                     | 25,900                           | 9,155                    |
| Net income                                     | <u>\$ 42,825</u>                 | <u>\$ 16,604</u>         |
| Basic net income per common share              | \$ 0.73                          | \$ 0.29                  |
| Diluted net income per common share            | \$ 0.71                          | \$ 0.28                  |

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

|  | For the three-month periods ended |               |                   |               |
|--|-----------------------------------|---------------|-------------------|---------------|
|  | April 3,<br>2010                  | % of<br>Total | April 4,<br>2009  | % of<br>Total |
| (dollars in thousands)                             |                                   |               |                   |               |
| <b>Net sales:</b>                                  |                                   |               |                   |               |
| Carter's:  |                                   |               |                   |               |
| Wholesale  | \$ 146,258                        | 35.7%         | \$ 121,817        | 34.1%         |
| Retail   | 118,139                           | 28.9%         | 101,930           | 28.5%         |
| Mass Channel                                       | 67,920                            | 16.6%         | 58,823            | 16.5%         |
| Carter's total net sales                           | <u>332,317</u>                    | <u>81.2%</u>  | <u>282,570</u>    | <u>79.1%</u>  |
| OshKosh:   |                                   |               |                   |               |
| Retail   | 55,145                            | 13.5%         | 51,828            | 14.5%         |
| Wholesale  | 21,587                            | 5.3%          | 22,764            | 6.4%          |
| OshKosh total net sales                            | <u>76,732</u>                     | <u>18.8%</u>  | <u>74,592</u>     | <u>20.9%</u>  |
| Total net sales                                    | <u>\$ 409,049</u>                 | <u>100.0%</u> | <u>\$ 357,162</u> | <u>100.0%</u> |
| <b>Operating income (loss):</b>                    |                                   |               |                   |               |
| Carter's:  |                                   |               |                   |               |
| Wholesale  | \$ 40,297                         | 27.6%         | \$ 23,099         | 19.0%         |
| Retail   | 26,143                            | 22.1%         | 16,588            | 16.3%         |
| Mass Channel                                       | 12,794                            | 18.8%         | 8,113             | 13.8%         |
| Carter's operating income                          | <u>79,234</u>                     | <u>23.8%</u>  | <u>47,800</u>     | <u>16.9%</u>  |
| OshKosh:   |                                   |               |                   |               |
| Wholesale  | 3,593                             | 16.6%         | 1,421             | 6.2%          |
| Retail   | 1,963                             | 3.6%          | (331)             | (0.6%)        |
| Mass Channel (a)                                   | 766                               | --            | 706               | --            |
| OshKosh operating income                           | <u>6,322</u>                      | <u>8.2%</u>   | <u>1,796</u>      | <u>2.4%</u>   |
| Segment operating income                           | 85,556                            | 20.9%         | 49,596            | 13.9%         |
| Corporate expenses                                 |                                   |               |                   |               |
| (b)  | (14,387)                          | (3.5%)        | (11,920)          | (3.3%)        |
| Workforce reduction and facility closure costs (c) | <u>--</u>                         | <u>--</u>     | <u>(8,742)</u>    | <u>(2.4%)</u> |
| Net corporate expenses                             | <u>(14,387)</u>                   | <u>(3.5%)</u> | <u>(20,662)</u>   | <u>(5.8%)</u> |
| Total operating income                             | <u>\$ 71,169</u>                  | <u>17.4%</u>  | <u>\$ 28,934</u>  | <u>8.1%</u>   |

(a) OshKosh mass channel consists of a licensing agreement with Target Stores. Operating income consists of royalty income, net of related expenses.

(b) 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.

(c) Includes closure costs associated with our Barnesville, Georgia distribution facility and Oshkosh, Wisconsin facility and severance related to the corporate workforce reduction.

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

|  | <u>April 3,<br/>2010</u> | <u>January 2,<br/>2010</u> | <u>April 4,<br/>2009</u> |
|--|--------------------------|----------------------------|--------------------------|
| <b>ASSETS</b>  |                          |                            |                          |
| Current assets:  |                          |                            |                          |
| Cash and cash equivalents  | \$ 365,865               | \$ 335,041                 | \$ 186,834               |
| Accounts receivable, net   | 118,888                  | 82,094                     | 92,698                   |
| Finished goods inventories, net  | 143,125                  | 214,000                    | 153,941                  |
| Prepaid expenses and other current assets  | 10,439                   | 11,114                     | 13,974                   |
| Deferred income taxes  | 26,352                   | 33,419                     | 36,021                   |
| <b>Total current assets</b>  | <b>664,669</b>           | <b>675,668</b>             | <b>483,468</b>           |
| Property, plant, and equipment, net  | 85,783                   | 86,077                     | 84,809                   |
| Tradenames   | 305,733                  | 305,733                    | 305,733                  |
| Goodwill   | 136,570                  | 136,570                    | 136,570                  |
| Deferred debt issuance costs, net  | 2,189                    | 2,469                      | 3,314                    |
| Licensing agreements, net  | 957                      | 1,777                      | 4,346                    |
| Other assets   | 307                      | 305                        | 469                      |
| <b>Total assets</b>  | <b>\$ 1,196,208</b>      | <b>\$ 1,208,599</b>        | <b>\$ 1,018,709</b>      |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                          |                            |                          |
| Current liabilities:   |                          |                            |                          |
| Current maturities of long-term debt   | \$ 3,503                 | \$ 3,503                   | \$ 3,503                 |
| Accounts payable   | 40,689                   | 97,546                     | 42,915                   |
| Other current liabilities  | 54,230                   | 69,568                     | 56,211                   |
| <b>Total current liabilities</b>   | <b>98,422</b>            | <b>170,617</b>             | <b>102,629</b>           |
| Long-term debt   | 330,145                  | 331,020                    | 333,648                  |
| Deferred income taxes  | 109,018                  | 110,676                    | 107,928                  |
| Other long-term liabilities  | 41,935                   | 40,262                     | 41,411                   |
| <b>Total liabilities</b>   | <b>579,520</b>           | <b>652,575</b>             | <b>585,616</b>           |
| Commitments and contingencies  |                          |                            |                          |
| Stockholders' equity:  |                          |                            |                          |
| Preferred stock; par value \$.01 per share; 100,000 shares authorized;<br>none issued or outstanding at April 3, 2010, January 2, 2010, and<br>April 4, 2009   | --                       | --                         | --                       |
| Common stock, voting; par value \$.01 per share; 150,000,000 shares<br>authorized, 59,390,706, 58,081,822, and 56,677,490 shares issued<br>and outstanding at April 3, 2010, January 2, 2010, and April 4,<br>2009, respectively | 594                      | 581                        | 567                      |
| Additional paid-in capital   | 252,990                  | 235,330                    | 214,441                  |
| Accumulated other comprehensive loss   | (3,900)                  | (4,066)                    | (7,058)                  |
| Retained earnings  | 367,004                  | 324,179                    | 225,143                  |
| <b>Total stockholders' equity</b>  | <b>616,688</b>           | <b>556,024</b>             | <b>433,093</b>           |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 1,196,208</b>      | <b>\$ 1,208,599</b>        | <b>\$ 1,018,709</b>      |

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

|   | <b>For the three-month periods ended</b> |                          |
|---|--|--------------------------|
|   | <b>April 3,<br/>2010</b>                 | <b>April 4,<br/>2009</b> |
| Cash flows from operating activities:   |  |                          |
| Net income  | \$ 42,825                                | \$ 16,604                |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |                          |
| Depreciation and amortization   | 7,882                                    | 8,395                    |
| Amortization of debt issuance costs   | 280                                      | 284                      |
| Non-cash stock-based compensation expense   | 1,690                                    | 1,874                    |
| Income tax benefit from exercised stock options                                   | (8,263)                                  | (778)                    |
| Non-cash asset impairment charges   | --                                       | 2,962                    |
| Gain on sale of property, plant, and equipment                                    | (181)                                    | --                       |
| Deferred income taxes   | 5,469                                    | (1,526)                  |
| Effect of changes in operating assets and liabilities:                            |  |                          |
| Accounts receivable   | (36,794)                                 | (7,246)                  |
| Inventories   | 70,875                                   | 49,545                   |
| Prepaid expenses and other assets   | 673                                      | (760)                    |
| Accounts payable and other liabilities  | (61,028)                                 | (34,132)                 |
| Net cash provided by operating activities   | <u>23,428</u>                            | <u>35,222</u>            |
| Cash flows from investing activities:   |  |                          |
| Capital expenditures  | (8,223)                                  | (10,829)                 |
| Proceeds from sale of property, plant, and equipment                              | 286                                      | --                       |
| Net cash used in investing activities   | <u>(7,937)</u>                           | <u>(10,829)</u>          |
| Cash flows from financing activities:   |  |                          |
| Payments on term loan   | (875)                                    | (875)                    |
| Income tax benefit from exercised stock options                                   | 8,263                                    | 778                      |
| Proceeds from exercise of stock options   | 7,945                                    | 189                      |
| Net cash provided by financing activities   | <u>15,333</u>                            | <u>92</u>                |
| Net increase in cash and cash equivalents   | 30,824                                   | 24,485                   |
| Cash and cash equivalents, beginning of period                                    | <u>335,041</u>                           | <u>162,349</u>           |
| Cash and cash equivalents, end of period  | <u>\$ 365,865</u>                        | <u>\$ 186,834</u>        |

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

|   | <b>Three-month period ended</b>                  |                       |                        |
|---|--|-----------------------|------------------------|
|   | <b>April 4, 2009</b>                             |                       |                        |
|   | (dollars in millions, except earnings per share) |                       |                        |
|   | <b>Operating<br/>Income</b>                      | <b>Net<br/>Income</b> | <b>Diluted<br/>EPS</b> |
| <b>Income, as reported (GAAP)</b>       | \$ 28.9  | \$ 16.6               | \$ 0.28                |
| Distribution facility closure costs (a) | 3.3  | 2.1                   | 0.04                   |
| Accelerated depreciation (b)            | 0.3  | 0.2                   | 0.00                   |
| Asset impairment charges (c)            | 1.8  | 1.1                   | 0.02                   |
| Workforce reduction (d)                 | 3.3  | 2.1                   | 0.04                   |
| <b>Income, as adjusted (e)</b>          | \$ 37.6  | \$ 22.1               | \$ 0.38                |

(a) Costs associated with the closure of the Company's Barnesville, Georgia distribution facility.

(b) Accelerated depreciation charges (included in selling, general, and administrative expenses) related to the closure of the Company's Barnesville, Georgia distribution facility.

(c) Asset impairment charges associated with the closure of the Company's Oshkosh, Wisconsin facility.

(d) Severance charges associated with the reduction in the Company's corporate workforce.

(e) 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. These adjustments which the Company does not believe to be indicative of on-going business trends are excluded from these calculations so that investors can better evaluate and analyze historical and future business trends on a consistent basis. We believe 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 is presented for informational purposes only and is not necessarily indicative of the Company's future condition or results of operations.

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

|   | Three-month period ended<br>July 4, 2009 |                |                | Twelve-month period ended<br>January 2, 2010 |                 |                |
|---|--|----------------|----------------|--|-----------------|----------------|
|   | Operating<br>Income                      | Net<br>Income  | Diluted<br>EPS | Operating<br>Income                          | Net<br>Income   | Diluted<br>EPS |
| <b>Income, as reported (GAAP)</b>       | \$ 29.4                                  | \$ 16.6        | \$ 0.28        | \$ 195.6                                     | \$ 115.6        | \$ 1.97        |
| Workforce reduction (a)                 | 2.2                                      | 1.4            | 0.02           | 5.5  | 3.5             | 0.06           |
| Distribution facility closure costs (b) | --                                       | --             | --             | 3.3  | 2.1             | 0.04           |
| Net asset impairment (c)                | --                                       | --             | --             | 1.2  | 0.8             | 0.01           |
| Accelerated depreciation (d)            | 0.7                                      | 0.4            | 0.01           | 1.0  | 0.6             | 0.01           |
| Investigation expenses (e)              | --                                       | --             | --             | 5.7  | 3.6             | 0.06           |
| Facility write-down (f)                 | 0.7                                      | 0.5            | 0.01           | 0.7  | 0.4             | --             |
| <b>Income, as adjusted (g)</b>          | <u>\$ 33.0</u>                           | <u>\$ 18.9</u> | <u>\$ 0.32</u> | <u>\$ 213.0</u>                              | <u>\$ 126.6</u> | <u>\$ 2.15</u> |

(a) Severance charges and other benefits associated with the reduction in the Company's corporate workforce.

(b) Costs associated with the closure of the Company's Barnesville, Georgia distribution facility, including \$1.7 million in severance and other benefits, \$1.1 million in asset impairment charges, and \$0.5 million in other closure costs.

(c) Asset impairment charges of \$1.8 million net of a \$0.6 million gain associated with the closure and sale of the Company's Oshkosh, Wisconsin facility.

(d) Accelerated depreciation charges (included in selling, general, and administrative expenses) related to the closure of the Company's Barnesville, Georgia distribution facility.

(e) Professional service fees related to the investigation of customer accommodations.

(f) Charges related to the write-down of the carrying value of the White House, Tennessee distribution facility.

(g) 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. These adjustments, which the Company does not believe to be indicative of on-going business trends, are excluded from these calculations. 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.