carter's, inc.

Second Quarter 2015
Business Update

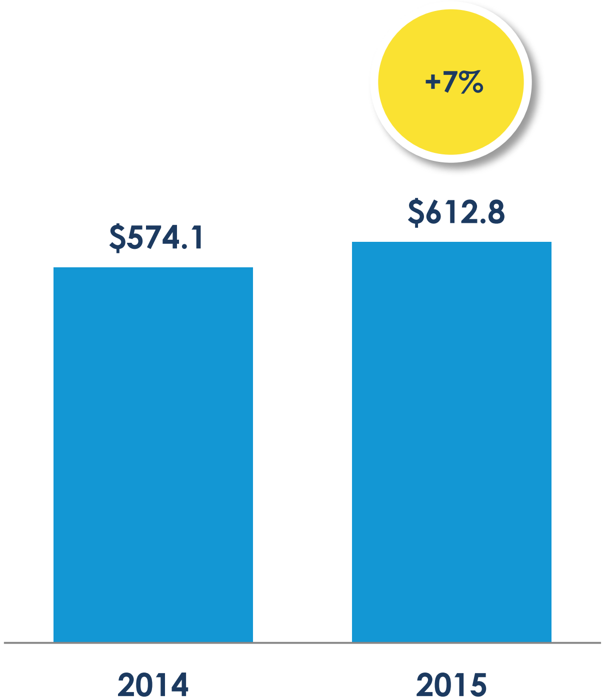
July 29, 2015

Second Quarter 2015 Highlights

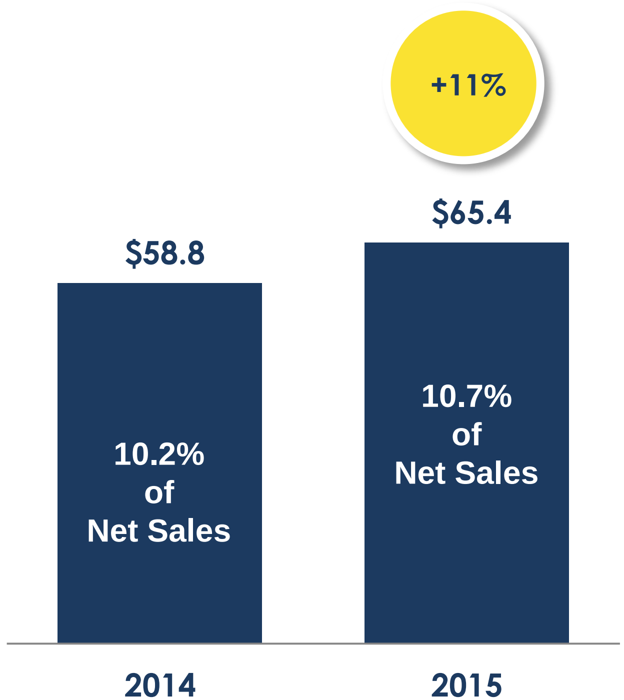
carter's | OSHKOSH B'gosh

$ in millions, except EPS

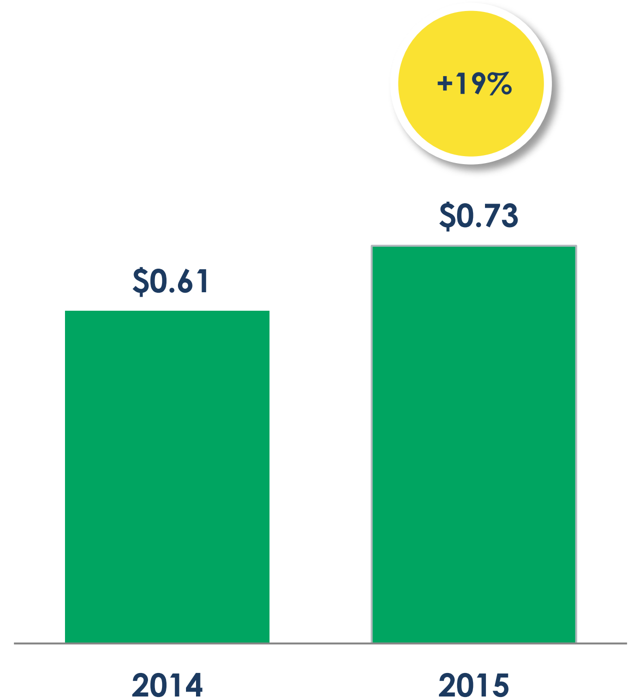
Net Sales



Adjusted Operating Income* (Adjusted Operating Margin)



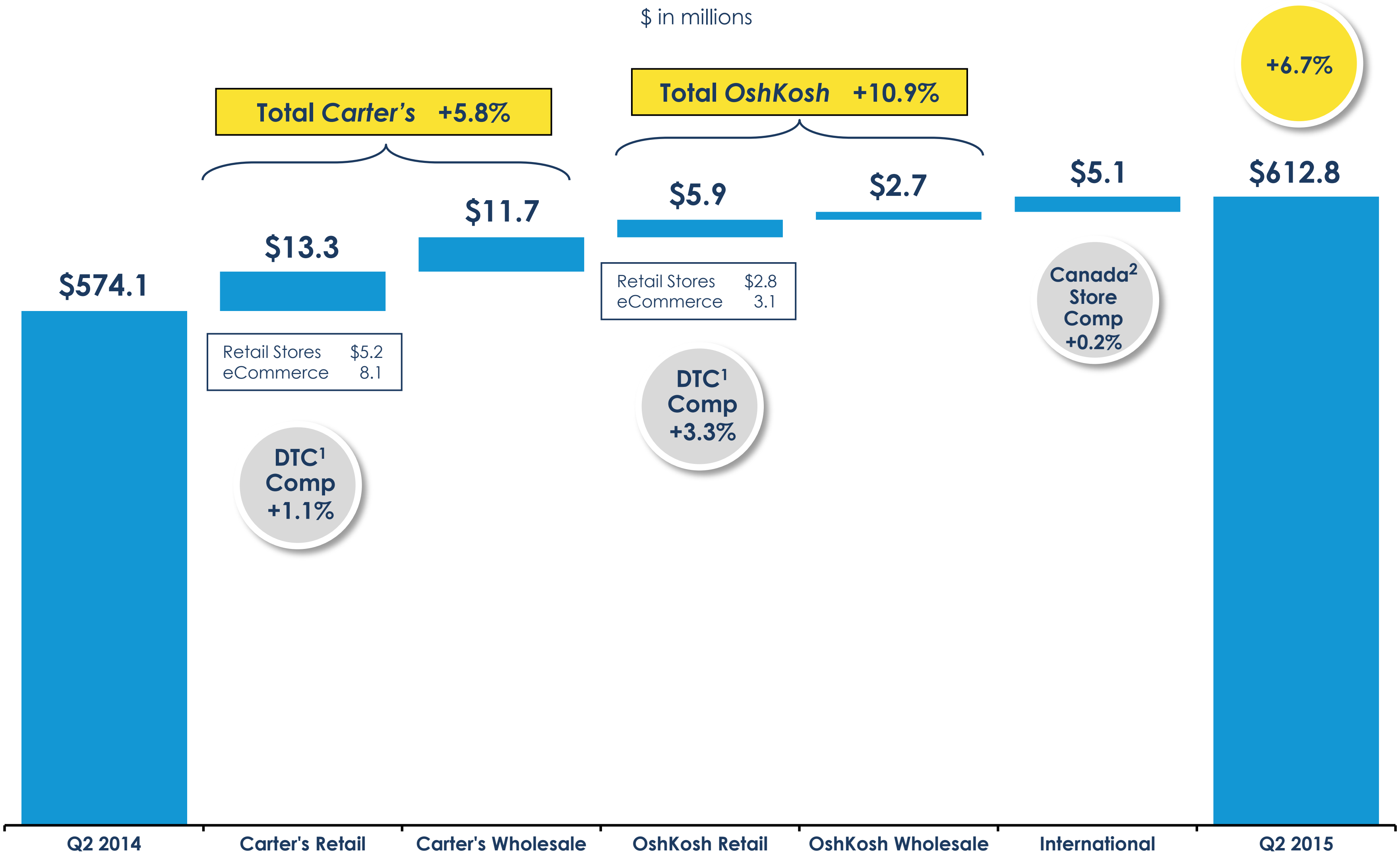
Adjusted EPS*



- **Net sales growth +7%**
  - Constant currency growth +8% ($5.6 million unfavorable FX impact)
  - Achieved growth in all segments
- **Strong earnings performance reflecting solid sales growth and operating margin expansion**

** Results are stated on an adjusted basis; see reconciliation to GAAP on page 32.*

Second Quarter 2015 Net Sales



	Carter's Retail	Carter's Wholesale	OshKosh Retail	OshKosh Wholesale	International	Q2 2015
Growth vs. 2014	+5.7%	+5.8%	+8.8%	+22.8%	+8.4%	+6.7%
Constant Currency					+17.5%	+7.7%

[1]Direct-to-Consumer ("DTC") Comp is defined as the combination of retail store and eCommerce comparable sales.
[2]Calculated in constant currency.
Note: Results may not be additive due to rounding.

Total Net Sales / Comparable Sales – Affected By 52/53 Week Calendar Differences

carter's | OshKosh B'gosh

DTC Net Sales vs. LY

Q2 Fiscal 2015

4/5/2015 — **7/4/2015**

Q2 Fiscal 2014

3/30/2014 — **6/28/2014**

- Fiscal 2014 contained 53 weeks; fiscal 2015 contains 52 weeks
- The weeks comprising each fiscal quarter in 2015 will be slightly different than in 2014 (see Q2 example above)

Q2 Total Net Sales
(% vs. LY)

	Carter's	*OshKosh*
Retail Stores	2.7%	4.9%
eCommerce	21.0%	31.0%
Total DTC	5.7%	8.8%

DTC Comparable Sales vs. LY

Q2 Fiscal 2015

4/5/2015 — **7/4/2015**

Adjusted Comparable 2014 Period

4/6/2014 — **7/5/2014**

- Comparable sales reporting compares fiscal 2015 second quarter to the same weeks a year ago
- The comparable sales period from 2014 differs slightly from the fiscal second quarter in 2014
- These period definition differences create variances in the growth rates reported for total net sales and comparable sales, most notably in our eCommerce businesses

Q2 Comparable Sales
(% vs. LY)

	Carter's	*OshKosh*
Retail Stores	-4.0%	-2.6%
eCommerce	26.5%	36.2%
Total DTC	1.1%	3.3%

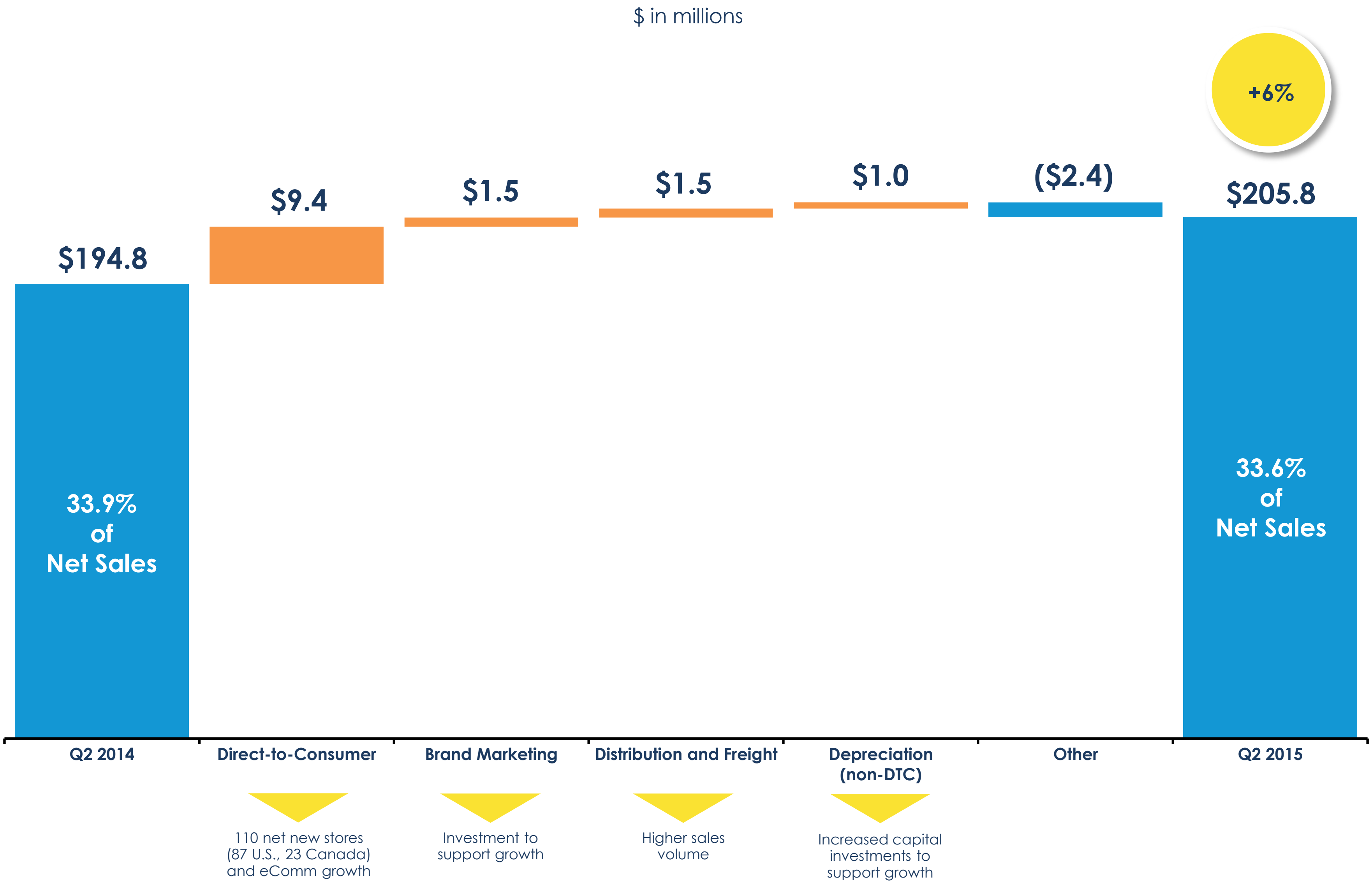
Second Quarter 2015 Adjusted Results*

$ in millions, except EPS

	Q2 2015	% of Sales	Q2 2014	% of Sales	Increase / (Decrease)
Net sales	**$612.8**		$574.1		**7%**
Gross profit	**262.9**	42.9%	245.5	42.8%	**7%**
Adjusted SG&A*	**205.8**	33.6%	194.8	33.9%	**6%**
Royalty income	**(8.4)**	(1.4%)	(8.2)	(1.4%)	**2%**
Adjusted operating income*	**65.4**	10.7%	58.8	10.2%	**11%**
Interest and other, net	**4.9**	0.8%	6.6	1.1%	**(26%)**
Income taxes	**21.7**	3.5%	19.1	3.3%	**14%**
Adjusted net income*	**$38.8**	6.3%	$33.1	5.8%	**17%**
Adjusted diluted EPS*	**$0.73**		$0.61		**19%**
Weighted average shares outstanding	**52.5**		53.3		**(1%)**
Adjusted EBITDA*	**$82.8**	13.5%	$73.0	12.7%	**13%**

** Results are stated on an adjusted basis; see reconciliation to GAAP on pages 31 – 32, 35.*
Note: Results may not be additive due to rounding.

Second Quarter 2015 Adjusted SG&A*



**Results are stated on an adjusted basis; see reconciliation to GAAP on page 32.*
Note: Results may not be additive due to rounding.

First Half 2015 Adjusted Results*

carter's | OshKosh B'gosh

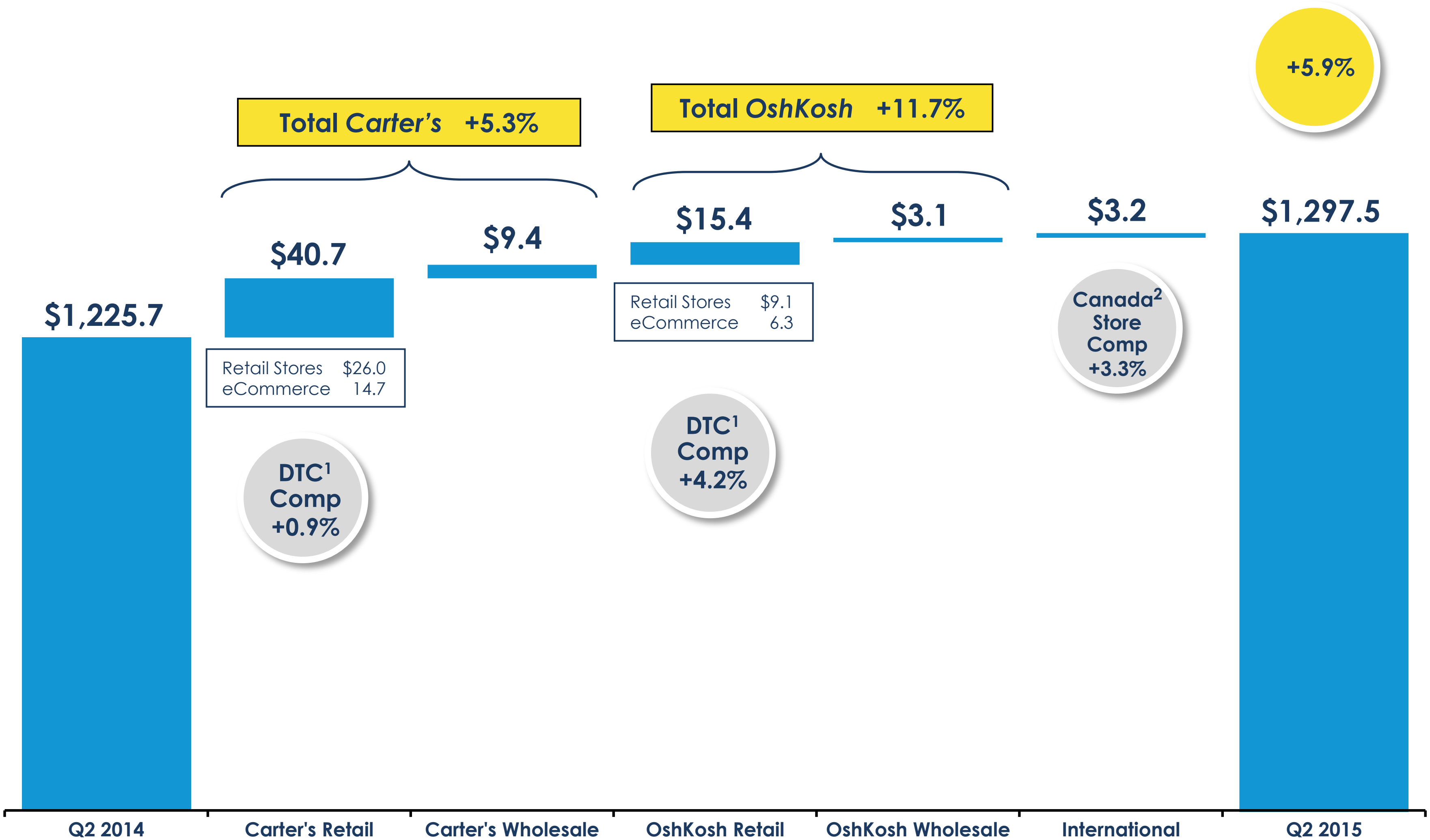
$ in millions, except EPS

	H1 2015	% of Sales	H1 2014	% of Sales	Increase / (Decrease)
Net sales	**$1,297.5**		$1,225.7		**6%**
Gross profit	**546.9**	*42.2%*	506.2	*41.3%*	**8%**
Adjusted SG&A*	**414.3**	*31.9%*	395.4	*32.3%*	**5%**
Royalty income	**(20.0)**	*(1.5%)*	(18.1)	*(1.5%)*	**11%**
Adjusted operating income*	**152.7**	*11.8%*	128.9	*10.5%*	**18%**
Interest and other, net	**13.4**	*1.0%*	13.9	*1.1%*	**(4%)**
Income taxes	**48.8**	*3.8%*	42.0	*3.4%*	**16%**
Adjusted net income*	**$90.5**	*7.0%*	$73.0	*6.0%*	**24%**
Adjusted diluted EPS*	**$1.70**		$1.35		**27%**
Weighted average shares outstanding	**52.6**		53.5		**(2%)**
Adjusted EBITDA*	**$183.1**	*14.1%*	$157.3	*12.8%*	**16%**

** Results are stated on an adjusted basis; see reconciliation to GAAP on pages 33 – 35.*
Note: Results may not be additive due to rounding.

First Half 2015 Net Sales

$ in millions



	Carter's Retail	Carter's Wholesale	OshKosh Retail	OshKosh Wholesale	International	Q2 2015
Growth vs. 2014	+8.8%	+2.0%	+11.8%	+11.5%	+2.5%	+5.9%

	International	Q2 2015
Constant Currency	+10.9%	+6.8%

[1]*Direct-to-Consumer ("DTC") Comp is defined as the combination of retail store and eCommerce comparable sales.*
[2]*Calculated in constant currency.*
Note: Results may not be additive due to rounding.

First Half 2015 Business Segment Performance

carter's | OshKosh B'gosh

$ in millions

	Net Sales			Adjusted Operating Income (Loss)*			Adjusted Operating Margin*	
	2015	**2014**	**$ Growth**	**2015**	**2014**	**$ Growth**	**2015**	**2014**
Carter's Wholesale (a)	**$481**	**$472**	**$9**	**$98**	**$78**	**$20**	**20.4%**	**16.5%**
Carter's Retail (b)	**505**	**464**	**41**	**83**	**83**	**(0)**	**16.4%**	**17.9%**
Total Carter's	986	936	50	181	161	20	18.4%	17.2%
OshKosh Wholesale	**30**	**27**	**3**	**5**	**3**	**2**	**17.2%**	**10.6%**
OshKosh Retail (b)	**146**	**131**	**15**	**(3)**	**(6)**	**3**	**(1.9%)**	**(4.7%)**
Total OshKosh	177	158	19	2	(3)	6	1.4%	(2.1%)
International (c)(d)	**135**	**132**	**3**	**15**	**12**	**3**	**10.8%**	**9.1%**
Total before corporate expenses	1,298	1,226	72	198	170	28	15.3%	13.8%
Corporate expenses (d)				**(45)**	**(41)**	**(5)**	**(3.5%)**	**(3.3%)**
Total (d)	**$1,298**	**$1,226**	**$72**	**$153**	**$129**	**$24**	**11.8%**	**10.5%**

(a) Includes U.S. wholesale sales of *Carter's, Child of Mine, Just One You*, and *Precious Firsts*.
(b) Includes U.S. retail stores and eCommerce results.
(c) Includes international retail, eCommerce and wholesale sales. Adjusted operating income includes international licensing income.
(d) See reconciliation of reported (GAAP) results to adjusted results.

** Results are stated on an adjusted basis; see reconciliation to GAAP on page 34.*
Note: Results may not be additive due to rounding.

Balance Sheet and Cash Flow

carter's | OshKosh B'gosh

$ in millions

Balance Sheet (at Q2 end)

	2015	2014
Cash	$244	$208
Accounts Receivable	157	134
Inventory	544	538
Accounts Payable	146	164
Long-Term Debt	586	586

Cash Flow (Q2 YTD)

	2015	2014
Operating Cash Flow	$27	$33
Capital Expenditures	(50)	(61)
Free Cash Flow	($23)	($28)

- **Strong liquidity**
  - $244 million cash on hand
  - $182 million revolver availability
- **Inventory +1% vs. LY; quality remains high**
- **$35 million in share repurchase in Q2; $49 million H1**
  - Ending share count (-2%) vs. LY
  - ~$126 million remains under current $300 million authorizations
  - Open market purchases:

2015	Shares	Average Price	Total
Q1	157,900	$89.43	$14,120,944
Q2	346,325	$100.40	$34,772,589
Q3 QTD	98,200	$106.99	$10,506,437
YTD	602,425	$98.60	$59,399,970

- **Dividend payment of $12 million in Q2 ($0.22/share); H1 total dividend payments of $23 million**
- **Free cash flow[1] improved principally due to lower CapEx vs. LY**

[1] *Non-GAAP measure*

Note: Results may not be additive due to rounding.

Business Segment Performance

Second Quarter Business Segment Performance*

carter's | OshKosh B'gosh

$ in millions

	Net Sales			Adjusted Operating Income (Loss)*			Adjusted Operating Margin*	
	2015	2014	$ Growth	2015	2014	$ Growth	2015	2014
Carter's Wholesale (a)	**$212**	**$200**	**$12**	**$40**	**$31**	**$9**	**19.0%**	**15.4%**
Carter's Retail (b)	**247**	**234**	**13**	**38**	**40**	**(2)**	**15.5%**	**17.2%**
Total Carter's	459	434	25	79	71	7	17.1%	16.4%
OshKosh Wholesale	**14**	**12**	**3**	**2**	**1**	**1**	**15.7%**	**7.4%**
OshKosh Retail (b)	**73**	**68**	**6**	**(2)**	**(2)**	**(0)**	**(2.5%)**	**(2.5%)**
Total OshKosh	88	79	9	0	(1)	1	0.5%	(1.1%)
International (c)(d)	**66**	**61**	**5**	**8**	**8**	**(0)**	**11.5%**	**13.1%**
Total before corporate expenses	613	574	39	87	78	8	14.1%	13.6%
Corporate expenses (d)				**(21)**	**(19)**	**(2)**	**(3.5%)**	**(3.4%)**
Total (d)	**$613**	**$574**	**$39**	**$65**	**$59**	**$7**	**10.7%**	**10.2%**

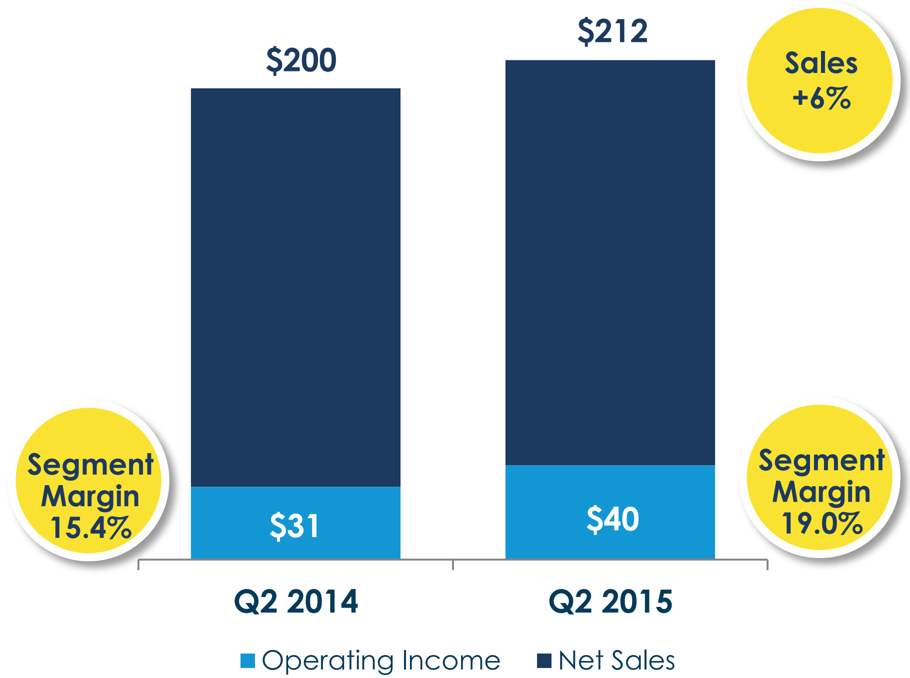
(a) Includes U.S. wholesale sales of *Carter's, Child of Mine, Just One You*, and *Precious Firsts*.
(b) Includes U.S. retail stores and eCommerce results.
(c) Includes international retail, eCommerce and wholesale sales. Adjusted operating income includes international licensing income.
(d) See reconciliation of reported (GAAP) results to adjusted results.

** Results are stated on an adjusted basis; see reconciliation to GAAP on page 32.*
Note: Results may not be additive due to rounding.

Second Quarter Highlights – *Carter's* Wholesale

$ in millions

Segment Net Sales & Operating Income



- Net sales growth reflects strong product demand, a new playwear initiative, and fall product launches
- Spring 2015 season-to-date over-the-counter selling at top accounts up low-single digits with improved AURs vs. LY
- Segment operating margin increase reflects higher product margins, in part driven by lower off-price channel sales
- Fall 2015 bookings up mid-single digits
- 2015 full-year net sales outlook: modest growth vs. 2014 (YOY growth affected by 53rd week, Spring shipment timing)

Carter's Wholesale – New Kohl's Playwear Shop

Second Quarter Highlights – *Carter's* Retail

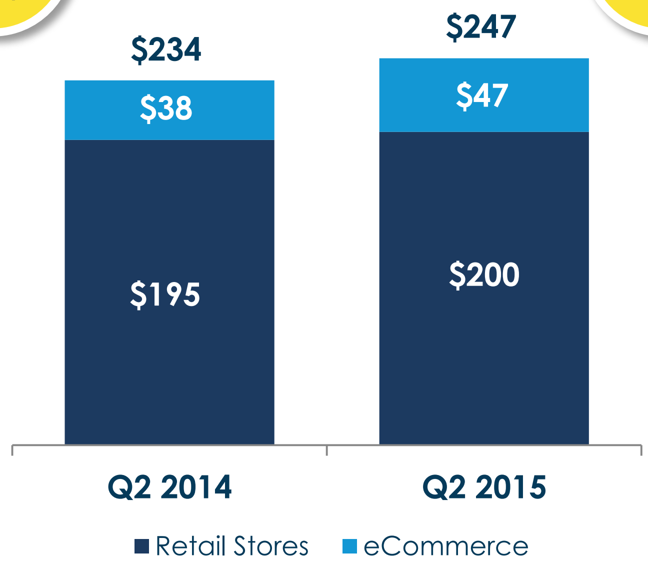
carter's | OSHKOSH B'gosh

$ in millions

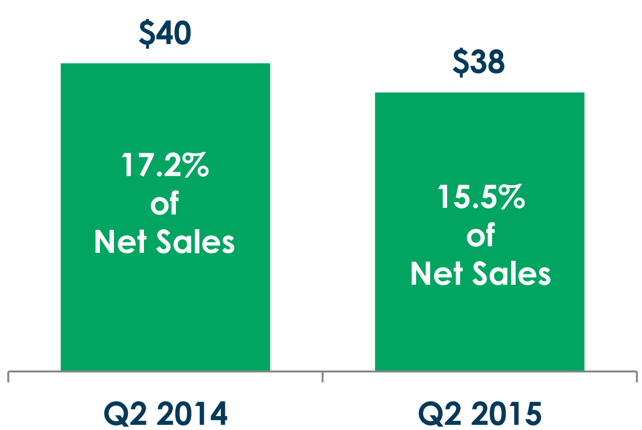
DTC Comp +1.1%

Segment Net Sales

Sales +5.7%



Segment Operating Income



Retail Stores

- Total sales +3%
  - Opened 13 new stores in Q2
- Comp sales (4.0%)
  - Comp reflects softer consumer traffic trends and earlier Easter (Q1 this year vs. Q2 last year)
  - Monthly comps improved sequentially during quarter
- Q2 ending store count: 562
  - 372 Brand (49 Side-by-Side)
  - 190 Outlet (25 Side-by-Side)

eCommerce

- Strong eCommerce growth, +21% (+26% comp)
- Q2 eCommerce sales 19% of retail segment sales (vs. 16% LY)

Segment Operating Income

- Segment operating margin reflects increased promotional activity, adverse impact of 52/53 week calendar shift, and retail store expense deleverage, partially offset by lower eCommerce fulfillment costs
- 52/53 week calendar shift relates to the unfavorable replacement of a high volume / margin Easter week in Q2 last year with a clearance week in Q2 this year

Note: Results may not be additive due to rounding.

Carter's Fall Direct Marketing


GRAPHIC BODYSUITS
DOORBUSTER
MIX & MATCH
2 or more
$6
($8 for 1)
I'M CUTE
DAD'S
LUCKY
GRANDMA
THINKS I'M
PERFECT
DOORBUSTER
2 OR MORE, $6 EACH ($8 FOR 1)
GRAPHIC BODYSUITS (nb-24m) MSRP** $12
GRANDPA'S
TRUSTY
SIDEKICK
GENIUS
LITTLE
BROTHER
MAN
8 | Visit carters.com/stores or call 877-333-0118 to find a location near you.
$6 flat-rate shipping at carters.com | 9

Second Quarter Highlights – *OshKosh* Retail

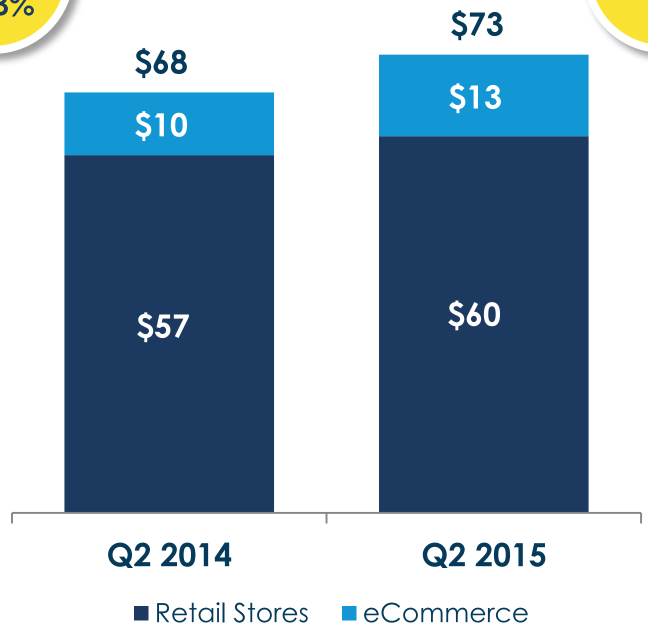
carter's | OshKosh B'gosh

$ in millions

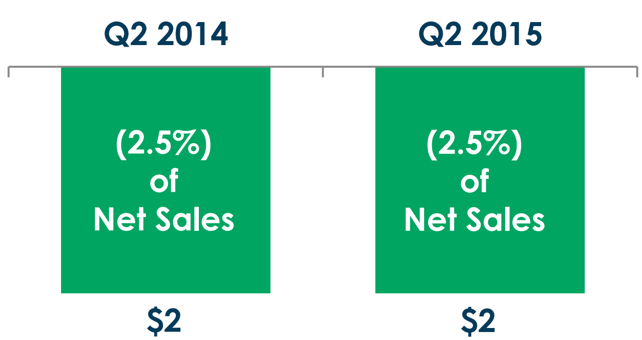
DTC Comp +3.3%

Segment Net Sales

Sales +9%



Segment Operating Loss



Note: *Results may not be additive due to rounding.*

Retail Stores

- Total sales +5%
  - Opened 15 new stores and closed 2 in Q2
  - All new stores in Side-by-Side format
- Comp sales (2.6%)
  - Comp reflects softer consumer traffic trends and earlier Easter (Q1 this year vs. Q2 last year)
  - Side-by-Side format stores comped positively
- Q2 ending store count: 221
  - 68 Brand (49 Side-by-Side)
  - 153 Outlet (25 Side-by-Side)

eCommerce

- Strong eCommerce growth, +31% (+36% comp)
- Q2 eCommerce sales 18% of retail segment sales (vs. 15% LY)

Segment Operating Loss

- Segment operating margin reflects increased promotional activity, adverse impact of 52/53 week calendar shift, and retail store expense deleverage, partially offset by lower eCommerce fulfillment costs
- 52/53 week calendar shift relates to the unfavorable replacement of a high volume / margin Easter week in Q2 last year with a clearance week in Q2 this year


BUTTON-FRONT SHIRTS
SALE $15.60–18
6m–12, MSRP* $26–30
POPLIN JOGGERS
SALE $15.60–18
6m–12, MSRP* $26–30
20
DON'T MISS THE BUS
The key is a layered look with our boy-friendly button-fronts.
SHIRT SHOP
40% OFF
EASY-TO-FIND EASY-TO-SHOP AT OSHKOSH.COM
21

OshKosh Fall Direct Marketing

carter's | OshKosh B'gosh

Side-by-Side Store – Miami, FL (Dolphin Mall)

carter's | OshKosh B'gosh

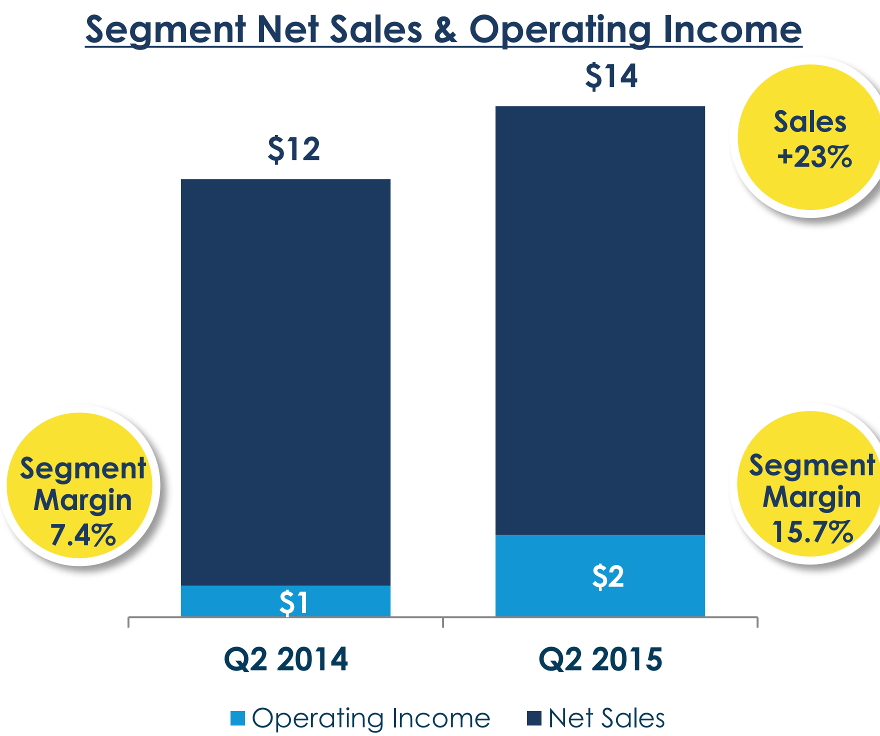
Side-by-Side Store – Miami, FL (Dolphin Mall)

carter's | OshKosh B'gosh

Second Quarter Highlights – *OshKosh* Wholesale

carter's | OshKosh B'gosh

$ in millions

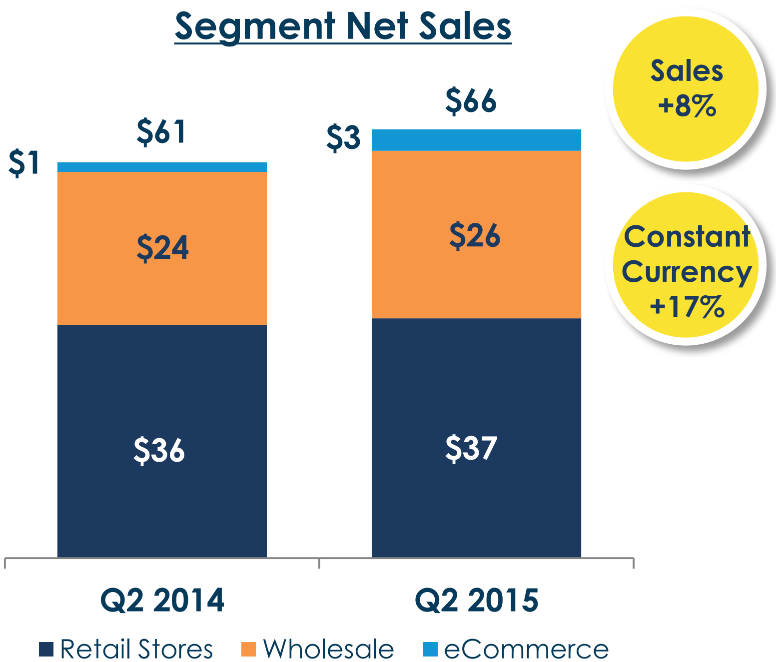


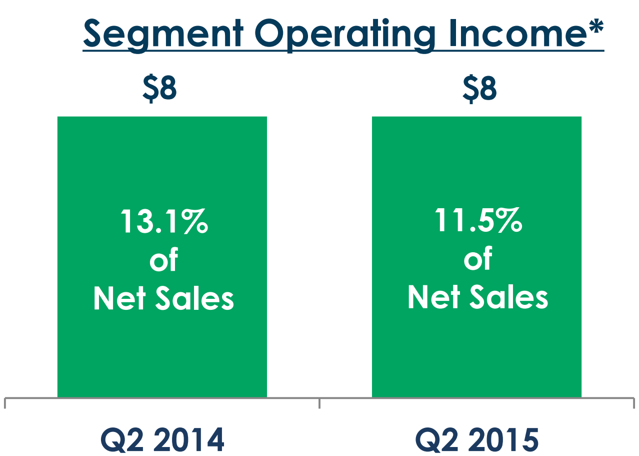
- Q2 sales growth reflects favorable timing of demand vs. LY
- Spring 2015 season-to-date over-the-counter selling at top accounts up high-single digits vs. LY with improved AURs
- Operating margin improvement reflects lower product costs, lower inventory provisions and lower off-price channel sales
- Fall 2015 bookings planned down low-single digits
- 2015 net sales planned down approximately 12%

Second Quarter Highlights – International*

carter's | OshKosh B'gosh

$ in millions





Canada Retail Store Stores

- Net sales +3% (+16% constant currency)
- Store comp +0.2% (H1 comp +3.3%)
- Opened 6 new stores in Q2; new stores meeting expectations
- 133 stores at Q2 end

eCommerce

- Growth driven by Canada (site launched in Q3 2014); Canada eComm sales 5% of total Canada retail sales
- Launched eCommerce business in China

Wholesale

- Sales improvement reflects growth in international markets ex-Canada, partially offset by lost sales related to Target Canada bankruptcy in 2015

Segment Operating Margin

- Operating margin decline reflects unfavorable FX on cost of goods sold and China-related costs

** Results are stated on an adjusted basis; see reconciliation to GAAP on page 32.*
Note: Results may not be additive due to rounding.

China Tmall Launch

- **Launched June 2015**
- **$12 billion total market; ~$2 billion eCommerce market (children ages 0-7)**
- **Initial product offering focused on *Carter's* brand in Baby and Toddler segments**
- **Marketing focused on digital channels (e.g., Tmall advertising, search, social media)**

Saudi Arabia – Jeddah (Andalus Mall)

- **Opened Q2 2015**
- **~1,300 selling square feet**
- **Partner operates 11 stores in Saudi Arabia & 31 total stores in the Middle East**
- **Saudi Arabia represents ~$2 billion market opportunity (children ages 0-7)**

Indonesia – Jakarta (AEON Mall)

carter's | OshKosh B'gosh

- **Opened Q2 2015**
- **~450 selling square feet**
- **Partner operates over 20 stores and 125 shop-in-shop locations in Indonesia**
- **Indonesia represents ~$500 million market opportunity (children ages 0-7)**

Outlook

Fiscal Year 2015

- Net sales increase of approximately 5%
  - Unfavorable FX, 53rd week comparison & West Coast port delays are estimated to reduce expected growth by approximately three percentage points
- Adjusted EPS growth of approximately 12% to 15% (vs. $3.93 LY)
  - Prior guidance: adjusted EPS growth of approximately 10% to 14%
- New retail stores:
  - *Carter's ~65*
  - *OshKosh ~45*
  - Canada ~23
- Operating Cash Flow approximately $275 to $300 million
- CapEx approximately $130 million

Q3 2015

- Net sales growth of approximately 7%
- Adjusted EPS growth of approximately 10% to 15% (vs. $1.27 LY)

thank you.

appendix

Second Quarter Reconciliation of Net Income Allocable to Common Shareholders

carter's | OshKosh B'gosh

	Fiscal Quarter Ended	
	July 4, 2015	June 28, 2014
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	52,020,386	52,836,070
Dilutive effect of equity awards	526,016	455,116
Diluted number of common and common equivalent shares outstanding	52,546,402	53,291,186

	Fiscal Quarter Ended			
	As reported on a GAAP Basis		As adjusted (a)	
$ in thousands, except EPS	July 4, 2015	June 28, 2014	July 4, 2015	June 28, 2014
Basic net income per common share:				
Net income	$ 36,105	$ 25,897	$ 38,805	$ 33,120
Income allocated to participating securities	(305)	(345)	(329)	(443)
Net income available to common shareholders	$ 35,800	$ 25,552	$ 38,476	$ 32,677
Basic net income per common share	$0.69	$0.48	$0.74	$0.62
Diluted net income per common share:				
Net income	$ 36,105	$ 25,897	$38,805	$33,120
Income allocated to participating securities	(303)	(343)	(326)	(441)
Net income available to common shareholders	$ 35,802	$ 25,554	$ 38,479	$ 32,680
Diluted net income per common share	$0.68	$0.48	$0.73	$0.61

(a) 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 the information above excluding $2.7 million and $7.2 million in after-tax expenses from these results for the fiscal quarters ended July 4, 2015 and June 28, 2014, respectively.

Note: Results may not be additive due to rounding.

Second Quarter Reconciliation of Reported to Adjusted Earnings

carter's | OshKosh B'gosh

$ in millions, except EPS

Second Quarter of Fiscal 2015	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	Segment Reporting: International Operating Income	% of segment net sales	Corporate Operating Expenses	% of total net sales
As reported (GAAP)	**$262.9**	*42.9%*	**$209.3**	*34.2%*	**$62.0**	*10.1%*	**$36.1**	**$0.68**	**$6.2**	**9.4%**	**($23.3)**	**(3.8%)**
Amortization of acquired tradenames *(a)*	-		(2.1)		2.1		1.3	0.02	-		2.1	
Revaluation of contingent consideration *(b)*	-		(1.4)		1.4		1.4	0.03	1.4		-	
	-		(3.5)		3.5		2.7	0.05	1.4		2.1	
As adjusted	**$262.9**	*42.9%*	**$205.8**	*33.6%*	**$65.4**	*10.7%*	**$38.8**	**$0.73**	**$7.6**	**11.5%**	**($21.2)**	**(3.5%)**

Second Quarter of Fiscal 2014	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	Segment Reporting: International Operating Income	% of segment net sales	Corporate Operating Expenses	% of total net sales
As reported (GAAP)	**$245.5**	*42.8%*	**$206.3**	*35.9%*	**$47.3**	*8.2%*	**$25.9**	**$0.48**	**$7.1**	**11.6%**	**($30.0)**	**(5.2%)**
Amortization of acquired tradenames *(a)*	-		(5.6)		5.6		3.5	0.07	-		5.6	
Office consolidation costs (c)	-		(4.6)		4.6		2.9	0.05	-		4.6	
Closure of distribution facility in Hogansville, GA	-		(0.3)		0.3		0.2	-	-		0.3	
Japan retail operations exit	-		(0.9)		0.9		0.6	0.01	0.9		-	
	-		(11.5)		11.5		7.2	0.13	0.9		10.6	
As adjusted	**$245.5**	*42.8%*	**$194.8**	*33.9%*	**$58.8**	*10.2%*	**$33.1**	**$0.61**	**$8.0**	**13.1%**	**($19.4)**	**(3.4%)**

(a) Amortization of H.W. Carter and Sons tradenames acquired in 2013.
(b) Revaluation of contingent consideration liability associated with the Company's acquisition of Bonnie Togs in 2011.
(c) Costs associated with the office consolidation including severance, relocation, accelerated depreciation, and other charges.

Note: Results may not be additive due to rounding.

First Half 2015 Reconciliation of Net Income Allocable to Common Shareholders

carter's | OSHKOSH B'gosh

	First Half Ended	
	July 4, 2015	June 28, 2014
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	52,069,800	53,004,264
Dilutive effect of equity awards	514,121	478,426
Diluted number of common and common equivalent shares outstanding	52,583,921	53,482,690

	First Half Ended			
	As reported on a GAAP Basis		As adjusted (a)	
$ in thousands, except EPS	July 4, 2015	June 28, 2014	July 4, 2015	June 28, 2014
Basic net income per common share:				
Net income	$ 85,897	$ 60,193	$ 90,518	$ 72,986
Income allocated to participating securities	(846)	(813)	(893)	(990)
Net income available to common shareholders	$ 85,050	$ 59,381	$ 89,625	$ 71,997
Basic net income per common share	1.63	1.12	1.72	1.36
Diluted net income per common share:				
Net income	$ 85,897	$ 60,193	$ 90,518	$ 72,986
Income allocated to participating securities	(840)	(808)	(886)	(983)
Net income available to common shareholders	$ 85,057	$ 59,386	$ 89,632	$ 72,003
Diluted net income per common share	$1.62	$1.11	$1.70	$1.35

(a) 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 per share data excluding the adjustments discussed above. The Company has excluded $4.6 million and $12.8 million in after-tax net expenses from these results for the first two fiscal quarters of 2015 and 2014, respectively.

Note: Results may not be additive due to rounding.

First Half 2015 Reconciliation of Reported to Adjusted Earnings

carter's | OSHKOSH B'gosh

$ in millions, except EPS

First Half of Fiscal 2015	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	Segment Reporting: International Operating Income	% of segment net sales	Corporate Operating Expenses	% of total net sales
As reported (GAAP)	**$546.9**	*42.2%*	**$420.5**	*32.4%*	**$146.5**	*11.3%*	**$85.9**	**$1.62**	**$12.7**	**9.4%**	**($49.7)**	**(3.8%)**
Amortization of acquired tradenames *(a)*	-		(4.3)		4.3		2.7	0.05	-		4.3	
Revaluation of contingent consideration *(b)*	-		(1.9)		1.9		1.9	0.04	1.9		-	
	-		(6.2)		6.2		4.6	0.09	1.9		4.3	
As adjusted	**$546.9**	*42.2%*	**$414.3**	*31.9%*	**$152.7**	*11.8%*	**$90.5**	**$1.70**	**$14.6**	**10.8%**	**(45.4)**	**(3.5%)**

First Half of Fiscal 2014	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	Segment Reporting: International Operating Income	% of segment net sales	Corporate Operating Expenses	% of total net sales
As reported (GAAP)	**$507.2**	*41.4%*	**$416.4**	*34.0%*	**$108.9**	*8.9%*	**$60.2**	**$1.11**	**$11.1**	**8.5%**	**($59.9)**	**(4.9%)**
Office consolidation costs (c)	-		(6.6)		6.6		4.2	0.08	-		6.6	
Amortization of acquired tradenames *(a)*	-		(11.9)		11.9		7.5	0.14	-		11.9	
Revaluation of contingent consideration *(b)*	-		(0.5)		0.5		0.5	0.01	0.5		-	
Japan retail operations exit	(1.0)		(1.5)		0.5		0.3	0.01	0.5		-	
Closure of distribution facility in Hogansville, GA	-		(0.6)		0.6		0.4	0.01	-		0.6	
	(1.0)		(21.0)		20.0		12.8	0.24	0.9		19.1	
As adjusted	**$506.2**	*41.3%*	**$395.4**	*32.3%*	**$128.9**	*10.5%*	**$73.0**	**$1.35**	**$12.0**	**9.1%**	**(40.7)**	**(3.3%)**

(a) Amortization of H.W. Carter and Sons tradenames acquired in 2013.
(b) Revaluation of contingent consideration liability associated with the Company's acquisition of Bonnie Togs in 2011.
(c) Costs associated with the office consolidation including severance, relocation, accelerated depreciation, and other charges.

Note: Results may not be additive due to rounding.

Reconciliation of Net Income to Adjusted EBITDA

$ in millions

	Second Quarter Ended		First Half Ended		Four Fiscal Quarters Ended
	July 4, 2015	June 28, 2014	July 4, 2015	June 28, 2014	July 4, 2015
Net income	$36.1	$25.9	$85.9	$60.2	$220.4
Interest expense	6.9	6.9	13.6	13.8	27.5
Interest income	(0.2)	(0.1)	(0.3)	(0.3)	(0.4)
Tax expense	21.0	14.9	47.2	34.8	120.6
Depreciation and amortization (a)	17.6	20.0	34.8	41.6	68.1
EBITDA	**$81.4**	**$67.5**	**$181.2**	**$150.0**	**$436.2**
Adjustments to EBITDA					
Office consolidation costs *(b)(c)*	$ -	$4.6	$ -	$6.5	$ -
Revaluation of contingent consideration *(d)*	1.4	-	1.9	0.5	2.8
Closure of distribution facility in Hogansville, GA (c)	-	0.3	-	0.6	0.3
Japan retail operations exit (c)	-	0.6	-	(0.4)	0.1
Adjusted EBITDA	**$82.8**	**$73.0**	**$183.1**	**$157.3**	**$439.4**

(a) Includes amortization of acquired tradenames.
(b) Costs associated with office consolidation including severance, relocation, and other charges.
(c) Amounts exclude costs related to accelerated depreciation as such amounts are included in the total of depreciation and amortization above.
(d) Revaluation of contingent consideration liability associated with the Company's 2011 acquisition of Bonnie Togs.

Note: Results may not be additive due to rounding.

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 29, 2015, 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 future performance, including, without limitation, statements with respect to the Company's anticipated financial results for the third quarter of fiscal 2015 and fiscal year 2015, 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 risks of: losing one or more major customers, vendors, or licensees or financial difficulties for one or more of our major customers, vendors, or licensees; the Company's products not being accepted in the marketplace; changes in consumer preference and fashion trends; negative publicity; the Company failing to protect its intellectual property; incurring costs in connection with cooperating with regulatory investigations and proceedings; the breach of the Company's consumer databases, systems or processes; deflationary pricing pressures; decreases in the overall level of consumer spending; disruptions resulting from the Company's dependence on foreign supply sources; foreign currency risks due to the Company's operations outside of the United States; the Company's use of a small number of vendor's over whom it has little control; the Company's foreign supply sources not meeting the Company's quality standards or regulatory requirements; disruptions in the Company's supply chain, including distribution centers or in-sourcing capabilities or otherwise, and the risk of slow-downs, disruptions or strikes along our supply chain; the loss of the Company's principal product sourcing agent; increased competition in the baby and young children's apparel market; the Company being unable to identify new retail store locations or negotiate appropriate lease terms for the retail stores; the Company's failure to successfully manage its eCommerce business; the Company not adequately forecasting demand, which could, among other things, create significant levels of excess inventory; failure to achieve sales growth plans, cost savings, and other assumptions that support the carrying value of the Company's intangible assets; increased leverage, not being able to repay its indebtedness and being subject to restrictions on operations by the Company's debt arrangements; increased production costs; not attracting and retaining key individuals within the organization; failure to properly manage strategic projects; failure to implement needed upgrades to the Company's information technology systems; disruptions of distribution functions in its Braselton, Georgia facility; being unsuccessful in expanding into international markets and failing to successfully manage legal, regulatory, political and economic risks of international operations, including maintaining compliance with worldwide anti-bribery laws; fluctuations in the Company's tax obligations and effective tax rate; incurring substantial costs as a result of various claims or pending or threatened lawsuits; and the failure to declare future quarterly dividends. 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." All information is provided as of July 29, 2015. 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.