

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 24, 2007

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.)
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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 24, 2007, Carter's, Inc. issued a press release announcing its financial results for its first quarter ended March 31, 2007. 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.

- (d) 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 April 24, 2007

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 24, 2007

CARTER'S, INC.

By:/S/ MICHAEL D. CASEY

Name: Michael D. Casey
Title: Executive Vice President and
Chief Financial Officer

Carter's, Inc. Reports First Quarter Results

- Net Sales \$320 Million, Up 8%
- GAAP Diluted EPS \$0.16, Down 38%
- Adjusted EPS \$0.22, Down 15%

ATLANTA, April 24 /PRNewswire-FirstCall/ -- Carter's, Inc. (NYSE: CRI), the largest branded marketer in the United States of apparel exclusively for babies and young children, reported its first quarter fiscal 2007 results.

First Quarter of Fiscal 2007 compared to First Quarter of Fiscal 2006

Consolidated net sales increased 8.0% to \$320.1 million. Net sales of the Company's Carter's brands increased 10.6% to \$249.3 million. Net sales of the Company's OshKosh brand decreased 0.2% to \$70.8 million.

The Company's wholesale sales increased 5.0% to \$137.6 million. Carter's wholesale sales, excluding off-price sales of \$5.7 million in each of the first quarters of fiscal 2007 and 2006, increased 10.7% to \$107.0 million. OshKosh wholesale sales, excluding off-price sales of \$0.9 million in the first quarter of fiscal 2007 and \$2.6 million in the first quarter of fiscal 2006, decreased 7.9% to \$24.0 million.

The Company's mass channel sales, which are comprised of sales of its Child of Mine brand to Wal-Mart and Just One Year brand to Target, increased 14.4% to \$61.8 million.

Total retail store sales increased 8.3% to \$120.7 million. Carter's retail store sales increased 8.3% to \$74.8 million driven by sales of \$6.7 million from new Carter's stores opened since the first quarter of fiscal 2006 and a comparable store sales increase of \$0.4 million, or 0.7%, offset by the impact of store closures of \$1.4 million. OshKosh retail store sales increased 8.4% to \$45.9 million driven by sales of \$3.5 million from new OshKosh stores opened since the first quarter of fiscal 2006 and a comparable store sales increase of \$0.3 million, or 0.8%, offset by the impact of store closures of \$0.3 million.

In the first quarter of fiscal 2007, the Company opened one Carter's retail store. As of March 31, 2007, the Company had 220 Carter's and 157 OshKosh retail stores. The Company plans to open ten Carter's and five OshKosh retail stores during fiscal 2007. The Company also plans to close six Carter's and three OshKosh retail stores during fiscal 2007.

In February 2007, the Company announced its plans to close its distribution facility located in White House, Tennessee. During the first quarter of fiscal 2007, the Company recorded pre-tax charges of approximately \$6.0 million, or \$0.06 per diluted share, related to this closure. The Company expects to incur an additional \$3.0 million in pre-tax charges related to this closure. The estimated annual savings resulting from the closure of this facility is approximately \$4.0 million beginning in the second half of fiscal 2007.

In the first quarter of fiscal 2007, net income was \$9.6 million, or \$0.16 per diluted share, compared to \$15.8 million, or \$0.26 per diluted share, in the first quarter of fiscal 2006. Excluding the costs related to the closure of our White House, Tennessee distribution facility, adjusted first quarter net income decreased 15.4% to \$13.3 million, and adjusted diluted earnings per share decreased 15.4% to \$0.22. The reconciliation of income as reported under generally accepted accounting principles ("GAAP") to income adjusted for these closure costs is shown below.

(dollars in millions, except EPS)
Three-month period ended March 31, 2007

	Income Before Taxes	Net Income	Diluted EPS
Income, as reported (GAAP)	\$15.4	\$9.6	\$0.16
Distribution facility closure costs (a)	4.5	2.8	0.05
Accelerated depreciation (b)	1.5	0.9	0.01
Income, as adjusted (c)	\$21.4	\$13.3	\$0.22

(a) Costs associated with the closure of our White House, Tennessee distribution facility.

(b) Accelerated depreciation charges (included in selling, general, and administrative expenses) related to the closure of our White House, Tennessee distribution facility.

(c) 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 income before taxes, net income, and net income on a diluted share basis excluding the adjustments discussed above. We believe these adjustments provide a more meaningful comparison of the Company's results. These 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 information is presented for informational purposes only and is not necessarily indicative of the Company's future condition or results of operations.

"Our first quarter consolidated sales and earnings were better than planned," noted Fred Rowan, Chairman and CEO. "We continue to realize strong sales growth in our Carter's wholesale and mass channel businesses, and I'm pleased with the progress we're making to improve the performance of our Retail and OshKosh wholesale segments. We're on track to realize the benefits from our product sourcing initiatives, and we expect our operating margins will improve in the second half of this year." Net cash provided by operating activities during the first quarter of fiscal 2007 was \$6.7 million compared to net cash used in operating activities of \$14.0 million in the first quarter of fiscal 2006. Net cash flow from operations in the first quarter of fiscal 2006 was impacted by significant reductions in accounts payable and accrued liabilities as a result of the payment of acquisition-related liabilities, the payment of increased levels of incentive compensation, and the timing of payments to vendors. In February 2007, the Company's Board of Directors authorized a \$100 million share repurchase program. During the first quarter of fiscal 2007, the Company repurchased 1,252,832 shares of its common stock for approximately \$30 million at an average price of \$23.95 per share.

Business Outlook

Our business outlook is based on our current expectations and includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Although the Company believes the comments reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct.

(dollars in millions, except for share data)
Second Quarter 2007 Fiscal 2007

Consolidated Net Sales	\$290	+4%(a)	\$1,420 to \$1,430	+6%(c)
Consolidated Adjusted Diluted EPS	\$0.11	(27%)(b)	\$1.47 to \$1.52	+4% to +7%(d)

(a) Comparison to the second quarter of fiscal 2006.

(b) Second quarter of fiscal 2007 excludes \$1.0 million, or \$0.02 per diluted share, in estimated after-tax costs related to the closure of our White House, Tennessee distribution facility.

(c) Comparison to fiscal 2006.

(d) Fiscal 2007 excludes \$5.3 million, or \$0.09 per diluted share, in estimated after-tax costs related to the closure of our White House, Tennessee distribution facility.

The Company will broadcast its quarterly conference call on April 25, 2007 at 8:30 a.m. Eastern Time. To participate in the call, please dial 1-913-981-5523. To listen to the live broadcast over the internet, please log on to <http://www.carters.com>, go to "About Carter's," click on "Investor Relations," and click on the link "First Quarter Conference Call." A replay of the call will be available shortly after the broadcast through May 4, 2007, at 1-719-457-0820, passcode 7222347. This replay will also be archived on the Company's website at the same location.

For more information on Carter's, Inc., please visit <http://www.carters.com>.

Contact:
Eric Martin
Vice President, Investor Relations
(404) 745-2889

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 2007 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 our products in the marketplace; deflationary pressures on our prices; disruptions in foreign supply sources; negative publicity; our substantial leverage, which increases our exposure to interest rate risk and could require us to dedicate a substantial portion of our cash flow to repay principal; changes in consumer preference and fashion trends; a decrease in the overall level of consumer spending; the impact of governmental regulations and environmental risks applicable to the Company's business; our ability to adequately forecast demand, which could create significant levels of excess inventory; our ability to identify new retail store locations, and negotiate appropriate lease terms for our retail stores; our ability to improve the performance of our retail and OshKosh wholesale segments; our ability to attract and retain key individuals within the organization; failure to realize the revenue growth, cost savings and other benefits that we expect will result from our acquisition of OshKosh B'Gosh, Inc., which could impact the carrying value of our intangible assets; and seasonal fluctuations in the children's apparel business. These risks are further described in our most recently filed Annual Report on Form 10-K and other reports filed with the SEC 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 STATEMENT OF INCOME
(dollars in thousands, except for share data)
(unaudited)

	Three-month periods ended	
	March 31, 2007	April 1, 2006
Net sales:		
Wholesale - Carter's	\$112,653	\$102,361
Wholesale - OshKosh	24,993	28,680
Total Wholesale sales	137,646	131,041
Retail - Carter's	74,826	69,068
Retail - OshKosh	45,848	42,312
Total Retail sales	120,674	111,380
Mass Channel	61,808	54,026
Total net sales	320,128	296,447
Cost of goods sold	213,748	188,283
Gross profit	106,380	108,164
Selling, general, and administrative expenses	88,246	82,982
Facility closure costs	4,507	81
Royalty income	(7,545)	(7,174)
Operating income	21,172	32,275
Interest expense, net	5,728	6,884
Income before income taxes	15,444	25,391
Provision for income taxes	5,833	9,606
Net income	\$9,611	\$15,785
Basic net income per common share	\$ 0.16	\$ 0.27
Diluted net income per common share	\$ 0.16	\$ 0.26
Basic weighted-average number of shares outstanding	58,447,494	57,709,034
Diluted weighted-average number of shares outstanding	61,210,621	61,135,278

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

	March 31, 2007	December 30, 2006	April 1, 2006
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 41,750	\$ 68,545	\$ 59,662
Accounts receivable, net	116,864	110,615	108,014
Inventories, net	159,574	193,588	154,341
Prepaid expenses and other current assets	11,919	7,296	8,741
Deferred income taxes	18,905	22,377	21,818
Total current assets	349,012	402,421	352,576
Property, plant, and equipment, net	80,972	87,940	76,166
Tradenames	322,233	322,233	322,233
Cost in excess of fair value of net assets acquired	279,756	279,756	283,394
Deferred debt issuance costs, net	5,611	5,903	7,788
Licensing agreements, net	11,831	12,895	16,086
Leasehold interests, net	1,035	1,151	1,502
Other assets	10,540	10,892	6,154
Total assets	\$1,060,990	\$1,123,191	\$1,065,899
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current maturities of long-term debt	\$ 2,627	\$ 2,627	\$ 4,231
Accounts payable	41,605	70,878	24,511
Other current liabilities	43,007	63,012	66,022
Total current liabilities	87,239	136,517	94,764
Long-term debt	341,529	342,405	415,720
Deferred income taxes	120,640	125,784	128,639
Other long-term liabilities	32,347	22,994	20,917
Total liabilities	581,755	627,700	660,040
Commitments and contingencies			
Stockholders' equity:			
Preferred stock; par value \$.01 per share; 100,000 shares authorized; none issued or outstanding at March 31, 2007, December 30, 2006, and April 1, 2006	--	--	--
Common stock, voting; par value \$.01 per share; 150,000,000 shares authorized; 57,790,640 and 58,927,280 shares issued and outstanding at March 31, 2007 and December 30, 2006; 40,000,000 shares authorized; 28,988,029 shares issued and outstanding at April 1, 2006	578	589	290
Additional paid-in capital	247,075	275,045	260,053
Accumulated other comprehensive income	4,827	5,301	2,395
Retained earnings	226,755	214,556	143,121
Total stockholders' equity	479,235	495,491	405,859
Total liabilities and stockholders' equity	\$1,060,990	\$1,123,191	\$1,065,899

SOURCE Carter's, Inc.

04/24/2007

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