# 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): June 20, 2011**

# 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 1.01. Entry into Material Definitive Agreement.**

**Stock Purchase Agreement**

On June 20, 2011, The William Carter Company ("TWCC"), a wholly-owned subsidiary of Carter's, Inc. ("Carter's"), and Northstar Canadian Operations Corp., a newly formed Canadian corporation and a wholly-owned subsidiary of TWCC ("Buyer"), entered into a Stock Purchase Agreement (the "Purchase Agreement") with 993520 Ontario Limited, a Canadian corporation ("Ontario Limited"), 1054451 Ontario Inc., a Canadian corporation ("Ontario Incorporated" and, together with Ontario Limited, "Bonnie Togs"), each of the holders of outstanding shares of capital stock of Bonnie Togs (the "Sellers") and Paul Rubinstein, in his capacity as the Sellers' Representative. Following is a summary of certain material terms of the Purchase Agreement.

Pursuant to the terms of the Purchase Agreement, Buyer will purchase from the Sellers all of the outstanding shares of common stock of Bonnie Togs (the "Acquisition") for total consideration of up to CAD $95 million, subject to adjustment. CAD $60 million will be paid to the Sellers in cash at closing (minus any debt of Bonnie Togs outstanding immediately prior to closing, plus cash, up to CAD $450,000, as of closing and plus or minus a working capital adjustment). The Sellers may also be paid contingent consideration ranging from CAD $8.8 million to up to CAD $35 million, provided that the Canadian business meets certain earnings targets during a period commencing on the later of the closing date or July 1, 2011 and ending on June 27, 2015. Sellers may receive a portion of the contingent consideration as milestone payments in an aggregate amount of up to CAD $25 million if interim earnings targets are met through periods of approximately two and three years, respectively, from closing. Any milestone payments are not recoverable in the event of any failure to meet overall targets.

The Purchase Agreement contains customary representations, warranties, and covenants. Subject to limitations, each party has agreed to indemnify the other for breaches of representations, warranties and covenants, and other specified matters. A portion of the purchase price (CAD $6 million) will be held in escrow to fund any indemnification claims asserted against the Sellers that occur after the closing. Depending on indemnification claims made, of the CAD $6 million held in escrow, up to CAD $3 million may be released after nine months and the remaining CAD $3 million may be released after fifteen months, the date upon which the indemnification period will terminate for all representations and warranties except for certain fundamental representations and warranties. With the exception of liability for breaches of certain fundamental representations and warranties, breaches of covenants and other specified matters, the Sellers' maximum liability pursuant to the indemnification provisions is 20% of the purchase price paid (or approximately CAD $12 million of the amount paid at closing and up to approximately CAD $19 million in total if the contingent consideration were paid in full) and the Sellers are not required to indemnify Buyer for breaches of representations and warranties until Buyer has incurred an aggregate of CAD $450,000 in damages.

The Acquisition is subject to the satisfaction or waiver of certain closing conditions. Closing is expected to occur within the next 45 days.

**Forward-Looking Statements**

This Current Report and the exhibits furnished herewith contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 including, without limitation, statements with respect to the Company's planned acquisition of Bonnie Togs. These forward-looking statements include statements regarding expectations as to the completion of the Acquisition and the other transactions contemplated by the Purchase Agreement. The forward-looking statements contained herein involve risks and uncertainties that could cause actual results to differ materially from those referred to in the forward-looking statements. 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 that the Company's planned acquisition of Bonnie Togs is subject to conditions, including a requirement to obtain landlord consents, which may not be satisfied, in which event the transaction may not close. More information about Carter's and risks related to Carter's business are detailed in Carter's most recently filed Quarterly Report on Form 10-Q and other reports filed with the Securities and Exchange Commission under the headings "Risk Factors" and "Forward-Looking Statements." Carter's undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**Item 7.01. Regulation FD Disclosure.**

A copy of Carter's press release, dated June 22, 2011, announcing the transaction described in Item 1.01 above is attached as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

| | |
|---|---|
| Exhibit 99.1 | Press Release of Carter's, Inc., dated June 22, 2011 |

**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.

| | | | |
|---|---|---|---|
| June 22, 2011 | **CARTER'S, INC.** | | |
| | By: | /s/ BRENDAN M. GIBBONS | |
| | Name: | Brendan M. Gibbons | |
| | Title: | Senior Vice President of Legal & Corporate Affairs, General Counsel, and Secretary | |

carter's, inc.

Contact:
Sean McHugh
Vice President Investor Relations & Treasury
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# CARTER'S, INC. TO ACQUIRE CHILDREN'S RETAILER IN CANADA

- **Acquiring most significant international licensee**
- **Business to be purchased for approximately $98 million**
- **Acquisition represents a significant international growth opportunity**

Atlanta, Georgia, June 22, 2011 / Business Wire -- Carter's, Inc. (NYSE:CRI), the largest branded marketer in the United States of apparel exclusively for babies and young children, today announced that it has entered into a definitive agreement to acquire Bonnie Togs, a children's apparel retailer based in Toronto, Canada, for total consideration of up to approximately $98 million.

Bonnie Togs is a Canadian specialty retailer focused exclusively on the children's apparel and accessories marketplace. Bonnie Togs generated net sales in the twelve-month period ended May 2011 of approximately CAD $100 million, which reflects an increase of approximately 30% over the previous twelve-month period. Bonnie Togs operates 59 retail stores in Canada and sells products under the *Carter's* and *OshKosh B'gosh* brands, as well as other private label and national brands. Bonnie Togs has been Carter's principal licensee in Canada since 2007 and is the Company's most significant international licensee. In addition to its 37 *Bonnie Togs* branded retail stores, Bonnie Togs also operates 22 *Carter's/OshKosh B'gosh* stores, which offer consumers these leading U.S. children's apparel brands in one convenient location.

The acquisition of Bonnie Togs is expected to be accretive to Carter's fiscal 2011 adjusted earnings per share, excluding the impact of non-recurring purchase accounting-related charges.

"The acquisition of Bonnie Togs is an important component of our long-term strategy to extend the reach of our *Carter's* and *OshKosh B'gosh* brands to consumers in international markets," said Michael D. Casey, Carter's Chairman and Chief Executive Officer. "We are excited to add this successful, high-growth retail business and experienced management team to our company. We see significant potential for growth in Canada, with an opportunity to operate approximately 160 stores contributing total annual revenues of more than $200 million by 2016."

"We are very excited to join Carter's and to jointly pursue the significant growth opportunities we see ahead in Canada," said Paul Rubinstein, President of Bonnie Togs. Rubinstein will become Senior Vice President and Market Leader of Canada for Carter's upon completion of the transaction.

**Terms and Financing of the Transaction**

The transaction will be structured as an acquisition by Carter's of all of the outstanding stock of the legal entities comprising the Bonnie Togs business. The total purchase price is comprised of a cash payment upon closing of the transaction of approximately $62 million. The balance of the purchase price, or approximately $36 million, is payable upon attainment of certain earnings objectives over a four-year measurement period. The final purchase price is subject to a working capital adjustment. The transaction is expected to close within the next 45 days.

**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 over 500 Company-operated stores and on-line at carters.com and oshkoshbgosh.com. The Company's *Child of Mine* brand is available at Walmart, and its *Genuine Kids*, *Just One You*, and *Precious Firsts* brands are available at Target. Carter's is headquartered in Atlanta, Georgia. Additional information may be found at www.carters.com and www.oshkoshbgosh.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 planned acquisition of Bonnie Togs and related companies, as well as the Company's strategies and future operating results for the Bonnie Togs business and the Company. 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 Company's planned acquisition of Bonnie Togs is subject to conditions, which may not be satisfied, in which event the transaction may not close, and various risks relating to the Bonnie Togs business, including the Company's ability to manage its growth, to develop and grow the Bonnie Togs business in terms of revenue and profitability, and its ability to realize any benefits from Bonnie Togs if the acquisition is consummated; the ability to integrate Bonnie Togs into the Company with no substantial adverse affect on the Bonnie Togs' or the Company's existing operations, employee relationships, vendor relationships, customer relationships or financial performance; the acceptance of the Company's products in the marketplace; changes in consumer preference and fashion trends; seasonal fluctuations in the children's apparel business; negative publicity; the breach of the Company's consumer databases; increased production costs; deflationary pricing pressures and customer acceptance of higher selling prices; a continued decrease in the overall level of consumer spending; the Company's dependence on its foreign supply sources; failure of its foreign supply sources to meet the Company's quality standards or regulatory requirements; the impact of governmental regulations and environmental risks applicable to the Company's business; the loss of a product sourcing agent; increased competition in the baby and young children's apparel market; the ability of the Company to identify new retail store locations, and negotiate appropriate lease terms for the retail stores; the ability of the Company to adequately forecast demand, which could create significant levels of excess inventory; failure to achieve sales growth plans, cost savings, and other assumptions that support the carrying value of the Company's intangible assets; and the ability to attract and retain key individuals within the organization. Many of these risks are further described in the most recently filed Quarterly Report on Form 10-Q 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.