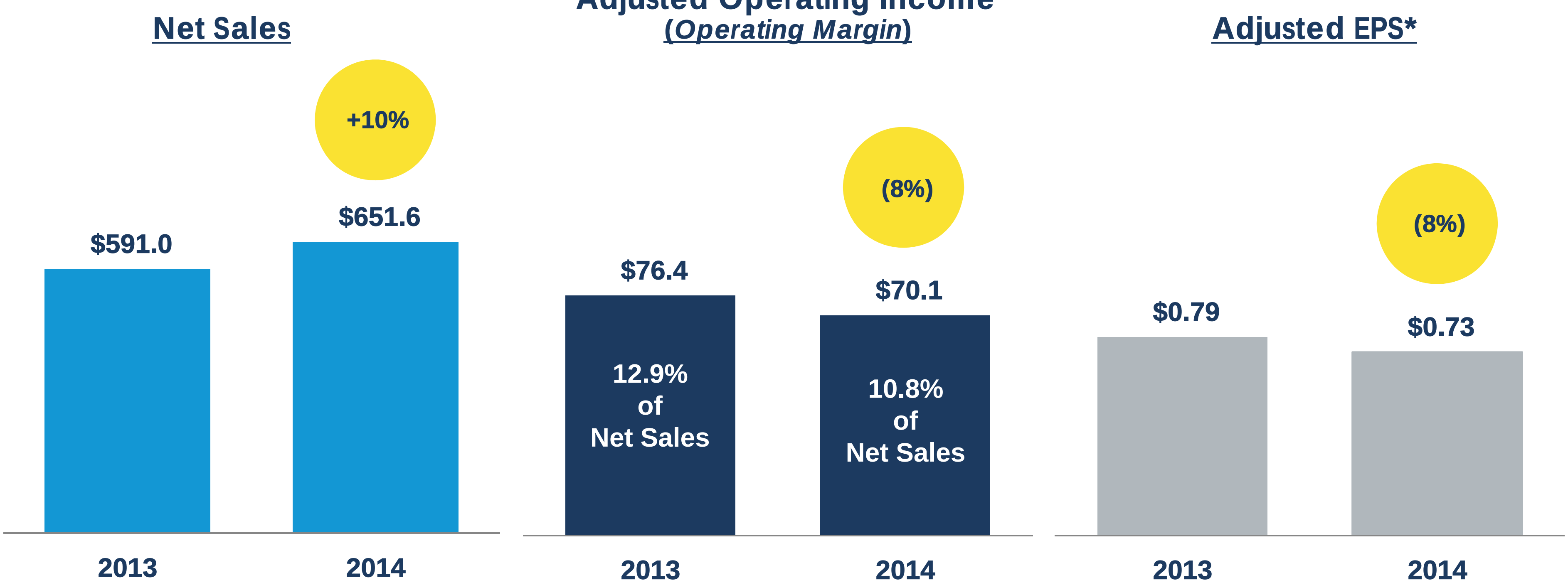
First Quarter 2014

Business Update

April 28, 2014

First Quarter 2014 Highlights*

$ in millions, except EPS

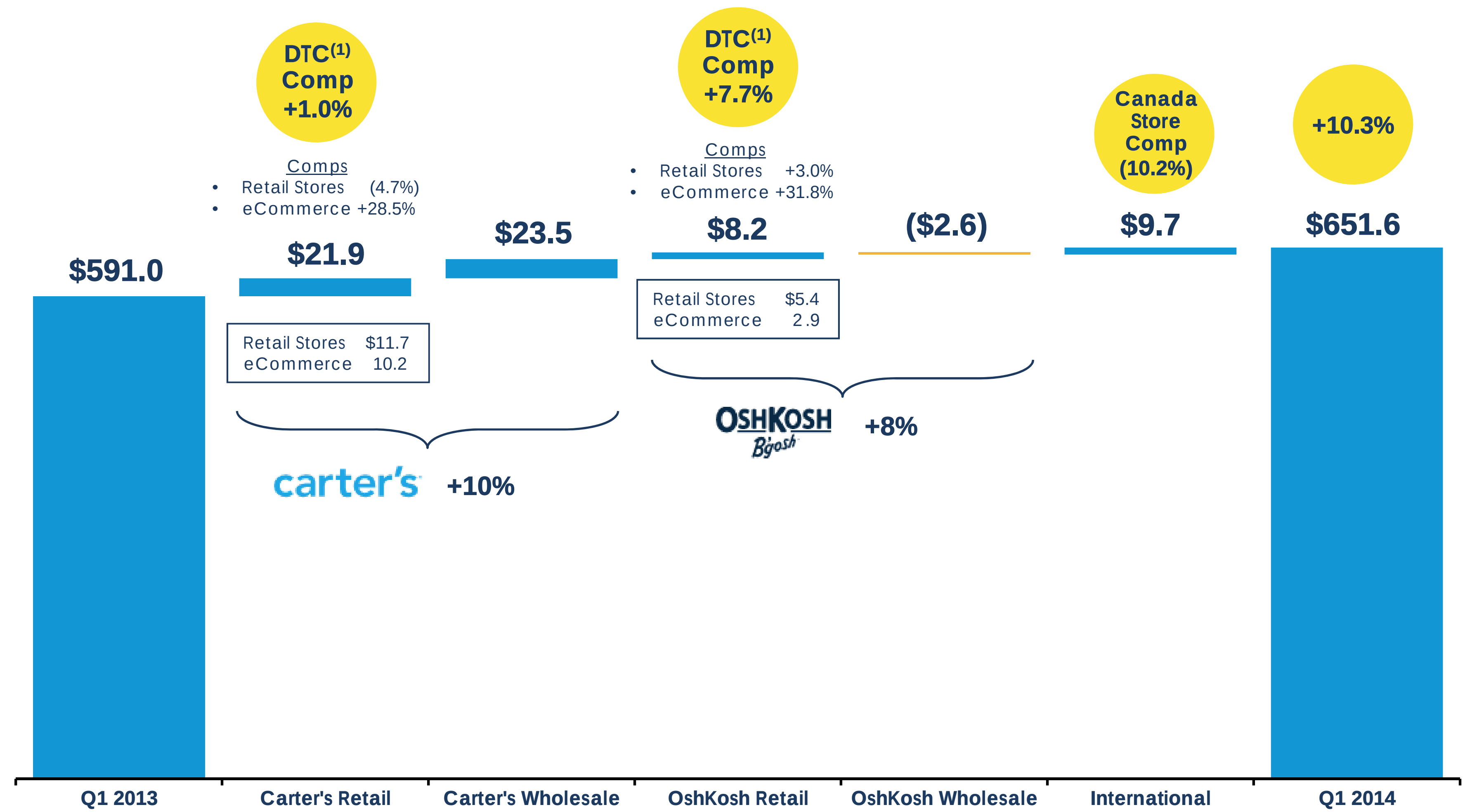


- **Strong sales growth of +10% across the business**
  - U.S. +10%
    - *Carter's* +10%
    - *OshKosh* +8%
  - International +16% (constant currency +22%)
- **Earnings decrease reflects higher product costs and investment spending**
- **Sales and earnings in-line with prior guidance despite significant weather-related disruptions across the U.S. and Canada**

** Results are stated on an adjusted basis; see reconciliation to GAAP on page 19.*

First Quarter 2014 Net Sales

$ in millions



	Carter's Retail	Carter's Wholesale	OshKosh Retail	OshKosh Wholesale	International	Q1 2014
Growth vs. 2013	+10.5%	+9.4%	+14.8%	(14.3%)	+15.9%	+10.3%

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

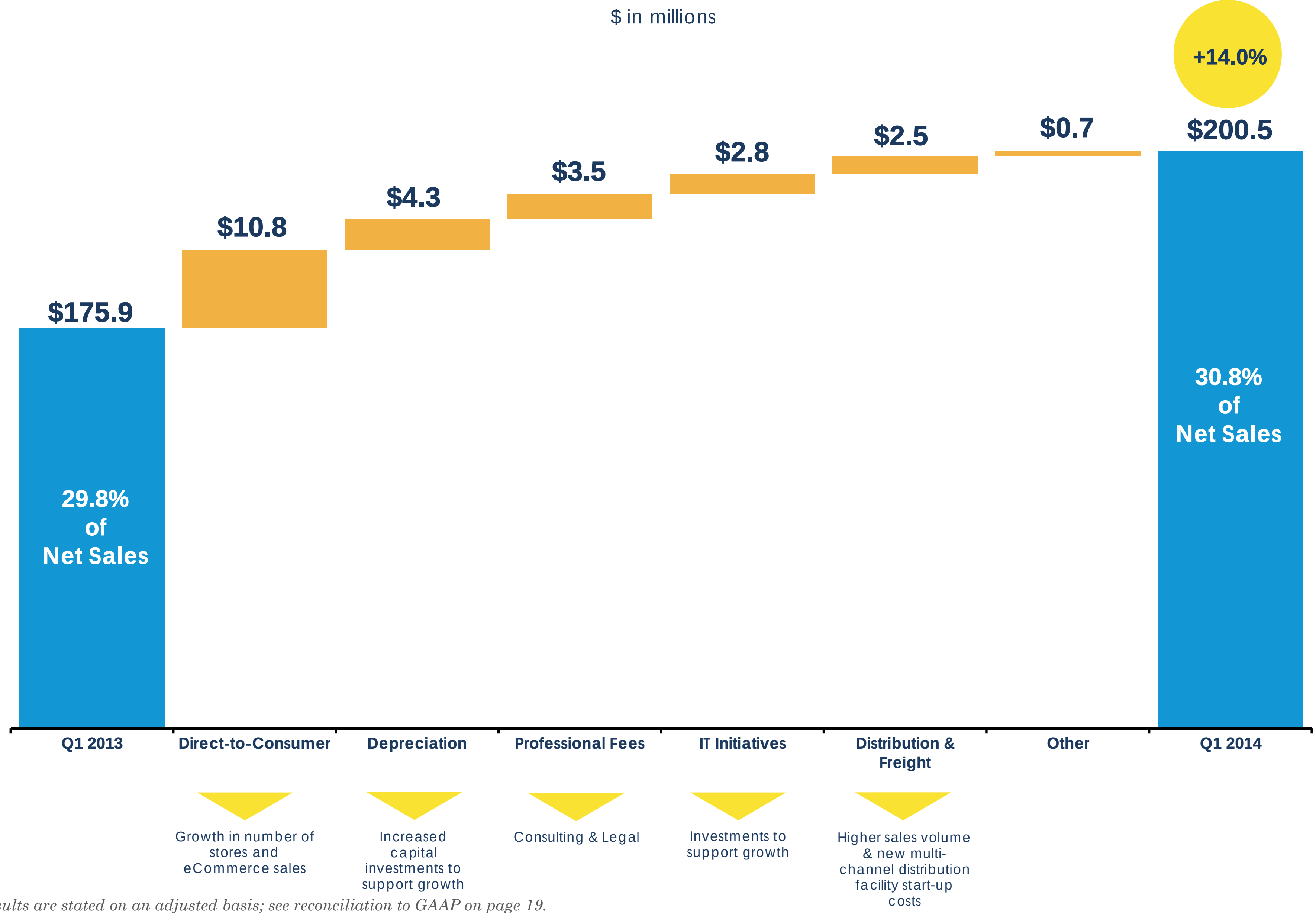
First Quarter 2014 Adjusted Results*

$ in millions, except EPS

	Q1 2014	% of Sales	Q1 2013	% of Sales	Fav/ (Unfav)
Net sales	**$651.6**		$591.0		**10%**
Gross profit	**260.7**	*40.0%*	243.1	*41.1%*	**7%**
Adjusted SG&A*	**200.5**	*30.8%*	175.9	*29.8%*	**(14%)**
Royalty income	**(9.9)**	*(1.5%)*	(9.2)	*(1.6%)*	**7%**
Adjusted operating income*	**70.1**	*10.8%*	76.4	*12.9%*	**(8%)**
Interest and other, net	**7.4**	*1.1%*	1.7	*0.3%*	**(339%)**
Income taxes	**22.9**	*3.5%*	27.0	*4.6%*	**15%**
Adjusted net income*	**$39.9**	*6.1%*	$47.7	*8.1%*	**(16%)**
Adjusted diluted EPS*	**$0.73**		$0.79		**(8%)**
Weighted average shares outstanding	**53.7**		59.3		**10%**
Adjusted EBITDA*	**$84.3**	*12.9%*	$86.8	*14.7%*	**(3%)**

** Results are stated on an adjusted basis; see reconciliation to GAAP on pages 19 & 20.*
Note: Results may not be additive due to rounding.

First Quarter Adjusted SG&A*



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Balance Sheet and Cash Flow

$ in millions

Balance Sheet (at Q1 end)

	2014	2013
Cash	$277.2	$397.6
Accounts Receivable	205.2	178.4
Inventory	363.0	284.5
Accounts Payable	103.4	97.9
Long-term Debt	586.0	186.0

Cash Flow (Q1 YTD)

	2014	2013
Operating Cash Flow	$30.6	$53.1
Capital Expenditures	(32.1)	(31.4)
Free Cash Flow	($1.5)	$21.7

- **Strong liquidity**
  - $277 million cash on hand
  - $181 million revolver availability
- **Inventory increase of +28% reflects business growth, supply chain initiatives, and higher product costs**
  - Units +21% vs. Q1 2013
  - Expect year-over-year increases to moderate in the second half of 2014
- **CapEx reflects store growth and infrastructure investments, including:**
  - U.S. / International retail stores
  - New multi-channel distribution center
  - Build out of new corporate offices
  - Technology initiatives
- **Ending share count 53.7 million, (-9%) vs. Q1 2013**
  - $400 million ASR program completed in Q1 with delivery of 1.0 million shares (total program retired 5.6 million shares @ $70.99/share)
  - 2014 open market purchases:

2014	Shares	Average Price	Total
Q1	30,151	$76.03	$2,292,268
Q2 QTD	83,800	$74.26	$6,223,297
YTD	113,951	$74.73	$8,515,565

- **Dividend payment of $10 million in Q1 ($0.19/share)**
  - 19% increase ($0.03) to quarterly cash dividend

Note: Results may not be additive due to rounding.

Business Segment Performance

First Quarter Business Segment Performance

carter's | OshKosh B'gosh

$ in millions

	Net Sales			Adjusted Operating Income (Loss)*			Adjusted Operating Margin*	
	2014	**2013**	**$ Growth**	**2014**	**2013**	**$ Growth**	**2014**	**2013**
Carter's Wholesale *(a)*	**$272**	**$248**	**$23**	**$47**	**$50**	**($4)**	**17.3%**	**20.3%**
Carter's Retail *(b)*	**230**	**208**	**22**	**43**	**40**	**3**	**18.7%**	**19.0%**
Total Carter's	$502	$457	$45	$90	$90	($0)	17.9%	19.7%
OshKosh Wholesale	**$16**	**$18**	**($3)**	**$2**	**$3**	**($1)**	**13.0%**	**16.0%**
OshKosh Retail *(b)*	**64**	**55**	**8**	**(4)**	**(5)**	**1**	**(7.1%)**	**(9.7%)**
Total OshKosh	$79	$74	$6	($2)	($2)	$0	(3.1%)	(3.4%)
International *(c)(d)*	**$71**	**$61**	**$10**	**$4**	**$5**	**($1)**	**5.7%**	**9.0%**
Total before corporate expenses	**$652**	**$591**	**$61**	**$91**	**$93**	**($2)**	**14.0%**	**15.7%**
Corporate expenses *(d)*				**($21)**	**($17)**	**($5)**	**(3.3%)**	**(2.8%)**
Total *(d)*	**$652**	**$591**	**$61**	**$70**	**$76**	**($6)**	**10.8%**	**12.9%**

(a) Includes U.S. wholesale sales of *Carter's, Child of Mine, Just One You*, and *Precious Firsts* products.
(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 19.*
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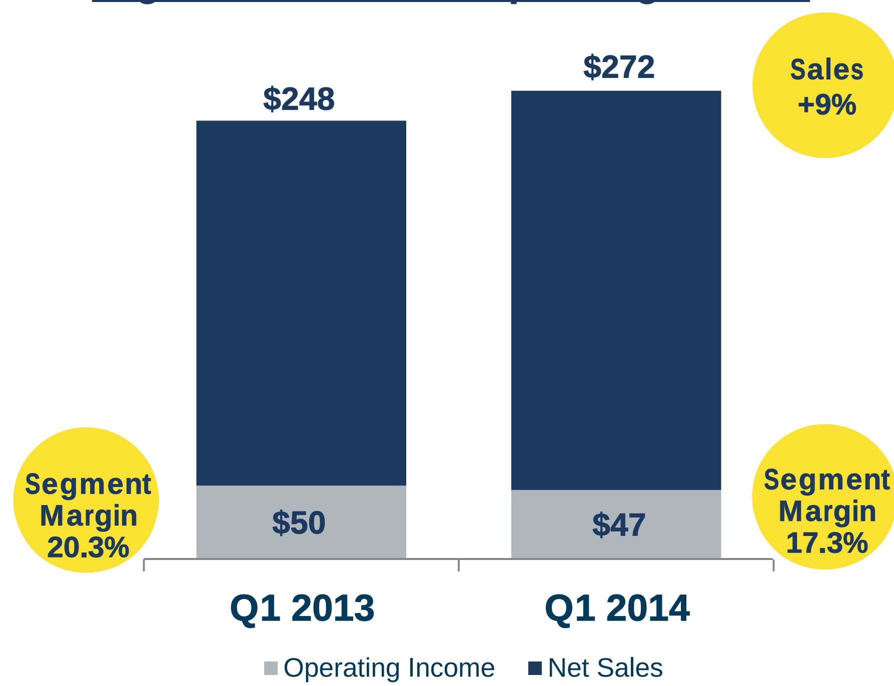
First Quarter Highlights – *Carter's* Wholesale

$ in millions

Segment Net Sales & Operating Income



- Net sales increase reflects growth across the brand portfolio with some favorable timing of seasonal shipments
- Spring 2014 over-the-counter selling at top accounts down low single-digits vs. LY, with significant improvement in April
  - Believed to be impacted by disruptive weather and Easter timing
- Segment margin decline reflects higher product costs and increased inventory and bad debt provisions
- Fall 2014 bookings planned down low single-digits (improved vs. prior view of down mid single-digits)
- 2014 full-year net sales outlook: low single-digit growth

Babies "R" Us – *Carter's* Brand Presentation

First Quarter Highlights – *Carter's* Retail

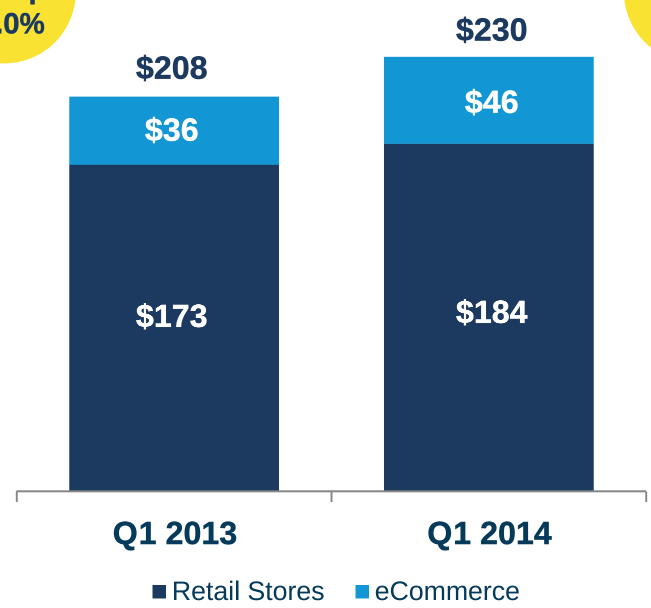
carter's | OSHKOSH B'gosh

DTC Comp +1.0%

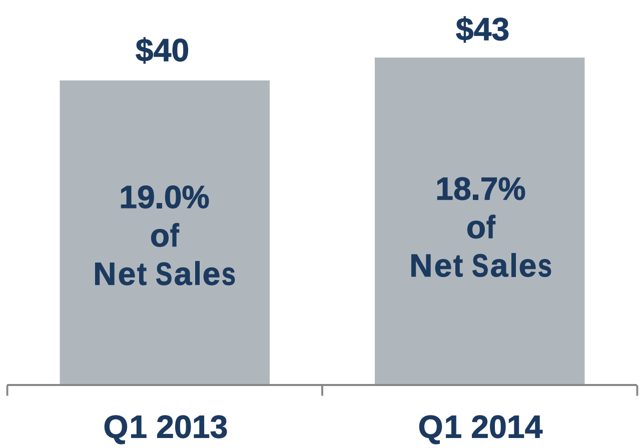
$ in millions

Segment Net Sales

Sales +11%



Segment Operating Income



Retail Stores

- Comp sales (4.7%) vs. +0.6% LY
  - Comp decline believed to be principally due to adverse weather and Easter timing shift
  - West and Southeast regions comped positive – weather less of a factor
  - Northeast most impacted by weather; highest concentration of *Carter's* stores
  - Increased average transaction value more than offset by decline in transactions
  - Boys Playwear and Accessories were the best performing categories
- Opened 16 new stores and closed 1 in Q1
  - New store performance exceeding expectations
- Q1 ending store count: 491
  - 289 Brand
  - 172 Outlet
  - 30 Side-by-Side format stores

eCommerce

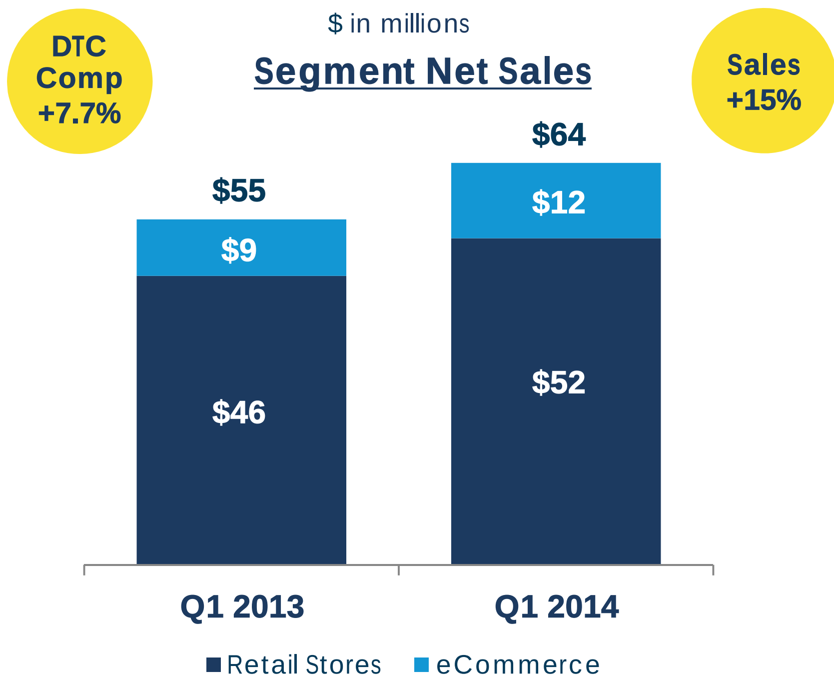
- Continued strong growth, +28%
- Q1 net sales 20% of retail segment sales (vs. 17% LY)
- Operating margin improvement reflects benefit of infrastructure insourcing initiatives (e.g., order management system, fulfillment)

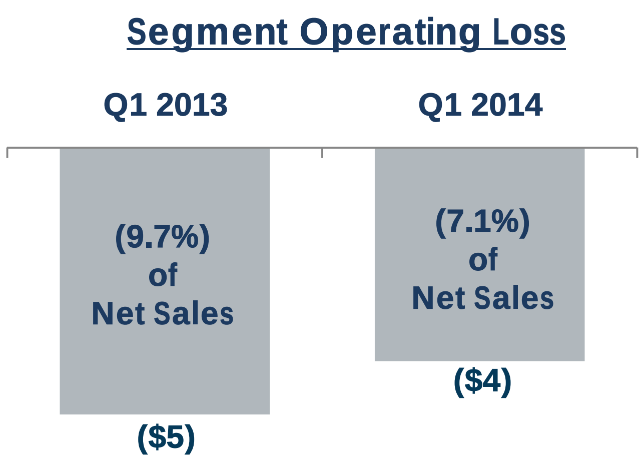
Segment Operating Income

- Segment margin reflects favorable eCommerce mix, offset by new store expenses (+68 stores vs. LY)

First Quarter Highlights – *OshKosh* Retail

$ in millions





Retail Stores

- Comp sales up +3.0% vs. (9.5%) LY
  - Solid comp performance despite adverse weather and Easter timing shift
  - Regional performance led by the West, Central, and Southeast regions
  - Strong conversion performance offset traffic decline and we believe reflects strengthened product offering
  - Girls Playwear and Accessories were the best performing product categories
- Opened 6 new stores and closed 1 in Q1
- New side-by-side store concept meeting expectations
- Q1 ending store count: 186
  - 19 Brand
  - 137 Outlet
  - 30 Side-by-Side format stores

eCommerce

- Continued strong eCommerce growth, +32%, exceeding forecast
- Strongest comps in Girls Playwear and Baby (introduction of *Baby B'gosh*)
- Q1 net sales 19% of retail segment sales (vs. 16% LY)
- Operating margin improvement reflects benefit of infrastructure insourcing initiatives (e.g., order management system, fulfillment)

Segment Operating Income

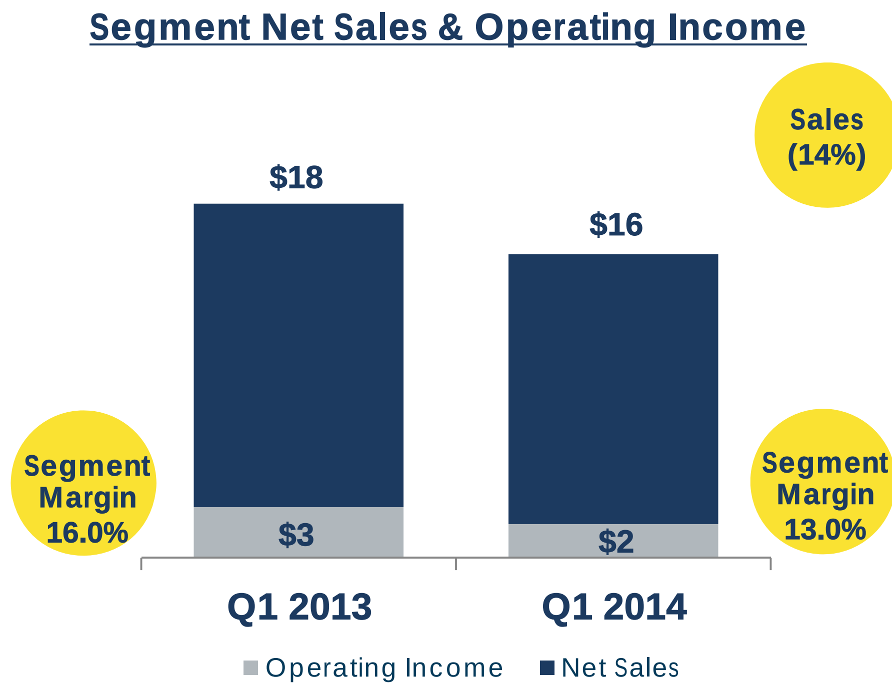
- Segment margin improvement reflects SG&A leverage in both stores and eCommerce

New Side-by-Side Stores – Atlanta, GA

carter's | OSHKOSH B'gosh

First Quarter Highlights – *OshKosh* Wholesale

$ in millions

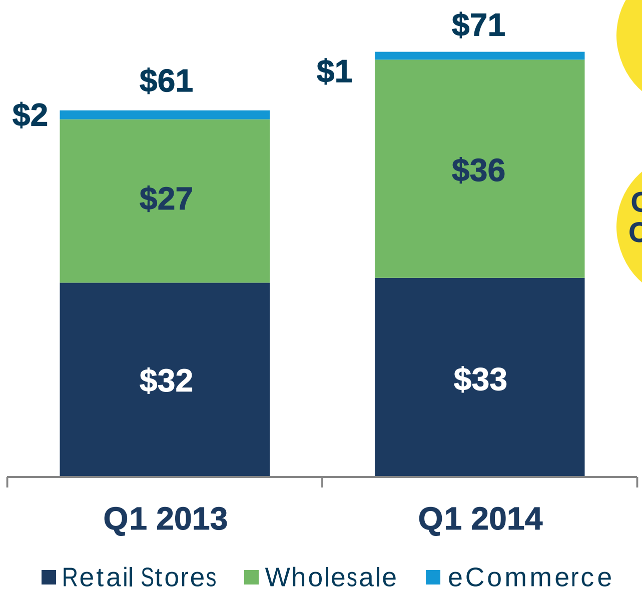


- Q1 sales in line with forecast, reflecting narrower customer base and tighter product offering
- Segment margin decline reflects higher product costs and SG&A deleverage
- Fall 2014 bookings planned down in the mid-teens range
- Full year net sales outlook approximately $67 million

First Quarter Highlights – International

$ in millions

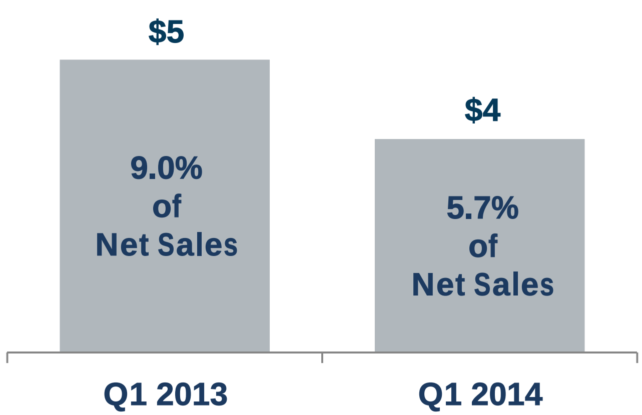
Segment Net Sales



Sales +16%

Constant Currency +22%

Segment Operating Income



Note: Results may not be additive due to rounding.

Segment Results

- Net sales +16%
  - Net sales +22% on a constant-currency basis
  - Solid growth in Canadian wholesale (new Target, Walmart business) and other international markets
- Segment operating margin reflects lower Canadian profitability (weather disruptions, unfavorable exchange rates)

Retail Stores

- Canada
  - Total store comp (10.2%); sales significantly impacted by adverse weather
  - Opened 2 new stores and closed 1 in Q1; Q1 ending store count 103
- Japan
  - Q1 net sales $4.4 million vs. $3.5 million LY
  - Q1 adjusted operating loss of $1.5 million vs. $3.5 million LY
  - Retail operations exit substantially complete at Q1 end; inventory liquidated

eCommerce

- Expect to launch Canada eCommerce in H2 2014

Outlook

Q2 2014

- Net sales growth of approximately 8% to10%
- Adjusted EPS comparable to LY (vs. $0.46 LY)

Fiscal Year 2014
(53 week year)

- Reaffirming net sales and profit outlook
  - Net sales growth of approximately 8% to 10%
  - Adjusted EPS growth of approximately 12% to 15% (vs. $3.37 LY)
- New retail stores:
  - *Carter's* 60
  - *OshKosh* 24
  - Canada 22
- Operating Cash Flow $225 to $250 million
- CapEx $100 to $110 million
- Free Cash Flow $115 to $150 million

Appendix

First Quarter Reconciliation of Net Income Allocable to Common Shareholders

	Fiscal quarter ended	
	March 29, 2014	March 30, 2013
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	53,172,459	58,467,804
Dilutive effect of equity awards	501,322	877,404
Diluted number of common and common equivalent shares outstanding	53,673,781	59,345,208

	Fiscal quarter ended			
	As reported on a GAAP Basis		As adjusted (a)	
$ in thousands, except EPS	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
Basic net income per common share:				
Net income	$34,297	$41,415	$39,866	$47,709
Income allocated to participating securities	(470)	(602)	(547)	(694)
Net income available to common shareholders	$33,827	$40,813	$39,319	$47,015
Basic net income per common share	$0.64	$0.70	$0.74	$0.80
Diluted net income per common share:				
Net income	$34,297	$41,415	$39,866	$47,709
Income allocated to participating securities	(467)	(595)	(543)	(686)
Net income available to common shareholders	$33,830	$40,820	$39,323	$47,023
Diluted net income per common share	$0.63	$0.69	$0.73	$0.79

(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 $5.6 million and $6.3 million in after-tax net expenses from these results for the first fiscal quarters of 2014 and 2013, respectively.

Note: Results may not be additive due to rounding.

First Quarter Reconciliation of Reported to Adjusted Earnings

$ in millions, except EPS

First 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)	**$261.7**	*40.2%*	**$210.1**	*32.2%*	**$61.5**	*9.4%*	**$34.3**	**$0.63**	**$4.0**	*5.7%*	**($29.9)**	*(4.6%)*
Amortization of H.W. Carter and Sons tradenames	-		(6.3)		6.3		4.0	0.07	-		6.3	
Office consolidation costs *(a)*	-		(2.0)		2.0		1.2	0.02	-		2.0	
Revaluation of contingent consideration *(b)*	-		(0.5)		0.5		0.5	0.01	0.5		-	
Closure of distribution facility in Hogansville, GA	-		(0.3)		0.3		0.2	0.00	-		0.3	
Japan retail operations exit *(c)*	(1.0)		(0.6)		(0.4)		(0.3)	(0.01)	(0.4)		-	
	(1.0)		(9.6)		8.6		5.6	0.1	0.0		8.6	
As adjusted	**$260.7**	*40.0%*	**$200.5**	*30.8%*	**$70.1**	*10.8%*	**$39.9**	**$0.73**	**$4.0**	*5.7%*	**($21.3)**	*(3.3%)*

First Quarter of Fiscal 2013	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)	**$243.1**	*41.1%*	**$185.4**	*31.4%*	**$66.9**	*11.3%*	**$41.4**	**$0.69**	**$4.6**	*7.6%*	**($25.2)**	*(4.3%)*
Office consolidation costs *(a)*	-		(8.0)		8.0		5.0	0.08	-		8.0	
Revaluation of contingent consideration *(b)*	-		(0.9)		0.9		0.9	0.02	0.9		-	
Closure of distribution facility in Hogansville, GA	-		(0.6)		0.6		0.4	0.01	-		0.6	
	-		(9.5)		9.5		6.3	0.10	0.9		8.6	
As adjusted	**$243.1**	*41.1%*	**$175.9**	*29.8%*	**$76.4**	*12.9%*	**$47.7**	**$0.79**	**$5.5**	*9.0%*	**($16.6)**	*(2.8%)*

(a) Costs related to consolidating our Shelton, Connecticut and Atlanta, Georgia offices, as well as certain functions from our other offices, in a new headquarters facility in Atlanta, GA.
(b) Revaluation of contingent consideration liability associated with the acquisition of Bonnie Togs.
(c) Fiscal quarter and four fiscal quarters ended March 29, 2014 reflect a favorable recovery on inventory and net costs associated with the exit of the Company's retail business in Japan, respectively.

Note: Results may not be additive due to rounding.

Reconciliation of Net Income to Adjusted EBITDA

$ in millions

	Fiscal quarter ended		Four fiscal quarters ended
	March 29, 2014	March 30, 2013	March 29, 2014
Net income	$34.3	$41.4	$153.3
Interest expense	6.9	1.3	19.0
Interest income	(0.1)	(0.2)	(0.6)
Tax expense	19.9	23.9	85.1
Depreciation and Amortization	21.6	12.4	77.7
EBITDA	**$82.5**	**$78.8**	**$334.5**
Adjustments to EBITDA			
Office consolidation costs *(a)*	$2.0	$6.7	$24.7
Revaluation of contingent consideration *(b)*	$0.5	0.9	2.4
Closure of distribution facility in Hogansville, GA	$0.3	0.4	1.0
Japan retail operations exit (c)	($1.0)	-	3.1
Adjusted EBITDA	**$84.3**	**$86.8**	**$365.7**

(a) Costs related to consolidating our Shelton, Connecticut and Atlanta, Georgia offices, as well as certain functions from our other offices, in a new headquarters facility in Atlanta, GA.
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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 April 28, 2014, 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 second quarter of fiscal 2014 and fiscal year 2014, 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 or vendors or financial difficulties for one or more of our major customers or vendors; 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; the breach of the Company's consumer databases, systems or processes; incurring costs in connection with cooperating with regulatory investigations and proceedings; increased leverage, not being able to repay its indebtedness and being subject to restrictions on operations by the Company's debt agreements; increased production costs; deflationary pricing pressures; decreases in the overall level of consumer spending; disruptions resulting from the Company's dependence on foreign supply sources; 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, including the risk of slow-downs, disruptions or strikes in the event that a new agreement between the port through which we source substantially all of our products and International Longshore and Warehouse Union is not reached by July 1, 2014; 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 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; not attracting and retaining key individuals within the organization; failure to implement needed upgrades to the Company's information technology systems; disruptions resulting from the Company's transition of distribution functions to its new Braselton facility and not achieving planned efficiencies; 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; 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 April 28, 2014. 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.


thank you.