carter's, inc.

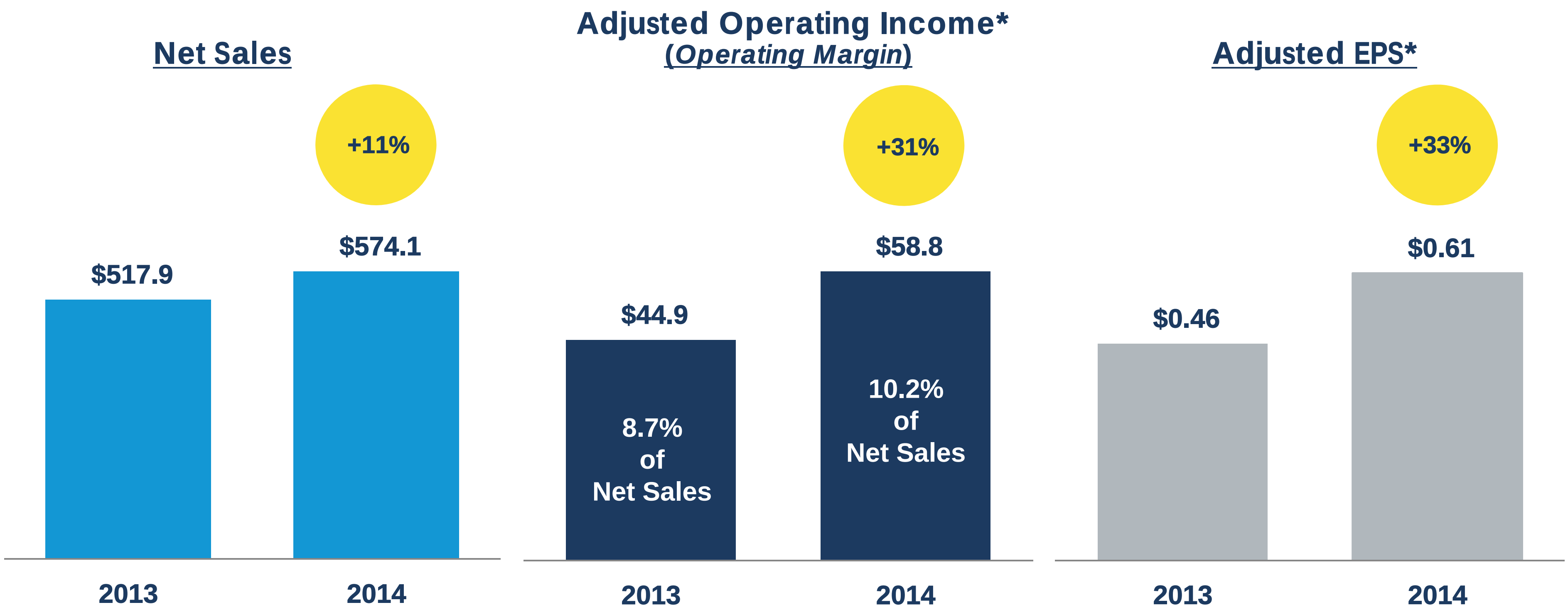
Second Quarter 2014

Business Update

July 24, 2014

Second Quarter 2014 Highlights*

$ in millions, except EPS

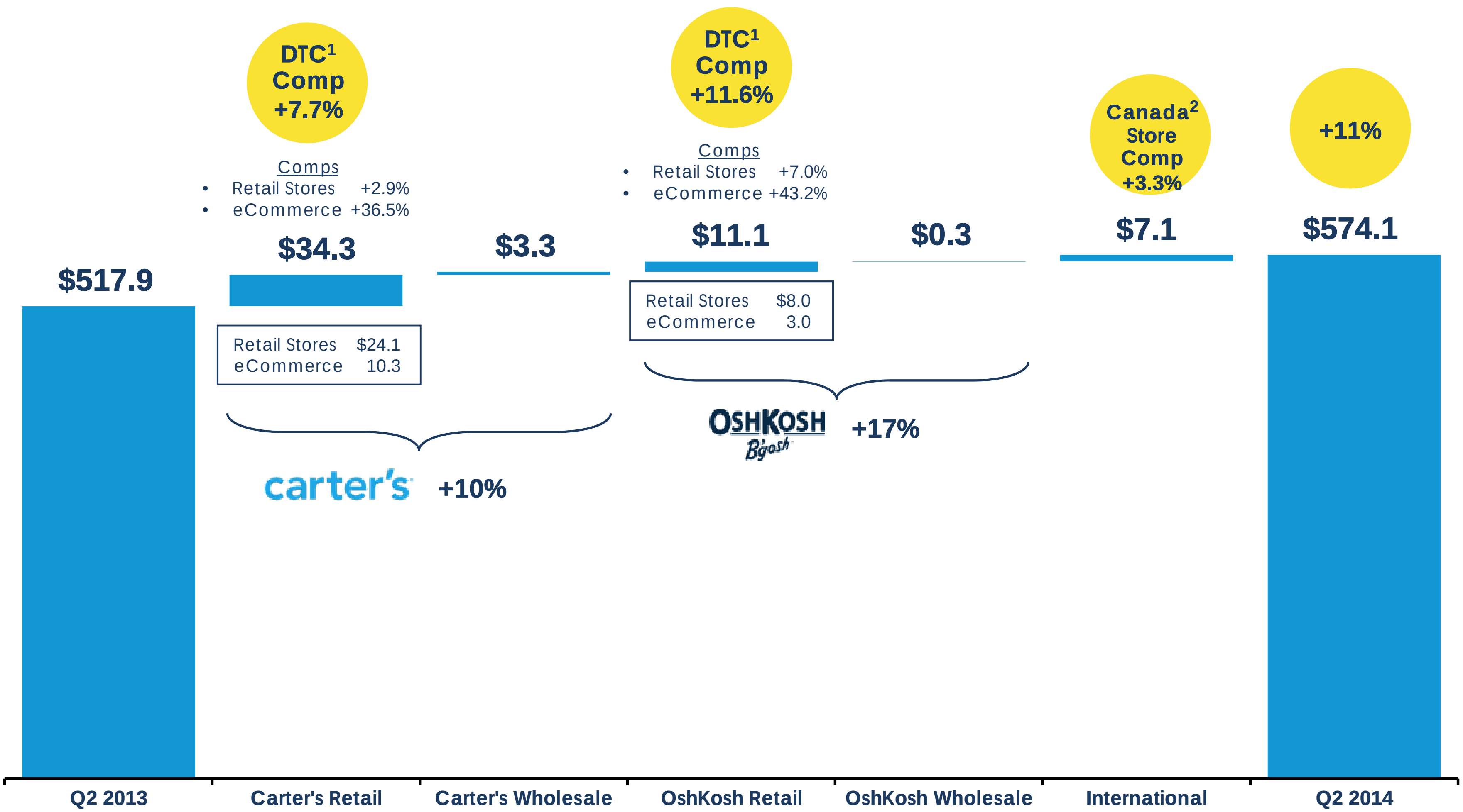


- **Strong sales growth (+11%) with growth in all segments**
  - U.S. +11%
    - *Carter's* +10%
    - *OshKosh* +17%
  - International +13% (constant currency +18%)
- **Earnings growth vs. LY driven by strong sales and expense leverage**

** Results are stated on an adjusted basis; see reconciliation to GAAP on page 28.*

Second Quarter 2014 Net Sales

$ in millions



Growth vs. 2013	+17.2%	+1.7%	+19.7%	+3.1%	+13.1%	+10.9%

[1]Direct-to-Consumer ("DTC") Comparable sales 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.

Second Quarter 2014 Adjusted Results*

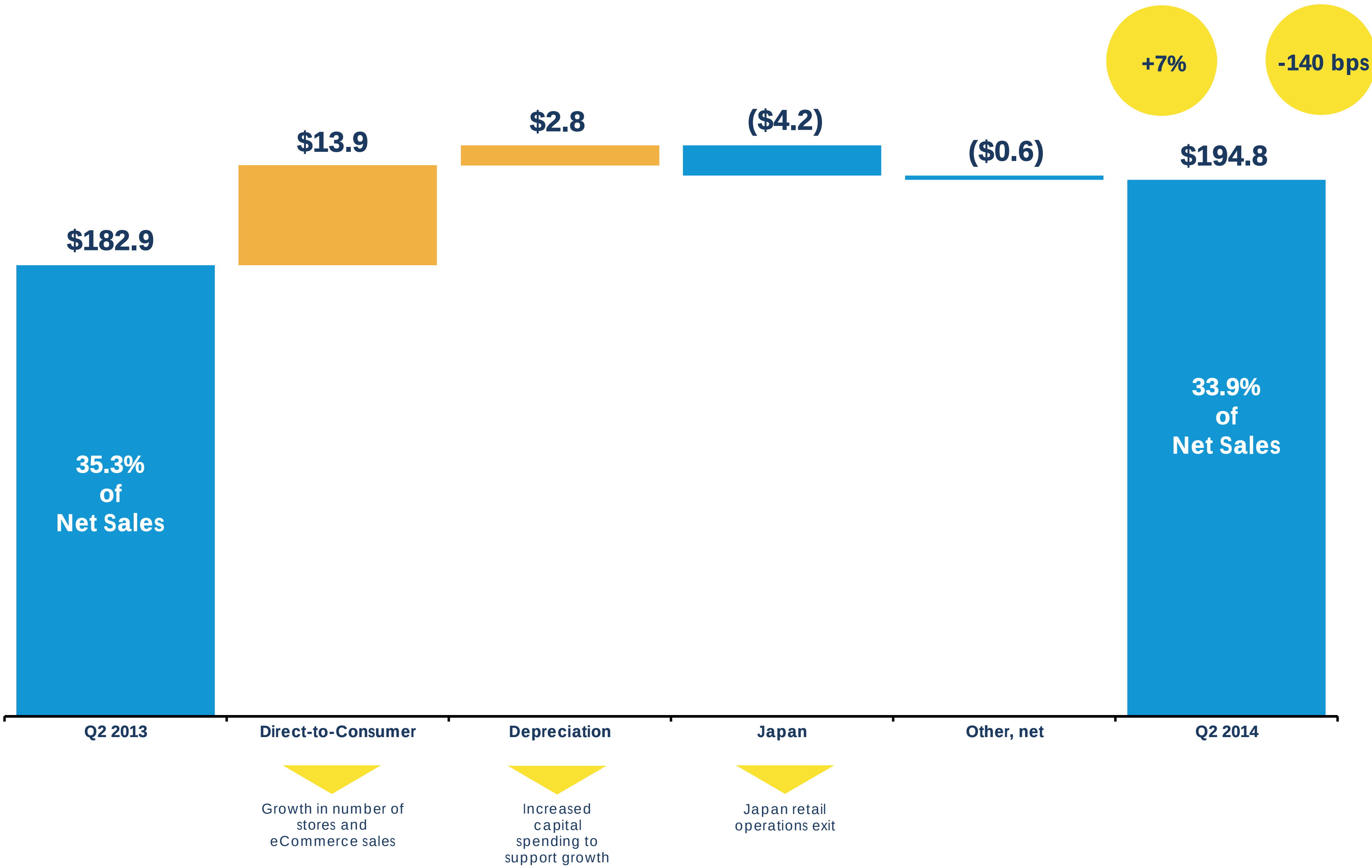
$ in millions, except EPS

	Q2 2014	% of Sales	Q2 2013	% of Sales	Increase / (Decrease)
Net sales	**$574.1**		$517.9		**11%**
Gross profit	**245.5**	*42.8%*	220.2	*42.5%*	**11%**
Adjusted SG&A*	**194.8**	*33.9%*	182.9	*35.3%*	**7%**
Royalty income	**(8.2)**	*(1.4%)*	(7.5)	*(1.4%)*	**9%**
Adjusted operating income*	**58.8**	*10.2%*	44.9	*8.7%*	**31%**
Interest and other, net	**6.6**	*1.1%*	1.6	*0.3%*	**312%**
Income taxes	**19.1**	*3.3%*	15.6	*3.0%*	**23%**
Adjusted net income*	**$33.1**	*5.8%*	$27.7	*5.3%*	**20%**
Adjusted diluted EPS*	**$0.61**		$0.46		**33%**
Weighted average shares outstanding	**53.3**		59.2		**(10%)**
Adjusted EBITDA*	**$73.0**	*12.7%*	$55.5	*10.7%*	**32%**

** Results are stated on an adjusted basis; see reconciliation to GAAP on pages 28 & 32.*
Note: Results may not be additive due to rounding.

Second Quarter 2014 Adjusted SG&A*

$ in millions



**Results are stated on an adjusted basis; see reconciliation to GAAP on page 28.*
Note: Results may not be additive due to rounding.

First Half 2014 Adjusted Results*

carter's | OSHKOSH B'gosh

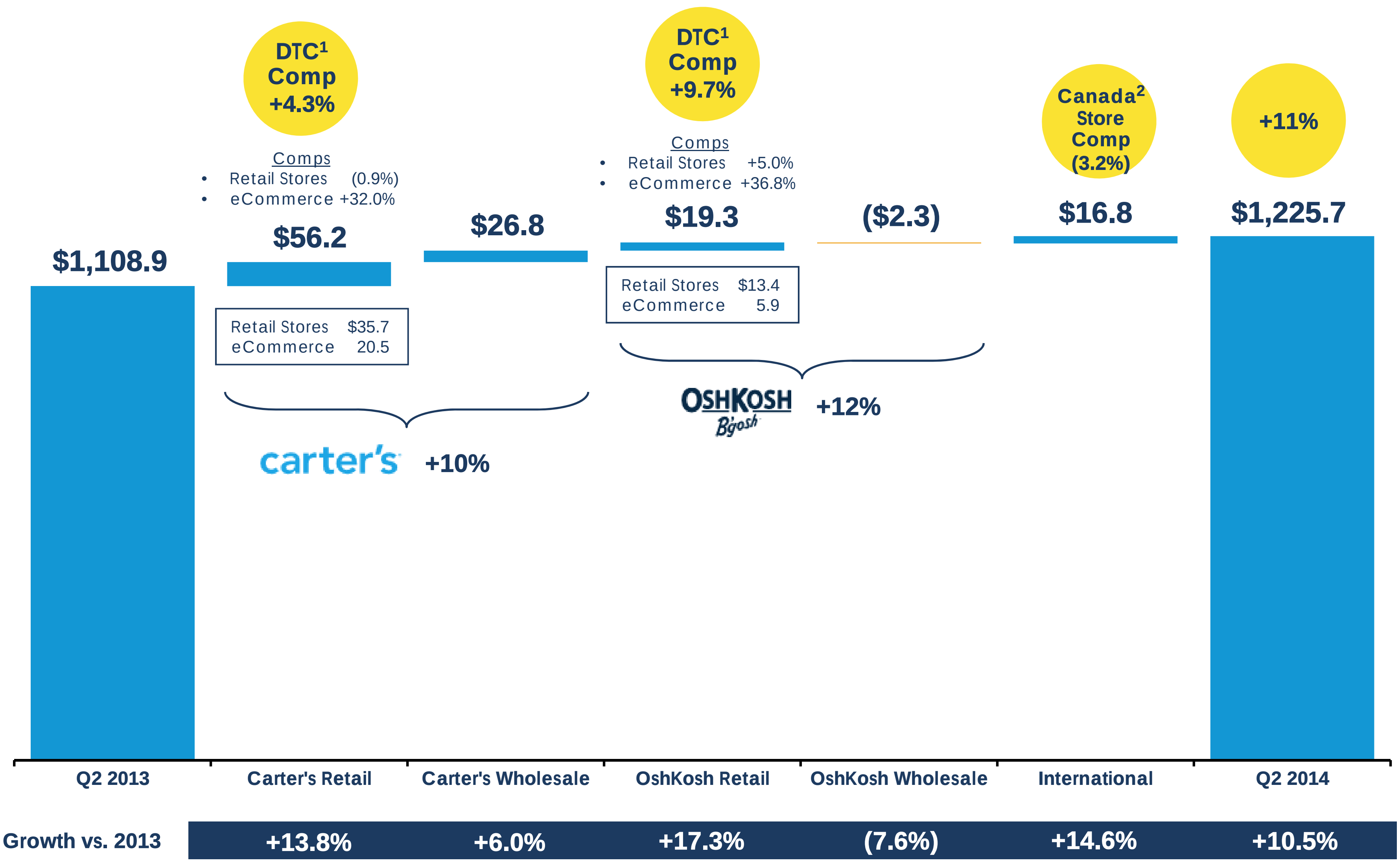
$ in millions, except EPS

	First Two Quarters 2014	% of Sales	First Two Quarters 2013	% of Sales	Increase / (Decrease)
Net sales	**$1,225.7**		$1,108.9		**11%**
Gross profit	**506.2**	*41.3%*	463.3	*41.8%*	**9%**
Adjusted SG&A*	**395.4**	*32.3%*	358.8	*32.4%*	**10%**
Royalty income	**(18.1)**	*(1.5%)*	(16.7)	*(1.5%)*	**8%**
Adjusted operating income*	**128.9**	*10.5%*	121.3	*10.9%*	**6%**
Interest and other, net	**13.9**	*1.1%*	3.3	*0.3%*	**326%**
Income taxes	**42.0**	*3.4%*	42.6	*3.8%*	**(1%)**
Adjusted net income*	**$73.0**	*6.0%*	$75.4	*6.8%*	**(3%)**
Adjusted diluted EPS*	**$1.35**		$1.26		**7%**
Weighted average shares outstanding	**53.5**		59.2		**(10%)**
Adjusted EBITDA*	**$157.3**	*12.8%*	$142.3	*12.8%*	**11%**

** Results are stated on an adjusted basis; see reconciliation to GAAP on pages 30 & 32.*
Note: Results may not be additive due to rounding.

First Half 2014 Net Sales

$ in millions



[1] Direct-to-Consumer ("DTC") Comparable sales 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.

Balance Sheet and Cash Flow

carter's | OshKosh B'gosh

$ in millions

Balance Sheet (at Q2 end)

	2014	2013
Cash	$207.9	$312.1
Accounts Receivable	133.9	133.3
Inventory	538.2	429.2
Accounts Payable	164.2	199.6
Long-term debt	586.0	186.0

Cash Flow (Q2 YTD)

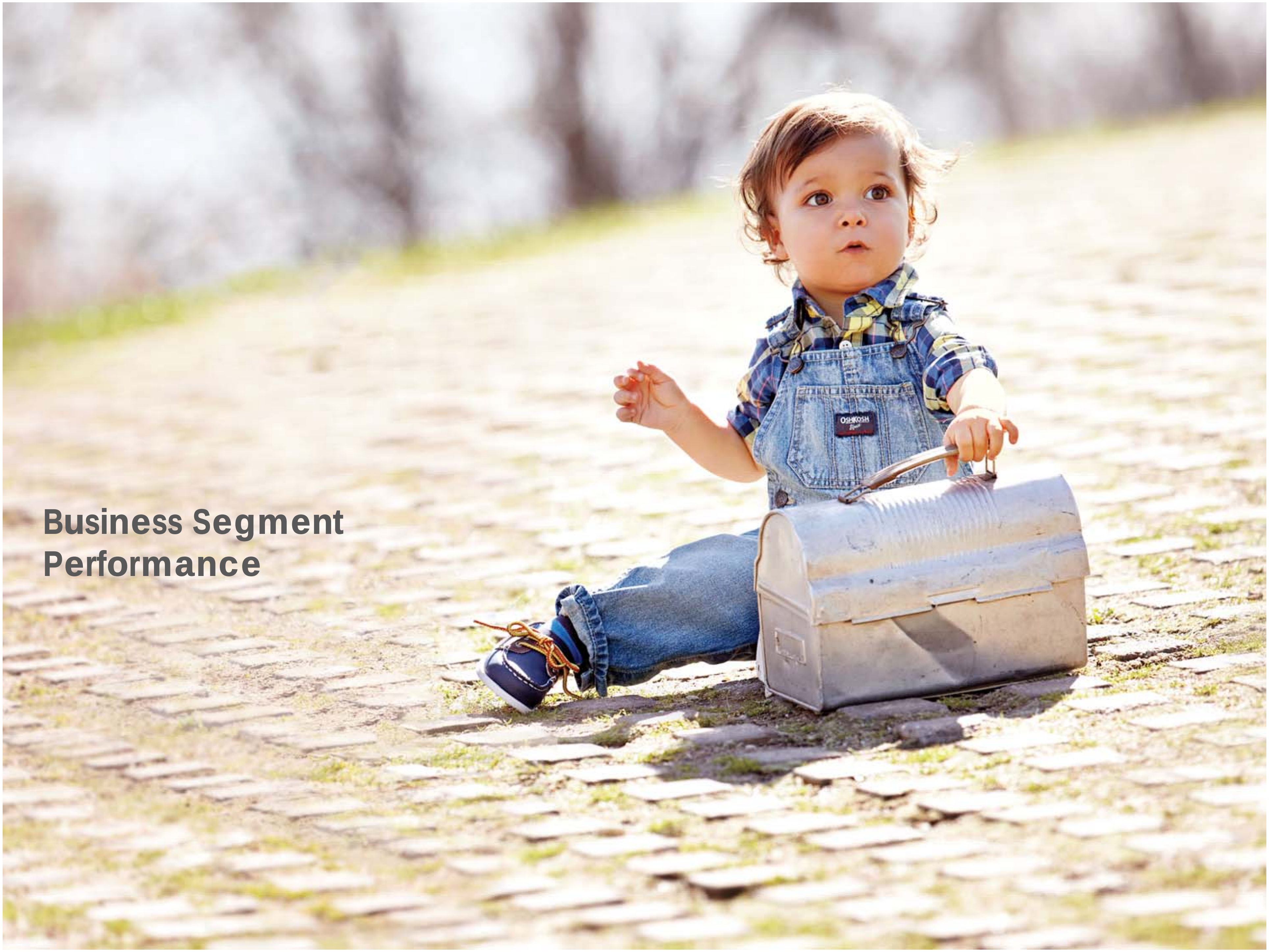
	2014	2013
Operating Cash Flow	$33.1	$69.8
Capital Expenditures	(61.3)	(70.6)
Free Cash Flow	($28.2)	($0.8)

- **Strong liquidity**
  - $208 million cash on hand
  - $181 million revolver availability
- **Inventory increase of +25% reflects business growth, supply chain initiatives, and higher product costs**
  - Units +17% vs. Q2 2013
  - $35 million of inventory increase driven by early receipts to mitigate potential West Coast port strike
  - Inventory increase consistent with our prior forecast
- **Significant share repurchase in quarter ($34 million)**
  - Ending share count -10% vs. LY
  - $216 million remains under current $300 million authorization
  - Open market purchases:[1]
- **Dividend payment of $10 million in Q2 ($0.19/share)**
  - $20 million cash dividends paid YTD

2014	Shares	Average Price	Total
Q2	477,551	$72.10	$34,431,415
First Half	499,151	$72.28	36,079,843
Q3 QTD	212,448	$69.15	14,691,197
YTD	711,599	$71.35	$50,771,041

- **Operating cash flow $37 million lower vs. LY reflecting increased inventory commitments, higher products costs, and timing of inventory purchases / payments**

Note: Results may not be additive due to rounding.
[1] Through 7/23/14



Business Segment Performance

Second Quarter 2014 Business Segment Performance

$ in millions

	Net Sales			Adjusted Operating Income (Loss)*			Adjusted Operating Margin*	
	2014	2013	$ Growth	2014	2013	$ Growth	2014	2013
Carter's Wholesale *(a)*	**$200**	**$197**	**$3**	**$31**	**$32**	**($1)**	**15.4%**	**16.1%**
Carter's Retail *(b)*	**234**	**199**	**34**	**40**	**33**	**7**	**17.2%**	**16.7%**
Total Carter's	$434	$396	$38	$71	$65	$6	16.4%	16.4%
OshKosh Wholesale	**$12**	**$11**	**$0**	**$1**	**$1**	**$0**	**7.4%**	**7.5%**
OshKosh Retail *(b)*	**68**	**56**	**11**	**(2)**	**(6)**	**5**	**(2.5%)**	**(11.3%)**
Total OshKosh	$79	$68	$11	($1)	($6)	$5	(1.1%)	(8.1%)
International *(c)(d)*	**$61**	**$54**	**$7**	**$8**	**$8**	**$0**	**13.1%**	**14.2%**
Total before corporate expenses	**$574**	**$518**	**$56**	**$78**	**$67**	**$11**	**13.6%**	**13.0%**
Corporate expenses *(d)*				**($19)**	**($22)**	**$3**	**(3.4%)**	**(4.3%)**
Total *(d)*	**$574**	**$518**	**$56**	**$59**	**$45**	**$14**	**10.2%**	**8.7%**

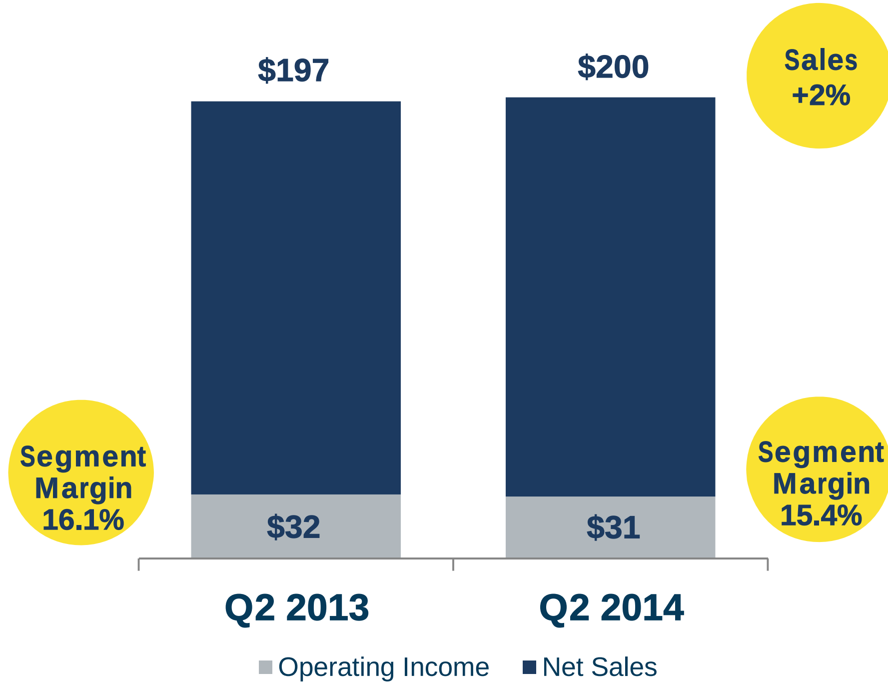
(a) Includes U.S. wholesale sales of *Carter's*, *Child of Mine*, *Just One You*, and *Precious Firsts* products.
(b) Includes U.S. retail stores and eCommerce results.
(c) Includes international retail, eCommerce and wholesale sales. Adjusted operating income includes international licensing income.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

* *Results are stated on an adjusted basis; see reconciliation to GAAP on page 28.*
Note: Results may not be additive due to rounding.

Second Quarter 2014 Highlights – *Carter's* Wholesale

$ in millions

Segment Net Sales & Operating Income



- Net sales largely in line with our forecast
- Segment margin reflects impact of higher product costs
- Spring 2014 over-the-counter selling at top accounts up modestly with improved AURs
- 2014 full-year net sales outlook: low single-digit growth
- Spring 2015 seasonal bookings planned comparable to 2014

Kohl's – *Carter's* Baby Shop (Grafton, WI)

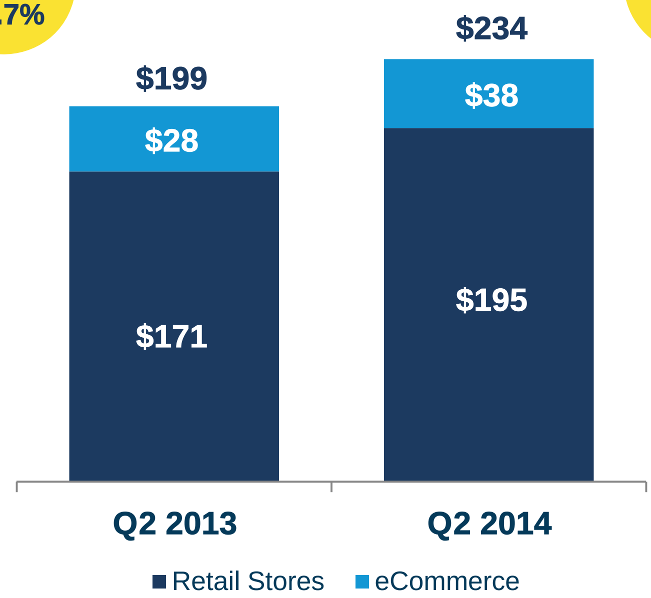
Second Quarter 2014 Highlights – *Carter's* Retail

DTC Comp +7.7%

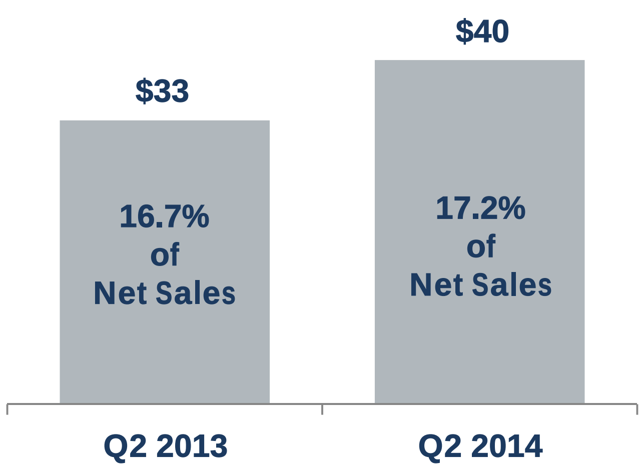
$ in millions

Segment Net Sales

Sales +17%



Segment Operating Income



Retail Stores

- Comp sales +2.9% vs. +3.9% LY
  - Comp reflects higher transaction counts and improved AUR
  - All regions comped positive except Southeast
  - Boys Playwear, Baby, and Swimwear drove comp improvement
- Opened 20 new stores and closed 2 in Q2
- Q2 ending store count: 509
  - 303 Brand
  - 172 Outlet
  - 34 Side-by-Side[1]

eCommerce

- Continued strong growth, +36%
- Q2 net sales 16% of retail segment sales (vs. 14% LY)

Segment Operating Income

- Segment margin reflects increased eCommerce contribution and comp store expense leverage, partially offset by the impact of new store openings

[1] Comprised of 20 Brand stores and 14 Outlet stores
Note: Results may not be additive due to rounding.

Brooklyn, NY


carter's
babies and kids
carter's babies and kids
carter's babies and kids
carter's babies and kids
DOORBUSTER
$5
40
ENTIRE
store
first
FALL
first
FALL
carter's
sizes 0-7

Jackson Heights, NY

Second Quarter 2014 Highlights – *OshKosh* Retail

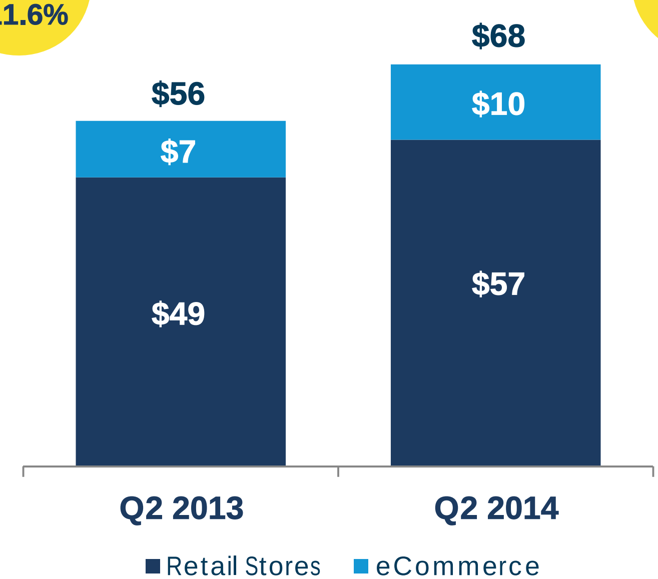
carter's | OSHKOSH B'gosh

DTC Comp +11.6%

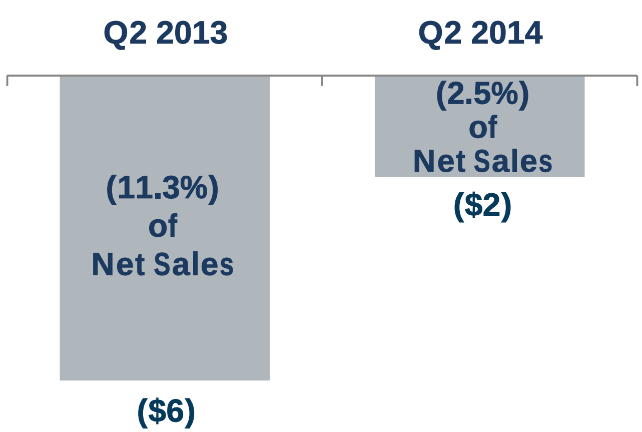
$ in millions

Segment Net Sales

Sales +20%



Segment Operating Loss



Retail Stores

- Comp sales +7.0% vs. (5.1%) LY
  - Strong comp performance driven by average transaction value increase with improved AUR
  - All regions comped positive
  - All products categories comped positive led by Girls Playwear and Accessories
  - Positive comps for all store types
- Opened 4 new stores and closed 3 in Q2
  - All new stores in Side-by-Side format
- Q2 ending store count: 187
  - 19 Brand
  - 134 Outlet
  - 34 Side-by-Side[1]

eCommerce

- Continued strong growth, +43%
- Q2 net sales 15% of retail segment sales (vs. 13% LY)

Segment Operating Loss

- Segment margin improvement reflects strong product performance and expense leverage

[1] *Comprised of 20 Brand stores and 14 Outlet stores*
Note: Results may not be additive due to rounding.

Atlanta, GA


carter's
babies and kids
GRAND OPENING!
OSHKOSH B'gosh
GRAND OPENING!

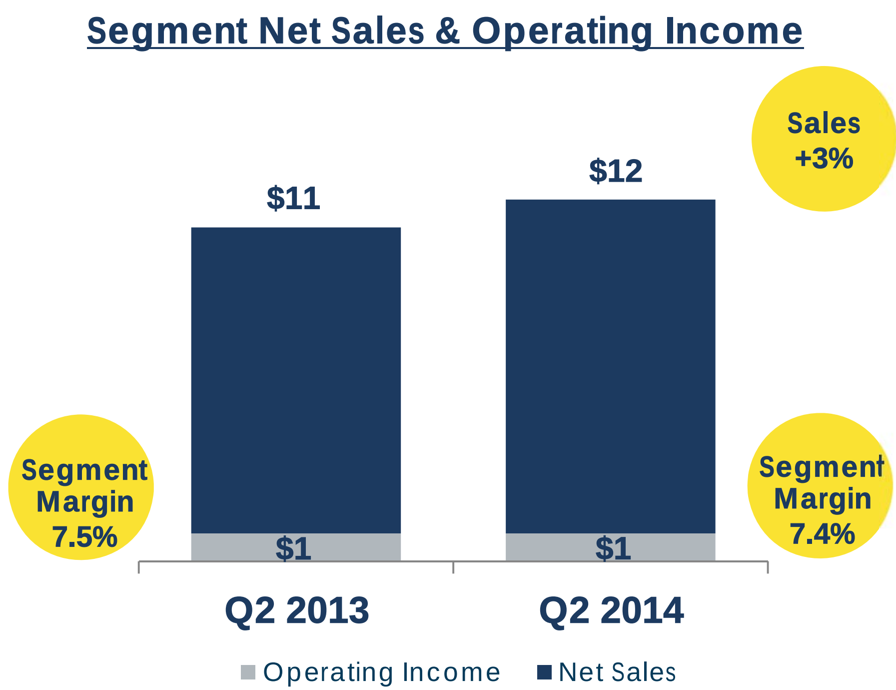
Plymouth, MN

OSHKOSH B'gosh
carter's babies and kids
UP TO 50% OFF ENTIRE STORE

El Paso, TX

Second Quarter 2014 Highlights – *OshKosh* Wholesale

$ in millions

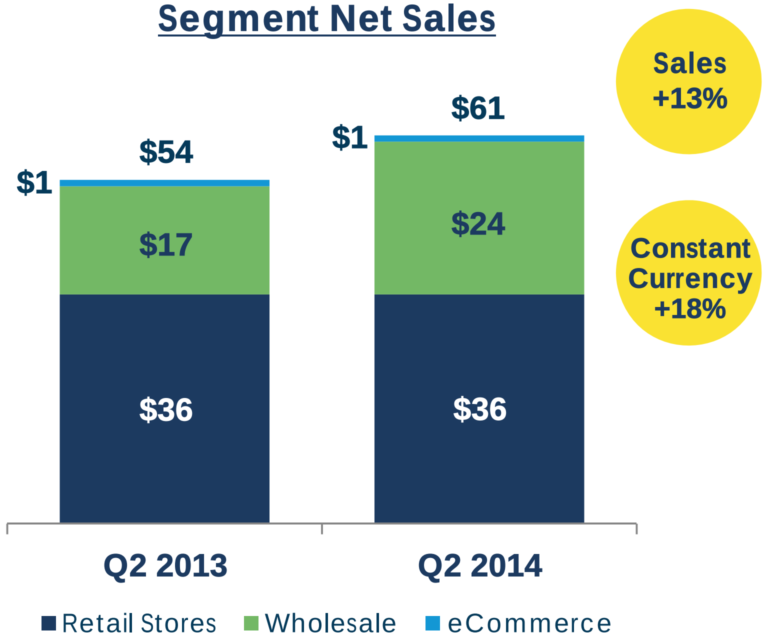


- Net sales in line with forecast
- Segment margin comparable to LY
- Continued focus on profitability and brand presentation
- Spring 2015 bookings planned down high single-digits

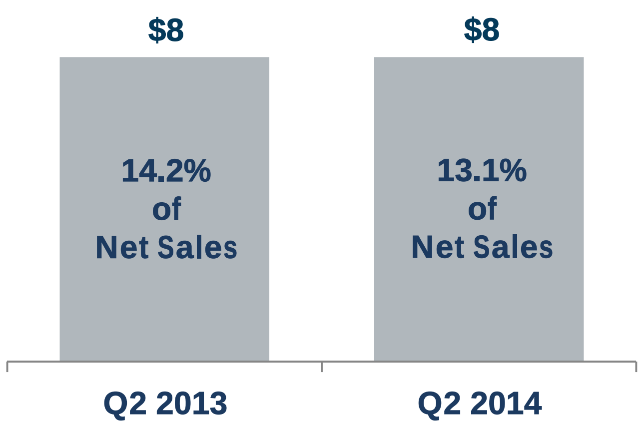
Second Quarter 2014 Highlights – International

$ in millions

Segment Net Sales



Segment Operating Income[1]



[1] *Results are stated on an adjusted basis; see reconciliation to GAAP on pages 28.*
Note: Results may not be additive due to rounding.

Retail Stores

- Canada
  - Store comp +3.3%
  - Opened 7 new stores in Q2; Q2 ending store count 110
  - All legacy *Bonnie Togs* stores have been converted to *Carter's / OshKosh* co-branded nameplate
- Japan
  - Wind down largely complete
  - Immaterial net sales in Q2 2014 vs. $4.7 million in Q2 2013

Wholesale

- Continued strong growth, +39%
- Sales increase reflects growth with multi-national retailers in Canada and other markets

eCommerce

- Canada eCommerce site launched July 15th

Segment Operating Income

- Segment margin reflects lower Canadian profitability, in part due to unfavorable exchange rates, partially offset by reduced Japanese losses vs. year ago
  - $1 million operating loss from Japan in prior year

Canada eCommerce Launch – *www.cartersoshkosh.ca*

Melbourne, Australia

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Outlook

Q3 2014	• Net sales growth of approximately 4% to 6% • Adjusted EPS growth of approximately 7% to 10% (vs. $1.12 LY)
Fiscal Year 2014	• Net sales growth of approximately 8% to 10% • Raising earnings outlook - Adjusted EPS growth of approximately 14% to 16% (vs. $3.37 LY) - Previous guidance: 12% to 15% growth • New retail store openings: - *Carter's* 60 - *OshKosh* 24 - Canada 22 • Operating Cash Flow $225 to $250 million • CapEx $100 to $110 million


thank you.

Appendix

Second Quarter 2014 Reconciliation of Net Income Allocable to Common Shareholders

	Fiscal Quarter Ended	
	June 28, 2014	June 29 2013
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	52,836,070	58,567,558
Dilutive effect of equity awards	455,116	588,622
Diluted number of common and common equivalent shares outstanding	53,291,186	59,156,180

	Fiscal Quarter Ended			
	As reported on a GAAP Basis		As adjusted (a)	
$ in thousands, except EPS	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Basic net income per common share:				
Net income	$25,897	$19,673	$33,120	$27,668
Income allocated to participating securities	(345)	(265)	(443)	(375)
Net income available to common shareholders	$25,552	$19,408	$32,677	$27,293
Basic net income per common share	$0.48	$0.33	$0.62	$0.47
Diluted net income per common share:				
Net income	$25,897	$19,673	$33,120	$27,668
Income allocated to participating securities	(343)	(263)	(440)	(372)
Net income available to common shareholders	$25,554	$19,410	$32,680	$27,296
Diluted net income per common share	$0.48	$0.33	$0.61	$0.46

(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 $7.2 million and $8.0 million in after-tax net expenses from these results for the second fiscal quarters of 2014 and 2013, respectively.

Note: Results may not be additive due to rounding.

Second Quarter 2014 Reconciliation of Reported to Adjusted Earnings

$ in millions, except EPS

Second Quarter of Fiscal 2014	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	Segment Reporting: International Operating Income	Segment Reporting: % of segment net sales	Segment Reporting: Corporate Operating Expenses	Segment Reporting: % of total net sales
As reported (GAAP)	**$206.3**	*35.9%*	**$47.3**	*8.2%*	**$25.9**	**$0.48**	**$7.1**	*11.6%*	**($30.0)**	*(5.2%)*
Amortization of H.W. Carter and Sons tradenames	(5.6)		5.6		3.5	0.07	-		5.6	
Office consolidation costs *(a)*	(4.6)		4.6		2.9	0.05	-		4.6	
Japan retail operations exit	(0.9)		0.9		0.6	0.01	0.9		-	
Closure of distribution facility in Hogansville, GA	(0.3)		0.3		0.2	0.00	-		0.3	
	(11.5)		11.5		7.2	0.13	0.9		10.6	
As adjusted	**$194.8**	*33.9%*	**$58.8**	*10.2%*	**$33.1**	**$0.61**	**$8.0**	*13.1%*	**($19.4)**	*(3.4%)*

Second Quarter of Fiscal 2013	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	Segment Reporting: International Operating Income	Segment Reporting: % of segment net sales	Segment Reporting: Corporate Operating Expenses	Segment Reporting: % of total net sales
As reported (GAAP)	**$195.0**	*37.7%*	**$32.7**	*6.3%*	**$19.7**	**$0.33**	**$6.7**	*12.4%*	**($33.5)**	*(6.5%)*
Office consolidation costs *(a)*	(10.2)		10.2		6.4	0.10	-		10.2	
Revaluation of contingent consideration *(b)*	(1.0)		1.0		1.0	0.02	1.0		-	
Closure of distribution facility in Hogansville, GA	(1.0)		1.0		0.6	0.01	-		1.0	
	(12.1)		12.1		8.0	0.13	1.0		11.2	
As adjusted	**$182.9**	*35.3%*	**$44.9**	*8.7%*	**$27.7**	**$0.46**	**$7.6**	*14.2%*	**($22.3)**	*(4.3%)*

(a) Costs associated with office consolidation including severance, relocation, accelerated depreciation, and other charges.
(b) Revaluation of the contingent consideration liability associated with the Company's 2011 acquisition of Bonnie Togs.

Note: Results may not be additive due to rounding.

First Half 2014 Reconciliation of Net Income Allocable to Common Shareholders

	First Two Fiscal Quarters Ended	
	June 28, 2014	June 29, 2013
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	53,004,264	58,519,286
Dilutive effect of equity awards	478,426	648,072
Diluted number of common and common equivalent shares outstanding	53,482,690	59,167,358

	First Two Fiscal Quarters Ended			
	As reported on a GAAP Basis		As adjusted (a)	
$ in thousands, except EPS	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013
Basic net income per common share:				
Net income	$60,193	$61,088	$72,986	$75,378
Income allocated to participating securities	(812)	(811)	(989)	(1,002)
Net income available to common shareholders	$59,381	$60,277	$71,997	$74,376
Basic net income per common share	1.12	1.03	1.36	1.27
Diluted net income per common share:				
Net income	$60,193	$61,088	$72,986	$75,378
Income allocated to participating securities	(807)	(803)	(983)	(992)
Net income available to common shareholders	$59,386	$60,285	$72,003	$74,386
Diluted net income per common share	$1.11	$1.02	$1.35	$1.26

(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 $12.8 million and $14.3 million in after-tax net expenses from these results for the first two fiscal quarters of 2014 and 2013, respectively.

Note: Results may not be additive due to rounding.

First Half 2014 Reconciliation of Reported to Adjusted Earnings

$ in millions, except EPS

First Two Quarters of Fiscal 2014	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	Segment Reporting: International Operating Income	Segment Reporting: % of segment net sales	Segment Reporting: Corporate Operating Expenses	Segment Reporting: % 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%)*
Amortization of H.W. Carter and Sons tradenames	-		(11.9)		11.9		7.5	0.14	-		11.9	
Office consolidation costs *(a)*	-		(6.6)		6.6		4.2	0.08	-		6.6	
Revaluation of contingent consideration *(b)*	-		(0.5)		0.5		0.5	0.01	0.5		-	
Closure of distribution facility in Hogansville, GA	-		(0.6)		0.6		0.4	0.01	-		0.6	
Japan retail operations exit	(1.0)		(1.5)		0.5		0.3	0.01	0.5		-	
	(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%)*

First Two Quarters of Fiscal 2013	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	Segment Reporting: International Operating Income	Segment Reporting: % of segment net sales	Segment Reporting: Corporate Operating Expenses	Segment Reporting: % of total net sales
As reported (GAAP)	**$463.3**	*41.8%*	**$380.4**	*34.3%*	**$99.7**	*9.0%*	**$61.1**	**$1.02**	**$10.9**	*9.6%*	**($58.7)**	*(5.3%)*
Office consolidation costs *(a)*	-		(18.2)		18.2		11.4	0.19	-		18.2	
Revaluation of contingent consideration *(b)*	-		(1.9)		1.9		1.9	0.03	1.9		-	
Closure of distribution facility in Hogansville, GA	-		(0.6)		0.6		0.4	0.01	-		0.6	
Amortization of H.W. Carter and Sons tradenames	-		(1.0)		1.0		0.6	0.01	-		1.0	
	-		(21.6)		21.6		14.3	0.24	1.9		19.7	
As adjusted	**$463.3**	*41.8%*	**$358.8**	*32.4%*	**$121.3**	*10.9%*	**$75.4**	**$1.26**	**$12.8**	*11.2%*	**($39.0)**	*(3.5%)*

(a) Costs associated with office consolidation including severance, relocation, accelerated depreciation, and other charges.
(b) Revaluation of the contingent consideration liability associated with the Company's 2011 acquisition of Bonnie Togs.

Note: Results may not be additive due to rounding.

First Half 2014 Business Segment Performance

$ in millions

	Net Sales			Adjusted Operating Income (Loss)*			Adjusted Operating Margin*	
	2014	2013	$ Growth	2014	2013	$ Growth	2014	2013
Carter's Wholesale *(a)*	**$472**	**$445**	**$26**	**$78**	**$82**	**($5)**	**16.5%**	**18.5%**
Carter's Retail *(b)*	**464**	**408**	**56**	**83**	**73**	**10**	**17.9%**	**17.9%**
Total Carter's	$936	$853	$83	$161	$155	$5	17.2%	18.2%
OshKosh Wholesale	**$27**	**$29**	**($2)**	**$3**	**$4**	**($1)**	**10.6%**	**12.7%**
OshKosh Retail *(b)*	**131**	**112**	**19**	**(6)**	**(12)**	**6**	**(4.7%)**	**(10.5%)**
Total OshKosh	$158	$141	$17	($3)	($8)	$5	(2.1%)	(5.7%)
International *(c)(d)*	**$132**	**$114**	**$17**	**$12**	**$13**	**($1)**	**9.1%**	**11.2%**
Total before corporate expenses	**$1,226**	**$1,109**	**$117**	**$170**	**$160**	**$9**	**13.8%**	**14.5%**
Corporate expenses *(d)*				**($41)**	**($39)**	**($2)**	**(3.3%)**	**(3.5%)**
Total *(d)*	**$1,226**	**$1,109**	**$117**	**$129**	**$121**	**$8**	**10.5%**	**10.9%**

(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 30.*
Note: Results may not be additive due to rounding.

Reconciliation of Net Income to Adjusted EBITDA

$ in millions

	Fiscal Quarter Ended		Two Fiscal Quarters Ended		Four Fiscal Quarters Ended
	June 28, 2014	June 29, 2013	June 28, 2014	June 29, 2013	June 28, 2014
Net income	$25.9	$19.7	$60.2	$61.1	$159.5
Interest expense	6.9	1.3	13.8	2.5	24.7
Interest income	(0.1)	(0.2)	(0.3)	(0.4)	(0.6)
Tax expense	14.9	11.5	34.8	35.3	88.5
Depreciation and amortization	20.0	13.5	41.6	25.9	84.1
EBITDA	**$67.5**	**$45.8**	**$150.0**	**$124.5**	**$356.2**
Adjustments to EBITDA					
Office consolidation costs *(a)*	$4.6	$8.9	$6.5	$15.6	$20.3
Revaluation of contingent consideration *(b)*	-	1.0	0.5	1.9	1.4
Facility related closures (c)	0.3	(0.2)	0.6	0.3	1.5
Japan retail operations exit (d)	0.6	-	(0.4)	-	3.6
Adjusted EBITDA	**$73.0**	**$55.5**	**$157.3**	**$142.3**	**$383.1**

(a) Costs associated with office consolidation including severance, relocation, and other charges. These amounts exclude costs related to accelerated depreciation as such amounts are included in the total of depreciation and amortization above.

(b) Revaluation of the contingent consideration liability associated with the Company's 2011 acquisition of Bonnie Togs.

(c) Costs related to the closure of a distribution facility located in Hogansville, GA, announced in the first quarter of fiscal 2012. These amounts exclude costs related to accelerated depreciation as such amounts are included in the total of depreciation and amortization above.

(d) Costs incurred to exit the Company's retail business in Japan. First two fiscal quarters and four fiscal quarters ended June 28, 2014 also reflect a favorable recovery of inventory. These amounts exclude costs related to accelerated depreciation as such amounts are included in the total of depreciation and amortization above.

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 24, 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 third 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, and 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 in a timely manner; 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 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." All information is provided as of July 24, 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.