



**carter's®**

**Oppenheimer 14<sup>th</sup> Annual  
Consumer Conference**

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June 24, 2014

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 assessment of the Company's performance and financial position, the Company's strategic focus, and drivers of the Company's sales, margin improvement, and earnings growth.

Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions, many of which are 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."

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.

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.

- **Largest branded marketer of young children's apparel in the U.S.**
- **Own two of the best known and trusted brand names in young children's apparel**
- **Leading U.S. market share in an attractive industry**
- **Successful multi-channel business model**
- **25 consecutive years of sales growth**
- **Multiple growth and margin improvement opportunities**



# We Own Two of the Best Known and Trusted Brand Names in Young Children's Apparel

**carter's**



**carter's**

**OSHKOSH**  
*B'gosh*

## Common Brand Attributes

- Classic styling
- Wholesome
- All-American
- High quality
- Durable
- Great value

### Categories

- Baby/Layette
- Sleepwear
- Playclothes

- Baby/Layette
- Sleepwear
- Playclothes

### Ages Served

0-7

0-12

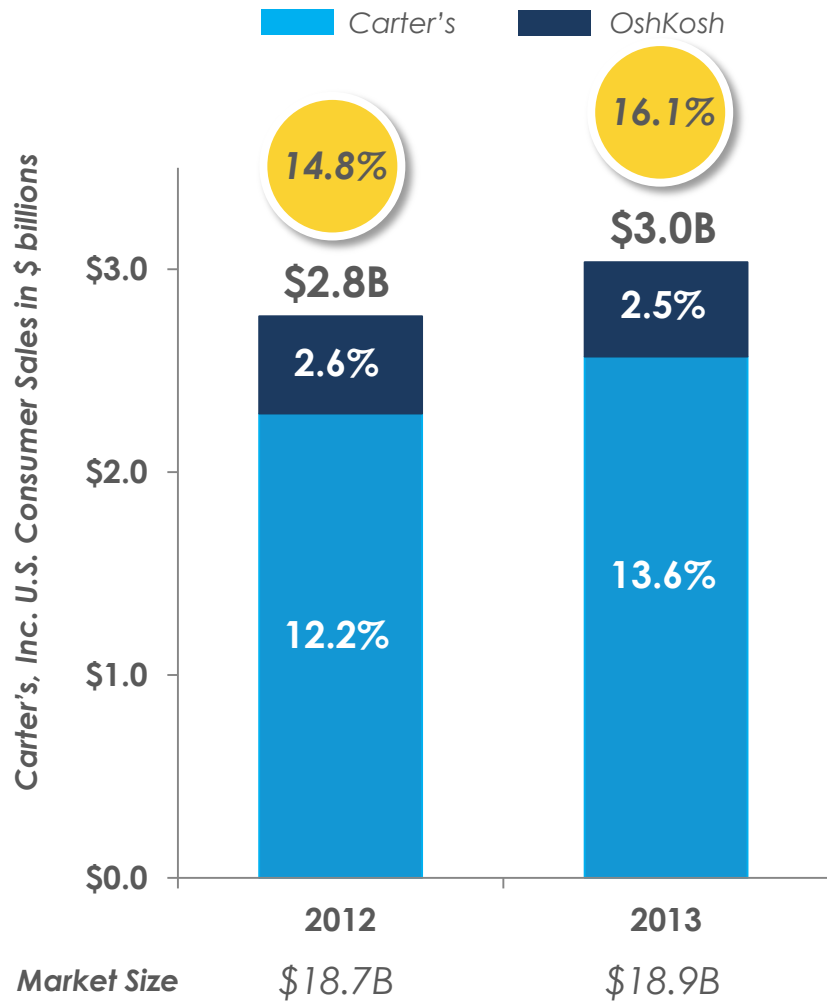
### "Sweet Spot"

- Baby/Layette
- Newborn – Age 2

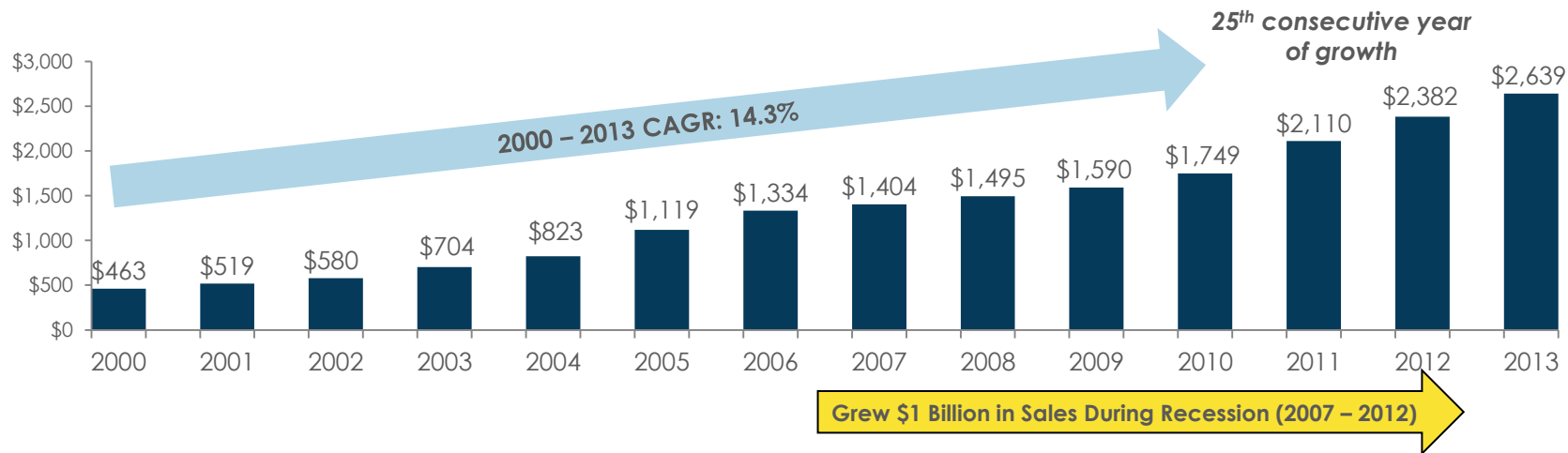
- Playclothes
- Toddler



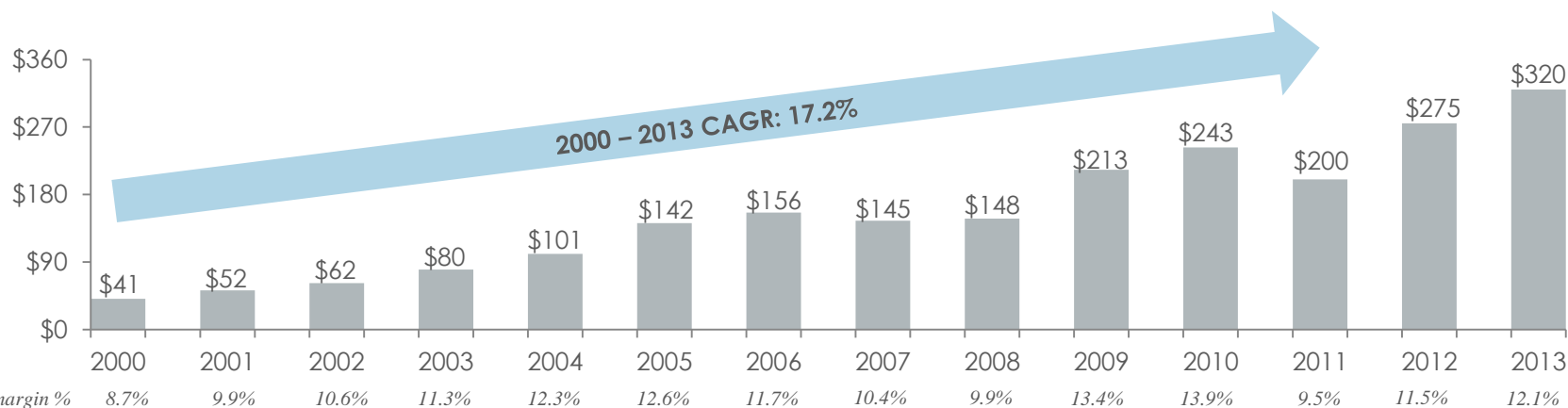
## CARTER'S, INC. U.S. CONSUMER SALES AND MARKET SHARE



## Consolidated Sales



## Consolidated Adjusted Operating Income <sup>(1)</sup>



Decline due to increases in cotton prices

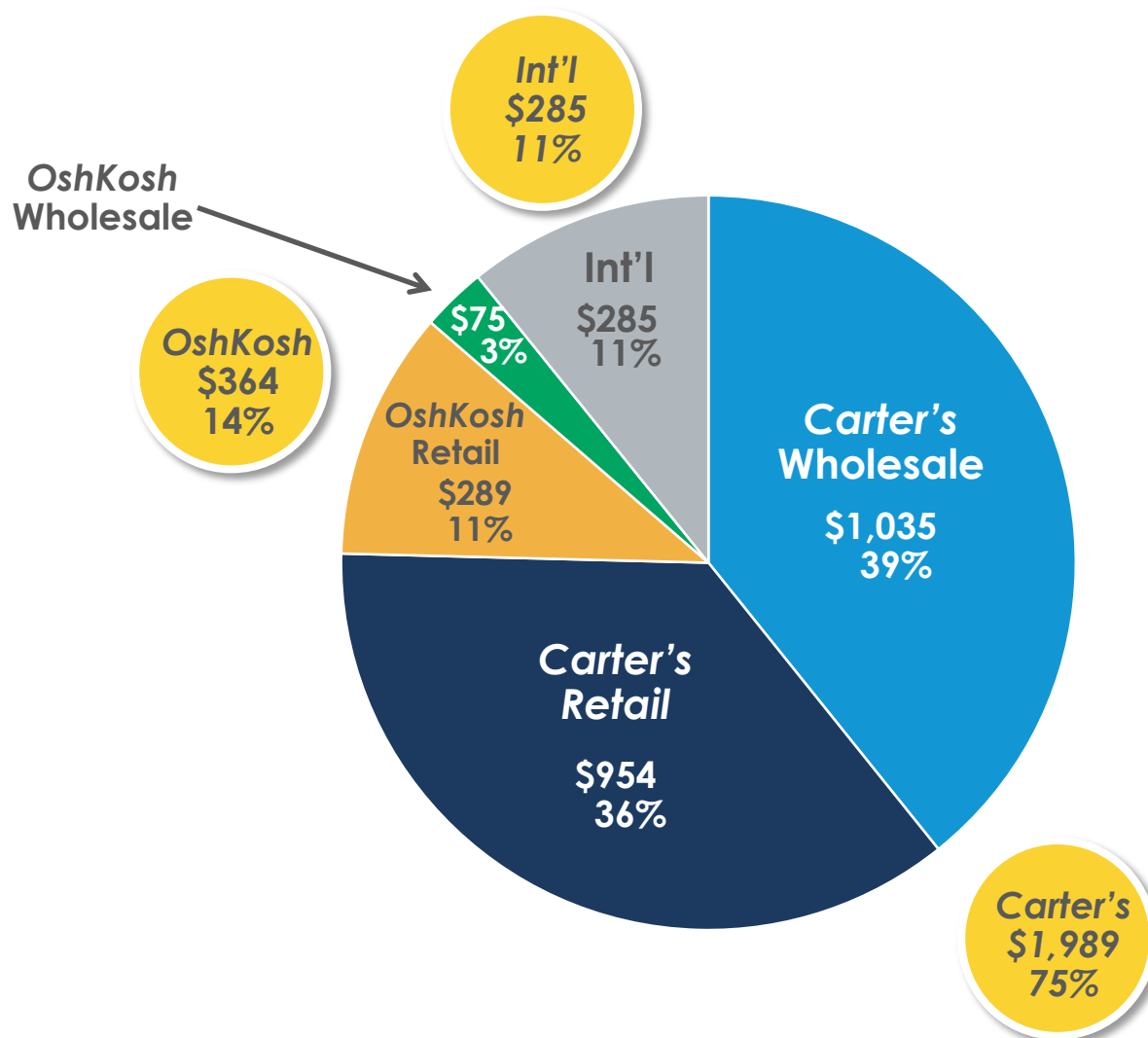
Note: Dollars in millions.

(1) Excludes items affecting comparability in certain years. Please see Appendix for GAAP to Adjusted Operating Income reconciliation.

# Successful Multi-Channel Business Model – Record \$2.6 Billion in Sales in 2013, +11%

carter's®

(\$ in millions)



Note: Results may not be additive due to rounding

- **Provide the best value & experience in young children's apparel**
- **Extend the reach of our brands**
- **Improve profitability**





Atlanta, GA



Comments

- **Variation of co-branded model which has been successfully executed in Canada:**
  - Two separate stores with “pass through” between them
  - Convenient way to shop both stores / brands in the same visit
- **Builds upon *Carter's* store traffic**
- **Leverages construction and operating expenses**
- **30 Side-by-Side stores open (Q1)**
  - 24 new store openings expected in 2014

We Are the Largest Supplier of Young Children's Apparel to the Largest Retailers in the U.S.

carter's



Note: Kohl's Carter's Shop (Milwaukee)





- **Growing our high margin retail, eCommerce, and international businesses**
- **Enhancing our direct sourcing and distribution capabilities**
- **Improving our inventory management disciplines**
- **Continued improvement in *OshKosh* profitability**
- **Improving productivity**

- **Largest branded marketer of young children's apparel in the U.S.**
- **Own two of the best known and trusted brand names in young children's apparel**
- **Leading U.S. market share in an attractive industry**
- **Successful multi-channel business model with a long track record of growth**
- **Multiple growth and margin improvement opportunities**



The day I became yours,  
you became mine.

Thank you!





# GAAP to Adjusted Operating Income Reconciliation



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Net Sales</b>	<b>\$463.4</b>	<b>\$518.5</b>	<b>\$579.5</b>	<b>\$703.8</b>	<b>\$822.7</b>	<b>\$1,119.3</b>	<b>\$1,333.9</b>	<b>\$1,404.0</b>	<b>\$1,494.5</b>	<b>\$1,589.7</b>	<b>\$1,749.3</b>	<b>\$2,109.7</b>	<b>\$2,381.7</b>	<b>\$2,638.7</b>
<b>Operating Income - as reported (GAAP)</b>	<b>\$40.5</b>	<b>\$31.7</b>	<b>\$60.6</b>	<b>\$74.6</b>	<b>\$100.6</b>	<b>\$119.2</b>	<b>\$155.6</b>	<b>(\$14.2)</b>	<b>\$140.0</b>	<b>\$195.6</b>	<b>\$243.3</b>	<b>\$187.5</b>	<b>\$262.0</b>	<b>\$264.2</b>
Operating margin %	8.7%	6.1%	10.5%	10.6%	12.2%	10.7%	11.7%	(1.0)%	9.4%	12.3%	13.9%	8.9%	11.0%	10.0%
Workforce reduction	-	-	-	-	-	-	-	-	-	5.5	-	-	-	-
Barnesville, GA distribution center closure costs	-	-	-	-	-	-	-	-	-	3.3	-	-	-	-
OshKosh, WI office asset impairment charges	-	-	-	-	-	-	-	-	-	1.2	-	-	-	-
Professional fees associated with customer support investigation	-	-	-	-	-	-	-	-	-	5.7	-	-	-	-
OshKosh intangible asset impairment	-	-	-	-	-	-	-	154.9	-	-	-	-	-	-
Executive retirement charges	-	-	-	-	-	-	-	-	5.3	-	-	-	-	-
White House, TN distribution center closure costs and asset write-down	-	-	-	-	-	-	-	5.3	2.6	0.7	-	-	-	-
Mexican sewing facility closure charges	-	-	-	-	-	6.8	-	-	-	-	-	-	-	-
Costa Rican sewing facility closure charges	-	-	-	1.0	0.6	-	-	-	-	-	-	-	-	-
Accelerated depreciation on facility closures	-	-	-	1.3	-	1.6	-	2.1	-	1.0	-	-	2.0	-
Berkshire Partners management fee termination	-	-	-	2.6	-	-	-	-	-	-	-	-	-	-
Write-off of IPO expenses	-	-	0.9	-	-	-	-	-	-	-	-	-	-	-
Barnesville, GA textile facility closure charges and write-down	-	-	0.2	-	-	-	-	-	-	-	-	-	-	-
Barnesville, GA print facility closure charges and write-down	-	2.7	-	-	-	-	-	-	-	-	-	-	-	-
Harlingen, TX sewing facility closure charges	-	1.3	-	-	-	-	-	-	-	-	-	-	-	-
Berkshire Partners 2001 acquisition-related expenses	-	11.3	-	-	-	-	-	-	-	-	-	-	-	-
Bonnie Togs 2011 acquisition-related expenses	-	-	-	-	-	-	-	-	-	-	-	3.0	-	-
Revaluation of contingent consideration	-	-	-	-	-	-	-	-	-	-	-	2.5	3.6	2.8
Inventory step-up expense	-	4.5	-	-	-	13.9	-	-	-	-	-	6.7	-	-
Hogansville, DC closure charges	-	-	-	-	-	-	-	-	-	-	-	-	2.2	1.9
Office consolidation	-	-	-	-	-	-	-	-	-	-	-	-	-	33.3
Amortization of trade names	-	-	-	-	-	-	-	-	-	-	-	-	-	13.6
Costs to exit retail operations in Japan	-	-	-	-	-	-	-	-	-	-	-	-	5.3	4.1
Reversal of performance-related stock-based compensation	-	-	-	-	-	-	-	(2.7)	-	-	-	-	-	-
	-	19.8	1.1	4.9	0.6	22.3	-	159.6	7.9	17.5	-	12.2	13.1	55.7
<b>Operating Income - as adjusted</b>	<b>\$40.5</b>	<b>\$51.6</b>	<b>\$61.6</b>	<b>\$79.6</b>	<b>\$101.2</b>	<b>\$141.5</b>	<b>\$155.6</b>	<b>\$145.4</b>	<b>\$147.9</b>	<b>\$213.1</b>	<b>\$243.3</b>	<b>\$199.7</b>	<b>\$275.1</b>	<b>\$319.8</b>
Operating margin %	8.7%	9.9%	10.6%	11.3%	12.3%	12.6%	11.7%	10.4%	9.9%	13.4%	13.9%	9.5%	11.5%	12.1%