carter's, inc.

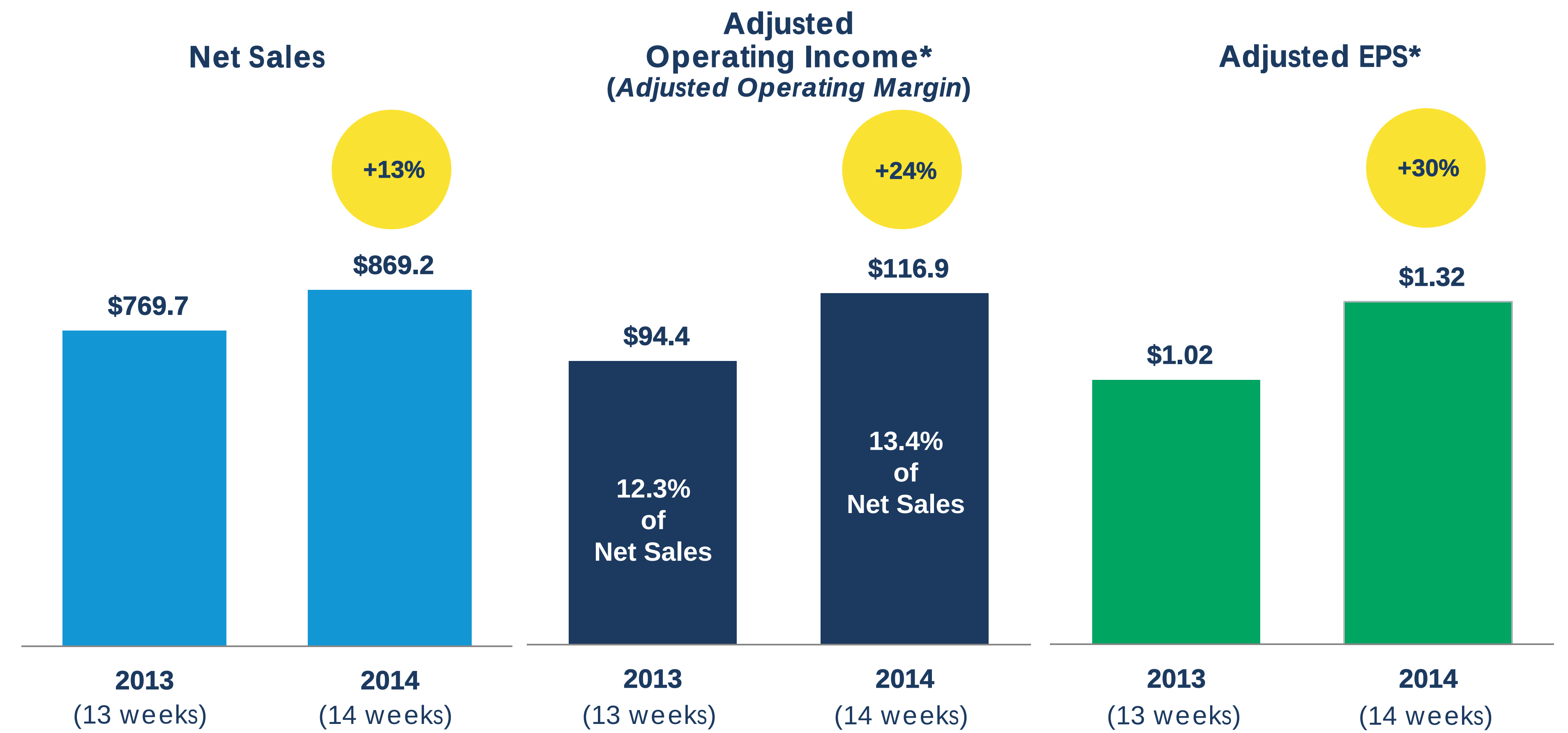
Fourth Quarter & Fiscal 2014

Business Update

February 26, 2015

Fourth Quarter 2014 Highlights

$ in millions, except EPS

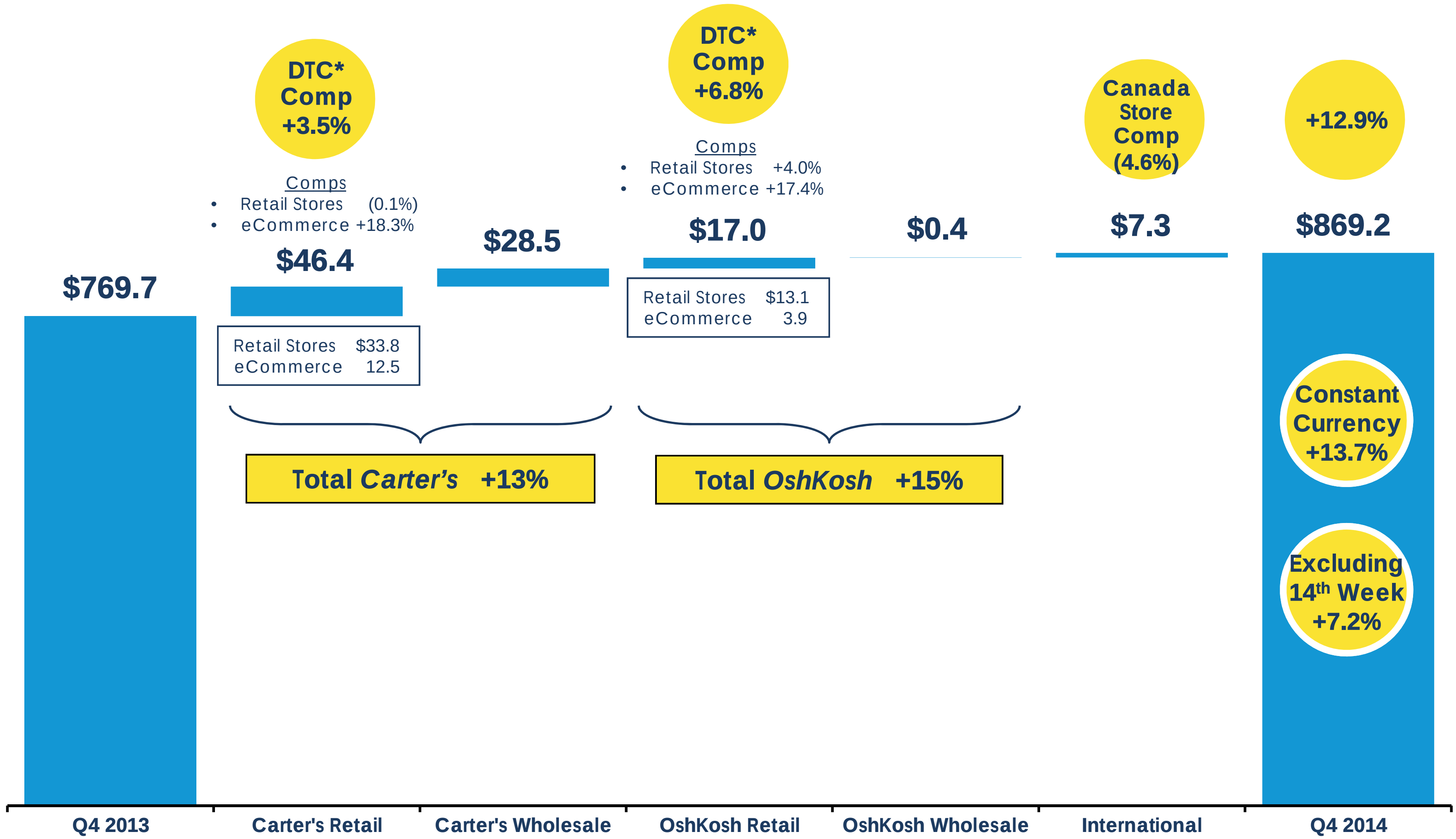


- **Strong sales growth**
  - Reported +13%
  - Constant currency +14% ($6 million impact)
  - Excluding 14th week +7% ($44 million contribution)
- **Net sales increase reflects growth across all segments**
- **Q4 completes record full year net sales and earnings results**

** Results are stated on an adjusted basis; see reconciliation to GAAP on page 32.*

Fourth Quarter 2014 Net Sales

$ in millions



	Carter's Retail	Carter's Wholesale	OshKosh Retail	OshKosh Wholesale	International	Q4 2014
Growth vs. 2013	+15.7%	+10.5%	+17.8%	+1.8%	+8.5%	+12.9%
Growth (comp 13 weeks)	+11.1%	+3.4%	+12.7%	(7.7%)	+3.5%	+7.2%

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

Fourth Quarter 2014 Adjusted Results*

carter's | OshKosh B'gosh

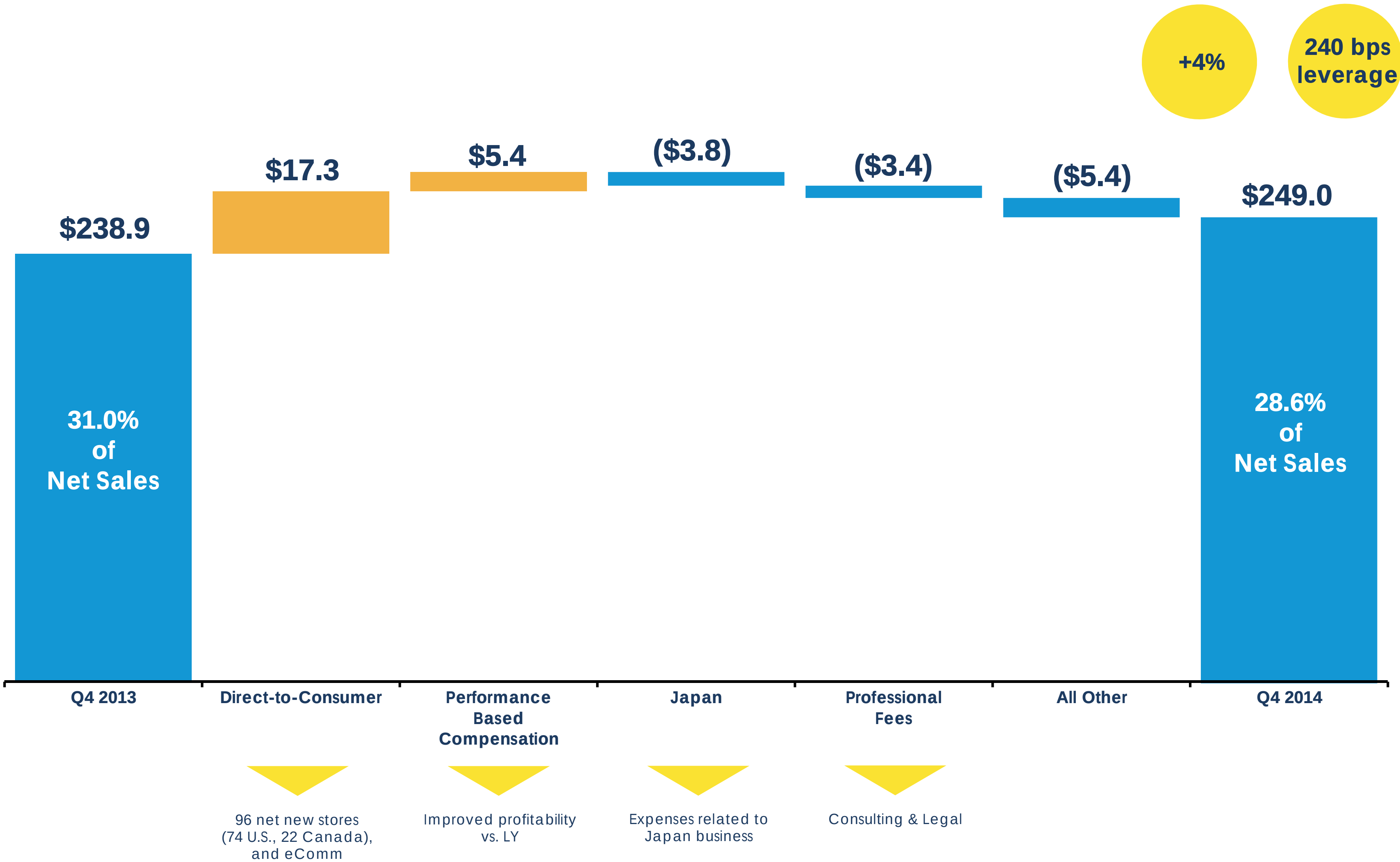
$ in millions, except EPS

	Q4 2014 (14 weeks)	% of Sales	Q4 2013 (13 weeks)	% of Sales	Increase / (Decrease)
Net sales	**$869.2**		$769.7		**13%**
Gross profit	**356.0**	*41.0%*	323.5	*42.0%*	**10%**
Adjusted SG&A*	**249.0**	*28.6%*	238.9	*31.0%*	**4%**
Royalty income	**(9.9)**	*(1.1%)*	(9.8)	*(1.3%)*	**1%**
Adjusted operating income*	**116.9**	*13.4%*	94.4	*12.3%*	**24%**
Interest and other, net	**8.4**	*1.0%*	7.5	*1.0%*	**13%**
Income taxes	**37.9**	*4.4%*	30.8	*4.0%*	**23%**
Adjusted net income*	**$70.6**	*8.1%*	$56.2	*7.3%*	**26%**
Adjusted diluted EPS*	**$1.32**		$1.02		**30%**
Weighted average shares outstanding	**52.6**		54.3		**(3%)**
Adjusted EBITDA*	**$131.1**	*15.1%*	$111.2	*14.4%*	**18%**

** Results are stated on an adjusted basis; see reconciliation to GAAP on pages 31, 32 & 35.*
Note: Results may not be additive due to rounding.

Fourth Quarter Adjusted SG&A*

$ in millions, except EPS



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

Fiscal 2014 Net Sales

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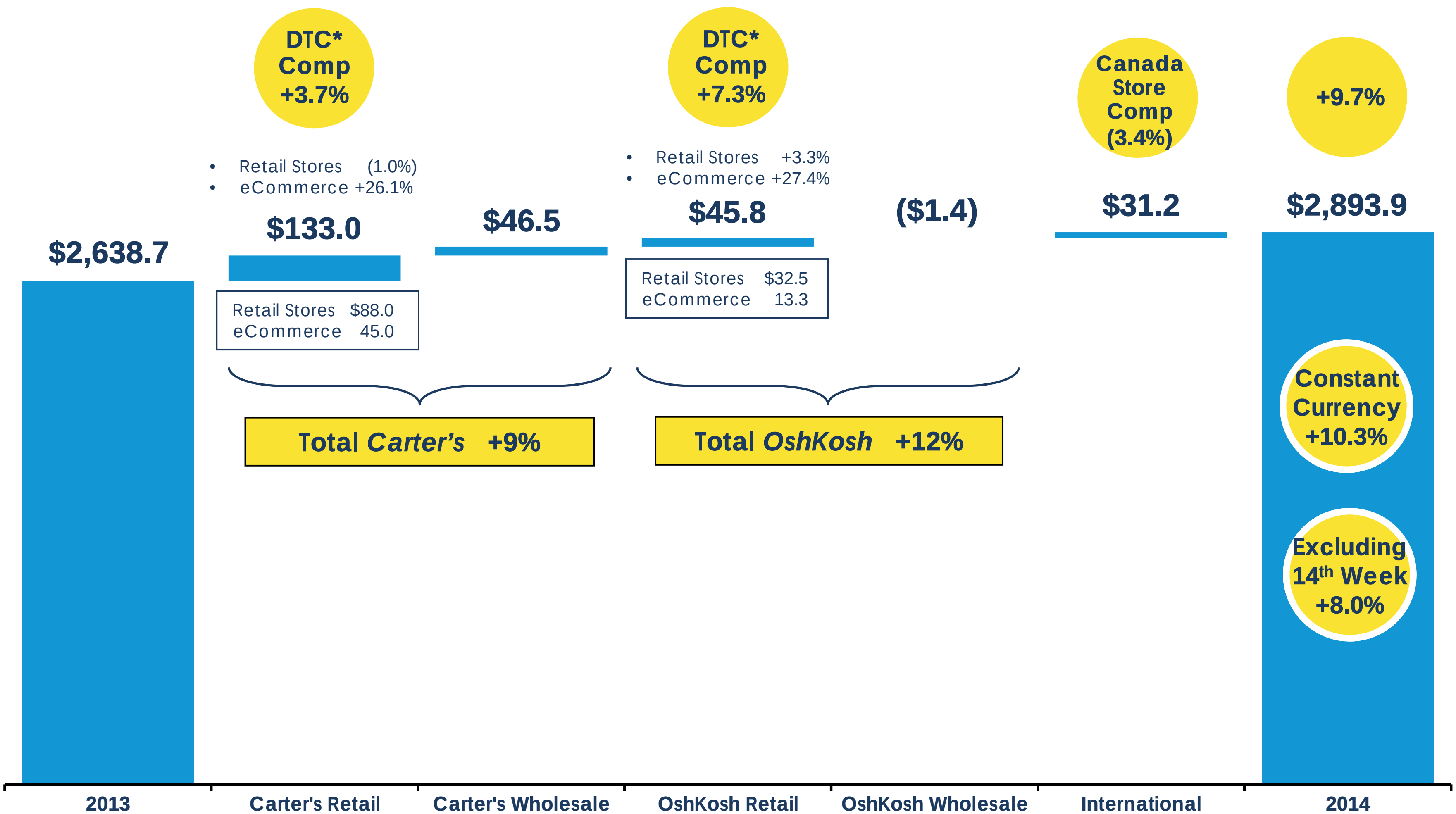
$ in millions



	Carter's Retail	Carter's Wholesale	OshKosh Retail	OshKosh Wholesale	International	2014
Growth vs. 2013	+13.9%	+4.5%	+15.8%	(1.8%)	+10.9%	+9.7%
Growth (comp 52 weeks)	+12.5%	+2.6%	+14.2%	(4.4%)	+9.4%	+8.0%

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

Fiscal 2014 Adjusted Results*

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$ in millions, except EPS

	Fiscal 2014 (53 weeks)	% of Sales	Fiscal 2013 (52 weeks)	% of Sales	Increase / (Decrease)
Net sales	**$2,893.9**		$2,638.7		**10%**
Gross profit	**1,183.4**	*40.9%*	1,096.4	*41.6%*	**8%**
Adjusted SG&A*	**863.3**	*29.8%*	813.9	*30.8%*	**6%**
Royalty income	**(39.2)**	*(1.4%)*	(37.3)	*(1.4%)*	**5%**
Adjusted operating income*	**359.3**	*12.4%*	319.8	*12.1%*	**12%**
Interest and other, net	**30.4**	*1.1%*	14.7	*0.6%*	**107%**
Income taxes	**117.3**	*4.1%*	108.6	*4.1%*	**8%**
Adjusted net income*	**$211.5**	*7.3%*	$196.5	*7.4%*	**8%**
Adjusted diluted EPS*	**$3.93**		$3.37		**17%**
Weighted average shares outstanding	**53.1**		57.5		**(8%)**
Adjusted EBITDA*	**$413.7**	*14.3%*	$368.0	*13.9%*	**12%**

** Results are stated on an adjusted basis; see reconciliation to GAAP on pages 33-35.*
Note: Results may not be additive due to rounding.

Fiscal Year 2014 Adjusted Business Segment Performance

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$ in millions

	Net Sales			Adjusted Operating Income (Loss)*			Adjusted Operating Margin*	
	2014 (53 weeks)	2013 (52 weeks)	$ Growth	2014 (53 weeks)	2013 (52 weeks)	$ Growth	2014 (53 weeks)	2013 (52 weeks)
Carter's Wholesale (a)	**$1,082**	**$1,035**	**$46**	**$185**	**$186**	**($0)**	**17.1%**	**17.9%**
Carter's Retail (b)	**1,087**	**954**	**133**	**211**	**181**	**30**	**19.4%**	**19.0%**
Total Carter's	2,169	1,990	179	397	367	30	18.3%	18.4%
OshKosh Wholesale	**73**	**75**	**(1)**	**9**	**10**	**(1)**	**12.1%**	**13.1%**
OshKosh Retail (b)	**335**	**289**	**46**	**8**	**(1)**	**10**	**2.4%**	**(0.5%)**
Total OshKosh	408	364	44	17	8	9	4.2%	2.3%
International (c)(d)	**316**	**285**	**31**	**41**	**48**	**(6)**	**13.1%**	**16.7%**
Total before corporate expenses	2,894	2,639	255	455	423	33	15.7%	16.0%
Corporate expenses (d)				**(96)**	**(103)**	**7**	**(3.3%)**	**(3.9%)**
Total (d)	**$2,894**	**$2,639**	**$255**	**$359**	**$320**	**$39**	**12.4%**	**12.1%**

(a) Includes U.S. wholesale sales of *Carter's, Child of Mine, Just One You*, and *Precious Firsts.*
(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 34.*
Note: Results may not be additive due to rounding.

Balance Sheet and Cash Flow

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$ in millions

Balance Sheet (at Q4 end)

	2014	2013
Cash	$341	$287
Accounts Receivable	185	194
Inventory	445	418
Accounts Payable	150	164
Long-Term Debt	586	586

Cash Flow (Fiscal Year)

	2014 (53 weeks)	2013 (52 weeks)
Operating Cash Flow	$282	$210
Capital Expenditures	(103)	(183)
Free Cash Flow	$179	$27

- **Strong liquidity**
  - $341 million cash on hand
  - $183 million revolver availability
- **Inventory +6.5% reflecting business growth**
  - Driven by unit growth
- **$19 million in share repurchase in Q4; $82 million in fiscal 2014**
  - Ending share count (-3%) vs. LY
  - ~$183 million remains under current $300 million authorizations
  - Open market purchases:

2014	Shares	Average Price	Total
Q1	21,600	$76.32	$1,648,428
Q2	477,551	$72.10	34,431,415
Q3	367,948	$72.54	26,689,986
Q4	244,800	$78.96	19,328,237
Total	1,111,899	$73.84	$82,098,066

- **Dividend payment of $10 million in Q4 ($0.19/share)**
  - $40 million cash dividends paid in fiscal 2014
- **Free cash flow improved primarily due to lower capital spending, higher net income, and favorable movements in net working capital**

Note: Results may not be additive due to rounding.

Business Segment Performance

Fourth Quarter Adjusted Business Segment Performance* carter's | OSHKOSH B'gosh

$ in millions

	Net Sales			Adjusted Operating Income (Loss)*			Adjusted Operating Margin*	
	2014 (14 weeks)	2013 (13 weeks)	$ Growth	2014 (14 weeks)	2013 (13 weeks)	$ Growth	2014 (14 weeks)	2013 (13 weeks)
Carter's Wholesale (a)	**$300**	**$272**	**$29**	**$52**	**$47**	**$5**	**17.3%**	**17.4%**
Carter's Retail (b)	**342**	**295**	**46**	**74**	**61**	**13**	**21.6%**	**20.5%**
Total Carter's	642	567	75	126	108	18	19.6%	19.0%
OshKosh Wholesale	**21**	**20**	**0**	**4**	**2**	**2**	**17.8%**	**9.1%**
OshKosh Retail (b)	**113**	**96**	**17**	**9**	**4**	**5**	**8.1%**	**4.3%**
Total OshKosh	133	116	17	13	6	7	9.6%	5.1%
International (c)(d)	**94**	**86**	**7**	**13**	**18**	**(5)**	**13.8%**	**20.6%**
Total before corporate expenses	869	770	100	151	132	20	17.4%	17.1%
Corporate expenses (d)				**(34)**	**(37)**	**3**	**(4.0%)**	**(4.8%)**
Total (d)	**$869**	**$770**	**$100**	**$117**	**$94**	**$22**	**13.4%**	**12.3%**

(a) Includes U.S. wholesale sales of *Carter's, Child of Mine, Just One You*, and *Precious Firsts*.
(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.

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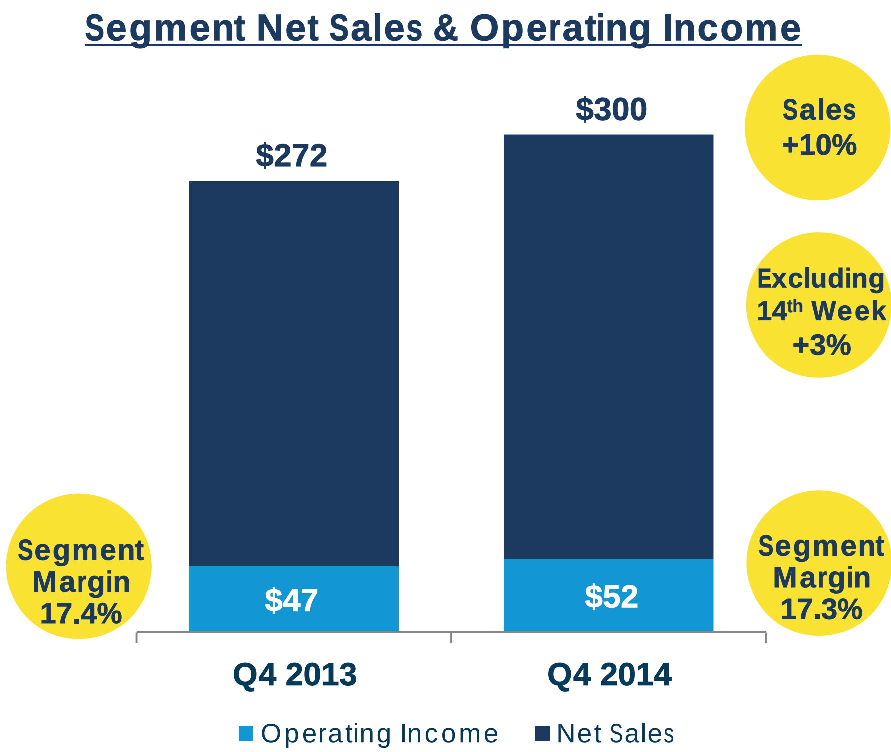
Note: Results may not be additive due to rounding.

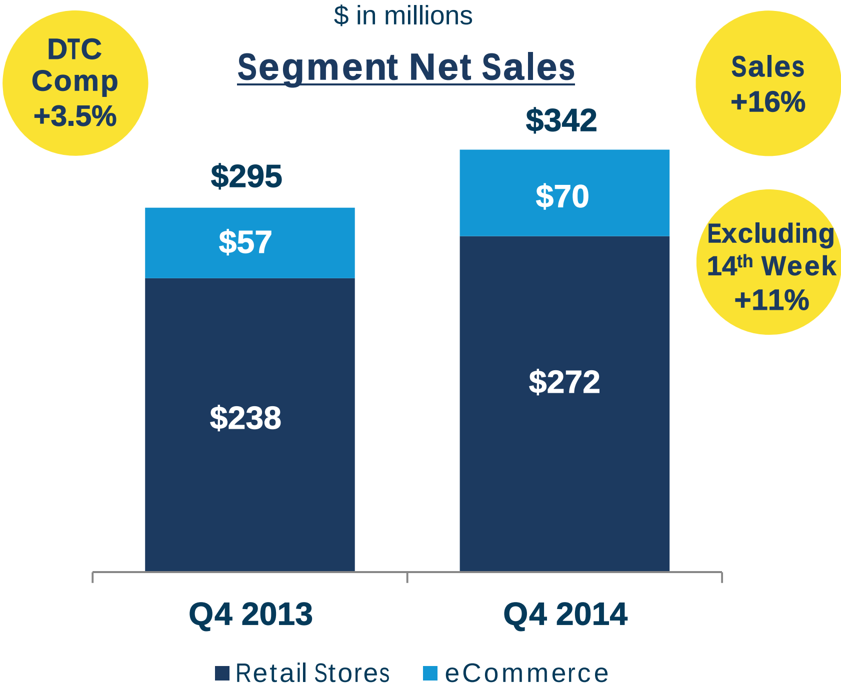
Fourth Quarter Highlights – *Carter's* Wholesale

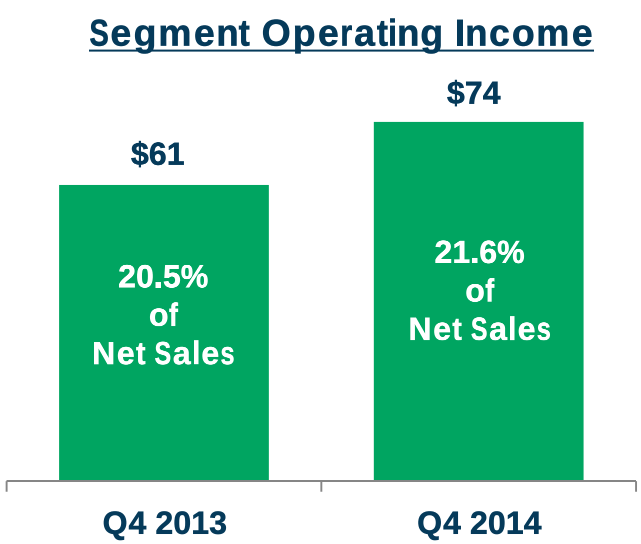
$ in millions



- Net sales increase reflects growth across all *Carter's* brands
- Segment operating margin reflects pricing improvements and expense leverage offset by product cost increases
- 2015 net sales outlook: comparable to 2014
  - Spring 2015 bookings up low single digits
  - Fall 2015 bookings up mid single digits

Fourth Quarter Highlights – *Carter's* Retail





Retail Stores

- Total sales +14%
  - Opened 8 new stores and closed 2 in Q4
- Comp sales (0.1%)
  - Comp reflects improved pricing, higher conversion, and lower store traffic
  - Brand stores comped positively in the quarter
- Q4 ending store count: 531
  - 343 Brand (29 Side-by-Side)
  - 188 Outlet (22 Side-by-Side)

eCommerce

- Continued strong eCommerce growth, +22%
- Q4 net sales 20% of retail segment sales

Segment Operating Income

- Segment operating margin improvement reflects increased eCommerce contribution, retail store expense leverage and lower marketing expense, partially offset by higher product costs not fully offset by pricing improvements

Note: Results may not be additive due to rounding.

Carter's Spring 2015 Floor Set (Atlanta, GA)

Carter's Spring 2015 Floor Set (Atlanta, GA)


TOO CUTE TO SCOOT
3-piece bodysuit & pant sets
We've got the cutest sets (and best value)
for crawlers, hands down.
40% OFF
nb-24m
#121DS23
nb-24m
#121DS19
p-24m
#121DS18
nb-24m
#121DS17
3-PIECE SETS (nb-24m) SALE $14.40 MSRP $24 #121DS19
Enjoy $6 flat-rate shipping at carters.com | 11


FIRST LOOKS
40% OFF
sherbet sky
Coordinated outfits for baby girl to meet the world.
3-PIECE SETS (p-12m) SALE $14.40 MSRP** $24 #121C601, #121C602 | 2-PACK SWADDLE BLANKETS (one size) SALE $14.40 MSRP** $24 #126-342 | DRESS SETS (NB-12M) SALE $14.40 MSRP** $24 #121C644, #121C642 | 2-PACK GOWNS (p-12m) SALE $14.40 MSRP** $24 #121C588 | 3-PACK MITTENS (nb-3m) SALE $6 MSRP** $10 #121C628 4-PACK BIBS (ONE SIZE) SALE $14.40 MSRP** $24 #121C633
SECURITY BLANKET SALE $13.80 MSRP** $23 #121C677
7

Fourth Quarter Highlights – *OshKosh* Retail

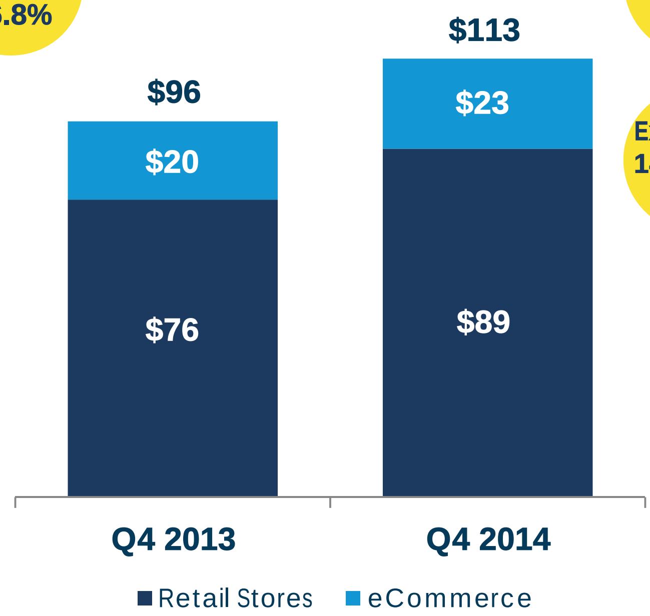
DTC Comp +6.8%

$ in millions

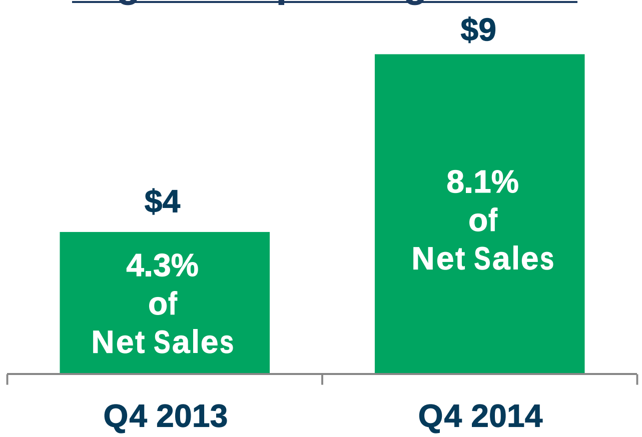
Segment Net Sales

Sales +18%

Excluding 14th Week +13%



Segment Operating Income



Retail Stores

- Total sales +17%
  - Opened 7 new stores and closed 2 in Q4
  - All new stores in Side-by-Side format
- Comp sales +4.0%
  - Positive comp reflects improved price realization, higher conversion, and lower traffic
  - Side-by-side stores comped up low double-digits
- Q4 ending store count: 200
  - 48 Brand (29 Side-by-Side)
  - 152 Outlet (22 Side-by-Side)

eCommerce

- Continued good eCommerce growth, +20%
- Q4 net sales 21% of retail segment sales

Segment Operating Income

- Segment operating margin expansion reflects store, marketing, and field support expense leverage

Note: Results may not be additive due to rounding.

OshKosh Spring 2015 Floor Set (Atlanta, GA)

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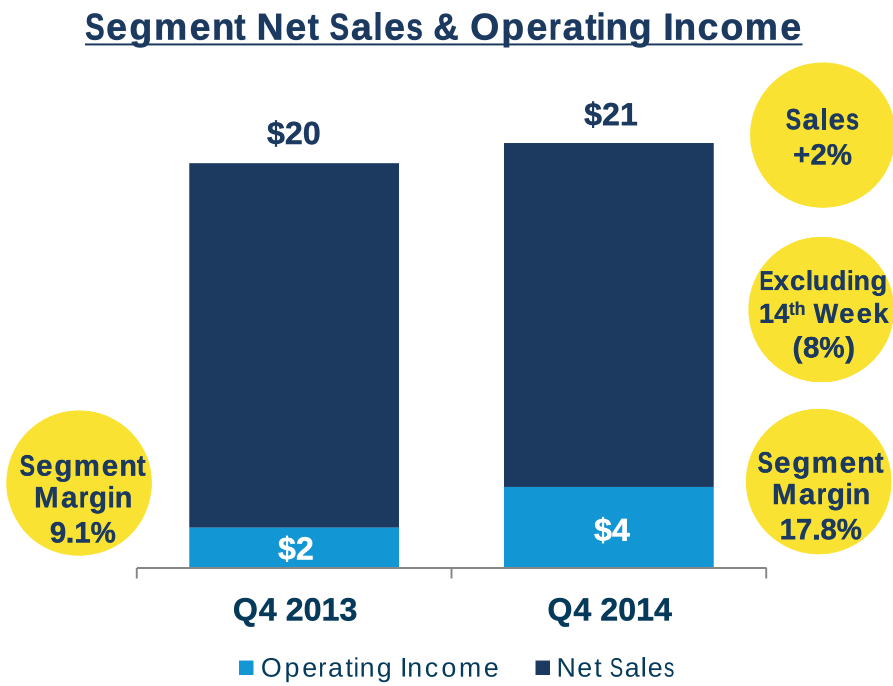
OshKosh Spring 2015 Floor Set (Atlanta, GA)


NAUTICAL & NICE
A little bit tomboy, a little bit girly. (Just like her!)
GIRLS FASHION
50% OFF
Bring me sun shine!
EST 1895
SAIL AWAY TOPS
SALE $9–11
sizes 6m–12
MSRP* $18–22
NEON STRIPED SKIRTS
SALE $12–14
sizes 6m–12
MSRP* $24–28
FRENCH TERRY TEES
SALE $13–15
sizes 6m–12
MSRP* $26–30
FRENCH TERRY COLLARLESS BLAZERS
SALE $18–20
sizes 6m–12
MSRP* $36–40
FEDORAS
SALE $14.40
sizes toddler, 8–16
MSRP* $24
SPARKLE SANDALS
SALE $23.80
sizes 5–12
MSRP* $34
2
PRINTED LEGGINGS
SALE $8–9
sizes 6m–12
MSRP* $16–18
FRENCH TERRY TEES
SALE $13–15
sizes 6m–12
MSRP* $26–30
STRIPED CHAMBRAY TUNICS
SALE $14–16
sizes 6m–12
MSRP* $28–32
EMBROIDERED PEASANT TOPS
SALE $15–17
sizes 6m–12
MSRP* $30–34
*Accessories are 40% off
CROP SKINNY JEANS & TWILLS
SALE $15–17
sizes 6m–12
MSRP* $30–34
BELTS
SALE $8.40
sizes S, M, L
MSRP* $14
HAIR & JEWELRY
SALE $5.25–8.75
MSRP* $7.50–12.50
LOAFERS
SALE $23.80–26.60
sizes 5–12, 13–3
MSRP* $34–38
3


POLOS**
SALE $9–11
sizes 6m–12
MSRP* $18–22
CAMP SHORTS
SALE $10–12
sizes 6m–12
MSRP* $20–24
BRACELETS
DOORBUSTER
2 OR MORE $4 EACH
MSRP* $5 each
FEDORAS
SALE $14.40
sizes toddler, 8–16
MSRP* $24
CANVAS SLIP-ONS
SALE $25.20
sizes 5–12
MSRP* $36
**Sizes may vary by store. Shop online for the complete collection in sizes 6m–5t.
22
HE'S EARNED HIS STRIPES
Our new polos and camp shorts are this stylish guy's uniform.
POLOS & SHORTS
50% OFF
EASY-TO-FIND, EASY-TO-SHOP AT OSHKOSH.COM 23

Fourth Quarter Highlights – *OshKosh* Wholesale

$ in millions

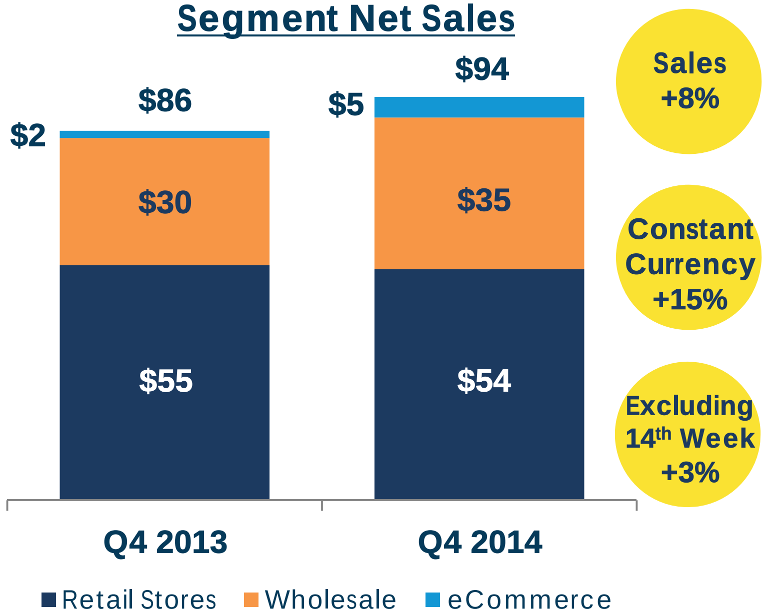


- Q4 sales +2%; full year 2014 sales down (2%)
- Operating margin improvement reflects lower inventory provisions and distribution expense leverage
- 2015 net sales outlook down approximately 10%
  - Spring 2015 bookings comparable to 2014
  - Fall 2015 bookings planned down low single digits

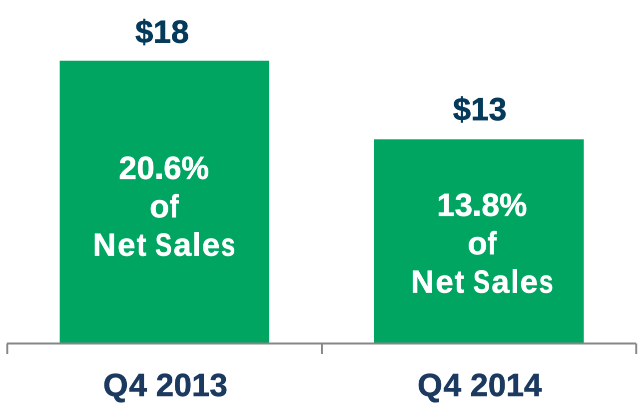
Fourth Quarter Highlights – International*

$ in millions

Segment Net Sales



Segment Operating Income*



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

- Total Canada sales +12% (constant currency +21%)

Retail Stores

- Canada
  - Total sales +5% (constant currency +14%)
  - Opened 9 new stores in Q4; 22 net new stores in fiscal 2014, ending store count 124
  - Store comp (4.6%), reflecting the discontinuation of Bonnie Togs legacy private label brands in 2014 and lower store traffic
- Japan
  - Exited business in 2014
  - Contributed $4 million to segment sales in Q4 2013

eCommerce

- Growth driven by launch of Canada eCommerce in Q3 2014

Wholesale

- 17% sales increase reflects growth with multi-national retailers across multiple markets

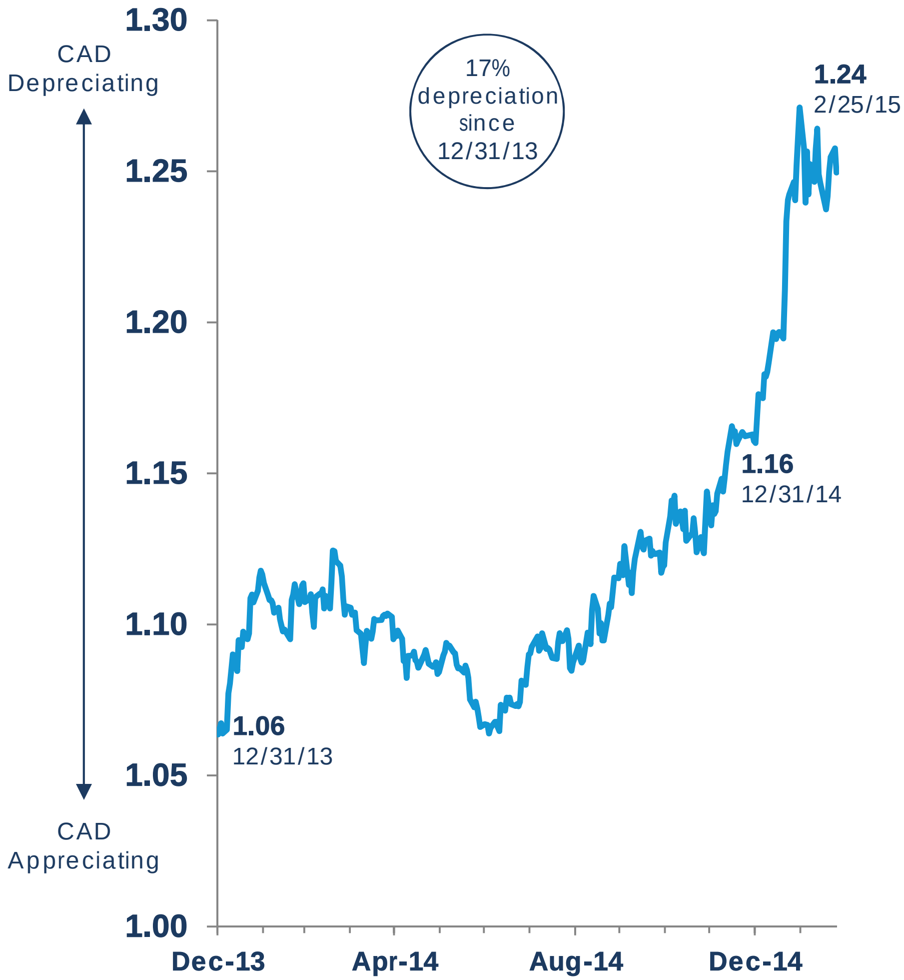
Segment Operating Income

- Segment operating income decline reflects higher product costs, in part due to the weakening of the Canadian dollar, increased promotional activity, eCommerce startup costs, and incremental expenses related to the Target Canada exit

Appreciation of the U.S. Dollar vs. the Canadian Dollar Adversely Impacted Our Earnings in 2014

$ in millions, except EPS

Canadian Dollars per U.S. Dollar



Fiscal 2014 FX Impact

Net Sales

- $16 million lower vs. LY due to translation effect
- International segment reported growth +10.9%, +16.6% constant currency – 570 bps difference

Earnings

- Lower Canadian gross margin due to inventory purchases in USD
- Balance sheet: FX losses on non-functional currency payables / receivables
- Impact of translating a foreign subsidiary's P&L into USD
- Estimated 2014 EPS impact ~$0.10

Note: Daily closing price through 2/25/15. Source: Bank of Canada

Colombia - Bogota

Hopscotch – India eCommerce

Outlook

Fiscal Year 2015

- Net sales increase of approximately 5%
  - Unfavorable FX and 53rd week comparison are estimated to reduce expected growth by approximately 2%
- Adjusted EPS growth of approximately 10% to 14% (vs. $3.93 LY)
- New retail stores:
  - *Carter's* 65
  - *OshKosh* 45
  - Canada 20
- Operating Cash Flow $275 to $300 million
- CapEx approximately $130 million

Q1 2015

- Net sales growth of approximately 3%
- Adjusted EPS comparable (vs. $0.73 LY)
- Net sales and earnings affected by slower delivery of goods entering U.S. through West Coast ports


thank you.
GIRL
GENIUS
I AM
HERE.
THE REST
IS
HISTORY.
BABY
OF THE
YEAR

Appendix

Fourth Quarter Reconciliation of Net Income Allocable to Common Shareholders

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	Fiscal Quarter Ended	
	January 3, 2015	December 28, 2013
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	52,130,289	53,777,662
Dilutive effect of equity awards	479,744	516,242
Diluted number of common and common equivalent shares outstanding	52,610,033	54,293,904

	Fiscal Quarter Ended			
	As reported on a GAAP Basis		As adjusted (a)	
$ in thousands, except EPS	January 3, 2015 (14 weeks)	December 28, 2013 (13 weeks)	January 3, 2015 (14 weeks)	December 28, 2013 (13 weeks)
Basic net income per common share:				
Net income	$ 68,590	$ 42,748	$ 70,573	$ 56,160
Income allocated to participating securities	(870)	(586)	(896)	(773)
Net income available to common shareholders	$ 67,720	$ 42,162	$ 69,678	$ 55,388
Basic net income per common share	$1.30	$0.78	$1.34	$1.03
Diluted net income per common share:				
Net income	$ 68,590	$ 42,748	$70,573	$56,160
Income allocated to participating securities	(863)	(582)	(889)	(766)
Net income available to common shareholders	$ 67,727	$ 42,167	$ 69,685	$ 55,394
Diluted net income per common share	$1.29	$0.78	$1.32	$1.02

(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 the information above excluding $2.0 million and $13.4 million in after-tax expenses from these results for the fourth quarters ending January 3, 2015 and December 28, 2013, respectively.

Note: Results may not be additive due to rounding.

Fourth Quarter Reconciliation of Reported to Adjusted Earnings

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$ in millions, except EPS

Fourth Quarter of Fiscal 2014 (14 weeks)	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)	**$356.0**	*41.0%*	**$251.9**	*29.0%*	**$114.0**	*13.1%*	**$68.6**	**$1.29**	**$12.4**	**13.3%**	**($36.8)**	**(4.2%)**
Amortization of tradenames *(a)*	-		(2.3)		2.3		1.5	0.03	-		2.3	
Revaluation of contingent consideration *(b)*	-		(0.4)		0.4		0.4	0.01	0.4		-	
Facility closure costs (c)	-		(0.1)		0.1		0.0	0.00	-		0.1	
Japan exit costs *(d)*	-		(0.1)		0.1		0.0	0.00	0.1		-	
	-		(2.9)		2.9		2.0	0.04	0.5		2.4	
As adjusted	**$356.0**	*41.0%*	**$249.0**	*28.6%*	**$116.9**	*13.4%*	**$70.6**	**$1.32**	**$12.9**	**13.8%**	**(34.5)**	**(4.0%)**

Fourth Quarter of Fiscal 2013 (13 weeks)	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)	**$322.4**	*41.9%*	**$258.8**	*33.6%*	**$73.4**	*9.5%*	**$42.7**	**$0.78**	**$13.2**	**15.3%**	**($53.6)**	**(7.0%)**
Office consolidation costs *(e)*	-		(9.2)		9.2		5.8	0.11	-		9.2	
Amortization of tradenames *(a)*			(6.3)		6.3		4.0	0.07	-		6.3	
Facility closure costs *(c)*	-		(0.9)		0.9		0.6	0.01	-		0.9	
Revaluation of contingent consideration *(b)*	-		(0.5)		0.5		0.5	0.01	0.5		-	
Japan exit costs *(d)*	1.1		(3.0)		4.1		2.6	0.05	4.1		-	
	1.1		(20.0)		21.0		13.4	0.25	4.6		16.4	
As adjusted	**$323.5**	*42.0%*	**$238.9**	*31.0%*	**$94.4**	*12.3%*	**$56.2**	**$1.02**	**$17.7**	**20.6%**	**(37.1)**	**(4.8%)**

(a) Amortization of acquired H.W. Carter tradenames.
(b) Revaluation of contingent consideration liability associated with the June 2011 acquisition of Bonnie Togs.
(c) Costs associated with the closure of the Company's distribution facility in Hogansville, Georgia.
(d) Costs incurred to exit the retail business in Japan.
(e) Costs associated with office consolidation including severance, relocation, accelerated depreciation and other charges.

Note: Results may not be additive due to rounding.

Fiscal Year 2014 Reconciliation of Net Income Allocable to Common Shareholders

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	Fiscal Year Ended	
	January 3, 2015	December 28, 2013
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	52,614,425	56,931,216
Dilutive effect of equity awards	479,114	590,951
Diluted number of common and common equivalent shares outstanding	53,093,539	57,522,167

	Fiscal Year Ended			
	As reported on a GAAP Basis		As adjusted (a)	
$ in thousands, except EPS	January 3, 2015 (53 weeks)	December 28, 2013 (52 weeks)	January 3, 2015 (53 weeks)	December 28, 2013 (52 weeks)
Basic net income per common share:				
Net income	$ 194,670	$ 160,407	$ 211,493	$ 196,532
Income allocated to participating securities	(2,586)	(2,144)	(2,814)	(2,633)
Net income available to common shareholders	$ 192,084	$ 158,263	$ 208,679	$ 193,898
Basic net income per common share	3.65	2.78	3.97	3.41
Diluted net income per common share:				
Net income	$ 194,670	$ 160,407	$ 211,493	$ 196,532
Income allocated to participating securities	(2,568)	(2,126)	(2,793)	(2,610)
Net income available to common shareholders	$ 192,102	$ 158,281	$ 208,700	$ 193,922
Diluted net income per common share	$3.62	$2.75	$3.93	$3.37

(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 the information above excluding $16.8 million and $36.1 million in after-tax expenses from these results for the fiscal year ending January 3, 2015 and December 28, 2013, respectively.

Note: Results may not be additive due to rounding.

Fiscal Year 2014 Reconciliation of Reported to Adjusted Earnings

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$ in millions, except EPS

Fiscal Year 2014 (53 weeks)	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)	**$1,184.4**	*40.9%*	**$890.3**	*30.8%*	**$333.3**	*11.5%*	**$194.7**	**$3.62**	**$39.5**	**12.5%**	**($119.9)**	**(4.1%)**
Amortization of tradenames *(a)*	-		(16.4)		16.4		10.4	0.19	-		16.4	
Office consolidation costs *(b)*	-		(6.6)		6.6		4.2	0.08	-		6.6	
Revaluation of contingent consideration *(c)*	-		(1.3)		1.3		1.3	0.03	1.3		-	
Facility closure costs *(d)*	-		(0.9)		0.9		0.6	0.01	-		0.9	
Japan exit costs *(e)*	(1.0)		(1.5)		0.5		0.3	0.01	0.5		-	
	(1.0)		(26.9)		25.9		16.8	0.31	1.9		24.0	
As adjusted	**$1,183.4**	*40.9%*	**$863.3**	*29.8%*	**$359.3**	*12.4%*	**$211.5**	**$3.93**	**$41.4**	**13.1%**	**(95.9)**	**(3.3%)**

Fiscal Year 2013 (52 weeks)	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)	**$1,095.4**	*41.5%*	**$868.5**	*32.9%*	**$264.2**	*10.0%*	**$160.4**	**$2.75**	**$40.6**	**14.2%**	**($151.5)**	**(5.7%)**
Office consolidation costs *(b)*	-		(33.3)		33.3		21.0	0.36	-		33.3	
Amortization of tradenames *(a)*	-		(13.6)		13.6		8.6	0.15	-		13.6	
Revaluation of contingent consideration *(c)*	-		(2.8)		2.8		2.8	0.05	2.8		-	
Japan exit costs *(e)*	1.1		(3.0)		4.1		2.6	0.04	4.1		-	
Facility closure costs *(d)*	-		(1.9)		1.9		1.2	0.02	-		1.9	
	1.1		(54.6)		55.7		36.1	0.63	6.9		48.8	
As adjusted	**$1,096.4**	*41.6%*	**$813.9**	*30.8%*	**$319.8**	*12.1%*	**$196.5**	**$3.37**	**$47.6**	**16.7%**	**(102.8)**	**(3.9%)**

(a) Amortization of acquired H.W. Carter tradenames.
(b) Costs associated with office consolidation including severance, relocation, accelerated depreciation and other charges.
(c) Revaluation of contingent consideration liability associated with the June 2011 acquisition of Bonnie Togs.
(d) Costs associated with the closure of the Company's distribution facility in Hogansville, Georgia.
(e) Costs incurred to exit the retail business in Japan.

Note: Results may not be additive due to rounding.

Reconciliation of Net Income to Adjusted EBITDA

$ in millions

	Fourth Quarter Ended		Fiscal Year Ended	
	January 3, 2015 (14 weeks)	December 28, 2013 (13 weeks)	January 3, 2015 (53 weeks)	December 28, 2013 (52 weeks)
Net income	$68.6	$42.7	$194.7	$160.4
Interest expense	7.0	6.8	27.7	13.4
Interest income	(0.1)	(0.1)	(0.4)	(0.7)
Tax expense	37.0	23.2	108.2	89.1
Depreciation and Amortization	17.9	25.2	74.9	68.5
EBITDA	**$130.5**	**$97.7**	**$405.1**	**$330.7**
Adjustments to EBITDA				
Office consolidation costs *(a)*	$0.0	$8.4	$6.6	$29.3
Revaluation of contingent consideration *(b)*	0.4	0.5	1.3	2.8
Facility closure costs *(c)*	0.1	0.6	0.9	1.2
Japan exit costs *(d)*	0.1	4.0	(0.4)	3.0
Adjusted EBITDA	**$131.1**	**$111.2**	**$413.7**	**$368.0**

(a) Costs associated with office consolidation including severance, relocation, accelerated depreciation and other charges.
(b) Revaluation of contingent consideration liability associated with the June 2011 acquisition of Bonnie Togs.
(c) Costs associated with the closure of the Company's distribution facility in Hogansville, Georgia.
(d) Costs incurred to exit the retail business in Japan.

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 February 26, 2015, 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 first quarter of fiscal 2015 and fiscal year 2015, 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, vendors, or licensees or financial difficulties for one or more of our major customers, vendors, or licensees; 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; incurring costs in connection with cooperating with regulatory investigations and proceedings; the breach of the Company's consumer databases, systems or processes; deflationary pricing pressures; decreases in the overall level of consumer spending; disruptions resulting from the Company's dependence on foreign supply sources; foreign currency risks due to the Company's operations outside of the United States; the Company's use of a small number of vendor's over whom it has little control; 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 the risk of slow-downs, disruptions or strikes in the event that a new agreement between the Pacific Maritime Association, which represents the operator of the port through which we source substantially all of our products, and the International Longshore and Warehouse Union is not finalized and approved 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's failure to successfully manage its eCommerce business; 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; increased leverage, not being able to repay its indebtedness and being subject to restrictions on operations by the Company's debt arrangements; increased production costs; not attracting and retaining key individuals within the organization; failure to properly manage strategic projects; failure to implement needed upgrades to the Company's information technology systems; disruptions of distribution functions in its Braselton, Georgia facility; 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; fluctuations in the Company's tax obligations and effective tax rate; 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 February 26, 2015. 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.