

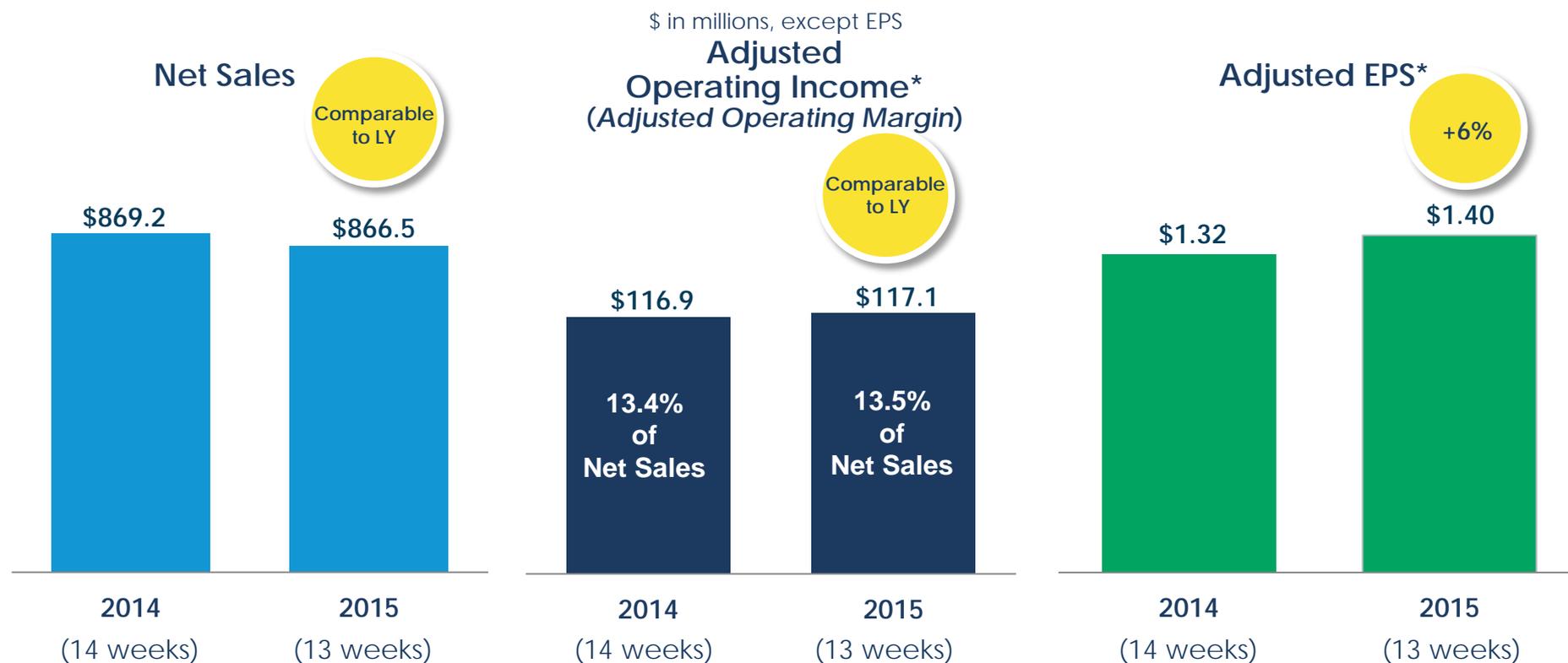
carter's, inc.

Fourth Quarter & Fiscal 2015

Business Update

.....
February 25, 2016





Q4

• **Net Sales**

- Reported: comparable vs. LY
- Constant Currency: +1% (\$11 million impact)
- Excluding 14th week in 2014: +5% (\$44 million contribution LY)

• **EPS**

- Adjusted: +6%
- Excluding 14th week in 2014: +10% (~\$0.05 contribution LY)

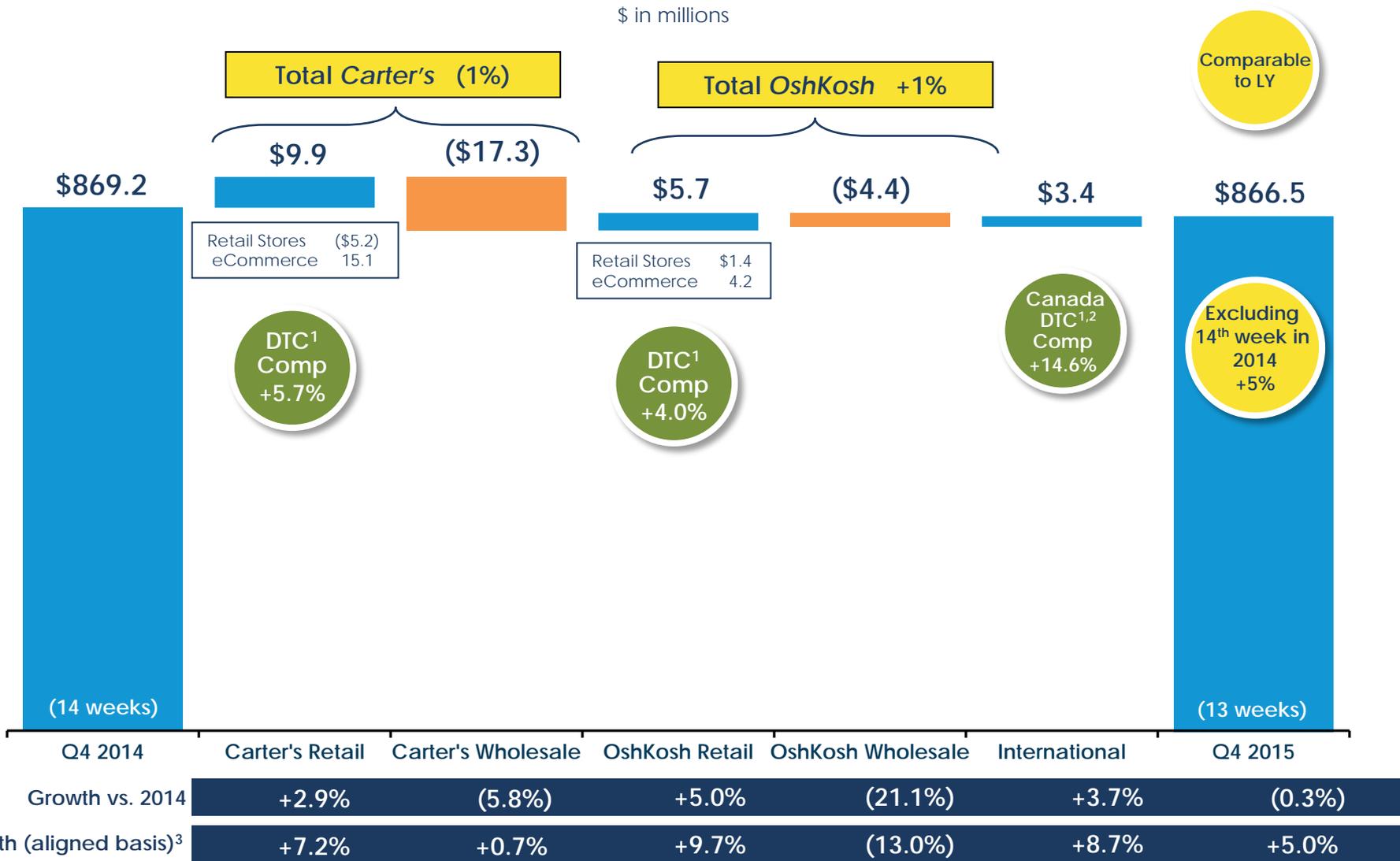
Full Year

- Record net sales, earnings and cash flow
- \$75 million estimated impact of lower international consumer demand in U.S. DTC businesses and FX on consolidated net sales

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

Fourth Quarter 2015 Net Sales

\$ in millions



¹Direct-to-Consumer ("DTC") Comp is defined as the combination of retail store and eCommerce comparable sales. Comps are based on adjusted 2014 periods that have been aligned to the corresponding 13 week periods in Q4 2015.

²Calculated in local currency.

³Net sales growth after subtracting the 14th week of net sales from the fiscal 2014 period

Note: Results may not be additive due to rounding.

Fourth Quarter 2015 Adjusted Results*

\$ in millions, except EPS

	Q4 2015	% of Sales	Q4 2014	% of Sales	Increase / (Decrease)
	(13 weeks)		(14 weeks)		
Net sales	\$866.5		\$869.2		(0%)
Gross profit	363.5	42.0%	356.0	41.0%	2%
Adjusted SG&A*	257.8	29.7%	249.0	28.6%	4%
Royalty income	(11.4)	(1.3%)	(9.9)	(1.1%)	15%
Adjusted operating income*	117.1	13.5%	116.9	13.4%	0%
Interest and other, net	5.1	0.6%	8.4	1.0%	(40%)
Income taxes	38.9	4.5%	37.9	4.4%	2%
Adjusted net income*	\$73.2	8.4%	\$70.6	8.1%	4%
Adjusted diluted EPS*	\$1.40		\$1.32		6%
Weighted average shares outstanding	51.9		52.6		(1%)
Adjusted EBITDA*	\$136.3	15.7%	\$131.1	15.1%	4%

* 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.

\$ in millions

Balance Sheet (at Q4 end)

	2015	2014
Cash	\$381	\$341
Accounts Receivable	208	185
Inventory	470	445
Accounts Payable	158	150
Long-Term Debt	584	586

- Strong liquidity
- Inventory +6% vs. LY reflecting business growth, partially offset by cost decreases
- Record free cash flow - \$204 million
 - Increase reflects higher net income and comparable capital expenditures, offset in part by unfavorable changes in net working capital

Cash Flow (Fiscal Year)

	2015	2014
Operating Cash Flow	\$308	\$282
Capital Expenditures	(103)	(103)
Free Cash Flow ¹	\$204	\$179

- Returned \$156 million to shareholders in fiscal 2015:
 - \$110 million in share repurchases
 - \$46 million cash dividends
 - Represents 76% of free cash flow

¹ Non-GAAP measure
Note: Results may not be additive due to rounding.

Business Segment Performance



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

\$ in millions

	Net Sales			Adjusted Operating Income (Loss)*			Adjusted Operating Margin*	
	2015 (13 weeks)	2014 (14 weeks)	\$ Growth	2015 (13 weeks)	2014 (14 weeks)	\$ Growth	2015 (13 weeks)	2014 (14 weeks)
Carter's Wholesale (a)	\$ 283	\$ 300	\$ (17)	\$ 60	\$ 52	\$ 8	21.2%	17.3%
Carter's Retail (b)	352	342	10	64	74	(9)	18.3%	21.6%
Total Carter's	635	642	(7)	124	126	(1)	19.6%	19.6%
OshKosh Wholesale	16	21	(4)	4	4	(0)	21.6%	17.8%
OshKosh Retail (b)	118	113	6	9	9	(1)	7.2%	8.1%
Total OshKosh	135	133	1	12	13	(1)	9.0%	9.6%
International (c)(d)	97	94	3	16	13	3	16.5%	13.8%
Total before corporate expenses	867	869	(3)	153	151	1	17.6%	17.4%
Corporate expenses (d)				(35)	(34)	(1)	(4.1%)	(4.0%)
Total (d)	\$ 867	\$ 869	\$ (3)	\$ 117	\$ 117	\$ 0	13.5%	13.4%

(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.

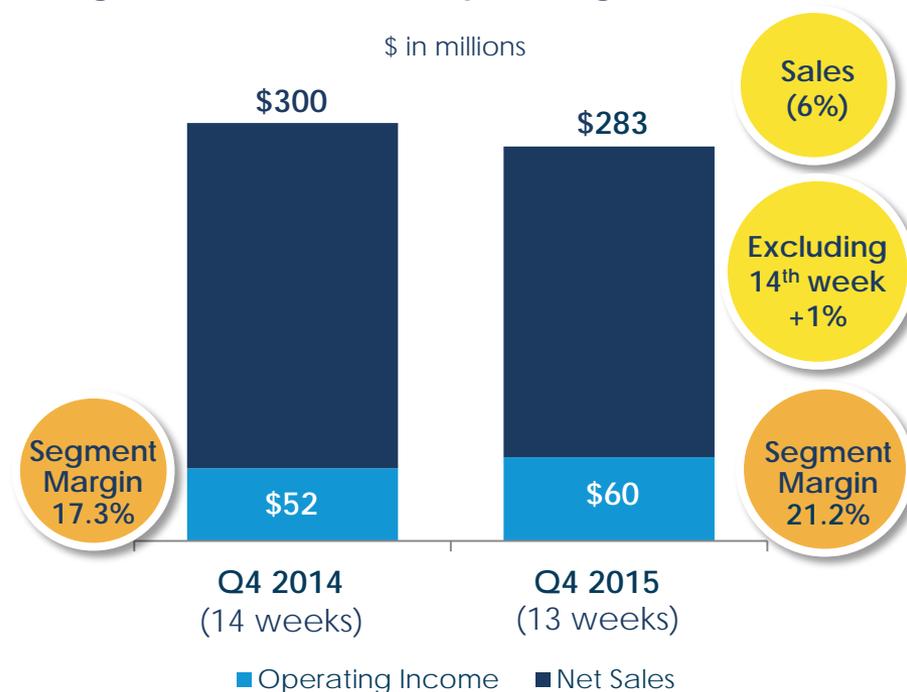
(d) See reconciliation of reported (GAAP) results to adjusted results.

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

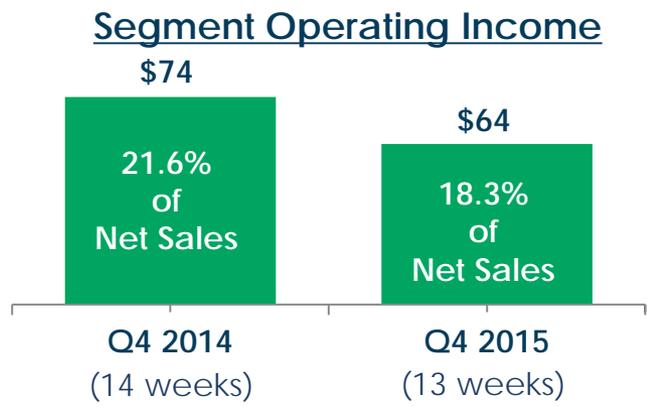
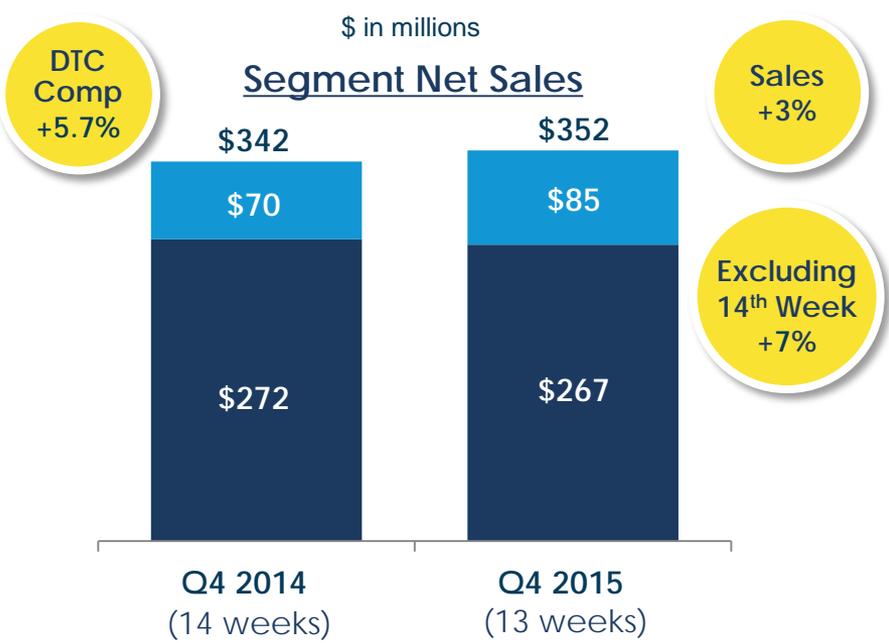
Note: Results may not be additive due to rounding.



Segment Net Sales & Operating Income



- Q4 net sales +1% (aligned 13 week basis)
- Solid full year net sales performance: +2% reported; +4% (aligned 52 week basis)
- Segment operating margin increase reflects strong demand and product performance, improved supply chain performance, lower product costs, lower excess inventory provisions, and favorable distribution expenses
- 2016 net sales outlook: low single digit growth
 - Spring 2016 bookings: up mid-single digits
 - Fall 2016 bookings: up modestly vs. prior year



- Strong DTC comp: +5.7%

Retail Stores

- Total sales (2%) reported; +3% (aligned 13 weeks basis)
 - Opened 19 new stores in Q4 and closed 2
- Comp sales (1.7%)
 - Reflects lower consumer traffic, which we believe is primarily driven by lower demand from international customers shopping in the U.S.
 - Brand stores comped positively in the quarter
 - New stores continue to deliver ROI > 20%
- Q4 ending store count: 594
 - 398 Brand (63 Side-by-Side)
 - 196 Outlet (34 Side-by-Side)

eCommerce

- Continued strong eCommerce sales growth, +22% reported; +25% (aligned 13 weeks basis)
- Comp sales +34.4%
- Q4 eCommerce sales 24% of retail segment sales (vs. 20% LY)

Segment Operating Income

- Decrease in operating margin reflects store expense deleverage (extra week in 2014, lower store comps), higher promotional activity due to lower international demand, and increased marketing spend

Note: Results may not be additive due to rounding.

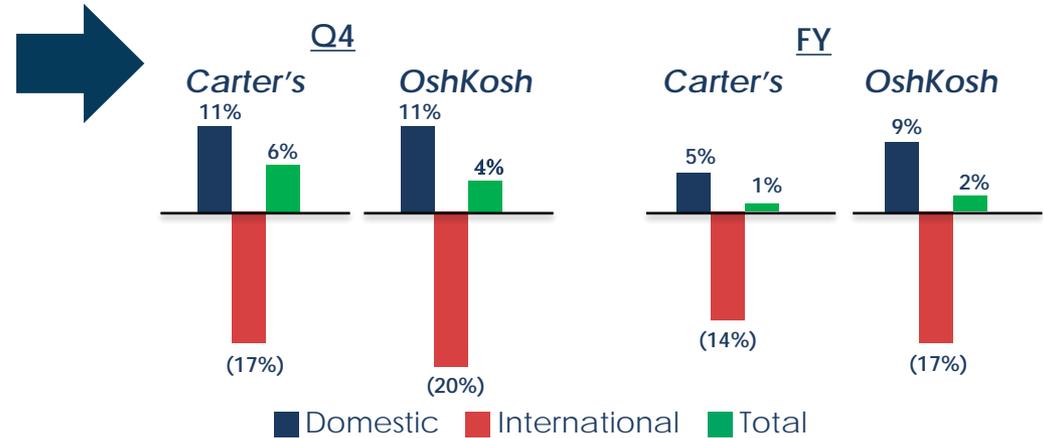
We Believe the Stronger U.S. Dollar and Lower International Consumer Traffic Continued to Negatively Affect Our Business in Q4

The USD has continued to appreciate against a number of foreign currencies in Q4...

	YoY Change vs. USD		
	Q3	Q4	FY
Brazilian Real	-36%	-34%	-30%
Canadian Dollar	-17%	-15%	-14%
Mexican Peso	-20%	-17%	-16%
Russian Ruble	-43%	-29%	-37%
Ukrainian Hryvnia	-42%	-38%	-45%

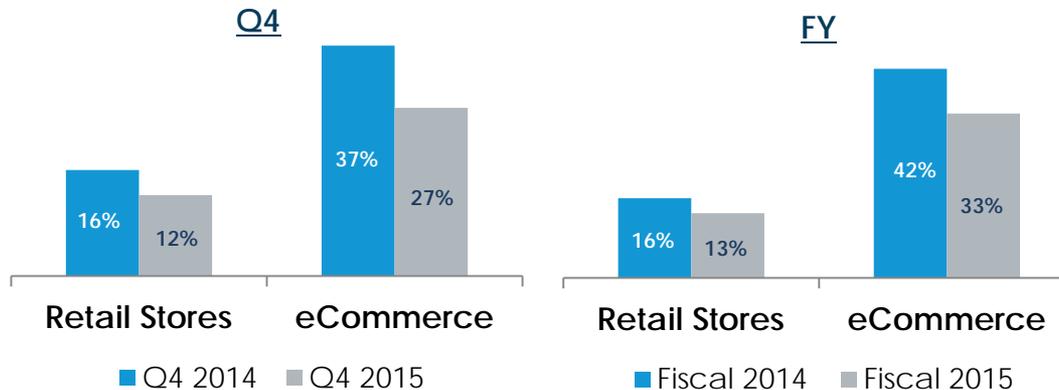
...contributing to declines in traffic from international customers to our U.S. retail stores and website

Estimated U.S. DTC Comp Sales By Customer Type



- International and domestic customer comp sales estimates derived from credit card transaction and other data
- Meaningful year-over-year decline in international customer sales mix:

International Sales Mix



Most significant sources of international comp sales decline in FY2015:

Retail Stores

- Canada
- Brazil
- Mexico

eCommerce

- China
- Russia
- Venezuela
- South Korea
- Brazil



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+ footies or footless!

sleep & play

the one-piece
Something wonderful for playtime, naptime
and every snuggle in between.



hello handsome!

boys easter collection

Make it classic and cute: soft plaid button-fronts + shiffl'i chinos paired with our new blazer or shawl cardigan.



40%
OFF

 **hop to it**
More handsome styles
in sizes nb-8 at
carter.com/easter

BOYS EASTER COLLECTION (3m-8) **SALE \$18⁹⁹-24** 40% OFF MSRP™ \$14-40
Styles may vary by store

LITTLE EXTRAS **SALE \$7⁹⁹-13⁹⁹** 25% OFF MSRP™ \$10-18
SHOES (5-3Y) **SALE \$25⁹⁹-28⁹⁹** 25% OFF MSRP™ \$34-38

\$6 flat-rate shipping at carter.com

\$ in millions

Retail Segment Net Sales

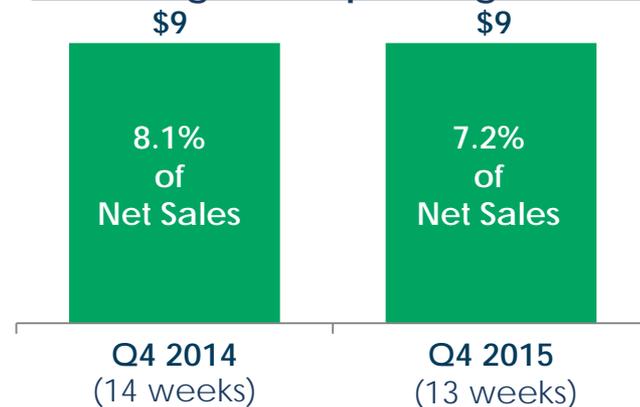
DTC Comp
+4.0%

Sales
+5%

Excluding
14th Week
+10%



Retail Segment Operating Income



- **Total OshKosh U.S. (Retail + Wholesale Segments) +1% reported; +6% (aligned 13 week basis)**
 - Retail segment net sales: +5% reported; +10% (aligned 13 week basis)
 - Wholesale segment net sales: (21%) reported; (13%) (aligned 13 week basis)

Retail Segment

- Retail stores: +2% reported; +7% (aligned 13 week basis)
- eCommerce: +18% reported; +21% (aligned 13 week basis)
- **Strong DTC comp: +4.0%**
 - eCommerce: +27.6% comp
 - Retail stores: (2.5%) comp
 - Reflects decreased consumer traffic, which we believe is primarily driven by lower demand from international customers shopping in the U.S.
 - Mid-single digit comp increase for OshKosh SBS stores
 - New stores delivering ROI > 15%
- Q4 ending store count: 241
 - 82 Brand (63 Side-by-Side)
 - 159 Outlet (34 Side-by-Side)

Retail Segment Operating Income

- Segment operating margin reflects store expense deleverage (extra week in 2014, lower comps), higher markdowns due to lower international demand, and increased marketing investments

Wholesale Segment

- Sales decline reflects lower seasonal bookings and lower shipments to off-price channel
- Operating margin improvement (21.6% TY vs. 17.8% LY) due to lower sales to the off-price channel, increased royalty income



BOYS SHOES[®] SALE \$23.80-28 5-12, 3-13, MSRP[®] \$34-40 GIRLS SHOES[®] SALE \$23.80-28 5-12, 3-13, MSRP[®] \$34-40

[®]Select styles vary by store.

Patterns, pastels & more to PAIR

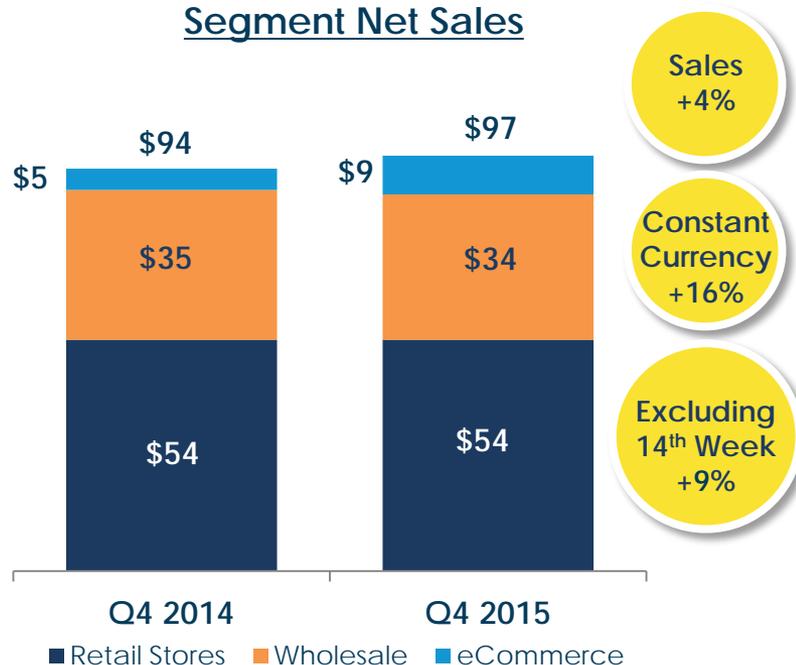
Collect 'em all for your basket at
oshkosh.com/shoes



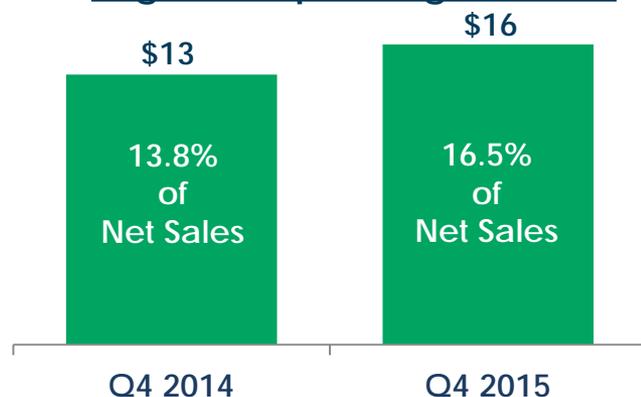


\$ in millions

Segment Net Sales



Segment Operating Income*



Net Sales

- **Strong segment growth**
 - Reported net sales: +4%
 - Constant currency net sales: +16%
 - Canada DTC comp +14.6%
- **Canada Retail Stores**
 - Net sales comparable to LY (+17% constant currency)
 - Store comp +11.9%, reflecting higher traffic and pricing improvements
 - 7 new stores opened in Q4
 - 147 stores at Q4 end
- **eCommerce**
 - Growth driven by Canada and China (Tmall site launched Q2 2015)
- **Wholesale**
 - Sales reflect the addition of new international partners, offset by the effect of the Target Canada bankruptcy in early 2015

Segment Operating Margin

- Operating margin increase reflects improved DTC sales mix and expense leverage in Canada, as well as growth with partners in multiple geographies and the absence of Target Canada exit costs incurred in Q4 2014

carter's
深受信赖的美国童装领导品牌

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期限2/24-3/8

¥50 满499减50
期限2/24-3/8

收藏本店 送5元优惠券
限订单满50元使用
全店包邮

June 2015

- 12 million visits during the year
- 25% of 2015 net sales were achieved on Singles' Day

所有宝贝 首页 女婴 男婴 婴儿中性款 女童 男童 配件 SALE 品牌故事 帮助中心 警惕假货>>



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<p>品牌故事 查看更多></p>	<p>New arrivals EVERY THURSDAY 每周四10点上新 立即购买></p>	<p>SALE 19.9元起 立即购买></p>
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November 2015

- 26 shop-in-shops within Riachuelo
- Riachuelo is a leading Brazilian fashion retail chain
- Growing to 60 locations by the end of 2016



Oscar Freire, Sao Paulo

January 2016

- Opened 40 shop-in-shops with Mahindra-owned Babyoye stores
- Mahindra is a \$17B multinational Indian retailer
- Growing to 125 shop-in-shops by 2018



November 2015

.....

- Partner operates 6 stores in UAE
- ~1,900 selling sq. ft. per store



November 2015

.....

- Partnered with Cencosud, the largest retail company in Chile
- Opened 21 shop-in-shops and 3 stores in Chile and Peru
- Expanding to 35 shop-in-shops and 7 stores by the end of 2016





Financial Results

- Surpassed \$3.0 billion in sales; 27th consecutive year of sales growth
- Expanded adjusted operating margin +90 bps to 13.3%
- Achieved record net income of \$238 million
- Adjusted EPS \$4.61, up 17%

Key Milestones

- Increased leading market share
 - U.S. +80 bps to 16.9%¹
 - Canada +200 bps to 16.0%²
- Opened 114 new stores in the U.S. and 23 in Canada
- Extended product offering at Carter's to include size 8
- Launched eCommerce business in China
- Rolled out new *Rewarding Moments* loyalty program

¹ Source: the NPD Group/Consumer Tracking Service for the 12-months-ending December 2015 vs. 2014, all channels of distribution for ages 0-7

² Source: the NPD Group/Consumer Tracking Service for the 12-months-ending September 2015 vs. 2014, all channels of distribution for ages 0-7

Fiscal 2015 Adjusted Results*

\$ in millions, except EPS

	Fiscal 2015 (52 weeks)	% of Sales	Fiscal 2014 (53 weeks)	% of Sales	Increase / (Decrease)
Net sales	\$3,013.9		\$2,893.9		4%
Gross profit	1,258.0	41.7%	1,183.4	40.9%	6%
Adjusted SG&A *	901.1	29.9%	863.3	29.8%	4%
Royalty income	(44.1)	(1.5%)	(39.2)	(1.4%)	13%
Adjusted operating income*	401.0	13.3%	359.3	12.4%	12%
Interest and other, net	24.7	0.8%	30.4	1.1%	(19%)
Income taxes	132.7	4.4%	117.3	4.1%	13%
Adjusted net income*	\$243.6	8.1%	\$211.5	7.3%	15%
Adjusted diluted EPS*	\$4.61		\$3.93		17%
Weighted average shares outstanding	52.3		53.1		(1%)
Adjusted EBITDA*	\$465.0	15.4%	\$413.7	14.3%	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 2015 Adjusted Business Segment Performance*

\$ in millions

	Net Sales			Adjusted Operating Income (Loss)*			Adjusted Operating Margin*	
	2015	2014	\$ Growth	2015	2014	\$ Growth	2015	2014
Carter's Wholesale (a)	\$ 1,108	\$ 1,082	\$ 26	\$ 232	\$ 185	\$ 47	21.0%	17.1%
Carter's Retail (b)	1,151	1,087	64	199	211	(12)	17.3%	19.4%
Total Carter's	2,259	2,169	90	432	397	35	19.1%	18.3%
OshKosh Wholesale	66	73	(8)	13	9	4	20.2%	12.1%
OshKosh Retail (b)	363	335	28	12	8	4	3.3%	2.4%
Total OshKosh	429	408	20	25	17	8	5.9%	4.2%
International (c)(d)	326	316	10	49	41	8	15.0%	13.1%
Total before corporate expenses	3,014	2,894	120	506	455	50	16.8%	15.7%
Corporate expenses (d)				(105)	(96)	(9)	(3.5%)	(3.3%)
Total (d)	\$ 3,014	\$ 2,894	\$ 120	\$ 401	\$ 359	\$ 42	13.3%	12.4%

(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.

Fiscal Year 2016

- Net sales increase of approximately 6% to 7%.
- Adjusted EPS growth of approximately 8% to 10% (vs. \$4.61 LY)
- New retail stores:
 - Carter's ~60
 - OshKosh ~50
 - Canada ~20
- Operating Cash Flow approximately \$290 to \$320 million
- CapEx approximately \$115 million

Q1 2016

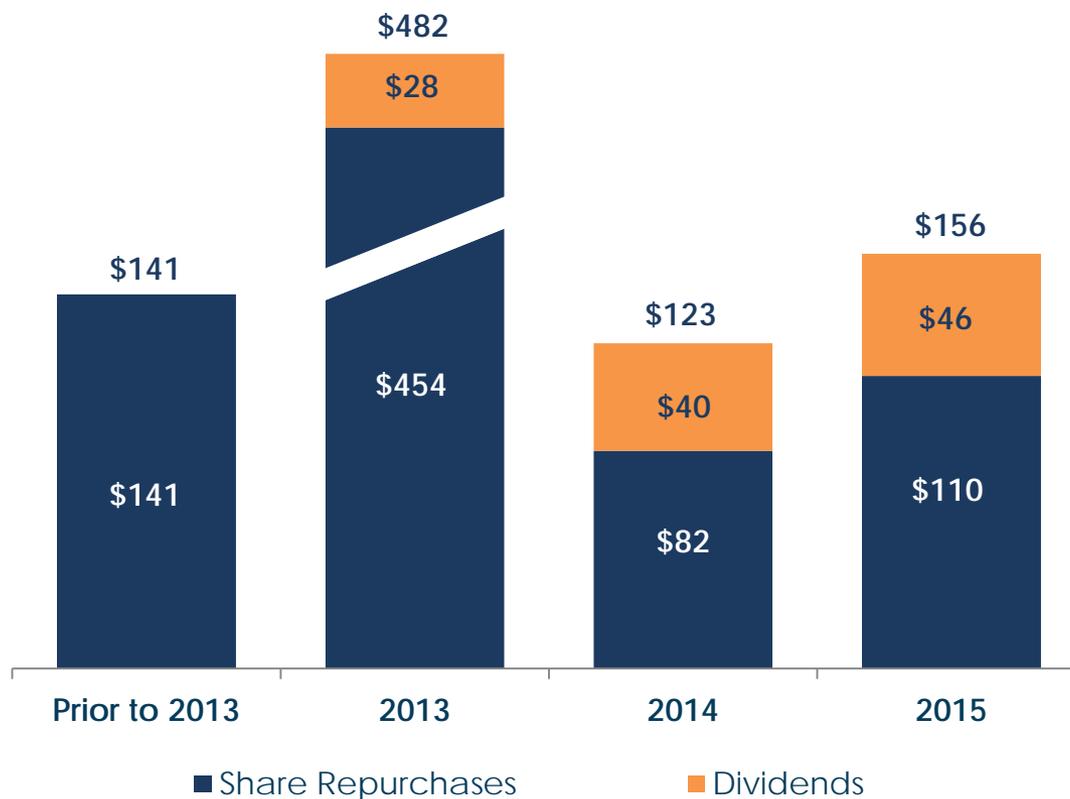
- Net sales growth of approximately 4%
- Adjusted EPS comparable to LY



Strong Demonstrated Commitment to Return of Capital to Shareholders

Historical Return of Capital

\$ in millions



Return of Capital Summary:

- Over the last three fiscal years, we have returned \$761 million to shareholders
 - \$646 million in share repurchases (15% of our outstanding shares)
 - \$114 million in dividends
- Represents 185% of our cumulative free cash flow over this time period

New Share Repurchase Authorization

- New \$500 million authorization
 - In addition to ~\$58 million remaining on prior authorizations
- Allows share purchases to be made in the open market or in privately negotiated transactions
- No expiration date
- Level and timing of activity being at the discretion of management depending on market conditions, stock price, other investment priorities, and other factors
- Intend to execute against the new authorization with purpose absent more meaningful opportunities

Increase to Recurring Quarterly Dividend

- 50% increase
- \$0.33 / quarter vs. \$0.22 previously
- Pro forma dividend yield now ~1.5% vs. 1.0% previously

Evaluating Leverage Level

- Evaluating opportunities to further optimize our capital structure

thank you.





appendix

Fourth Quarter Reconciliation of Net Income Allocable to Common Shareholders

	Fiscal Quarter Ended	
	January 2, 2016	January 3, 2015
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	51,460,090	52,130,289
Dilutive effect of equity awards	460,432	479,744
Diluted number of common and common equivalent shares outstanding	<u>51,920,522</u>	<u>52,610,033</u>

	Fiscal Quarter Ended			
	As reported on a GAAP Basis		As adjusted (a)	
	January 2, 2016 (13 weeks)	January 3, 2015 (14 weeks)	January 2, 2016 (13 weeks)	January 3, 2015 (14 weeks)
<i>\$ in thousands, except EPS</i>				
Basic net income per common share:				
Net income	\$ 72,600	\$ 68,590	\$ 73,198	\$ 70,573
Income allocated to participating securities	(613)	(870)	(618)	(896)
Net income available to common shareholders	<u>\$ 71,987</u>	<u>\$ 67,720</u>	<u>\$ 72,580</u>	<u>\$ 69,678</u>
Basic net income per common share	\$1.40	\$1.30	\$1.41	\$1.34
Diluted net income per common share:				
Net income	\$ 72,600	\$ 68,590	\$ 73,198	\$ 70,573
Income allocated to participating securities	(608)	(863)	(613)	(889)
Net income available to common shareholders	<u>\$ 71,991</u>	<u>\$ 67,727</u>	<u>\$ 72,585</u>	<u>\$ 69,685</u>
Diluted net income per common share	\$1.39	\$1.29	\$1.40	\$1.32

(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 \$0.6 million and \$2.0 million in after-tax expenses from these results for the fiscal quarters ended January 2, 2016 and January 3, 2015, respectively.

Note: Results may not be additive due to rounding.

Fourth Quarter Reconciliation of Reported to Adjusted Earnings

\$ in millions, except EPS

Fourth Quarter of Fiscal 2015 (13 weeks)									Segment Reporting			
	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	International Operating Income	% of segment net sales	Corporate Operating Expenses	% of total net sales
As reported (GAAP)	\$363.5	42.0%	\$258.7	29.9%	\$116.2	13.4%	\$72.6	\$1.39	\$16.0	16.5%	(\$36.4)	(4.2%)
Amortization of tradenames	-		(1.0)		1.0		0.6	0.01	-		1.0	
As adjusted	\$363.5	42.0%	\$257.8	29.7%	\$117.1	13.5%	\$73.2	\$1.40	\$16.0	16.5%	(\$35.5)	(4.1%)

Fourth Quarter of Fiscal 2014 (14 weeks)									Segment Reporting			
	Gross Margin	% of sales	SG&A	% of sales	Operating Income	% of sales	Net Income	Diluted EPS	International Operating Income	% of segment net sales	Corporate Operating Expenses	% 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	-		(2.3)		2.3		1.4	0.03	-		2.3	
Revaluation of contingent consideration (a)	-		(0.4)		0.4		0.4	0.01	0.4		-	
Costs to exit retail operations in Japan	-		(0.1)		0.1		0.0	0.00	0.1		-	
Closure of distribution facility in Hogansville, GA	-		(0.1)		0.1		0.0	-	-		0.1	
	-		(2.9)		2.9		1.9	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%)

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

Fiscal 2015 Reconciliation of Net Income Allocable to Common Shareholders

	Fiscal Year Ended	
	January 2, 2016	January 3, 2015
Weighted-average number of common and common equivalent shares outstanding:		
Basic number of common shares outstanding	51,835,053	52,614,425
Dilutive effect of equity awards	499,583	479,114
Diluted number of common and common equivalent shares outstanding	<u>52,334,636</u>	<u>53,093,539</u>

	Fiscal Year Ended			
	As reported on a GAAP Basis		As adjusted (a)	
	January 2, 2016 (52 weeks)	January 3, 2015 (53 weeks)	January 2, 2016 (52 weeks)	January 3, 2015 (53 weeks)
<i>\$ in thousands, except EPS</i>				
Basic net income per common share:				
Net income	\$ 237,822	\$ 194,670	\$ 243,641	\$ 211,493
Income allocated to participating securities	(2,184)	(2,586)	(2,238)	(2,814)
Net income available to common shareholders	<u>\$ 235,638</u>	<u>\$ 192,084</u>	<u>\$ 241,403</u>	<u>\$ 208,679</u>
Basic net income per common share	\$4.55	\$3.65	\$4.66	\$3.97
Diluted net income per common share:				
Net income	\$ 237,822	\$ 194,670	\$ 243,641	\$ 211,493
Income allocated to participating securities	(2,167)	(2,568)	(2,221)	(2,793)
Net income available to common shareholders	<u>\$ 235,655</u>	<u>\$ 192,102</u>	<u>\$ 241,420</u>	<u>\$ 208,700</u>
Diluted net income per common share	\$4.50	\$3.62	\$4.61	\$3.93

(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 \$5.8 million and \$16.8 million in after-tax net expenses from these results for fiscal 2015 and 2014, respectively.

Fiscal 2015 Reconciliation of Reported to Adjusted Earnings

\$ in millions, except EPS

Fiscal 2015 (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)	\$1,258.0	41.7%	\$909.2	30.2%	\$392.9	13.0%	\$237.8	\$4.50	\$47.0	14.4%	(\$110.9)	(3.7%)
Amortization of tradenames	-		(6.2)		6.2		3.9	0.06	-		6.2	
Revaluation of contingent consideration (a)	-		(1.9)		1.9		1.9	0.04	1.9		-	
	-		(8.1)		8.1		5.8	0.10	1.9		6.2	
As adjusted	\$1,258.0	41.7%	\$901.1	29.9%	\$401.0	13.3%	\$243.6	\$4.61	\$48.9	15.0%	(\$104.6)	(3.5%)

Fiscal 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%	\$890.2	30.8%	\$333.3	11.5%	\$194.7	\$3.62	\$39.5	12.5%	(\$119.9)	(4.1%)
Office consolidation costs (b)	-		(6.6)		6.6		4.2	0.08	-		6.6	
Amortization of tradenames	-		(16.4)		16.4		10.4	0.19	-		16.4	
Revaluation of contingent consideration (a)	-		(1.3)		1.3		1.3	0.03	1.3		-	
Costs to exit retail operations in Japan	(1.0)		(1.5)		0.5		0.3	0.01	0.5		-	
Closure of distribution facility in Hogansville, GA	-		(0.9)		0.9		0.6	0.01	-		0.9	
	(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%)

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

(b) Costs associated with the office consolidation including severance, relocation, accelerated depreciation, and other charges.

Reconciliation of Net Income to Adjusted EBITDA

\$ in millions

	Fiscal Quarter Ended		Fiscal Year Ended	
	January 2, 2016 (13 weeks)	January 3, 2015 (14 weeks)	January 2, 2016 (13 weeks)	January 3, 2015 (14 weeks)
Net income	\$72.6	\$68.6	\$237.8	\$194.7
Interest expense	6.5	7.0	27.0	27.7
Interest income	(0.1)	-	(0.5)	(0.4)
Tax expense	38.5	37.0	130.4	108.2
Depreciation and amortization	18.8	17.9	68.4	74.9
EBITDA	\$136.3	\$130.5	\$463.1	\$405.1
Adjustments to EBITDA				
Office consolidation costs (a)(b)	\$ -	\$ -	\$ -	\$6.6
Revaluation of contingent consideration (c)	-	0.4	1.9	1.3
Closure of distribution facility in Hogansville, GA (b)	-	0.1	-	0.9
Japan retail operations exit (b)	-	0.1	-	(0.4)
Adjusted EBITDA	\$136.3	\$131.1	\$465.0	\$413.7

(a) Costs associated with office consolidation including severance, relocation, and other charges.

(b) Amounts exclude costs related to accelerated depreciation as such amounts are included in the total of depreciation and amortization above.

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

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 25, 2016 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 2016 and fiscal year 2016, 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 not materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or projected. Certain of the risks and uncertainties that could cause actual results and performance to differ materially are described in the Company's most recently filed Annual Report on Form 10-K and other reports filed with the Securities and Exchange Commission from time to time under the headings "Risk Factors" and "Forward-Looking Statements." Included among the risks and uncertainties that may impact future results are the risks of: losing one or more major customers, vendors, or licensees, due to competition, inadequate quality of the Company's products, or otherwise; financial difficulties for one or more of the Company's major customers, vendors, or licensees, or an overall decrease in consumer spending; our products not being accepted in the marketplace, due to quality concerns, changes in consumer preference and fashion trends, or otherwise; negative publicity, including as a result of product recalls or otherwise; failing to protect the Company's intellectual property; various types of litigation, including class action litigation brought under various consumer protection, employment, and privacy and information security laws; a breach of the Company's consumer databases, systems or processes; the risk of slow-downs, disruptions or strikes along the Company's supply chain, including disruptions resulting from foreign supply sources, the Company's distribution centers or in-sourcing capabilities; and unsuccessful expansion into international markets or failure to successfully manage legal, regulatory, political and economic risks of the Company's existing international operations, including maintaining compliance with worldwide anti-bribery laws; and an inability to obtain additional financing on favorable terms. All information is provided as of February 25, 2016. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.