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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30,
2000 OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER:

333-51447

CARTER HOLDINGS, INC.
(Exact name of registrant as specified in charter)

MASSACHUSETTS
(State or other jurisdiction of
incorporation or organization)

13-3912933
(IRS Employer Identification No.)

1590 ADAMSON PARKWAY, SUITE 400
MORROW, GEORGIA 30260

(Address of principal executive offices, including zip code)

(770) 961-8722

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes No

Applicable only to corporate issuers:

As of November 14, 2000, there were 752,808 shares of Class A Stock,
211,175 shares of Class C Stock and 5,000 shares of Class D Stock
outstanding.

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FORM 10-Q

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CARTER HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per share data)
(unaudited)

	SEPTEMBER 30, 2000	JANUARY 1, 2000
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,025	\$ 3,415
Accounts receivable, net	41,301	34,405
Inventories	100,048	79,636
Prepaid expenses and other current assets	4,181	3,863
Assets held for sale	422	1,000
Deferred income taxes	10,905	10,276
	-----	-----
Total current assets	162,882	132,595
Property, plant and equipment, net	47,938	51,776
Assets held for sale	950	950
Tradename, net	90,208	92,083
Cost in excess of fair value of net assets acquired, net	26,881	27,457
Deferred debt issuance costs, net	6,125	7,325
Other assets	5,581	2,758
	-----	-----
Total assets	\$ 340,565	\$ 314,944
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 3,150	\$ 900
Accounts payable	22,873	19,532
Other current liabilities	44,314	28,692
	-----	-----
Total current liabilities	70,337	49,124
Long-term debt	158,700	161,400
Deferred income taxes	35,779	35,902
Other long-term liabilities	10,806	11,565
	-----	-----
Total liabilities	275,622	257,991
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Class A Stock, nonvoting; par value \$.01 per share; 775,000 shares authorized; 752,808 shares issued and outstanding; liquidation value of \$.001 per share.....	45,168	45,168
Class C Stock, nonvoting; par value \$.01 per share; 500,000 shares authorized; 242,192 shares issued; liquidation value of \$.001 per share .	14,532	14,532
Class C Treasury Stock, 31,017 shares at cost at September 30, 2000 and at January 1, 2000	(1,860)	(1,860)
Class D Stock, voting; par value \$.01 per share; 5,000 shares authorized, issued and outstanding	300	300
Common Stock, voting; par value \$.01 per share; 1,280,000 shares authorized; none issued or outstanding	--	--
Retained earnings (accumulated deficit)	6,803	(1,187)
	-----	-----
Total stockholders' equity	64,943	56,953
	-----	-----
Total liabilities and stockholders' equity	\$ 340,565	\$ 314,944
	=====	=====

See accompanying notes to the unaudited condensed consolidated
financial statements

CARTER HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands)
(unaudited)

	THREE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2000	OCTOBER 2, 1999
	-----	-----
Net sales	\$145,457	\$124,678
Cost of goods sold	89,085	80,536
	-----	-----
Gross profit	56,372	44,142
Selling, general and administrative expenses....	38,515	33,945
	-----	-----
Operating income	17,857	10,197
Interest expense	5,080	5,265
	-----	-----
Income before income taxes	12,777	4,932
Provision for income taxes	5,246	2,076
	-----	-----
Net income	\$ 7,531	\$ 2,856
	=====	=====

See accompanying notes to the unaudited condensed consolidated
financial statements

CARTER HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands)
(unaudited)

	NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2000	OCTOBER 2, 1999
Net sales	\$ 340,650	\$ 302,431
Cost of goods sold	211,459	197,705
	-----	-----
Gross profit	129,191	104,726
Selling, general and administrative expenses....	101,324	89,647
	-----	-----
Operating income	27,867	15,079
Interest expense	14,326	15,808
	-----	-----
Income (loss) before income taxes	13,541	(729)
Provision for (benefit from) income taxes	5,551	(357)
	-----	-----
Net income (loss)	\$ 7,990	\$ (372)
	=====	=====

See accompanying notes to the unaudited condensed consolidated
financial statements

CARTER HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(unaudited)

	NINE-MONTH PERIODS ENDED	
	SEPTEMBER 30, 2000	OCTOBER 2, 1999
Cash flows from operating activities:		
Net income (loss)	\$ 7,990	\$ (372)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	12,382	12,901
Amortization of debt issuance costs	1,200	1,162
Deferred tax benefit	(752)	(674)
Effect of changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(6,896)	(1,664)
Inventories	(20,412)	8,390
Prepaid expenses and other assets	(305)	(1,407)
Increase in liabilities:		
Accounts payable and other liabilities	19,047	3,706
	12,254	22,042
Net cash provided by operating activities		
Cash flows from investing activities:		
Capital expenditures	(6,178)	(8,090)
Proceeds from sale of property, plant and equipment	78	275
Proceeds from assets held for sale	524	--
Issuance of loan	(4,336)	--
Proceeds from loan	1,500	--
	(8,412)	(7,815)
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from revolving line of credit	62,900	73,150
Payments of revolving line of credit	(62,900)	(86,350)
Payment of other debt	(450)	(450)
Payment on capital lease obligation	(767)	(225)
Repurchase of Capital stock	--	(460)
Other	(15)	1,035
	(1,232)	(13,300)
Net cash used in financing activities		
Net increase in cash and cash equivalents	2,610	927
Cash and cash equivalents, beginning of period	3,415	3,986
	\$ 6,025	\$ 4,913
Cash and cash equivalents, end of period	\$ 6,025	\$ 4,913

See accompanying notes to the unaudited condensed consolidated financial statements

CARTER HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 -- BASIS OF PREPARATION:

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of Carter Holdings, Inc. ("Holdings") and its subsidiaries (the "Company") contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position of the Company as of September 30, 2000, and the results of its operations for the three-month and nine-month periods ended September 30, 2000 and October 2, 1999 and cash flows for the nine-month periods ended September 30, 2000 and October 2, 1999. Operating results for the three-month and nine-month periods ended September 30, 2000 are not necessarily indicative of the results that may be expected for the fiscal year ending December 30, 2000. The accompanying condensed consolidated balance sheet of the Company as of January 1, 2000 has been derived from the audited consolidated financial statements included in the Company's fiscal 1999 Annual Report on Form 10-K.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission and the instructions to Form 10-Q. The accounting policies followed by the Company are set forth in its Annual Report on Form 10-K in the Notes to the Company's consolidated financial statements for the fiscal year ended January 1, 2000.

NOTE 2 -- THE COMPANY:

Carter Holdings, Inc. is a holding company whose primary asset consists of an investment in 100% of the outstanding capital stock of The William Carter Company, Inc. ("Carter's").

The Company is a manufacturer and marketer of premier branded childrenswear under the CARTER'S and CARTER'S CLASSICS labels. The Company manufactures its products in plants located in the southern United States, Costa Rica, the Dominican Republic and Mexico. The Company also sources its products from several manufacturers throughout the world. Products are manufactured for wholesale distribution to major domestic retailers and for the Company's 148 retail outlet stores that market its brand name merchandise and certain products manufactured by other companies. The Company's retail sales were approximately 45% of its consolidated net sales in the third quarter of 2000 compared to 44% in the third quarter of 1999. Retail sales were approximately 45% and 43% of consolidated net sales in the first nine months of 2000 and 1999, respectively.

NOTE 3 -- INVENTORIES:

Inventories consisted of the following (\$000):

	SEPTEMBER 30, 2000	JANUARY 1, 2000
	-----	-----
Finished goods	\$ 71,043	\$ 57,695
Work in process	21,860	13,842
Raw materials and supplies....	7,145	8,099
	-----	-----
Total	\$100,048	\$ 79,636
	=====	=====

CARTER HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)

NOTE 4 -- RELATED PARTY TRANSACTIONS:

In January 2000, a loan to an officer in the amount of \$4.3 million was issued. A portion of the proceeds was used by the officer to repay a previous loan from the Company in the amount of \$1.5 million. The \$1.5 million loan was scheduled to be repaid in October 2001. The January 2000 loan is payable in annual installments of \$600,000 commencing on March 31, 2002, and thereafter on each anniversary thereof until such principal amount and all accrued and unpaid interest thereon have been repaid. The loan has recourse and is collateralized by the officer's stock in Holdings and bears interest at the average rate paid by the Company under the revolving portion of its senior credit facility. The loan is prepayable with proceeds of any disposition of the officer's stock in Holdings.

NOTE 5 -- TREASURY STOCK TRANSACTIONS:

There were no treasury stock transactions during the three and nine-month periods ended September 30, 2000. During the three and nine-month periods ended October 2, 1999, the Company repurchased 1,510 and 7,696 shares, respectively, of its Class C stock owned by former employees of Carter's for cash payments of approximately \$90,000 and \$460,000, respectively. In addition, during the nine-month period ended October 2, 1999, an employee of the Company was issued 1,000 shares of Class C stock from shares repurchased for \$60.00 per share. This transaction involved no cash proceeds, and the Company recognized \$60,000 as compensation expense.

NOTE 6 -- ENVIRONMENTAL MATTERS:

The Company is subject to various federal, state and local laws that govern activities or operations that may have adverse environmental effects. Noncompliance with these laws and regulations can result in significant liabilities, penalties and costs. From time to time, operations of the Company have resulted or may result in noncompliance with or liability pursuant to environmental laws. The Company is in the process of resolving a potential environmental claim associated with waste deposited at or near a landfill in Lamar County, Georgia in the 1970's. In 1999, the Company established a reserve to provide for its share of the total estimated costs required to resolve this matter which are estimated to be less than \$1.0 million. However, there can be no assurance that this estimate will prove accurate. Generally, compliance with environmental laws has not had a material impact on the Company's operations, but there can be no assurance that future compliance with such laws will not have a material adverse effect on the Company or its operations.

CARTER HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(unaudited)

NOTE 7 -- SEGMENT INFORMATION:

The Company's two reportable segments are "Retail" and "Wholesale and Other". The Company generally sells the same products in each business segment. The Company evaluates the performance of its Retail segment based on, among other things, its earnings before interest, taxes, depreciation and amortization expenses ("EBITDA"). The Retail segment's EBITDA is determined on a direct contribution basis only and does not include allocations of all costs incurred to support Retail operations. Retail EBITDA, therefore, does not reflect the actual results which would be derived if such allocations were made. EBITDA shown in the accompanying table for the Wholesale and Other segment is an amount determined by deduction based on consolidated EBITDA. The Wholesale and Other segment includes all other revenue and expenses of the Company not directly related to the Retail segment and is not a measurement used by management in its decision-making process.

The table below presents certain segment information for the periods indicated (\$000):

	RETAIL -----	WHOLESALE AND OTHER -----	TOTAL -----
THREE-MONTHS ENDED SEPTEMBER 30, 2000:			
Sales	\$ 65,153	\$ 80,304	\$ 145,457
EBITDA	\$ 19,809	\$ 2,328	\$ 22,137
THREE-MONTHS ENDED OCTOBER 2, 1999:			
Sales	\$ 54,691	\$ 69,987	\$ 124,678
EBITDA	\$ 13,864	\$ 763	\$ 14,627
NINE-MONTHS ENDED SEPTEMBER 30, 2000:			
Sales	\$ 153,527	\$ 187,123	\$ 340,650
EBITDA	\$ 39,766	\$ 483	\$ 40,249
NINE-MONTHS ENDED OCTOBER 2, 1999:			
Sales	\$ 128,719	\$ 173,712	\$ 302,431
EBITDA	\$ 28,481	\$ (501)	\$ 27,980

"Wholesale and Other" EBITDA for the three and nine-month periods ended September 30, 2000 reflect increases in brand marketing, incentive compensation and certain variable costs (i.e. distribution costs) necessary to support higher levels of revenue, including Retail revenue.

A reconciliation of total segment EBITDA to total consolidated income (loss) before income taxes is presented below (\$000):

	THREE-MONTHS ENDED		NINE-MONTHS ENDED	
	SEPT 30, 2000 -----	OCT 2, 1999 -----	SEPT 30, 2000 -----	OCT 2, 1999 -----
Total EBITDA for reportable segments	\$ 22,137	\$ 14,627	\$ 40,249	\$ 27,980
Depreciation and amortization expense	(4,280)	(4,430)	(12,382)	(12,901)
Interest expense	(5,080)	(5,265)	(14,326)	(15,808)
Consolidated income (loss) before income taxes....	\$ 12,777 =====	\$ 4,932 =====	\$ 13,541 =====	\$ (729) =====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS:

THE FOLLOWING MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS CONTAINS FORWARD-LOOKING STATEMENTS WHICH INVOLVE RISKS AND UNCERTAINTIES. THE COMPANY'S ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD-LOOKING STATEMENTS. THE COMPANY UNDERTAKES NO OBLIGATION TO RELEASE PUBLICLY ANY REVISIONS TO THESE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF ANTICIPATED OR UNANTICIPATED EVENTS.

RESULTS OF OPERATIONS

THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2000 COMPARED TO THREE AND NINE-MONTH PERIODS ENDED OCTOBER 2, 1999

In the third quarter of 2000, consolidated net sales increased \$20.8 million (16.7%) to \$145.5 million from \$124.7 million in the third quarter of fiscal 1999. Consolidated net sales for the first nine months of 2000 were \$340.7 million, an increase of \$38.2 million (12.6%) compared with the first nine months of 1999. Revenues from each of the Company's major product markets (baby, sleepwear and playwear) increased in the third quarter and first nine months of 2000 compared to 1999.

In 1999, the Company closed its textile facility which produced substantially all of the Company's fabrics. The Company expanded its product sourcing capabilities to include manufacturers throughout the world that have access to better fabrics and lower costs. Revenue increases in 2000 reflect the benefit from improvements made to the Company's products through its new product sourcing strategy and the Company's focus on product innovation through creative prints and embroideries.

The Company's total wholesale sales increased \$10.3 million (14.7%) to \$80.3 million in the third quarter of 2000 from \$70.0 million in the third quarter of 1999. Total wholesale sales increased \$13.4 million (7.7%) to \$187.1 million in the first nine months of 2000 from \$173.7 million in the first nine months of 1999. The increase in wholesale sales was largely due to the performance of baby and sleepwear product lines.

Off-price sales decreased \$0.6 million (10.4%) to \$5.0 million in the third quarter of 2000 from \$5.5 million in the third quarter of 1999. Off-price sales were 3.4% of total sales in the third quarter of 2000 compared to 4.4% in the third quarter of 1999. Off-price sales for the first nine months decreased \$6.2 million (35.2%) to \$11.4 million from \$17.6 million in the first nine months of 1999. Such decreases reflect the benefit from inventory management and production disciplines implemented during 1999 which reduced excess inventory levels.

Retail outlet store sales were \$65.2 million in the third quarter of 2000, which represented an increase of \$10.5 million (19.1%) compared to the third quarter of 1999. Comparable store sales increased 16.8% in the third quarter of 2000. During the first nine months of 2000, retail store sales increased \$24.8 million (19.3%) to \$153.5 million from \$128.7 million in the first nine months of 1999. Comparable store sales increased 15.3% in the first nine months of 2000. Such increases were primarily attributed to the strong performance of the playwear product line. There were 148 outlet stores operating as of September 30, 2000 compared to 149 as of October 2, 1999. The Company plans to open three stores and close six stores in the last quarter of 2000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS: (CONTINUED)

The Company's gross profit increased \$12.2 million (27.7%) to \$56.4 million in the third quarter of 2000 from \$44.1 million in the third quarter of 1999. Gross profit as a percentage of net sales in the third quarter of 2000 increased to 38.8% from 35.4% in the third quarter of 1999. In the first nine months of 2000, gross profit increased \$24.5 million (23.4%) to \$129.2 million compared with the first nine months of 1999. Gross profit as a percentage of net sales in the first nine months of 2000 increased to 37.9% compared to 34.6%. The improvement in gross profit is attributed to a lower mix of off-price sales and the benefit from cost reduction achieved through moving production offshore and increased levels of full package sourcing. In 1999, gross profit for the first nine months was negatively impacted by costs associated with the closure of three sewing facilities in the United States and curtailing production in the Company's textile facility.

Selling, general and administrative expenses for the third quarter of 2000 increased 13.5% to \$38.5 million from \$33.9 million in the third quarter of 1999. Selling, general and administrative expenses as a percentage of net sales decreased to 26.5% in the third quarter of 2000 from 27.2% in the third quarter of 1999. In the first nine months of 2000, these expenses increased to \$101.3 million (13.0%) from \$89.6 million in the first nine months of 1999. As a percentage of net sales, selling, general and administrative expenses increased to 29.7% in the first nine months of 2000 from 29.6% in the first nine months of 1999. The increase in selling, general and administrative expenses includes the variable costs to support higher revenue levels, investments in brand marketing and provisions for incentive compensation based on year to date financial performance.

Operating income for the third quarter of 2000 increased \$7.7 million (75.1%) to \$17.9 million compared to \$10.2 million in the third quarter of 1999. Operating income in the first nine months of 2000 increased \$12.8 million (84.8%) to \$27.9 million compared to \$15.1 million in the first nine months of 1999. Such increases reflect the net effect of changes in gross profit and selling, general and administrative expenses described above.

Interest expense in the third quarter of 2000 decreased \$0.2 million to \$5.1 million (3.5%) from \$5.3 million in the third quarter of 1999. This decrease is attributed to lower average revolver borrowings during the third quarter of 2000. Interest expense for the first nine months of 2000 decreased to \$14.3 million (9.4%) from \$15.8 million for the first nine months of 1999. Average revolver borrowings during the first nine months of 2000 were \$6.7 million compared to \$32.5 million in the first nine months of 1999. Lower average borrowings are primarily due to inventory management controls implemented in 1999. At September 30, 2000, outstanding debt aggregated \$161.9 million compared to \$174.0 million at October 2, 1999.

The Company recorded an income tax provision of \$5.2 million in the third quarter of 2000 compared to an income tax provision of \$2.1 million in the third quarter of 1999. In the first nine months of 2000, the Company recorded an income tax provision of \$5.6 million compared to an income tax benefit of \$0.4 million for the first nine months of 1999. The Company's effective tax rate was approximately 41% in the first nine months of 2000 and 49% in the first nine months of 1999. This reduction in the effective tax rate is due primarily to higher projected pre-tax income for 2000.

As a result of the factors described above, the Company reported net income of approximately \$7.5 million in the third quarter of 2000 compared to net income of approximately \$2.9 million in the third quarter of 1999. Net income in the first nine months of 2000 was approximately \$8.0 million compared to a net loss of approximately \$0.4 million in the first nine months of 1999.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS: (CONTINUED)

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

The Company has financed its working capital, capital expenditures and debt service requirements primarily through internally generated cash flow and funds borrowed under the Company's revolving credit facility.

Net accounts receivable at September 30, 2000 were \$41.3 million compared to \$36.5 million at October 2, 1999. Due to the seasonal nature of the Company's operations, the net accounts receivable balance at September 30, 2000 is not comparable to the net accounts receivable balance at January 1, 2000.

Inventories at September 30, 2000 were \$100.0 million compared to \$93.0 million at October 2, 1999. Due to the seasonal nature of the Company's operations, inventories at September 30, 2000 are not comparable to inventories at January 1, 2000.

The Company invested \$6.2 million and \$8.1 million in capital expenditures during the first nine months of 2000 and 1999, respectively. The Company plans to invest up to \$20.0 million in capital expenditures in 2000. Areas for investment include fixturing of wholesale customers, information technology and retail outlet store openings and remodeling.

At September 30, 2000, the Company had \$161.9 million of debt outstanding, consisting of \$100.0 million of 10 3/8% Series A Senior Subordinated Notes, \$20.0 million of 12% Series B Senior Subordinated Notes and \$41.9 million in term loan borrowings. There were no revolver borrowings under the Senior Credit Facility at September 30, 2000, exclusive of approximately \$8.1 million of outstanding letters of credit. At September 30, 2000, the Company had approximately \$56.9 million of financing available under the revolving credit portion of the Senior Credit Facility.

The Company believes that cash generated from operations, together with availability under the revolving credit portion of the Senior Credit Facility, will be adequate to meet its debt service requirements, capital expenditures and working capital needs for the foreseeable future, although no assurance can be given in this regard.

EFFECTS OF INFLATION

The Company is affected by inflation primarily through the purchase of raw material, increased operating costs and expenses and higher interest rates. The effects of inflation on the Company's operations have not been material in recent years.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS: (CONTINUED)

SEASONALITY

The Company experiences seasonal fluctuations in its sales and profitability, with generally lower sales and gross profit in the first and second quarters of its fiscal year. Accordingly, the results of operations for the three and nine-month periods ended September 30, 2000 are not indicative of the results to be expected for the full year.

MARKET RISKS

The Company currently sources over 90% of its production through its offshore facilities and contract manufacturers. As a result, the Company may be adversely affected by political instability resulting in the disruption of trade from foreign countries in which the Company's manufacturing facilities are located, the imposition of additional regulations relating to imports, duties, taxes and other charges on imports, any significant decreases in the value of the dollar against foreign currencies and restrictions on the transfer of funds. These and other factors could result in the interruption of production in offshore facilities or a delay in the receipt of the products by the Company in the United States. The Company's future performance may be subject to such factors, which are beyond the Company's control, and there can be no assurance that such factors would not have a material adverse effect on the Company's financial condition and results of operations.

Raw materials used by the Company are finished fabrics and trim materials. These materials are available from a number of suppliers. Prices for these materials are affected by changes in market demand and there can be no assurance that prices for these and other raw materials will not increase in the near future.

The Company's operating results are subject to risk from interest rate fluctuations on debt which carries variable interest rates. At September 30, 2000, outstanding debt aggregated \$161.9 million, of which \$41.9 million bore interest at a variable rate, so that an increase of 1% in the applicable rate would increase the Company's annual interest expense by \$419,000.

PART II--OTHER INFORMATION:

ITEM 1. LEGAL PROCEEDINGS:

From time to time, the Company has been involved in various legal proceedings. Management believes that all such litigation is routine in nature and incidental to the conduct of its business, and that none of such litigation, if resolved adversely to the Company, would have a material adverse effect on the financial condition or results of operations of the Company.

ITEM 2. CHANGES IN SECURITIES:

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES:

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:

None

ITEM 5. OTHER INFORMATION:

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBITS -----
*27	Financial Data Schedule.

* Filed herewith

(b) Reports on Form 8-K

No report was filed by the Registrant during the quarter ended September 30, 2000.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARTER HOLDINGS, INC.

Date: November 14, 2000

/s/ FREDERICK J. ROWAN, II

Frederick J. Rowan, II
CHAIRMAN OF THE BOARD OF DIRECTORS,
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Date: November 14, 2000

/s/ MICHAEL D. CASEY

Michael D. Casey
SENIOR VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

3-MOS		9-MOS	
DEC-30-2000	JUL-02-2000	DEC-30-2000	JAN-02-2000
SEP-30-2000	SEP-30-2000	SEP-30-2000	SEP-30-2000
		6,025	6,025
	0	0	0
	43,364	43,364	43,364
	2,063	2,063	2,063
	100,048	100,048	100,048
	162,882	162,882	162,882
	87,168	87,168	87,168
	39,230	39,230	39,230
	340,565	340,565	340,565
70,337		70,337	
	158,700		158,700
0	0	0	0
	0		0
	64,943		64,943
340,565	340,565		
	145,457		340,650
145,457		340,650	
	89,085		211,459
	89,085		211,459
	38,515		101,324
	0		0
	5,080		14,326
	12,777		13,541
	5,246		5,551
7,531		7,990	
	0		0
	0		0
	0		0
	7,531		7,990
	0		0
	0		0