

CARTERS INC
Form 10-Q
November 01, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD
ENDED OCTOBER 2, 2010 OR
- .. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD
FROM _____ TO _____

Commission file number:

001-31829

CARTER'S, INC.
(Exact name of Registrant as specified in its charter)

Delaware 13-3912933
(state or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

The Proscenium
1170 Peachtree Street NE, Suite 900
Atlanta, Georgia 30309
(Address of principal executive offices, including zip code)
(404) 745-2700
(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 (X) No ()

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of

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this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes (X) No ()

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer, accelerated filer, and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer (X) Accelerated Filer () Non-Accelerated Filer () Smaller Reporting Company ()

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes () No (X)

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Common Stock | Outstanding Shares at October 29, 2010 |
|---|---|
| Common stock, par value \$0.01 per share | 57,474,937 |

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CARTER'S, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except for share data)

(unaudited)

| | October 2, 2010 | January 2, 2010 | October 3, 2009 |
|--|--------------------|--------------------|--------------------|
|--|--------------------|--------------------|--------------------|

ASSETS**Current assets:**

| | | | |
|---|------------|------------|------------|
| Cash and cash equivalents | \$ 182,329 | \$ 335,041 | \$ 214,339 |
| Accounts receivable, net | 171,501 | 82,094 | 127,879 |
| Finished goods inventories, net | 263,782 | 214,000 | 223,510 |
| Prepaid expenses and other current assets | 12,369 | 11,114 | 11,845 |
| Deferred income taxes | 25,701 | 33,419 | 32,005 |

| | | | |
|----------------------|---------|---------|---------|
| Total current assets | 655,682 | 675,668 | 609,578 |
|----------------------|---------|---------|---------|

| | | | |
|-------------------------------------|--------|--------|--------|
| Property, plant, and equipment, net | 92,558 | 86,077 | 84,430 |
|-------------------------------------|--------|--------|--------|

| | | | |
|------------|---------|---------|---------|
| Tradenames | 305,733 | 305,733 | 305,733 |
|------------|---------|---------|---------|

| | | | |
|----------|---------|---------|---------|
| Goodwill | 136,570 | 136,570 | 136,570 |
|----------|---------|---------|---------|

| | | | |
|-----------------------------------|-------|-------|-------|
| Deferred debt issuance costs, net | 1,237 | 2,469 | 2,750 |
|-----------------------------------|-------|-------|-------|

| | | | |
|---------------------------|----|-------|-------|
| Licensing agreements, net | -- | 1,777 | 2,597 |
|---------------------------|----|-------|-------|

| | | | |
|--------------|-----|-----|-----|
| Other assets | 305 | 305 | 405 |
|--------------|-----|-----|-----|

| | | | |
|--------------|--------------|--------------|--------------|
| Total assets | \$ 1,192,085 | \$ 1,208,599 | \$ 1,142,063 |
|--------------|--------------|--------------|--------------|

**LIABILITIES AND
STOCKHOLDERS' EQUITY**

Current liabilities:**Current maturities of long-term**

| | | | |
|------|----------|----------|----------|
| debt | \$ 2,450 | \$ 3,503 | \$ 3,503 |
|------|----------|----------|----------|

| | | | |
|------------------|--------|--------|--------|
| Accounts payable | 94,440 | 97,546 | 68,009 |
|------------------|--------|--------|--------|

| | | | |
|---------------------------|--------|--------|--------|
| Other current liabilities | 62,502 | 69,568 | 69,808 |
|---------------------------|--------|--------|--------|

| | | | |
|---------------------------|---------|---------|---------|
| Total current liabilities | 159,392 | 170,617 | 141,320 |
|---------------------------|---------|---------|---------|

| | | | |
|----------------|---------|---------|---------|
| Long-term debt | 229,709 | 331,020 | 331,896 |
|----------------|---------|---------|---------|

| | | | |
|-----------------------|---------|---------|---------|
| Deferred income taxes | 109,855 | 110,676 | 106,646 |
|-----------------------|---------|---------|---------|

| | | | |
|-----------------------------|--------|--------|--------|
| Other long-term liabilities | 45,626 | 40,262 | 43,628 |
|-----------------------------|--------|--------|--------|

| | | | |
|-------------------|---------|---------|---------|
| Total liabilities | 544,582 | 652,575 | 623,490 |
|-------------------|---------|---------|---------|

Commitments and contingencies**Stockholders' equity:**

| | | |
|----|----|----|
| -- | -- | -- |
|----|----|----|

Preferred stock; par value \$.01 per share; 100,000 shares authorized; none issued or outstanding at October 2, 2010, January 2, 2010, and October 3, 2009

Common stock, voting; par value \$.01 per share; 150,000,000 shares authorized; 57,696,317, 58,081,822, and 58,037,018 shares issued and outstanding at October 2, 2010, January 2, 2010, and October 3, 2009, respectively

577

581

580