

CARTERS INC  
Form PRE 14A  
March 27, 2017  
Table of Contents

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant  
Filed by a Party other than the Registrant  
Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Carter s, Inc.**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3)

Edgar Filing: CARTERS INC - Form PRE 14A

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

April [ ], 2017

Dear Shareholder,

It is my pleasure to invite you to attend our 2017 Annual Meeting of Shareholders on May 17, 2017 (the Annual Meeting ). The meeting will be held at 8:00 a.m. at our offices located at 3438 Peachtree Road NE, Atlanta, Georgia 30326.

The attached Notice of the 2017 Annual Meeting of Shareholders and Proxy Statement describe the formal business to be conducted at the meeting. Whether or not you plan to attend the Annual Meeting, your shares can be represented if you promptly submit your voting instructions by telephone, over the internet, or by completing, signing, dating, and returning your proxy card in the enclosed envelope, or by following the instructions you have received from your broker or other nominee.

On behalf of our Board of Directors and Leadership Team, thank you for your investment in Carter s, Inc.

Sincerely,

Michael D. Casey  
*Chairman and Chief Executive Officer*

**Table of Contents**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

Notice is hereby given that the 2017 Annual Meeting of Shareholders of Carter's, Inc. (the Annual Meeting) will be held at 8:00 a.m. on May 17, 2017 at our offices located at 3438 Peachtree Road NE, Atlanta, Georgia 30326. The business matters for the Annual Meeting are as follows:

- 1) The election of four Class II directors;
- 2) An advisory approval of compensation for our named executive officers (the say-on-pay vote);
- 3) An advisory vote on the frequency of holding the say-on-pay vote in the future (the say-on-frequency vote);
- 4) Approval of the declassification of the Company's Board of Directors which consists of approving amendments to both the Company's Certificate of Incorporation and the Company's By-laws;
- 5) The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal 2017; and
- 6) Any other business that may properly come before the meeting.

Shareholders of record at the close of business on March 27, 2017 are entitled to receive notice of, attend, and vote at the Annual Meeting. Your vote is very important. Whether or not you plan to attend the Annual Meeting, to ensure that your shares are represented at the Annual Meeting, please complete, sign, date, and return the proxy card in the envelope provided, submit your voting instructions by telephone or over the internet, or follow the instructions you have received from your broker or other nominee.

If you plan to attend the Annual Meeting and are a registered shareholder, please bring the invitation attached to your proxy card. If your shares are registered in the name of a bank or your broker, please bring your bank or brokerage statement showing your beneficial ownership with you to the Annual Meeting or request an invitation by writing to me at the address set forth above.

**Important notice regarding the availability of proxy materials for the**

**2017 Annual Meeting of Shareholders of Carter's, Inc. to be held on May 17, 2017:**

**The proxy materials and the Annual Report to Shareholders are available at**

**<http://www.carters.com/annuals>**

**The Board of Directors recommends that you vote FOR each of the proposals identified above.**

By order of the Board of Directors,

Michael C. Wu

*Senior Vice President, General Counsel & Secretary*

*Atlanta, Georgia*

April [ ], 2017

**Table of Contents**

**PROXY STATEMENT**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>General Information About the Proxy Materials and the Annual Meeting</u>	1
<u>Board of Directors and Corporate Governance Information</u>	7
<u>Proposal Number One Election of Class II Directors</u>	15
<u>Compensation of Directors</u>	16
<u>Executive Officers Biographical Information and Experience</u>	18
<u>Compensation Discussion and Analysis</u>	20
<u>Compensation Committee Report</u>	30
<u>Fiscal 2016 Summary Compensation Table</u>	31
<u>Fiscal 2016 Grants of Plan-Based Awards</u>	33
<u>Outstanding Equity Awards at Fiscal 2016 Year-End</u>	34
<u>Option Exercises and Stock Vested in Fiscal 2016</u>	36
<u>Nonqualified Deferred Compensation</u>	36
<u>Transactions with Related Persons, Promoters, and Certain Control Persons</u>	37
<u>Securities Ownership of Certain Beneficial Owners, Directors, and Executive Officers</u>	38
<u>Proposal Number Two Advisory Vote on Approval of Executive Compensation</u>	40
<u>Proposal Number Three Advisory Vote on Frequency of Approval of Executive Compensation</u>	41
<u>Proposal Number Four Approval of Amendments to the Company's Certificate of Incorporation and By-laws</u>	42
<u>Audit Committee Report</u>	44
<u>Proposal Number Five Ratification of Independent Registered Public Accounting Firm</u>	45
<u>Other Matters</u>	47
<u>Appendix A: 2016 Retail Survey Participant List</u>	A-1
<u>Appendix B: Carter's Amended and Restated Certificate of Incorporation</u>	B-1
<u>Appendix C: Carter's Amended and Restated By-laws</u>	C-1

---

**Table of Contents**

**GENERAL INFORMATION ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING**

***Why am I receiving this proxy statement?***

The Board of Directors (the Board) of Carter's, Inc. (we, us, our, Carter's, or the Company) is soliciting proxy for the 2017 Annual Meeting of Shareholders on May 17, 2017 (the Annual Meeting). This proxy statement and accompanying proxy card are being mailed on or about April [ ], 2017 to shareholders of record as of March 27, 2017, the record date (the Record Date) for the Annual Meeting.

You are receiving this proxy statement because you owned shares of Carter's common stock on the record date and are, therefore, entitled to vote at the Annual Meeting. By use of a proxy, you can vote regardless of whether or not you attend the Annual Meeting. This proxy statement provides information on the matters on which the Board would like you to vote so that you can make an informed decision.

***What is the purpose of the Annual Meeting?***

The purpose of the Annual Meeting is to address the following business matters:

1. The election of four Class II directors (see page 15);
2. An advisory approval of compensation for our named executive officers ( NEOs ) (the say-on-pay vote) (see page 40);
3. An advisory vote on the frequency of holding the say-on-pay vote in the future (the say-on-frequency vote) (see page 41);
4. Approval of the declassification of the Company's Board of Directors which consists of approving amendments to both the Company's Certificate of Incorporation and the Company's By-laws (see page 42);
5. The ratification of the appointment of PricewaterhouseCoopers LLP ( PwC ) as the Company's independent registered public accounting firm for fiscal year 2017 (see page 45); and
6. All other business that may properly come before the meeting.

***Who is asking for my vote?***

The Company is soliciting your proxy on behalf of the Board. The Company is paying for the costs of this solicitation and proxy statement.

***Who can attend the Annual Meeting?***

## Edgar Filing: CARTERS INC - Form PRE 14A

All shareholders of record, or their duly appointed proxies, may attend the Annual Meeting. Beneficial holders who hold shares in street name may also attend provided they obtain the appropriate documents from their broker or other nominee. As of the record date, there were 48,550,567 shares of common stock issued and outstanding.



## **Table of Contents**

### ***What are my voting rights?***

Each share of common stock is entitled to one vote on each matter submitted to shareholders at the Annual Meeting.

### ***What is the difference between holding shares as a shareholder of record and as a beneficial owner in street name ?***

If your shares are registered directly in your name with the Company's transfer agent, American Stock Transfer & Trust Company, you are considered the shareholder of record for these shares. As the shareholder of record, you have the right to grant your voting proxy directly to the persons listed on your proxy card or vote in person at the Annual Meeting.

If your shares are held in a brokerage account or through another nominee, such as a trustee, you are considered the beneficial owner of shares held in street name. These proxy materials are being forwarded to you together with a voting instruction card. As a beneficial owner, you have the right to direct your broker or other nominee how to vote, and you are also invited to attend the Annual Meeting. Because you are a beneficial owner and not the shareholder of record, you may not vote your shares in person at the Annual Meeting unless you obtain a proxy from the broker or other nominee that holds your shares. Your broker or other nominee should have provided directions for you to instruct the broker, trustee, or nominee on how to vote your shares.

### ***What constitutes a quorum?***

A quorum is the minimum number of shares required to be present to transact business at the Annual Meeting. Pursuant to the Company's By-laws, the presence at the Annual Meeting, in person, by proxy, or by remote communication, of the holders of at least a majority of the shares entitled to be voted will constitute a quorum. Broker non-votes and abstentions will be counted as shares that are present at the meeting for purposes of determining a quorum. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

### ***What is a broker non-vote?***

If you are a beneficial owner whose shares are held in street name and you do not provide voting instructions to your broker, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a broker non-vote. Your broker **only** has discretionary authority to vote on Proposal Number 5. Therefore, your broker will not have discretion to vote on any other proposal unless you specifically instruct your broker on how to vote your shares by returning your completed and signed voting instruction card.

### ***What are my choices when casting a vote with respect to the election of Class II directors, and what vote is needed to elect the director nominees?***

In voting on the election of Class II directors (Proposal Number One), shareholders may:

1. vote for any of the nominees,
2. vote against any of the nominees, or

3. abstain from voting on any of the nominees.

Pursuant to our By-laws, a nominee must receive the vote of a majority of the shares present and entitled to vote, which means that the number of votes cast for a director nominee must exceed the aggregate of the

---

**Table of Contents**

number of votes cast against that nominee and shares as to which the holder abstains with respect to that nominee. Any nominee not receiving such majority must turn in his resignation for consideration by the Board. Votes to abstain on Proposal Number One will have the practical effect of a vote against a director nominee. Broker non-votes will not be considered shares entitled to vote and thus will not have an impact on this vote.

***What are my choices when casting an advisory vote on approval of compensation of the Company's NEOs, commonly referred to as the say-on-pay vote, and what vote is needed to approve this proposal?***

In voting on the compensation of the Company's NEOs (Proposal Number Two), shareholders may:

1. vote for the approval of compensation of the Company's NEOs, on an advisory basis, as described in this proxy statement,
2. vote against the approval of compensation of the Company's NEOs, on an advisory basis, as described in this proxy statement, or

3. abstain from voting on compensation of the Company's NEOs as described in this proxy statement. Because Proposal Number Two asks for a non-binding, advisory vote, there is no required vote that would constitute approval. We value the opinions expressed by our shareholders in this advisory vote, and our Compensation Committee will consider the outcome of the vote when designing our compensation programs and making future compensation decisions for our NEOs. Abstentions and broker non-votes, if any, will not have any effect on this advisory vote.

***What are my choices when casting an advisory vote on the frequency of holding the say-on-pay vote in the future, (commonly referred to as the say-on-frequency vote), and what vote is needed to approve this proposal?***

In voting on the frequency of holding the say-on-pay vote in the future (Proposal Number Three), shareholders may:

1. vote, on an advisory basis, for the say-on-pay vote to be taken every year,
2. vote, on an advisory basis, for the say-on-pay vote to be taken every two years,
3. vote, on an advisory basis, for the say-on-pay vote to be taken every three years, or

4. abstain from voting on the frequency of the say-on-pay vote. Because Proposal Number Three asks for a non-binding, advisory vote, there is no required vote that would constitute approval. We value the opinions expressed by our shareholders in this advisory vote, and our Compensation Committee will consider the outcome of the vote when determining the frequency of holding the say-on-pay vote in the future. Abstentions and broker non-votes, if any, will not have any effect on this advisory vote.

***What are my choices when voting on whether to approve the amendments to the Company's Certificate of Incorporation and By-laws to declassify the board of directors, and what vote is needed to approve this Declassification Proposal?***

In voting on the amendments to the Certificate of Incorporation (Proposal 4A) and By-laws to declassify the board of directors (Proposal 4B), shareholders may:

1. vote for either of the amendments to the Certificate of Incorporation and By-laws to declassify the board of directors,

---

**Table of Contents**

2. vote against either of the amendments to the Certificate of Incorporation and By-laws to declassify the board of directors, or
3. abstain from voting for either of the amendments to the Certificate of Incorporation and By-laws to declassify the board of directors.

The approval of both Proposal 4A and Proposal Number 4B requires the affirmative vote of a majority of the votes properly cast at our Annual Meeting. Abstentions and broker non-votes are not considered votes cast and thus will not affect the outcome of this proposal. The approval of both the amendments to the Company's Certificate of Incorporation and the amendments to the By-laws is required to approve the Declassification Proposal. Each of the proposals comprising the Declassification Proposal is cross-conditioned upon the approval by our shareholders of the other. Neither the amendments to the Certificate of Incorporation nor the amendments to the By-laws will be deemed approved unless both of them are approved.

***What are my choices when voting on the ratification of the appointment of PwC as the Company's independent registered public accounting firm for fiscal 2017, and what vote is needed to approve this Proposal?***

In voting on the ratification of PwC (Proposal Number Five), shareholders may:

1. vote to ratify PwC's appointment,
2. vote against ratifying PwC's appointment, or
3. abstain from voting on ratifying PwC's appointment.

The approval of Proposal Number Five requires the affirmative vote of a majority of the votes properly cast at our Annual Meeting. Abstentions are not considered votes cast and thus will not affect the outcome of this proposal. A broker or other nominee will generally have discretionary authority to vote on this proposal because it is considered a routine matter, and, therefore, we do not expect broker non-votes with respect to this proposal.

***How does the Board recommend that I vote?***

The Board recommends a vote:

**FOR** the election of the nominees for Class II directors (Proposal Number One);

**FOR** the approval of the compensation of the Company's NEOs as described in this proxy statement (Proposal Number Two);

**FOR** holding the say on pay vote **EVERY YEAR** at the Annual Meeting of shareholders (Proposal Number Three);

**FOR** each of the proposals to (a) amend the Company's Certificate of Incorporation and (b) amend the Company's By-laws, which we refer to collectively as the Declassification Proposal. The approval of both the amendments to the Certificate of Incorporation and the amendments to the By-laws is required to approve the adoption of the Declassification Proposal. Each of the proposals comprising the Declassification Proposal is cross-conditioned upon

the approval by our shareholders of the other proposal comprising the Declassification Proposal. Neither the amendment to the Certificate of Incorporation nor the amendment to the By-laws will be deemed approved unless both of them are approved.

**FOR** the ratification of the appointment of PwC (Proposal Number Five).

***How do I vote?***

If you are a shareholder of record, you may vote in one of four ways.

First, you may vote over the internet by completing the voting instruction form found at [www.proxyvote.com](http://www.proxyvote.com). You will need your proxy card when voting over the internet.

Second, you may vote by touch-tone telephone by calling 1-800-690-6903.

## **Table of Contents**

Third, you may vote by mail by signing, dating, and mailing your proxy card in the enclosed envelope.

Fourth, you may vote in person at the Annual Meeting.

If your shares are held in a brokerage account or by another nominee, these proxy materials are being forwarded to you together with a voting instruction card from your broker or nominee. Follow the instructions on the voting instruction card in order to vote your shares by proxy or in person.

### ***Can I change my vote after I return my proxy card?***

Yes. Even after you have submitted your proxy card, you may change or revoke your vote at any time before your proxy votes your shares by submitting written notice of revocation to Michael C. Wu, Senior Vice President, General Counsel & Secretary of Carter's at the Company's address set forth in the 2017 Notice of Annual Meeting, or by submitting another proxy card bearing a later date. Alternatively, if you have voted by telephone or over the internet, you may change your vote by calling 1-800-690-6903 and following the instructions. The powers granted by you to the proxy holders will be suspended if you attend the Annual Meeting in person, although attendance at the Annual Meeting will not by itself revoke a previously granted proxy.

If you hold your shares through a broker or other custodian and would like to change your voting instructions, please review the directions provided to you by that broker or custodian.

### ***May I vote confidentially?***

Yes. Our policy is to keep your individual votes confidential, except as appropriate to meet legal requirements, to allow for the tabulation and certification of votes, or to facilitate proxy solicitation.

### ***Who will count the votes?***

A representative of Broadridge Financial Solutions, Inc. will count the votes and act as the inspector of election for the Annual Meeting.

### ***What happens if additional matters are presented at the Annual Meeting?***

As of the date of this proxy statement, the Board knows of no matters other than those set forth herein that will be presented for determination at the Annual Meeting. If, however, any other matters properly come before the Annual Meeting and call for a vote of shareholders, the Board intends proxies to be voted in accordance with the judgment of the proxy holders.

### ***Where can I find the voting results of the Annual Meeting?***

We intend to announce preliminary voting results at the Annual Meeting and publish final results in our current report on Form 8-K within four business days after the Annual Meeting.

### ***What is "householding" of the Annual Meeting materials?***

The U.S. Securities and Exchange Commission (the "SEC") has adopted rules that permit companies and intermediaries, such as brokers, to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement to those shareholders. This process, which is

commonly referred to as householding, potentially provides extra convenience for shareholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single



## **Table of Contents**

proxy statement and annual report to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, or if you are receiving multiple copies of the proxy statement and annual report and wish to receive only one, please notify your broker if your shares are held in a brokerage account, or the Company if you hold shares registered directly in your name. You can notify the Company by sending a written request to Mr. Wu at the Company's address set forth in the 2017 Notice of Annual Meeting or by calling us at (678) 791-1000.

### ***How may I obtain a copy of the Company's Annual Report?***

A copy of our fiscal 2016 Annual Report on Form 10-K (the "Annual Report") accompanies this proxy statement and is available at <http://www.carters.com/annuals>. Shareholders may also obtain a free copy of our Annual Report by sending a request in writing to Mr. Wu at the Company's address set forth in the 2017 Notice of Annual Meeting or by calling us at (678) 791-1000.

### ***When are shareholder proposals due for consideration in next year's proxy statement or at next year's Annual Meeting?***

A proposal for action to be presented by any shareholder at the 2018 annual meeting of shareholders will be acted upon only:

if the proposal is to be included in the proxy statement, pursuant to Rule 14a-8 under the U.S. Exchange Act of 1934 (the "Exchange Act"), the proposal is submitted in writing to Mr. Wu at the Company's address set forth in the 2017 Notice of Annual Meeting and received on or before December [ ], 2017; or

if the proposal is not to be included in the proxy statement, pursuant to our By-laws, the proposal is submitted in writing in the same manner specified above no earlier than January [ ], 2018, and no later than February [ ], 2018.

There are additional requirements under our By-laws and the proxy rules to present a proposal, including continuing to own a minimum number of shares of our stock until next year's annual meeting and appearing in person at the annual meeting to explain your proposal.

### ***What do you mean by fiscal years in this proxy statement?***

Our fiscal year ends on the Saturday, in December or January nearest the last day of December, resulting in an additional week of results every five or six years. Fiscal 2017, which will end on December 30, 2017, will contain 52 weeks. Fiscal 2016, which ended on December 31, 2016, contained 52 weeks. Fiscal 2015, which ended on January 2, 2016, contained 52 weeks. Fiscal 2014, which ended on January 3, 2015, contained 53 weeks.

### ***Who can help answer my questions?***

If you have any questions about the Annual Meeting or how to submit or revoke your proxy, or to request an invitation to the Annual Meeting, contact Mr. Wu at the Company's address set forth in the Notice of Annual Meeting or by calling us at (678) 791-1000.



**Table of Contents**

**BOARD OF DIRECTORS AND CORPORATE GOVERNANCE INFORMATION**

***Board of Directors***

Our Board currently consists of ten directors and is divided into three classes, with the nominees for one class to be elected at each annual meeting of shareholders, to hold office for a three-year term and until successors of the members of such class have been elected and qualified, subject to their earlier death, resignation, or removal. If the Declassification Proposal is approved by our shareholders, then each of our directors will stand for election at the next Annual Meeting in 2018, and will thereafter hold office for a one-year term and until successors have been elected and qualified, subject to their earlier death, resignation, or removal.

The Board believes that each director, including the nominees for election as Class II directors (Proposal Number One), has valuable skills and experiences that, taken together, provide the Company with the variety and depth of knowledge, judgment, and strategic vision necessary to provide effective oversight of the Company's business operations. Our directors have extensive experience, both domestically and internationally, in different fields, including apparel and retail, brand marketing, logistics and technology, global sourcing, and finance and accounting.

The Board also believes that, as indicated in the following biographies, each director has demonstrated significant leadership in positions such as chief executive officers, chief financial officers, division presidents, and other senior executive officers. In addition, many of our directors have significant experience in the oversight of public companies due to their service as directors of Carter's and other companies.

***Amy Woods Brinkley*** became a director in February 2010. Ms. Brinkley is the manager and owner of AWB Consulting, LLC, which provides executive advisory and risk management consulting services. Ms. Brinkley retired from Bank of America Corporation in 2009 after spending more than 30 years with the company. Ms. Brinkley served as its Chief Risk Officer from 2002 through mid-2009. Prior to 2002, Ms. Brinkley served as President of Bank of America's Consumer Products division and was responsible for the credit card, mortgage, consumer finance, telephone, and eCommerce businesses. Before that, Ms. Brinkley held the positions of Executive Vice President and Chief Marketing Officer overseeing Bank of America's Olympic sponsorship and its national rebranding and name change. Ms. Brinkley is currently a director of TD Bank Group U.S. Holdings, LLC and Roper Technologies, Inc. She also serves as a trustee for the Princeton Theological Seminary and on the board of commissioners for the Carolinas Healthcare System.

***Director Qualifications:*** Ms. Brinkley brings to the Board valuable perspective and insight with respect to finance and accounting, eCommerce, brand marketing, general management experience, and risk management as a result of her years of service in various senior executive positions at Bank of America Corporation. She also possesses leadership and corporate governance experience attained through her service with TD Bank Group U.S. Holdings, LLC, Roper Technologies, Inc., Princeton Theological Seminary, and the Carolinas Healthcare System.

***Giuseppina Buonfantino*** became a director in May 2016. Ms. Buonfantino is the President, North America, Baby and Child Care for Kimberly-Clark Corporation, a position she has held since March 2014. From April 2011 until March 2014, Ms. Buonfantino served as Vice President, Global Adult Care & Feminine Care Brands for Kimberly-Clark Corporation, and previously held various positions at Johnson & Johnson from 1993 until 2011, most recently as Vice President of Neutrogena Global Franchise.

***Director Qualifications:*** Ms. Buonfantino brings to the Board valuable perspective and insight with respect to the retail industry, particularly in the baby and child retail space. Ms. Buonfantino also has a deep understanding of consumer products and marketing, both domestic and international.

***Michael D. Casey*** became a director in August 2008 and was named Chairman of the Board of Directors in August 2009. Mr. Casey joined the Company in 1993 as Vice President of Finance. Mr. Casey was named Senior

---

**Table of Contents**

Vice President of Finance in 1997, Senior Vice President and Chief Financial Officer in 1998, Executive Vice President and Chief Financial Officer in 2003, and Chief Executive Officer in 2008. Prior to joining the Company, Mr. Casey worked for Price Waterhouse LLP, a predecessor firm to PwC, from 1982 to 1993. He also served on the board of directors of The Fresh Market, Inc. from 2015 until 2016.

*Director Qualifications:* Mr. Casey brings to the Board valuable perspective and insight with respect to our business, industry, challenges, and opportunities as a result of his years serving in a variety of senior executive positions at the Company. Mr. Casey also represents management's perspective on important matters to the Board. His service as a director of The Fresh Market also has provided him with additional insight into corporate governance matters.

**Vanessa J. Castagna** became a director in November 2009. Ms. Castagna served as Executive Chairwoman of Mervyn's, LLC from 2005 until 2007. Ms. Castagna previously served as Chairwoman and Chief Executive Officer of JCPenney Stores, Catalog and Internet for J.C. Penney Company, Inc. from 2002 through 2004. While at JCPenney, Ms. Castagna also served as its Chief Operating Officer from 1999 to 2002. Prior to that, Ms. Castagna held various senior-level merchandising positions at Target, Walmart, and Marshall's. Ms. Castagna served as a director of Levi Strauss & Co. from 2007 until 2015 and currently serves on the board of trustees of Purdue University.

*Director Qualifications:* Ms. Castagna brings to the Board over 30 years of experience in the retail industry, and with her executive-level service to Mervyn's, JC Penney, and Walmart, has valuable perspective and insight with respect to the apparel and retail industry, merchandising, and brand marketing. Her experience as a director of Levi Strauss & Co. and as a trustee of Purdue University provides the Board with a valuable understanding and a unique perspective on governance matters.

**A. Bruce Cleverly** became a director in March 2008. Mr. Cleverly retired as President of Global Oral Care from Procter & Gamble Company/The Gillette Company in September 2007, a position he held since 2005. Mr. Cleverly joined The Gillette Company in 1975 as a Marketing Assistant and held positions of increasing responsibility in brand management and general management in the United States, Canada, and the United Kingdom. In 2001, Mr. Cleverly became President of Gillette's worldwide Oral Care business. In October 2005, Mr. Cleverly became President of The Procter & Gamble Company's Global Oral Care division. Mr. Cleverly is a director of Rain Bird Corporation, Shaser BioScience, Inc., and WaterPik, Inc.

*Director Qualifications:* Mr. Cleverly brings to the Board extensive experience in general management, consumer products, international operations, brand management, and brand marketing, after spending over 30 years at Procter & Gamble Company and The Gillette Company. His thorough understanding and appreciation for the corporate governance of the Board is reflected his service on the above-listed boards of directors.

**Jevin S. Eagle** became a director in July 2010. Mr. Eagle served as Chief Executive Officer and director of DavidsTea Inc., a specialty tea retailer in the U.S. and Canada, from April 2012 to April 2014. Mr. Eagle previously held several senior leadership positions at Staples, Inc. from 2002 to 2012, including Executive Vice President, Merchandising and Marketing. Prior to joining Staples, Mr. Eagle worked for McKinsey & Company, Inc. from 1994 to 2001, ultimately serving as a partner in the firm's retail practice.

*Director Qualifications:* Mr. Eagle brings to the Board broad experience in a number of areas, as the former Chief Executive Officer and director of DavidsTea and Executive Vice President, Merchandising and Marketing of Staples, including retail, management, merchandising, strategic planning, and brand marketing. His experience in the retail industry provides our Board with critical insights.

***Paul Fulton*** became a director in May 2002. Mr. Fulton retired as President of Sara Lee Corporation in 1993 after spending 34 years with the company. He is currently non-executive chairman of the board of directors of Bassett Furniture Industries, Inc. and a director of Premier Commercial Bank. Mr. Fulton was previously a director of Bank of America Corporation, where he served from 1993 to 2007, Lowe's Companies, Inc., where he served from 1996 to 2007, and Sonoco Products Company, Inc., where he served from 1989 to 2005.

---

**Table of Contents**

*Director Qualifications:* Mr. Fulton brings to the Board valuable perspective and insight with respect to the retail industry, executive compensation, and management as the former President of Sara Lee Corporation and current non-executive chairman of the board of Bassett Furniture Industries, Inc. His service as a director of Bank of America, Lowe's Companies, and Sonoco Products demonstrates his thorough understanding of the operations and corporate governance of large public companies.

**William J. Montgoris** became a director in August 2007. Mr. Montgoris retired as Chief Operating Officer of The Bear Stearns Companies, Inc. in 1999, a position he held since August 1993, after spending 20 years with the company. While at Bear Stearns, Mr. Montgoris also served as the company's Chief Financial Officer from April 1987 until October 1996. Mr. Montgoris currently serves as the non-executive chairman of the board of directors of Stage Stores, Inc. Mr. Montgoris is also a trustee of Colby College. Mr. Montgoris was previously a director of OfficeMax Incorporated, where he served from July 2007 to November 2013.

*Director Qualifications:* Mr. Montgoris brings to the Board valuable perspective and insight with respect to finance and accounting after spending over 20 years in the investment banking industry. Mr. Montgoris's financial expertise offers our Board a deep understanding of financial and audit-related matters. As chairman of the board of directors for Stage Stores, Mr. Montgoris also brings valuable insight with respect to the retail industry and the oversight of public companies.

**David Pulver** became a director in January 2002. Mr. Pulver has been a private investor for more than 25 years and is the President of Cornerstone Capital, Inc. Mr. Pulver was previously a director of Hearst-Argyle Television, Inc., where he served from 1997 through 2009 and Costco Wholesale Corporation, where he served from 1983 through 1993. Mr. Pulver currently serves as a trustee of Colby College and as a director of the Bladder Cancer Advocacy Network. Mr. Pulver was a founder of The Children's Place, Inc. and served as its Chairman and Co-Chief Executive Officer until 1982.

*Director Qualifications:* Mr. Pulver brings to the Board valuable perspective and insight with respect to children's apparel and the retail industry as a founder and former Chairman and Co-Chief Executive Officer of The Children's Place. Mr. Pulver's former and current service on various boards of directors has given him valuable experience with respect to finance and accounting, management, and oversight of public companies.

**Thomas E. Whiddon** became a director in August 2003. Mr. Whiddon retired as Executive Vice President-Logistics and Technology of Lowe's Companies, Inc. in March 2003, a position he held since 2000. From 1996 to 2000, Mr. Whiddon served as Lowe's Chief Financial Officer. Since his retirement, Mr. Whiddon has worked as a consultant, serving various companies in executive capacities on an interim basis. Mr. Whiddon is currently a director of Sonoco Products Company, Inc., Dollar Tree, Inc., and BayCare Health System.

*Director Qualifications:* Mr. Whiddon brings to the Board valuable perspective and insight with respect to management, logistics, technology, and finance and accounting through his many years of experience in the retail industry. His service on the above-listed boards of directors demonstrates his thorough understanding of corporate governance matters. Also, Mr. Whiddon's financial expertise offers our Board a deep understanding of audit-related matters.

***Board Leadership Structure***

The Company's Corporate Governance Principles provide that the positions of Chairman of the Board and Chief Executive Officer may be combined if the non-management directors determine it is in the best interest of the Company. In August 2009, the non-management directors appointed Mr. Casey Chairman of the Board. The Board

believes it is appropriate to continue to combine the positions of Chairman and Chief Executive Officer. Mr. Casey has over 20 years of management, finance, and administrative leadership experience at the Company. In addition, Mr. Casey has extensive knowledge of, and experience with, all other aspects of the Company's business, including with its employees, customers, vendors, and shareholders. Having Mr. Casey serve as both Chairman and Chief Executive Officer helps promote unified leadership and direction for both the Board and management.



## **Table of Contents**

In connection with Mr. Casey's appointment as Chairman, the non-management directors also created the position of Lead Independent Director ( "Lead Director" ) and appointed Mr. Whiddon to serve in that role. This position was created to, among other things, ensure that the non-management directors maintain proper oversight of management and Board process. The responsibilities of the Lead Director include:

serving as an advisor to the Chief Executive Officer on Board, executive management, and other significant matters;

serving, as necessary, as a liaison between non-management directors and the Chief Executive Officer;

together with the Chairman of the Nominating and Corporate Governance Committee, providing annual Board assessment and other feedback to the Chief Executive Officer;

advising the Chief Executive Officer on the Board's informational needs;

consulting on Board meeting materials, schedules, and agendas;

calling and presiding over executive sessions of non-management directors;

presiding at Board meetings in the absence of the Chairman; and

after consultation with the Chief Executive Officer, communicating with major shareholders or other interested parties, as appropriate.

## ***Board Meetings***

Our Corporate Governance Principles require Carter's to have at least four regularly scheduled Board meetings each year, and each director is expected to attend each meeting. The Board met five times during fiscal 2016. In fiscal 2016, no director participated in less than 75% of the aggregate number of all of the Board and applicable committee meetings. Although the Company does not have a policy regarding director attendance at annual meetings, all directors attended the Company's Annual Meeting in fiscal 2016.

## ***Executive Sessions***

Executive sessions of non-management directors are held at least four times a year. Any non-management director can request that additional executive sessions be scheduled. The Lead Director presides at the executive sessions of non-management directors.



**Table of Contents*****Board Committees***

Our Board has the following standing committees: Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The charters for each committee are available in the Investor Relations section of our website at [ir.carters.com](http://ir.carters.com) or in print by contacting Mr. Wu at the Company's address set forth in the Notice of Annual Meeting. The Board may also establish other committees to assist in the discharge of its responsibilities. The table below identifies the current committee members and committee chairmen (as indicated by a "C").

<b>Director</b>	<b>Audit</b>	<b>Compensation</b>	<b>Nominating &amp; Corporate Governance</b>
Amy Woods Brinkley			
Giuseppina Buonfantino			
Vanessa J. Castagna			
A. Bruce Cleverly			C
Jevin S. Eagle			
Paul Fulton		C	
William J. Montgoris			
David Pulver	C		
Thomas E. Whiddon			
Number of Fiscal 2016 Committee Meetings	8	5	5

***Audit Committee***

The members of our Audit Committee are Ms. Brinkley and Messrs. Montgoris, Pulver, and Whiddon. Mr. Pulver serves as Chairman. During fiscal 2016, the Audit Committee held eight meetings. The Audit Committee is responsible for, among other things:

oversight of the quality and integrity of, and risks related to, the consolidated financial statements, including the accounting, auditing, and financial reporting practices of the Company;

oversight of the Company's internal control over financial reporting;

oversight of the Company's external audit process;

oversight of the processes, procedures, and capabilities of the Company's enterprise risk management program;

appointment of the independent auditor and oversight of their performance, including their qualifications and independence;

oversight of the Company's compliance with legal and regulatory requirements, except to the extent oversight is delegated to other Board committees; and

oversight of the performance of the Company's internal audit function.

The Audit Committee operates pursuant to a written charter that addresses the requirements of the New York Stock Exchange's (NYSE) listing standards. The Board has determined that each member of the Audit Committee is independent and meets the financial literacy requirements, each as set forth in the NYSE's listing standards. The Board has also determined that each of Messrs. Montgoris, Pulver, and Whiddon is an audit committee financial expert as defined under SEC rules.

The Audit Committee Report is included in this proxy statement on page 44.

**Table of Contents**

***Compensation Committee***

The members of our Compensation Committee are Ms. Brinkley and Messrs. Cleverly, Eagle, and Fulton. Mr. Fulton serves as Chairman. During fiscal 2016, the Compensation Committee held five meetings. The Compensation Committee is responsible for, among other things:

establishing the Company's philosophy, policies, and strategies relative to executive compensation, including the mix of base salary, short-term and long-term incentive compensation within the context of stated guidelines for compensation relative to peer companies, as determined from time to time by the Compensation Committee;

evaluating the performance of the Chief Executive Officer and other executive officers relative to approved performance goals and objectives;

setting the compensation of the Chief Executive Officer and other executive officers based upon the evaluation of performance, market benchmarks, and other factors;

assisting the Board in developing and evaluating candidates for key executive positions and ensuring a succession plan is in place for the Chief Executive Officer and other executive officers;

evaluating compensation plans, policies, and programs with respect to executive officers, independent directors, and certain key personnel;

monitoring and evaluating benefit programs for the Company's executive officers and certain key personnel;

reviewing and discussing with management, and recommending to the Board for inclusion in the proxy statement, proposals relating to shareholder advisory votes on executive compensation (the "say-on-pay" proposal) and on the frequency of the "say-on-pay" proposal (the "say-on-frequency" proposal); and

reviewing and discussing with management the Company's Compensation Discussion and Analysis ( "CD&A" ) and producing an annual report on executive compensation for inclusion in the proxy statement, as applicable.

This year's Compensation Committee Report is included in this proxy statement on page 30.

The CD&A, which begins on page 20, discusses how the Compensation Committee makes compensation-related decisions regarding our NEOs.

The Compensation Committee operates pursuant to a written charter that addresses the requirements of the NYSE's listing standards. The Board has determined that each member of the Compensation Committee is independent as

defined in the NYSE's listing standards.

*Compensation Committee Interlocks and Insider Participation*

None of the members of our Compensation Committee serving during fiscal 2016 has been an officer or other employee of the Company. None of our executive officers has served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board.

## **Table of Contents**

### ***Nominating and Corporate Governance Committee***

The members of our Nominating and Corporate Governance Committee are Mses. Castagna and Buonfantino, and Messrs. Cleverly, Fulton, and Whiddon. Mr. Cleverly serves as Chairman. During fiscal 2016, the Nominating and Corporate Governance Committee held five meetings. The Nominating and Corporate Governance Committee is responsible for, among other things:

identifying and recommending candidates qualified to become Board members;

recommending directors for appointment to Board committees; and

developing and recommending to the Board a set of corporate governance principles and monitoring the Company's compliance with and effectiveness of such principles.

The Nominating and Corporate Governance Committee operates pursuant to a written charter that addresses the requirements of the NYSE's listing standards. The Board has determined that each member of the Nominating and Corporate Governance Committee is independent as defined in the NYSE's listing standards.

### ***Consideration of Director Nominees***

The Nominating and Corporate Governance Committee regularly assesses the appropriateness of the size of the Board. In the event that vacancies occur or are anticipated, the Nominating and Corporate Governance Committee will consider prospective nominees that come to its attention through current Board members, search firms, or other sources. The Board believes that it is appropriate to limit the group of shareholders who can propose nominees due to time constraints on the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will consider persons recommended by shareholders who hold more than 1% of our common stock for inclusion as nominees for election to the Board if the names of such persons are submitted to Mr. Wu at the Company's address set forth in the 2017 Notice of Annual Meeting. This submission must be made in writing and in accordance with our By-laws, including mailing the submission in a timely manner, share ownership at the time of the Annual Meeting, and include the nominee's name, address, and qualifications for Board membership.

When evaluating a potential candidate for membership on the Board, including candidates properly submitted by shareholders, the Nominating and Corporate Governance Committee considers each candidate's skills and experience and assesses the needs of the Board and its committees at that point in time. Although the Nominating and Corporate Governance Committee does not have a formal policy on diversity, it believes that diversity is an important factor in determining the composition of the Board, and seeks to have Board members with diverse backgrounds, experiences, and points of view. In connection with its assessment of all prospective nominees, the Nominating and Corporate Governance Committee will determine whether to interview such prospective nominees, and if warranted, one or more members of the Nominating and Corporate Governance Committee, and others as appropriate, will interview such prospective nominees in person or by telephone. Once this evaluation is completed, if warranted, the Nominating and Corporate Governance Committee selects the nominees for election at the annual meeting.

### ***Shareholder Communication with Directors***

A shareholder or other interested party may submit a written communication to the Board, the Lead Director, or other individual non-management directors. The submission must be delivered to Mr. Wu at the Company's address set forth in the 2017 Notice of Annual Meeting.

The Board, the Lead Director, or other non-management directors may require the submitting shareholder to furnish such information as may be reasonably required or deemed necessary to sufficiently review and consider the submission of such shareholder.



## **Table of Contents**

Each submission will be forwarded, without editing or alteration, to the Board, the Lead Director, or individual non-management directors, as appropriate, at, or prior to, the next scheduled meeting of the Board. The Board, the Lead Director, or other individual non-management directors, as appropriate, will determine, in their sole discretion, the method by which such submission will be reviewed and considered.

## ***Risk Oversight***

The Company's management is responsible for identifying, assessing, managing, and mitigating the Company's strategic, financial, operational, and compliance risks.

The Board is responsible for overseeing risk management at the Company and management's efforts in these areas. The Board exercises direct oversight of strategic risks to the Company and other risk areas not delegated to one of its committees.

The Audit Committee is responsible for overseeing the processes, procedures, and capabilities of the Company's enterprise risk management program, risks related to its financial statements, financial reporting, and internal controls, as well as compliance with legal and regulatory requirements.

The Compensation Committee oversees risks associated with the Company's compensation policies and practices with respect to both executive compensation and compensation generally, as well as compliance with legal and regulatory requirements as they relate to compensation. The Compensation Committee reviews the Company's compensation policies and practices with management to confirm that there are no risks arising from such compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Nominating and Corporate Governance Committee is responsible for overseeing compliance with legal and regulatory requirements as such requirements relate to corporate governance, and for overseeing risks related to the Company's social compliance program. The Board and its Committees receive updates from senior management on relevant risks and management efforts in these areas at its Board and committee meetings at least annually and more frequently, as appropriate.

## ***Corporate Governance Principles and Code of Ethics***

The Company is committed to conducting its business with the highest level of integrity and maintaining the highest standards of corporate governance.