

BALL CORP
Form 4
June 17, 2014

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MORRISON SCOTT C

(Last) (First) (Middle)

**BALL CORPORATION, 10 LONGS
PEAK DR.**

(Street)

BROOMFIELD, CO 80021-2510

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
BALL CORP [BLL]

3. Date of Earliest Transaction
(Month/Day/Year)
06/16/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
SR. V.P. and C.F.O.

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	06/16/2014		J ⁽¹⁾		69.1216	A	\$ 60.53
Common Stock					149,456.4895	D	
Common Stock					4,016.56	I	401(k) Plan ⁽²⁾
Common Stock					50	I	By Son

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount
Deferred Compensation Company Stock Plan	(3)	06/16/2014		J(4)	184.5523	(5)	(5)	Common Stock	184.

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MORRISON SCOTT C BALL CORPORATION 10 LONGS PEAK DR. BROOMFIELD, CO 80021-2510			SR. V.P. and C.F.O.	

Signatures

/s/ Charles E. Baker, attorney-in-fact for Mr. Morrison
Date: 06/17/2014

Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Dividend reinvestment in Ball Corporation 2000 Deferred Compensation Company Stock Plan.
- (2) Total number of 401(k) Plan shares acquired through periodic dividend reinvestment, participant's contributions and employer matching contributions.
- (3) Each unit may be settled for a single share of stock or the equivalent amount of cash pursuant to the Ball Corporation Deferred Compensation Company Stock Plan.
- (4) Dividend reinvestment in Ball Corporation Deferred Compensation Company Stock Plan.
- (5) Stock units in Ball Corporation's Deferred Compensation Company Stock Plan are distributed upon the separation of service in accordance with the Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ottom"> \$59.27 2/20/2023 16,810 \$1,975,007

Peter R. Smith

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7,000	\$83.84	2/14/2027	1,305	3,915	\$90.66	2/16/2026	4,100	4,100	\$86.88	11/11/2025
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- (a) Unexercisable options relate to the awards listed in the table below. These time-based stock options vest in four equal, annual installments beginning one year from the date of the grant.

Name	Grant Date	Time-Based Stock Options Granted	Black-Scholes Fair Value	Option Exercise Price
Michael D. Casey	2/14/2017	69,000	\$ 20.04	\$ 83.84
	2/16/2016	44,500	\$ 21.31	\$ 90.66
	2/18/2015	28,000	\$ 24.55	\$ 82.40
	2/18/2014	30,000	\$ 19.80	\$ 68.49
Richard F. Westenberger	2/14/2017	7,000	\$ 20.04	\$ 83.84
	2/16/2016	5,220	\$ 21.31	\$ 90.66
	2/18/2015	3,400	\$ 24.55	\$ 82.40
	2/18/2014	3,800	\$ 19.80	\$ 68.49
Brian J. Lynch	2/14/2017	13,920	\$ 20.04	\$ 83.84
	2/16/2016	10,400	\$ 21.31	\$ 90.66
	2/18/2015	7,000	\$ 24.55	\$ 82.40
	2/18/2014	7,500	\$ 19.80	\$ 68.49
Kevin D. Corning	2/14/2017	7,000	\$ 20.04	\$ 83.84
	2/16/2016	5,220	\$ 21.31	\$ 90.66
	2/18/2015	3,400	\$ 24.55	\$ 82.40
	2/18/2014	3,800	\$ 19.80	\$ 68.49
Peter R. Smith	2/14/2017	7,000	\$ 20.04	\$ 83.84
	2/16/2016	5,220	\$ 21.31	\$ 90.66
	11/11/2015	8,200	\$ 22.68	\$ 86.88

- (b) Equity Incentive Plan awards relate to the following grants:

The time-based restricted stock awards vest in four equal, annual installments beginning one year from the date of the grant.

Vesting of the performance-based stock awards granted in fiscal 2015, 2016, and 2017 is contingent upon meeting specific performance targets in fiscal 2017, 2018, and 2019, respectively, and service vesting through fiscal 2018, 2019, and 2020, respectively. For Mr. Casey, once vested, the performance-based restricted shares granted to him after 2012 may not be sold for an additional one-year period (except to satisfy tax obligations resulting from vesting of such shares).

Name	Grant Date	Time-Based Restricted Shares	Performance- Based Restricted Shares	Grant Date Fair Value per Share
Michael D. Casey	2/14/2017	16,372	32,744	\$ 83.84
	2/16/2016	13,800	27,560	\$ 90.66
	2/18/2015	14,000	28,000	\$ 82.40
	2/18/2014	15,000	30,000	\$ 68.49
Richard F. Westenberger	2/14/2017	1,640	3,280	\$ 83.84
	2/16/2016	8,220	3,400	\$ 90.66
	2/18/2015	1,700	3,400	\$ 82.40
	2/18/2014	1,900	3,800	\$ 68.49
Brian J. Lynch	2/14/2017	3,300	6,600	\$ 83.84
	2/16/2016	13,132	6,810	\$ 90.66
	2/18/2015	3,500	7,000	\$ 82.40
	2/18/2014	3,750	7,500	\$ 68.49
Kevin D. Corning	2/14/2017	1,640	3,280	\$ 83.84
	2/16/2016	5,020	3,400	\$ 90.66
	2/18/2015	1,700	3,400	\$ 82.40
	2/18/2014	1,900	3,800	\$ 68.49
Peter R. Smith	2/14/2017	1,640	3,280	\$ 83.84
	2/16/2016	5,020	3,400	\$ 90.66
	11/11/2015	3,800		\$ 86.88

(c) Amount based on the closing market price per share of the Company's common stock as traded on the NYSE on December 29, 2017, the last trading day of fiscal 2017, of \$117.49.

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The following table provides information concerning our NEOs' exercises of stock options and vesting of restricted stock during fiscal 2017. The table reports, on an aggregate basis, the number of securities acquired upon exercise of stock options, the dollar value realized upon exercise of stock options, the number of shares of restricted stock that have vested, and the dollar value realized upon the vesting of restricted stock.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$ (a))	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$ (b))
Michael D. Casey	106,095	\$ 9,063,817	48,210	\$ 4,137,790
Richard F. Westenberger	8,150	\$ 586,653	7,915	\$ 674,226
Brian J. Lynch			15,160	\$ 1,292,671
Kevin D. Corning			8,615	\$ 733,470
Peter R. Smith			2,205	\$ 200,214

- (a) Aggregate dollar amount was calculated by multiplying the number of shares acquired by the difference between the market price of the underlying securities at the time of exercise and the exercise price of the stock options.
- (b) Aggregate dollar amount was calculated by multiplying the number of shares acquired on vesting by the closing market price of the Company's common stock as traded on the NYSE on the date of vesting.

NONQUALIFIED DEFERRED COMPENSATION

Eligible employees, including our NEOs, may elect annually to defer a portion of their base salary and annual cash incentive compensation under The William Carter Company Deferred Compensation Plan (the "Deferred Compensation Plan"). Under this plan, participants can defer up to 75% of their salary and/or 90% of their cash bonus. At the option of the participant, these amounts may be deferred to a specific date at least two years from the last day of the year in which deferrals are credited into the participant's account. Interest on deferred amounts is credited to the participant's account based upon the earnings and losses of one or more of the investments selected by the participant from the various investment alternatives available under the Deferred Compensation Plan.

At the time of deferral, a participant must indicate whether he or she wishes to receive the amount deferred in either a lump sum or in substantially equal annual installments over a period of up to five years for "Specified Date" accounts or up to ten years for "Retirement" accounts. If a participant who is an employee of the Company separates from service prior to the elected commencement date for distributions and has not attained age 62 or age 55 and completed ten years of service, then the deferred amounts will be distributed as a lump sum, regardless of the method of distribution originally elected by the participant. If the participant in question has attained age 62 or age 55 with ten years of service and has previously elected to do so on a timely basis, then the participant may receive the amounts in substantially equal annual installments over a period of up to ten years. There is a six-month delay in the commencement of distributions for all participants, if triggered by the participant's termination or retirement. Changes to deferral elections with respect to previously deferred amounts are permitted only under the limited terms and conditions specified in the Code and early withdrawals from deferred accounts are permitted only in extreme cases, such as unforeseen financial hardship resulting from an illness or accident of the participant that is demonstrated to the

Company's Retirement Committee.

Name	Employee Contributions (a)	Company Contributions	Aggregate Earnings (b)	Withdrawals or Distributions	Aggregate Balance (c)
Michael D. Casey					
Richard F. Westenberger	\$ 14,816		\$ 23,231		\$ 133,874
Brian J. Lynch	\$ 331,569		\$ 57,246		\$ 507,526
Kevin D. Corning	\$ 327,954		\$ 364,005		\$ 2,318,843
Peter R. Smith	\$ 319,825		\$ 46,338		\$ 466,903

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- (a) All of the amounts reported in this column for Messrs. Westenberger, Corning, Lynch, and Smith are also included within the amount reported for that officer in the 2017 Summary Compensation Table.
- (b) None of the amounts reported in this column are reported in the All Other Compensation column of the 2017 Summary Compensation Table because the Company does not pay guaranteed or preferential earnings on deferred compensation.
- (c) Amounts reported in this column for each NEO include amounts previously reported in the Company's Summary Compensation Table in previous years when earned if that NEO's compensation was required to be disclosed in a previous year.

PAY RATIO DISCLOSURE

In August 2015, pursuant to a mandate of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC adopted a rule requiring annual disclosure of the ratio of our median employee's (the Median Employee) annual total compensation to the total annual compensation of the principal executive officer (PEO). The Company's PEO is Mr. Casey.

In order to identify our Median Employee, we began with a list of all of our employees, world-wide, who were employed by Carter's or one of its wholly-owned subsidiaries on October 2, 2017. Of these employees, approximately 34% were full-time employees, 53% were part-time employees, and 13% were seasonal or temporary employees. Approximately 80% of our employees were employed in our retail stores in North America, and approximately 82% of those retail employees were part-time.

We then calculated each employee's compensation for 2017. When making this calculation, we:

consistently used each employee's total salary for the 2017 calendar year as stated on the gross compensation line on their Form W-2 (or international equivalent);

annualized salaries for those full-time and part-time employees that were not employed for the full calendar year of 2017 (but we did not annualize seasonal or temporary employee data);

excluded benefits, such as health care contributions; and

for compensation paid in currencies other than U.S. dollars, applied an exchange rate into US dollars that was based on rates published by the Wall Street Journal on October 2, 2017.

Based on those calculations, we identified our Median Employee as a part-time employee at one of our U.S. retail locations whose annual total compensation for fiscal 2017 (as calculated pursuant to Item 402(c)(2)(x) of Regulation S-K) was \$8,737. The annual total compensation for fiscal year 2017 for our PEO was \$7,656,246. The resulting ratio of our PEO's pay to the pay of our Median Employee for fiscal 2017 was 876 to 1.

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TRANSACTIONS WITH RELATED PERSONS, PROMOTERS, AND CERTAIN CONTROL PERSONS

The Company has a written policy that requires all transactions with related persons involving more than \$10,000 be reviewed by our Chief Financial Officer and General Counsel (or their designees) with our Audit Committee and approved by our Chief Financial Officer and General Counsel (or their designees) or our Audit Committee.

The Company considers the following to be related parties: any director or executive officer of the Company; any nominee for election as a director; any security holder who is known to the Company to own more than five percent of any class of the Company's voting securities; and any member of the immediate family of any of the parties listed above including such party's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, and brothers and sisters-in-law.

There were no such transactions during fiscal 2017.

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**SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS,
DIRECTORS, AND EXECUTIVE OFFICERS**

The following table sets forth the number of shares of Carter's common stock owned by each of the following parties as of March 26, 2018, or as of such other date as indicated: (a) each person known by Carter to own beneficially more than five percent of the outstanding common stock; (b) our NEOs; (c) each director; and (d) all directors and executive officers as a group. Unless otherwise indicated below, the holder's address is 3438 Peachtree Road NE, Suite 1800, Atlanta, Georgia 30326.

Name of Beneficial Owner	Shares	Percent
BlackRock, Inc. (1)	3,972,509	8.4%
The Vanguard Group, Inc. (2)	3,843,999	8.2%
Janus Henderson Group plc (3)	3,625,105	7.7%
Michael D. Casey (4)	844,897	1.8%
Brian J. Lynch (4)	121,534	*
Richard F. Westenberger (4)	87,452	*
Kevin D. Corning (4)	62,018	*
Peter R. Smith (4)	26,820	*
Amy Woods Brinkley (4)	21,747	*
Giuseppina Buonfantino (4)	4,086	*
Vanessa J. Castagna (4)	22,505	*
A. Bruce Cleverly (4)	10,150	*
Jevin S. Eagle (4)	10,111	*
Paul Fulton (4)	63,356	*
Mark Hipp (4)	0	*
William J. Montgoris (4)	30,302	*
David Pulver (4)	54,331	*
Thomas E. Whiddon (4)	52,849	*
All directors and executive officers as a group (20 persons) (4)	1,564,072	3.3%

* Indicates less than 1% of our common stock.

(1) This information is based on Schedule 13G/A, filed with the SEC on January 29, 2018. BlackRock, Inc. has sole voting power covering 3,780,798 shares and dispositive power covering 3,972,509 shares of our common stock. The address for BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022.

(2) This information is based on Schedule 13G/A, filed with the SEC on February 8, 2018. The Vanguard Group, Inc. has sole voting power covering 26,722 shares and sole dispositive power covering 3,815,112 shares of our common stock. The Vanguard Group, Inc. has shared voting power covering 6,134 shares of our common stock and dispositive power covering 28,887 shares of our common stock. The address for The Vanguard Group, Inc. is 100 Vanguard Boulevard, Malvern, PA 19355.

- (3) This information is based on Schedule 13G, filed with the SEC on February 13, 2018. Janus Henderson Group plc has shared voting power and dispositive power covering 3,625,105 shares of our common stock. The address for Janus Henderson Group plc is 201 Bishopsgate, EC2M 3AE, United Kingdom.
- (4) This amount includes the (a) number of shares subject to exercisable stock options, including stock options that will become exercisable during the 60 days after March 26, 2018, and (b) number of shares of restricted common stock and unvested performance stock. See the detail for each NEO and all executive officers as a group below. Ms. Buonfantino holds 1,276 shares of restricted stock, and is the only independent director who holds restricted stock.

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Name	Exercisable Stock Options	Restricted Common Stock	Unvested Performance Stock
Michael D. Casey	470,500	34,115	83,176
Richard F. Westenberger	87,452	11,101	9,032
Brian J. Lynch	50,430	12,204	17,986
Kevin D. Corning	30,710	5,341	9,032
Peter R. Smith	8,460	6,816	9,032
All executive officers as a group	717,422	88,893	153,922

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that the Company's executive officers and directors, and persons who beneficially own more than ten percent (10%) of the Company's common stock, file initial reports of ownership and changes in ownership with the SEC and the NYSE. Based on a review of the copies of such forms furnished to the Company with respect to fiscal 2017, the Company believes that all forms were filed in a timely manner during fiscal 2017, except that Mr. Fulton filed a Form 5 on February 22, 2017, and Mr. Smith filed one transaction on a Form 5 that was due on an earlier Form 4, in each case due to a clerical error.

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PROPOSAL NUMBER TWO

ADVISORY VOTE ON APPROVAL OF EXECUTIVE COMPENSATION

The Compensation Discussion and Analysis section of this proxy statement beginning on page 20 describes the Company's executive compensation program and the compensation decisions that the Compensation Committee and Board of Directors made in fiscal 2017 with respect to the compensation of the Company's NEOs.

The Company is committed to achieving long-term, sustainable growth and increasing shareholder value. The Company's compensation program for its NEOs is designed to support these objectives and encourage strong financial performance on an annual and long-term basis by linking a significant portion of the NEOs' total direct compensation to Company performance in the form of incentive compensation.

The Board of Directors is asking shareholders to cast a non-binding, advisory vote **FOR** the following resolution:

RESOLVED, that the compensation paid to the Company's NEOs, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

This proposal is commonly referred to as the "say-on-pay" vote and is required pursuant to Section 14A of the Exchange Act. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the policies and practices described in this proxy statement. Although the vote we are asking you to cast is non-binding, the Compensation Committee and the Board value the views of our shareholders and intend to consider the outcome of the vote when determining future compensation arrangements for our NEOs.

The Board recommends a vote FOR the approval of compensation of the Company's NEOs as disclosed in this proxy statement.

Vote Required

Because this 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 impact on this advisory vote.

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PROPOSAL NUMBER THREE

APPROVAL OF THE COMPANY'S AMENDED AND RESTATED EQUITY

INCENTIVE PLAN

Introduction and Background

The Company's Equity Incentive Plan, as adopted on April 15, 2001 and approved by shareholders on August 15, 2001, and as amended, restated and renamed on October 10, 2003 and approved by shareholders on October 10, 2003 (prior to the Company's initial public offering) and on May 14, 2004, and as further amended and restated effective as of, and approved by shareholders on, May 12, 2005, May 14, 2009, May 13, 2011, and May 11, 2016, respectively (the Existing Equity Incentive Plan), provides for the grant or award of stock options, stock appreciation rights, restricted stock, unrestricted stock, deferred stock, and performance awards to eligible employees and directors. To date, we have granted stock options and restricted stock awards, subject to time and/or performance vesting, under the Existing Equity Incentive Plan, including the grants to the NEOs shown above in this proxy statement. We believe that the grants awarded under the Existing Equity Incentive Plan help with retention of our NEOs and other executives and key personnel and also serve to link a portion of their compensation to measures of our performance to provide an incentive for successful long-term strategic management of the Company. The Compensation Committee, the Board, and the Company's management believe it is in the best interest of the Company and its shareholders to amend and restate the Existing Equity Incentive Plan. Our shareholders are being asked to approve the amendment and restatement of the Existing Equity Incentive Plan (as amended and restated, the Equity Incentive Plan).

Through this amendment, we intend to increase the maximum number of shares of stock available for delivery under the Existing Equity Incentive Plan by 3,000,000, and such a change requires the approval of our shareholders (as described more fully below under "Vote Required"). In light of this requirement, the Equity Incentive Plan is being submitted to shareholders for approval at the Annual Meeting. We also intend to modify language to clarify when awards may be transferred and to make certain other administrative changes.

The modifications described above and the following descriptions are each a summary of the principal features of the Equity Incentive Plan but may not contain all the information you may wish to know. We encourage you to review the entire text of the Equity Incentive Plan which is attached hereto as [Appendix B](#). The Equity Incentive Plan is not qualified under Section 401 of the Code nor is it subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. The Board and the Compensation Committee have approved the Equity Incentive Plan subject to shareholder approval.

The Company intends to file a registration statement under the Securities Act of 1933, as amended, covering additional shares of common stock reserved for issuance under the Equity Incentive Plan after approval of the Equity Incentive Plan.

Summary of the Equity Incentive Plan

Purpose. The Equity Incentive Plan enhances the Company's ability to continue to attract and retain able key employees and directors, reward such individuals for their contributions, and encourage such individuals to take into account the long-term interests of the Company and its subsidiaries. To this end, the Equity Incentive Plan permits the Company to grant a variety of stock-based awards and related benefits, including stock options, stock appreciation rights, restricted or unrestricted stock awards, promises to deliver stock in the future, and rights to receive stock based on performance.

Eligibility and Participation. Directors and key employees who, in the opinion of the Equity Incentive Plan's administrator, are in a position to make a significant contribution to the success of the Company and its subsidiaries will be eligible to receive awards under the Equity Incentive Plan.

Effective Date and Term. If Proposal Number Three is approved, the effective date of the Equity Incentive Plan will be May 17, 2018, the date of our Annual Meeting. Although the number of shares that may be granted under the Equity Incentive Plan is limited, as described below, there is no time limit on the duration of the Equity Incentive Plan itself.

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Administration. The Equity Incentive Plan is administered by, or under the direction of, the Compensation Committee (the Administrator). The Administrator will set the terms of all awards including the exercise price for awards that have one. Subject only to the limitations provided in the Equity Incentive Plan, the Administrator has discretionary authority to interpret the Equity Incentive Plan; determine eligibility for and grant awards; determine, modify, or waive the terms and conditions of any award; prescribe forms, rules, and procedures; and otherwise do all things necessary to carry out the purposes of the Equity Incentive Plan.

Shares Subject to the Equity Incentive Plan

Number of Shares. The aggregate maximum number of shares of common stock that may be delivered in satisfaction of awards under the Equity Incentive Plan is 18,778,392. This represents an increase of 3,000,000 shares from the number of shares of common stock that can be delivered under the Existing Equity Incentive Plan, which is 15,778,392, of which 690,523 remained available for future grants and awards as of the Record Date. This amount is subject to adjustment in the event of certain changes in our capitalization as described below.

Any shares of common stock granted in connection with options and stock appreciation rights will reduce the number of shares of common stock available for issuance under the Equity Incentive Plan by one share; any shares of common stock granted in connection with awards other than options and stock appreciation rights will reduce the number of shares of common stock available for issuance under the Equity Incentive Plan by 1.46 shares. With respect to stock appreciation rights, if such a right is exercised, the number of shares of stock deemed to have been issued under the Equity Incentive Plan will be reduced by the aggregate number of shares subject to the stock appreciation right and not just the number of shares actually delivered upon exercise of the stock appreciation right. If shares of common stock are withheld from an award granted under the Equity Incentive Plan in order to satisfy tax withholding obligations, the number of shares of stock deemed to have been issued under the Equity Incentive Plan will be the aggregate number of shares subject to the award or the portion of the award that was exercised or settled and not the net number of shares actually issued. In addition, no incentive stock options may be granted under the Equity Incentive Plan after August 15, 2011, except with respect to the 3,725,000 shares approved in 2011, which may be granted by the Company until May 13, 2021.

If any award granted under the Equity Incentive Plan terminates, or is otherwise forfeited in whole or in part, before it is fully exercised, or upon exercise is satisfied other than by delivery of stock, the number of shares as to which such award was not exercised shall be available for future grants.

Individual Award Limits. The maximum number of shares of stock with respect to which stock options or stock appreciation rights may be granted to any person in any calendar year and the maximum number of shares of stock subject to stock appreciation rights granted to any person in any calendar year will each be 1,000,000. The maximum benefit that may be paid to any person under other awards in any calendar year will be, to the extent paid in shares, 1,000,000 shares (or their value in dollars).

Adjustments to Awards. In the event of a stock dividend, stock split, or combination of shares (including a reverse stock split), recapitalization or other change in our capital structure, the Administrator will make appropriate adjustments to the maximum number of shares that may be delivered under the Equity Incentive Plan and to the maximum share limits on awards to individual participants. The Administrator will also make appropriate adjustments to the number and kind of shares of stock or securities subject to awards then outstanding or subsequently granted, any exercise prices relating to awards, and any other provision of awards affected by such change. In general, such adjustments may be made only if and to the extent that such adjustments will not constitute a modification, extension or renewal of such awards under Section 424(h)(3) of the Code (in the case of incentive stock options), a modification under Section 409A of the Code (in the case of nonstatutory stock options), or adversely affect the exemption

provided pursuant to Rule 16b-3 under the Exchange Act.

Shares to be Delivered. Shares delivered under the Equity Incentive Plan will be authorized but unissued common stock, or previously issued common stock that we acquire and hold in our treasury. No fractional shares will be delivered under the Equity Incentive Plan.

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Stock Options. The Administrator may from time to time award stock options to any participant subject to the limitations described above. Stock options give the holder the right to purchase shares of our common stock within a specified period of time at a specified price and subject to other terms and conditions. Two types of stock options may be granted under the Equity Incentive Plan: incentive stock options, or ISOs, which are subject to special tax treatment as described below, and non-statutory options. As indicated above, eligibility for ISOs is limited to our employees and the grant of ISOs is limited to the 3,725,000 shares approved in 2011 for awards under the plan. The expiration date of a stock option cannot be more than ten years after the date of the original grant; provided that the expiration date of any ISO granted to a ten-percent shareholder cannot be more than five years after the date of the original grant. The exercise price of any option granted under the Equity Incentive Plan cannot be less than the fair market value of the underlying stock on the date of grant (or, with respect to ISOs granted to a ten-percent shareholder, 110% of the fair market value of the underlying stock on the date of grant). The Administrator also determines all other terms and conditions related to the exercise of a stock option, including the consideration to be paid, if any, for the grant of the stock options, the time at which stock options may be exercised, and conditions related to the exercise of stock options.

Stock Appreciation Rights. The Administrator may grant stock appreciation rights under the Equity Incentive Plan. A stock appreciation right entitles the holder upon exercise to receive common stock equal in value to the excess of the fair market value of the shares of stock subject to the right over the fair market value of such shares on the date of grant. The expiration date of a stock appreciation right cannot be more than ten years after the date of the original grant.

Restricted and Unrestricted Stock Awards; Deferred Stock. The Equity Incentive Plan provides for awards of nontransferable shares of restricted common stock, as well as unrestricted shares of common stock. Awards of restricted and unrestricted stock may be made in exchange for past services or other lawful consideration. Generally, awards of restricted stock are subject to the requirement that the shares be forfeited or resold to us unless specified conditions are met. Other awards under the Equity Incentive Plan may also be settled with restricted stock. The Equity Incentive Plan also provides for deferred stock grants entitling the recipient to receive shares of common stock in the future on such conditions as the Compensation Committee may specify.

Performance Awards. The Compensation Committee may also make awards subject to the satisfaction of specified performance criteria. Whether a performance award results in payment to a participant will depend on the extent to which the performance goals or other conditions established by the Compensation Committee are satisfied at the end of the performance period. The performance criteria used in connection with a particular performance award will be determined by the Compensation Committee during the first 90 days of the applicable performance period based on one or more of the following criteria: sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation or amortization, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; shareholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings. The performance goals can be established on an absolute or relative basis to measure the performance of the Company as a whole, or any division, subsidiary, line of business, operational unit, project or geographical basis of the Company, or as compared to the performance of a group of comparable companies, or published or special index that the Compensation Committee, in its sole discretion, deems appropriate.

Following the completion of a performance period, the Compensation Committee will certify in writing whether, and to what extent, the performance goals have been achieved and, if so, calculate and certify in writing the amount of the performance awards earned for the period. The Compensation Committee will have the discretion to adjust downward, but not upward, the amount of the performance award that is earned and payable.

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The Compensation Committee, in its evaluation of the achievement of the performance goals, may adjust the calculation by including or excluding the following events to prevent the dilution or enlargement of the award: (a) asset write-downs; (b) litigation or claim judgments or settlements; (c) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (d) any reorganization and restructuring programs; (e) unusual and/or infrequently occurring items as presented in the Company's financial statements; (f) acquisitions or divestitures; (g) any other specific unusual or nonrecurring events, or objectively determinable category thereof; (h) foreign exchange gains and losses; and (i) a change in the Company's fiscal year.

Dividend Equivalents. With the exception of stock options and stock appreciation rights, the Compensation Committee may provide for the payment of amounts in lieu of cash dividends or other cash distributions with respect to stock subject to an award, consistent with an exemption from or, in compliance with, the requirements of Section 409A of the Code.

Non-Transferability. No award may be transferred other than by will or by the laws of descent and distribution, and during a participant's lifetime an award may be exercised only by him or her; provided, however, that the foregoing provisions shall not prohibit the transfer of (a) an award of unrestricted stock or (b) an award of restricted stock after such award ceases to be subject to restrictions requiring that it be redelivered or offered for sale to the Company if specified conditions are not satisfied.

Treatment of Awards in Connection with a Covered Transaction. For purposes of the Equity Incentive Plan, a covered transaction generally means any of the following: (a) an acquisition of Company stock by a person (or more than one person acting as a group) that, together with the stock already held by such person or group, result in such person or group owning more than 50% of the total value or total voting power of the Company; (b) a person (or more than one person acting as a group) acquiring more than 50% of the Company's stock; (c) a change in composition of a majority of the members of the Board; or (d) a sale of substantially all of the Company's assets. In connection with a covered transaction, the Administrator may provide for the assumption or substitution of some or all outstanding awards by the acquirer or survivor. If there is no assumption or substitution, then except as otherwise provided in the award agreement, awards will generally be treated as follows:

Stock appreciation rights will become fully exercisable and such shares issued, and the delivery of shares of stock issuable under each outstanding deferred stock award will be accelerated, in each case on a basis that gives the holder the opportunity to participate as a shareholder in the covered transaction.

With respect to restricted stock awards, all forfeiture and transfer restrictions will lapse, unless the Administrator determines that the amounts paid in respect of such restricted stock in connection with the covered transaction should be placed in escrow or otherwise made subject to such restrictions in order to carry out the intent of the Equity Incentive Plan.

With respect to stock options, the Administrator may, in its sole discretion, (1) make any outstanding stock options exercisable in part or in full, (2) remove any performance or other conditions or restrictions on any stock options, and/or (3) cancel the stock options in exchange for a payment equal to the difference between the option exercise price and the fair market value of the Company's stock.

Notwithstanding any provision of the Equity Incentive Plan to the contrary, in the event of a covered transaction, the Administrator may in its discretion and upon at least five days' advance notice, cancel any outstanding awards and pay

to the holders thereof, in cash or stock, or any combination thereof, the value of such awards based upon the price per share of Stock received or to be received by other shareholders of the Company.

Effect, Discontinuance, Cancellation, Amendment, and Termination. Neither adoption of the Equity Incentive Plan nor the grant of awards to a participant shall affect our right to make awards to such participant that are not subject to the Equity Incentive Plan, to issue shares to such participant as a bonus or otherwise, or to adopt other plans or compensation arrangements under which shares may be issued.

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The Administrator may at any time discontinue granting awards under the Equity Incentive Plan. With the consent of the participant, the Administrator may at any time cancel an existing award in whole or in part and grant another award for such number of shares as the Administrator specifies. The Administrator may, but is not obligated to, at any time amend the Equity Incentive Plan or any outstanding award for the purpose of satisfying the requirements of Section 409A or Section 422 of the Code, or of any changes in applicable laws or regulations or for any other purpose that may at the time be permitted by law, or may at any time terminate the Equity Incentive Plan as to any further grants of awards. However, except to the extent expressly required by the Equity Incentive Plan, no such amendment may materially adversely affect the rights of any participant (without his or her consent) under any award previously granted, nor may such amendment, without the approval of the shareholders, effectuate a change for which shareholder approval is required under the listing standards of the NYSE or in order for the Equity Incentive Plan to continue to qualify for the award of incentive stock options under Section 422 of the Code.

The Equity Incentive Plan prohibits, without shareholder approval, the re-pricing of any award, which includes (i) a lowering of the exercise price, (ii) the cancellation of an outstanding stock option or SAR accompanied by the grant of a replacement award of the same or a different type and (iii) the cancellation of a stock option or SAR whose exercise price is greater than the fair market value of such award accompanied by the payment of cash to the participant.

Federal Tax Effects

The following discussion summarizes the material Federal income tax consequences of the awards under the Equity Incentive Plan, based on the federal income tax laws in effect on the date of this proxy statement. The summary does not purport to be a complete description of federal tax consequences that may be associated with the Equity Incentive Plan, nor does it cover state, local, or non-United States taxes.

Incentive Stock Options (ISOs). In general, an optionee realizes no taxable income upon the grant of an ISO and does not realize any ordinary income in connection with the exercise of the ISO. However, the exercise of an ISO may result in an alternative minimum tax liability to the optionee. With certain exceptions, if a disposition of shares purchased under an ISO occurs within two years from the date of grant or within one year after exercise, the so-called disqualifying disposition results in ordinary income to the optionee (and a deduction available to the Company) equal to the excess of the fair market value of the shares at the time of exercise over the exercise price. Any additional gain recognized on the disposition is treated as a capital gain for which we are not entitled to a deduction. If the optionee does not dispose of the shares until after the expiration of these one- and two-year holding periods, any gain or loss recognized upon a subsequent sale is treated as a long-term capital gain or loss for which we are not entitled to a deduction.

Non-Statutory Options. In general, an optionee realizes no taxable income at the time of the grant of a non-statutory option, but realizes ordinary income in connection with the exercise of the option in an amount equal to the excess of the fair market value of the shares at the time of exercise over the exercise price. A corresponding deduction is available to the Company. Any gain or loss recognized upon a subsequent sale or exchange of the shares is treated as a long- or short-term capital gain or loss, depending on the period the shares are held, for which we are not entitled to a deduction. ISOs are treated as non-statutory stock options to the extent they first become exercisable by an individual in any calendar year with respect to shares having an aggregate fair market value (determined as of the date of grant) in excess of \$100,000. In general, ISOs are also treated as non-statutory options to the extent that they are exercised by the optionee more than three months after his or her termination of employment.

Restricted Stock. A participant will not recognize any taxable income upon an award of restricted stock if such shares are not transferable and are subject to a substantial risk of forfeiture. Generally, the participant will recognize taxable ordinary income in an amount equal to the fair market value of the shares at the time such shares become transferable

or are no longer subject to a substantial risk of forfeiture. This tax treatment will generally apply unless the participant elects, pursuant to section 83(b) of the Code, to be taxed at the award date based on the fair market value of the shares on the award date. Assuming compliance with the applicable tax withholding and reporting requirements, the Company will be entitled to a tax deduction equal to the amount of

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ordinary income recognized by the participant in connection with his or her restricted stock award in the same tax year in which the participant recognizes that ordinary income. Dividends paid with respect to restricted stock will be taxable as compensation income to the participant; provided that if a participant makes a section 83(b) election (as discussed above), any dividends paid with respect to that restricted stock will be treated as dividend income rather than compensation income.

Performance Awards, Deferred Stock, and Dividend Equivalents. The grant of performance awards, deferred stock, or dividend equivalents generally should not result in the recognition of taxable income by the participant or a tax deduction by the Company. Upon the settlement or payment of such an award, the participant will generally have taxable ordinary income equal to the amount of any cash received (before applicable tax withholding) or the then-current fair market value of the shares of stock received, and the Company will have a corresponding tax deduction. If the shares covered by the award are not transferable and subject to a substantial risk of forfeiture, the tax consequences to the participant and the Company will be similar to the tax consequences for restricted stock, described above. If the award consists of unrestricted shares of stock, the participant will immediately recognize taxable ordinary income equal to the fair market value of those shares on the date of the award, and the Company will be entitled to a corresponding tax deduction.

Withholding. The Company will have the right to deduct any federal, state, local, or foreign taxes required by law to be withheld from all awards paid in cash. If awards are paid in shares of stock, the Company may withhold a portion of the shares issuable to the participant, the fair market value of which equals such withholding taxes.

Section 409A. Section 409A of the Code governs deferred compensation arrangements. The Company intends that awards under the Equity Incentive Plan will generally not be subject to the provisions of Section 409A. If an award may be covered by Section 409A, the Company may unilaterally make changes to the award to the extent necessary to avoid adverse tax treatment under Section 409A. If an award constitutes nonqualified deferred compensation and fails to comply with Section 409A, the award will be subject to immediate taxation and tax penalties in the year the award vests.

Section 280G. Under certain circumstances, the accelerated vesting, exercise or payment of awards under the Equity Incentive Plan in connection with a change of control might be deemed an excess parachute payment for purposes of the provisions of Section 280G of the Code. To the extent it is so considered, the participant holding the award would be subject to an excise tax equal to 20% of the amount of the excess parachute payment, and the Company would be denied a tax deduction for the excess parachute payment.

Section 162(m). Under Section 162(m) of the Code, as amended, we may not deduct compensation of more than \$1 million paid to the Company's covered employees, which includes (a) any individual who at any time during the taxable year is either our principal executive officer or principal financial officer, or an employee whose total compensation for the tax year is required to be reported to our shareholders because he or she is among the three highest compensated officers for the tax year, other than the principal executive officer or principal financial officer, and (b) any person who was a covered employee at any time after December 31, 2016. Prior to January 1, 2018, certain grants may have qualified as performance-based compensation and, as such, would be exempt from the \$1 million limitation on deductible compensation. Such performance-based compensation exception was eliminated with respect to tax years beginning January 1, 2018; however, under a transition rule, certain awards issued before November 2, 2017 may still qualify for such exception.

Plan Benefits. The future benefits or amounts that executive officers, non-management directors, and non-executive officer employees may receive under the Equity Incentive Plan are discretionary and are therefore not determinable at this time.

The foregoing is only a summary of the Equity Incentive Plan and is qualified in its entirety by reference to its full text, a copy of which is attached hereto as Appendix B.

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The Board recommends a vote FOR the approval of the Equity Incentive Plan.

Vote Required

The approval of Proposal Number Three requires the affirmative vote of a majority of the votes cast by the shareholders present in person or represented by proxy at our Annual Meeting. Votes to abstain and broker non-votes will be counted toward a quorum, but will be excluded entirely from the tabulation of votes and, therefore, will not affect the outcome of the vote on this proposal.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about the Company's equity compensation plan as of the end of its last fiscal year:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders (a)	1,494,223(b)	\$ 61.76	1,100,157
Equity compensation plans not approved by security holders			
Total	1,494,223	\$ 61.76	1,100,157

(a) Represents stock options that are outstanding or that are available for future issuance pursuant to the Equity Incentive Plan.

(b) The weighted-average contractual life for all outstanding stock options as of December 30, 2017 was approximately 6.0 years.

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AUDIT COMMITTEE REPORT

The Audit Committee reviews the Company's accounting, auditing, and financial reporting process on behalf of the Board. The Audit Committee's charter is available in the investor relations section of our website at ir.carters.com. Management has the primary responsibility for establishing and maintaining adequate internal financial controls, for preparing the financial statements, and for the public reporting process. PwC, the Company's independent registered public accounting firm, is responsible for expressing opinions on the conformity of the Company's audited consolidated financial statements with accounting principles generally accepted in the United States of America and on the effectiveness of the Company's internal control over financial reporting.

The Audit Committee has reviewed and discussed with management and PwC the audited consolidated financial statements for the fiscal year ended December 30, 2017 and PwC's evaluation of the effectiveness of the Company's internal control over financial reporting. The Audit Committee has discussed with PwC the matters that are required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence, and has discussed with PwC the firm's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to our Board that the audited consolidated financial statements for the fiscal year ended December 30, 2017 be included in our Annual Report on Form 10-K for fiscal 2017 for filing with the SEC.

Submitted by the Audit Committee

Mr. David Pulver, Chairman
Ms. Amy Woods Brinkley
Mr. William J. Montgoris
Mr. Thomas E. Whiddon

The Audit Committee Report does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate the Audit Committee Report by reference therein.

Table of Contents**PROPOSAL NUMBER FOUR****RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has appointed PwC to serve as the Company's independent registered public accounting firm for fiscal 2018, and the Board recommends that shareholders ratify this appointment. The Board is submitting the appointment of PwC as the Company's independent registered public accounting firm for shareholder ratification. The Board recommends that shareholders ratify this appointment at the Annual Meeting. Shareholder ratification of the appointment of PwC is not required by law or otherwise. The Board is submitting this matter to shareholders for ratification because the Board believes it to be a good corporate governance practice. If the shareholders do not ratify the appointment, the Audit Committee may reconsider whether or not to retain PwC. Even if the appointment is ratified, the Audit Committee may appoint a different independent registered public accounting firm at any time during the year if, in its discretion, it determines that such a change would be in the Company's best interest and that of the Company's shareholders. A representative of PwC is expected to attend the Annual Meeting, and he or she will have the opportunity to make a statement and will be available to respond to appropriate questions. For additional information regarding the Company's relationship with PwC, please refer to the Audit Committee Report above.

The Audit Committee has also adopted policies and procedures for pre-approving all non-audit work performed by PwC. The Audit Committee has pre-approved the use, as needed, of PwC for specific types of services that fall within categories of non-audit services, including various tax services. The Audit Committee receives regular updates as to the fees associated with the services that are subject to pre-approval. Services that do not fall within a pre-approved category require specific consideration and pre-approval by the Audit Committee. All services rendered by PwC in the table below were pre-approved by the Audit Committee.

The aggregate fees that the Company incurred for professional services rendered by PwC for fiscal years 2017 and 2016 were as follows:

	2017	2016
Audit Fees	\$ 2,267,236	\$ 1,882,272
Audit-Related Fees	50,000	603,000
Tax Fees		
All Other Fees	3,600	3,600
Total Fees	\$ 2,320,836	\$ 2,488,872

Audit Fees for fiscal years 2017 and 2016 were for professional services rendered for the integrated audit of the consolidated financial statements and internal control over financial reporting of the Company, other auditing procedures related to the adoption of new accounting pronouncements, review of other significant transactions, and related out-of-pocket expenses.

Audit-Related Fees for fiscal years 2017 and 2016 included procedures related to the pending adoption of a new accounting pronouncement. Audit-related fees for fiscal year 2016 also involved professional services

to assess internal controls related to the Company's implementation of certain financial software.

All Other Fees for fiscal years 2017 and 2016 consisted of software license fees.

The Board recommends a vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal 2018.

Vote Required

The approval of Proposal Number Four requires the affirmative vote of a majority of the votes properly cast at our Annual Meeting. Abstentions 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.

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OTHER MATTERS

As of the date of this proxy statement, we know of no business that will be presented for consideration at the Annual Meeting, other than the items referred to above. If any other matter is properly brought before the Annual Meeting for action by shareholders, proxies in the enclosed form returned to the Company will be voted in accordance with the recommendation of the Board or, in the absence of such a recommendation, in accordance with the judgment of the proxy holder.

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APPENDIX A

2017 RETAIL SURVEY PARTICIPANT LIST (RETAIL SURVEY)

Abercrombie & Fitch Co.	Kate Spade & Company
Academy Sports + Outdoors	L Brands, Inc.
American Eagle Outfitters, Inc.	L.L. Bean, Inc.
Ascena Retail Group, Inc.	Luxottica Group S.p.A.
The Bon-Ton Stores, Inc.	The Michaels Companies, Inc.
Chico's FAS, Inc.	New York & Company, Inc.
The Children's Place, Inc.	The Neiman Marcus Group LTD LLC
Deckers Outdoor Corporation	Oxford Industries, Inc.
Destination Maternity Corporation	Payless ShoeSource Inc.
Dick's Sporting Goods, Inc.	Perry Ellis International, Inc.
DSW Inc.	PVH Corp.
Express, Inc.	Ralph Lauren Corporation
The Finish Line, Inc.	Ross Stores, Inc.
Foot Locker, Inc.	Stage Stores, Inc.
Fossil Group, Inc.	Tailored Brands, Inc.
The Gap, Inc.	The TJX Companies, Inc.
J. C. Penney Company, Inc.	Urban Outfitters, Inc.
J.Crew Group, Inc.	Vera Bradley, Inc.
	Williams-Sonoma, Inc.

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APPENDIX B

CARTER S, INC.

AMENDED AND RESTATED EQUITY INCENTIVE PLAN

1. Definitions.

Exhibit A, which is incorporated by reference, defines the terms used in the Plan and sets forth certain operational rules related to those terms.

2. Purpose.

The purpose of this amended and restated Plan is to advance the interests of the Company by enhancing the ability of the Company and its subsidiaries to attract and retain able Employees and Directors; to reward such individuals for their contributions; and to encourage such individuals to take into account the long-term interests of the Company and its subsidiaries by providing for the grant to Participants of Stock-based incentive Awards.

3. Administration.

The Administrator has discretionary authority, subject only to the express provisions of the Plan, to interpret the Plan; determine eligibility for and grant Awards; determine, modify or waive the terms and conditions of any Award; prescribe forms, rules and procedures; and otherwise do all things necessary to carry out the purposes of the Plan. Determinations of the Administrator made under the Plan will be conclusive and will bind all parties.

4. Effective Date and Term of Plan.

The Plan was originally adopted on August 15, 2001 and was approved by shareholders on August 15, 2001. The Plan was amended, restated and renamed on October 10, 2003, and approved by shareholders on October 10, 2003, prior to the Company's initial public offering, and subsequently at the Company's 2004 annual meeting of shareholders on May 14, 2004. The Plan was further amended and restated and subsequently approved by shareholders at the Company's 2005 annual meeting of shareholders on May 12, 2005. The Plan was then further amended and restated and subsequently approved by shareholders at the Company's 2009 annual meeting of shareholders on May 14, 2009. The Plan was then further amended and restated and subsequently approved by shareholders at the Company's 2011 annual meeting of shareholders on May 13, 2011, effective as such date. The Plan was then further amended and restated and subsequently approved by shareholders at the Company's 2016 annual meeting of shareholders on May 11, 2016, effective as such date. The provisions of this amendment and restatement of the Plan shall become effective on the date on which this amendment and restatement is approved by the shareholders of the Company at the Company's 2018 annual meeting of shareholders on May 17, 2018. Except as hereinafter provided, any Award made prior to shareholder approval of the amendment and restatement set forth herein shall be subject to the terms of the Plan as in effect prior to such amendment and restatement. Notwithstanding the foregoing, an Award may be made under the terms of this amendment and restatement of the Plan but prior to shareholder approval of such amendment and restatement if the Award is conditioned upon such approval.

ISOs may be granted under the Plan only with respect to the 3,725,000 new shares of Stock that the shareholders of the Company approved on May 13, 2011; provided that no ISOs may be granted by the Company after May 12, 2021.

5. *Shares Subject to the Plan.*

(a) *Number of Shares.* The aggregate maximum number of shares of Stock that may be delivered in satisfaction of Awards under the Plan shall be 18,778,392, of which 3,690,523 shares of stock may be delivered in satisfaction of any new Awards granted after the date this amendment and restatement is approved by the

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shareholders of the Company. Any shares of Stock granted in connection with Options and SARs shall be counted against this limit as one share of Stock for every one share subject to the Option or SAR. Any shares of Stock granted in connection with Awards other than Options and SARs shall be counted against this limit as 1.46 shares of Stock for every one share of stock subject to the underlying Award. With respect to SARs, if a SAR is exercised the number of shares of stock deemed to have been issued under the Plan shall be the aggregate number of shares subject to the SAR and not just by the number of shares actually delivered upon exercise of the SAR. For the avoidance of doubt, if any Award granted under the Plan terminates without having been exercised in full, or is otherwise forfeited in whole or in part, or upon exercise is satisfied other than by delivery of Stock, the number of shares of Stock as to which such Award was not exercised shall be available for future grants. If shares of Stock are withheld from an Award in order to satisfy a Participant's tax withholding obligations with respect to such Award pursuant to Section 7 (a)(iv) of the Plan, the number of shares of Stock deemed to have been issued under the Plan shall be the number of shares of Stock that were subject to the Award or portion thereof so exercised or settled and not the net number of shares of Stock actually issued upon the exercise or settlement.

(b) *Shares to be Delivered.* Stock delivered under the Plan shall be authorized but unissued Stock, or if the Administrator so decides in its sole discretion, previously issued Stock acquired by the Company and held in its treasury. No fractional shares of Stock shall be delivered under the Plan.

(c) *Individual Award Limits.* The maximum number of shares of Stock for which Stock Options may be granted to any person in any calendar year and the maximum number of shares of Stock subject to SARs granted to any person in any calendar year will each be 1,000,000. The maximum benefit that may be paid to any person under other Awards in any calendar year will be, to the extent paid in shares, 1,000,000 shares (or their value in dollars).

6. *Eligibility and Participation.*

Persons eligible to receive Awards under the Plan shall be such Employees and Directors selected by the Administrator. Eligibility for ISOs is limited to Employees of the Company or of a parent corporation or a subsidiary corporation of the Company as those terms are defined in Section 424 of the Code.

7. *Terms and Conditions of Awards.*

(a) *All Awards.*

(i) *Award Provisions.* The Administrator will determine the terms of all Awards, subject to the limitations provided herein.

(ii) *Transferability.* No Award may be transferred other than by will or by the laws of descent and distribution, and during a Participant's lifetime an Award may be exercised only by him or her; provided, however, that the foregoing provisions shall not prohibit the transfer of (A) an Award of Unrestricted Stock or (B) an Award of Restricted Stock after such Award ceases to be subject to restrictions requiring that it be redelivered or offered for sale to the Company if specified conditions are not satisfied.

(iii) *Vesting, Etc.* An Award will vest or become exercisable at such time or times and upon such conditions as the Administrator shall specify. Without limiting the foregoing, the Administrator may at any time accelerate the vesting or exercisability of all or any part of an Award.

(iv) Taxes. The Administrator will make such provision for the withholding of taxes as it deems necessary. The Administrator may, but need not, hold back shares of Stock from an Award or permit a Participant to tender previously owned shares of Stock (which in the case of Stock acquired from the Company shall have been owned by the Participant for such minimum time, if any, as the Administrator may determine) in satisfaction of tax withholding requirements (but not in excess of the maximum statutory withholding rates).

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(v) Dividend Equivalents, Etc. With the exception of Stock Options and SARs, the Administrator may provide for the payment of amounts in lieu of cash dividends or other cash distributions with respect to Stock subject to an Award. Any entitlement to dividend equivalents or similar entitlements shall be established and administered either consistent with an exemption from or, in compliance with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (Section 409A). In addition, any amounts payable in respect of Restricted Stock may be subject to such limits or restrictions as the Administrator may impose.

(b) Performance Awards.

(i) General. The Administrator shall have the authority, at the time of grant of any Award described in this Plan to designate such Award as a Performance Award. In addition, the Administrator shall have the authority to make an Award of a cash bonus to any Participant and designate such Award as a Performance Award.

(ii) Eligibility. The Administrator will, in its sole discretion, designate in writing within the first 90 days of a Performance Period which Participants will be eligible to receive Performance Awards in respect of such Performance Period. However, designation of a Participant eligible to receive a Performance Award hereunder for a Performance Period shall not in any manner entitle the Participant to receive payment in respect of any Performance Award for such Performance Period. The determination as to whether or not such Participant becomes entitled to payment in respect of any Performance Award shall be decided solely in accordance with the provisions of this Section 7(b). Moreover, designation of a Participant eligible to receive a Performance Award hereunder for a particular Performance Period shall not require designation of such Participant eligible to receive a Performance Award hereunder in any subsequent Performance Period and designation of one person as a Participant eligible to receive a Performance Award hereunder shall not require designation of any other person as a Participant eligible to receive a Performance Award hereunder in such period or in any other period.

(iii) Discretion of Administrator with Respect to Performance Awards. With regard to a particular Performance Period, the Administrator shall have full discretion to select the length of such Performance Period (provided any such Performance Period shall be not less than one fiscal year in duration), the type(s) of Performance Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s) that is (are) to apply to the Company and the Performance Formula. Within the first 90 days of a Performance Period, the Administrator shall, with regard to the Performance Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence of this Section 7(b)(iii) and record the same in writing.

(iv) Payment of Performance Awards.

(A) Condition to Receipt of Payment. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance Award for such Performance Period.

(B) Limitation. A Participant shall be eligible to receive payment in respect of a Performance Award only to the extent that: (1) the Performance Goals for such period are achieved; and (2) the Performance Formula as applied against such Performance Goals determines that all or some portion of such Participant's Performance Award has been earned for the Performance Period.

(C) Certification. Following the completion of a Performance Period, the Administrator shall review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, calculate and certify in writing the amount of the Performance Awards earned for the period based upon the

Performance Formula. The Administrator shall then determine the

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actual size of each applicable Participant's Performance Award for the Performance Period and, in so doing, may apply negative discretion in accordance with Section 7(b)(iv)(D) hereof, if and when it deems appropriate.

(D) Use of Discretion. In determining the actual size of an individual Performance Award for a Performance Period, the Administrator may reduce or eliminate the amount of the Performance Award earned under the Performance Formula in the Performance Period through the use of negative discretion if, in the Administrator's sole judgment, such reduction or elimination is appropriate. The Administrator shall not have the discretion to (1) grant or provide payment in respect of Performance Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained or (2) increase a Performance Award above the maximum amount payable under Section 5(c) hereof.

(E) Timing of Award Payments. Performance Awards granted for a Performance Period shall be paid to Participants as soon as administratively practicable following completion of the certifications required by this Section 7(b), but in no event later than 2 1/2 months following the end of the fiscal year during which the Performance Period is completed.

(c) Awards Requiring Exercise.

(i) Time and Manner of Exercise of Awards. Any exercise of an Award shall be in writing, signed by the proper person and furnished to the Company, accompanied by (A) such documents as may be required by the Administrator and (B) payment in full as specified below. A Stock Option shall be exercisable during such period or periods as the Administrator may specify. The latest date on which a Stock Option or SAR may be exercised shall be the Expiration Date.

(ii) Exercise Price. The Exercise Price shall be determined by the Administrator, but shall not be less than 100% of the Fair Market Value at the time the Stock Option or SAR is granted; nor shall the Exercise Price be less, in the case of an original issue of authorized stock, than par value. No such Award, once granted, may be re-priced (which includes (i) a lowering of the Exercise Price, (ii) the cancellation of an outstanding Stock Option or SAR accompanied by the grant of a replacement Award of the same or a different type and (iii) the cancellation of a Stock Option or SAR whose Exercise Price is greater than the Fair Market Value of such Award accompanied by the payment of cash to the Participant) other than in accordance with the applicable shareholder approval requirements of the New York Stock Exchange (or the rules of such other market in which the shares of the Company's stock then are listed). In no event shall the Exercise Price of an ISO granted to a ten-percent shareholder be less than 110% of the Fair Market Value at the time the Stock Option is awarded. For this purpose, ten-percent shareholder shall mean any Participant who at the time of grant owns directly, or by reason of the attribution rules set forth in Section 424(d) of the Code is deemed to own, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its parent or subsidiary corporations.

(iii) Term. The Administrator shall determine the term of each Stock Option and SAR, provided that in no event shall such term extend beyond the Expiration Date.

(iv) Payment of Exercise Price. Stock purchased upon exercise of a Stock Option under the Plan shall be paid for as follows: (i) in cash, by check acceptable to the Administrator (determined in accordance with such guidelines as the Administrator may prescribe), or by money order payable to the order of the Company, or (ii) if so permitted by the Administrator, (A) through the delivery of shares of Stock (which, in the case of Stock acquired from the Company, shall have been held for at least six months unless the Administrator approves a shorter period) having a Fair Market Value on the last business day preceding the date of exercise equal to the Exercise Price, (B) through a broker-assisted exercise program acceptable to the Administrator, (C) by other means acceptable to the Administrator or

(D) by any combination of the foregoing permissible forms of payment.

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(v) Delivery of Stock. A Participant shall not have the rights of a shareholder with regard to Awards under the Plan except as to Stock actually received by him or her under the Plan.

The Company shall not be obligated to deliver any shares of Stock under the Plan (i) until, in the opinion of the Company's counsel, all applicable federal and state laws and regulations have been complied with, (ii) if the outstanding Stock is at the time listed on any stock exchange, until the shares to be delivered have been listed or authorized to be listed on such exchange upon official notice of issuance, and (iii) until all other legal matters in connection with the issuance and delivery of such shares have been approved by the Company's counsel. Without limiting the generality of the foregoing, if the sale of Stock has not been registered under the Securities Act, the Company may require, as a condition to exercise of the Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act and may require that the certificates evidencing such Stock bear an appropriate legend restricting transfer.

If an Award is exercised by the executor or administrator of a deceased Participant, or by the person or persons to whom the Award has been transferred by the Participant's will or the applicable laws of descent and distribution, the Administrator shall be under no obligation to deliver Stock pursuant to exercise until the Administrator is satisfied as to the authority of the person or persons exercising the Award.

(vi) ISOs. In the case of an ISO, the Administrator will require as a condition of exercise that the Participant exercising the ISO agree to inform the Company promptly of any disposition (within the meaning of Section 424(c) of the Code and the regulations thereunder) of Stock received upon exercise of the ISO.

(d) *Awards Not Requiring Exercise.*

Awards of Restricted Stock and Unrestricted Stock may be made in exchange for past services or other lawful consideration.

(e) *Section 409A.*

Notwithstanding any other provision hereunder, this Plan and all payments hereunder are intended to comply with the requirements of Section 409A, including transition relief and exemptive provisions thereunder, and shall be construed and administered accordingly. Notwithstanding anything to the contrary in the Plan, neither the Company, nor any Affiliate, nor the Administrator, nor any person acting on behalf of the Company, any Affiliate, or the Administrator, shall be liable to any Participant or to the estate or beneficiary of any Participant or to any other holder of an Award by reason of any acceleration of income, or any additional tax, asserted by reason of the failure of an Award to satisfy the requirements of Section 409A of the Code.

8. *Effect of Certain Transactions.*

(a) *Mergers, Etc.*

Except as otherwise provided in an Award, in the event of a Covered Transaction in which there is an acquiring or surviving entity the following rules shall apply:

(i) Awards Other Than Stock Options.

(A) The Administrator may provide for the assumption of some or all outstanding Awards, or for the grant of new awards in substitution therefore, by the acquirer or survivor or an affiliate of the acquirer or survivor, in each case on such terms and subject to such conditions as the Administrator determines.

(B) In the absence of such an assumption or if there is no substitution, except as otherwise provided in the Award, each SAR and other Award requiring exercise (other than Stock Options) will become fully exercisable, and the delivery of shares of Stock issuable under each outstanding Award of Deferred

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Stock will be accelerated and such shares will be issued, prior to the Covered Transaction, in each case on a basis that gives the holder of the Award a reasonable opportunity, as determined by the Administrator, following exercise of the Award or the issuance of the shares, as the case may be, to participate as a shareholder in the Covered Transaction, and the Award will terminate upon consummation of the Covered Transaction, provided, that the Administrator may not exercise its discretion under this Section 8(a)(i)(B) with respect to an Award or portion thereof providing for nonqualified deferred compensation subject to Section 409A in a manner that would constitute an extension or acceleration of, or other change in, payment terms if such change would be inconsistent with the applicable requirements of Section 409A.

(C) In the case of Restricted Stock, the Administrator may require that any amounts delivered, exchanged or otherwise paid in respect of such Stock in connection with the Covered Transaction be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan, and, for the avoidance of doubt, in the absence of any such action by the Administrator, all forfeiture and transfer restrictions will lapse.

(ii) Stock Options.

(A) Subject to Section 8(a)(ii)(B) below, all outstanding Stock Options will cease to be exercisable and will be forfeited (after any payment or other consideration deemed equitable by the Administrator for the termination of any vested portion of any Award is made), as of the effective time of the Covered Transaction; provided, that the Administrator may in its sole discretion on or prior to the effective date of the Covered Transaction, (1) make any outstanding Stock Options exercisable in part or in full, (2) remove any performance or other conditions or restrictions on any Stock Options, and/or (3) in the event of a Covered Transaction under the terms of which holders of the Stock of the Company will receive upon consummation thereof a payment (whether cash, non-cash or a combination of the foregoing) for each share of such Stock surrendered in the Covered Transaction, make or provide for a payment (whether cash, non-cash or a combination of the foregoing) to the Participant equal to the difference between (A) the Fair Market Value times the number of shares of Stock subject to outstanding Stock Options (to the extent then exercisable at prices not in excess of the Fair Market Value) and (B) the aggregate Exercise Price of all such outstanding Stock Options in exchange for the termination of such Stock Options.

(B) With respect to an outstanding Stock Option held by a Participant who, following the Covered Transaction, will be employed by or otherwise providing services to an entity which is a surviving or acquiring entity in the Covered Transaction or an affiliate of such an entity, the Administrator may at or prior to the effective time of the Covered Transaction, in its sole discretion and in lieu of the action described in paragraph 8(a)(ii)(A) above, arrange to have such surviving or acquiring entity or affiliate assume any Stock Option held by such Participant outstanding hereunder or grant a replacement award which, in the judgment of the Administrator, is substantially equivalent to any Stock Option being replaced.

The Administrator may grant Awards under the Plan in substitution for awards held by Employees and Directors of another corporation who concurrently become Employees or Directors of the Company or a subsidiary of the Company as the result of a merger or consolidation of that corporation with the Company or a subsidiary of the Company, or as the result of the acquisition by the Company or a subsidiary of the Company of property or stock of that corporation. The Company may direct that substitute Awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances.

Notwithstanding any provision of the Plan to the contrary, in the event of a Corporate Transaction, the Administrator may in its discretion and upon at least five days advance notice to the affected persons, cancel any outstanding

Awards and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such Awards based upon the price per share of Stock received or to be received by other shareholders of the

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Company in the event. In the case of any Option or Stock Appreciation Right with an Exercise Price that equals or exceeds the price to be paid for a share of Stock in connection with the Corporate Transaction, the Administrator may cancel the Option or Stock Appreciation Right without the payment of consideration therefor.

(b) Changes in and Distributions with Respect to the Stock.

(i) Basic Adjustment Provisions. In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization or other change in the Company's capital structure, the Administrator will make appropriate adjustments to the maximum number of shares that may be delivered under the Plan under Section 5(a) and to the maximum share limits described in Section 5(c), and will also make appropriate adjustments to the number and kind of shares of stock or securities subject to Awards then outstanding or subsequently granted, any Exercise Prices relating to Awards and any other provision of Awards affected by such change, whose determination will be binding on all persons.

(ii) Certain Other Adjustments. In the case of adjustments made pursuant to this Section 8(b), unless the Administrator specifically determines that such adjustment is in the best interests of the Company or its Affiliates, the Administrator shall, in the case of ISOs, ensure that any adjustments under this Section 8(b) will not constitute a modification, extension or renewal of the ISOs within the meaning of Section 424(h)(3) of the Code and in the case of Options that are not ISOs, ensure that any adjustments under this Section 8(b) will not constitute a modification of such Options within the meaning of Section 409A of the Code. Any adjustments made under this Section 8(b) shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

9. Termination of Employment.

In the case of any Award, the Administrator may, through agreement with the Participant, (including, without limitation, any shareholder agreement of the Company to which the Participant is a party) resolution, or otherwise, provide for post-termination exercise provisions different from those expressly set forth in this Section 9, including without limitation the vesting immediately prior to termination of all or any portion of an Award not otherwise vested prior to termination, and terms allowing a later exercise by a former Employee or Director (or, in the case of a former Employee or Director who is deceased, the person or persons to whom the Award is transferred by will or the laws of descent and distribution) as to all or any portion of the Award not exercisable immediately prior to termination of Employment, but in no case may an Award be exercised after the Expiration Date. If the Administrator does not otherwise provide for such provisions and if a Participant's Employment terminates prior to the Expiration Date (including by reason of death) the following provisions shall apply:

(a) All Stock Options and SARs held by the Participant immediately prior to the cessation of the Participant's Employment that are not vested immediately prior to the cessation of Employment shall automatically terminate upon such cessation of Employment.

(b) To the extent vested immediately prior to cessation of Employment, the Stock Option or SAR shall continue to be vested and shall be exercisable thereafter during the period prior to the Expiration Date for 60 days following such cessation (120 days in the event that a Participant's service terminates by reason of death); provided, however, that if the Participant's Employment is terminated for Cause as defined herein, all unvested or unexercised Awards shall terminate immediately.

(c) Except as otherwise provided in an Award, after completion of the exercise period described in paragraph (b) above, the Awards described in paragraph (b) above shall terminate to the extent not previously exercised, expired, or terminated.

No Award requiring exercise shall be exercised or surrendered in exchange for a cash payment after the Expiration Date.

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10. Employment Rights.

Neither the adoption of the Plan nor the grant of Awards shall confer upon any Participant any right to continue as an Employee or Director of the Company or any subsidiary or affect in any way the right of the Company or a subsidiary to terminate the Participant's relationship at any time. Except as specifically provided by the Administrator in any particular case, the loss of existing or potential profit on Awards granted under this Plan shall not constitute an element of damages in the event of termination of the relationship of a Participant even if the termination is in violation of an obligation of the Company to the Participant by contract or otherwise.

11. Effect, Discontinuance, Cancellation, Amendment, and Termination.

Neither adoption of the Plan nor the grant of Awards to a Participant shall affect the Company's right to make awards to such Participant that are not subject to the Plan, to issue to such Participant Stock as a bonus or otherwise, or to adopt other plans or compensation arrangements under which Stock may be issued.

The Administrator may at any time discontinue granting Awards under the Plan. With the consent of the Participant, the Administrator may at any time, subject to the limitations of Section 7(c)(ii) and the second sentence of Section 8(b)(ii), cancel an existing Award in whole or in part and grant another Award for such number of shares as the Administrator specifies. The Administrator may, but shall not be obligated to, at any time or times amend the Plan or any outstanding Award for the purpose of satisfying the requirements of Sections 409A and 422 of the Code or of any changes in applicable laws or regulations or for any other purpose that may at the time be permitted by law, or may at any time terminate the Plan as to any further grants of Awards; provided, that except to the extent expressly required by the Plan, no such amendment shall materially adversely affect the rights of any Participant (without his or her consent) under any Award previously granted, nor shall such amendment, without the approval of the shareholders of the Company, effectuate a change for which shareholder approval is required under the listing standards of the New York Stock Exchange (or the rules of such other market in which the shares of the Company's Stock then are listed) or in order for the Plan to continue to qualify for the Award of incentive stock options under Section 422 of the Code.

12. Choice of Law.

The law of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of law rules.

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EXHIBIT A

Definition of Terms

The following terms, when used in the Plan, will have the meanings and be subject to the provisions set forth below:

Administrator : The committee of the Board, consisting of two or more Directors, all of whom shall be non-employee Directors within the meaning of Rule 16b-3 under the 1934 Act; provided that with respect to any Performance Award intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, as amended by the Tax Cuts and Jobs Act, that is provided pursuant to a written binding contract which was in effect on November 2, 2017, and which was not modified in any material respect on or after such date, then each committee member shall also be an outside Director within the meaning of Section 162(m). In addition, membership of the committee shall satisfy such independence or other requirements as may be imposed by the rules of the New York Stock Exchange (or the rules of such other market in which the shares of the Company's Stock then are listed). The Administrator may delegate any of its duties and responsibilities with respect to any aspect of the Plan's administration to such persons as it deems appropriate, so long as (and only to the extent that) such delegation (i) is permitted by applicable laws, the listing standards of the New York Stock Exchange (or the rules of such other market in which the shares of the Company's Stock are listed), and the Company's governance documents, as in effect from time to time, and (ii) does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act.

Affiliate : Any corporation or other entity owning, directly or indirectly, 50% or more of the outstanding Stock of the Company, or in which the Company or any such corporation or other entity owns, directly or indirectly, 50% of the outstanding capital stock (determined by aggregate voting rights) or other voting interests.

Award : Any or a combination of the following:

(i) Stock Options;

(ii) SARs;

(iii) Restricted Stock;

(iv) Unrestricted Stock;

(v) Deferred Stock; and

(vi) Performance Awards.

Board : The Board of Directors of the Company.

Cause means:

With respect to any Employee: (a) If the Employee is a party to an employment or service agreement with the Company or its Affiliates and such agreement provides for a definition of Cause, the definition contained therein; or (b) if no such agreement exists, or if such agreement does not define Cause, the determination by the Administrator (or the authorized delegate of the Administrator, to the extent applicable), in its reasonable judgment, that any one or more of the following has occurred:

(i) the Employee shall have been convicted of, or shall have pleaded guilty or nolo contendere to, any felony or any crime involving dishonesty or moral turpitude;

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(ii) the Employee shall have committed any fraud, theft, embezzlement, misappropriation of funds, breach of fiduciary duty or act of dishonesty;

(iii) the Employee shall have breached in any material respect any of the provisions of any agreement between the Employee and the Company or an Affiliate;

(iv) the Employee shall have engaged in conduct likely to make the Company or any of its Affiliates subject to criminal liabilities other than those arising from the Company's normal business activities; or

(v) the Employee shall have willfully engaged in any other conduct that involves a breach of fiduciary obligation on the part of the Employee or otherwise could reasonably be expected to have a material adverse effect upon the business, interests or reputation of the Company or any of its Affiliates.

With respect to any Director, a determination by a majority of the disinterested Board members that the Director has engaged in any of the following: (i) malfeasance in office; (ii) gross misconduct or neglect; (iii) false or fraudulent misrepresentation inducing the director's appointment; (iv) willful conversion of corporate funds; or

(v) repeated failure to participate in Board meetings on a regular basis despite having received proper notice of

the meetings in advance. The Administrator (or the authorized delegate of the Administrator, to the extent applicable), in its absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause.

Code : The U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect.

Company : Carter's, Inc., a Delaware corporation.

Covered Transaction : Any of the following: (i) a person (or more than one person acting as a group) acquires ownership of stock of the Company that, together with the stock held by such person or group, constitutes more than 50% of the total Fair Market Value or total voting power of the Stock of the Company; provided, that, a Control Transaction shall not occur if any person (or more than one person acting as a group) owns more than 50% of the total Fair Market Value or total voting power of the Stock of the Company and acquires additional Stock; (ii) one person (or more than one person acting as a group) acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition) ownership of the Stock of the Company possessing 50% or more of the total voting power of the stock of such corporation; (iii) a majority of the members of the Board are replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the Board before the date of appointment or election; or (iv) one person (or more than one person acting as a group), acquires all of substantially all of the Company's assets. Where a Covered Transaction involves a tender offer that is reasonably expected to be followed by a merger described in clause (i) (as determined by the Administrator), the Covered Transaction shall have deemed to have occurred upon the consummation of the tender offer.

Deferred Stock : An unfunded and unsecured promise to deliver Stock or other securities in the future on specified terms.

Director means a member of the Board.

Employee : Any person who is employed by the Company or an Affiliate; provided, that, for purposes of determining eligibility to receive ISOs, an Employee shall mean an employee of the Company or an Affiliate within the meaning of Section 424 of the Code.

Employment : A Participant's employment or other service relationship with the Company and its Affiliates. Employment will be deemed to continue, unless the Administrator expressly provides otherwise, so long as the

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Participant is employed by, or otherwise is providing services in a capacity described in Section 6 to the Company or its Affiliates. If a Participant's employment or other service relationship is with an Affiliate and that entity ceases to be an Affiliate, the Participant's Employment will be deemed to have terminated when the entity ceases to be an Affiliate unless the Participant transfers Employment to the Company or its remaining Affiliates.

Exercise Price : The price at which a share of Stock may be purchased under a Stock Option or the value an increase above which may allow Stock to be purchased under a SAR.

Exchange Act : The United States Securities Exchange Act of 1934, as amended.

Expiration Date : In the case of an Award requiring exercise, the date which is ten years (five years in the case of an ISO granted to a ten percent shareholder as defined in Section 7(c)(ii)) from the date the Award was granted or such earlier date as may be specified by the Administrator at the time the Award is granted.

Fair Market Value : The value of one share of Stock, determined as follows:

(i) if the Stock is listed on a national securities exchange (such as the New York Stock Exchange) or is quoted on The NASDAQ Stock Market (NASDAQ), the closing price of a share of Stock on the relevant date (or, if such date is not a business day or a day on which quotations are reported, then on the immediately preceding date on which quotations were reported), as reported by the principal national exchange on which such shares are traded (in the case of an exchange) or by NASDAQ, as the case may be;

(ii) if the Stock is not listed on a national securities exchange or quoted on NASDAQ, but is actively traded in the over-the-counter market, the average of the closing bid and asked prices for a share of the Stock on the relevant date (or, if such date is not a business day or a day on which the quotations are reported, then on the immediately preceding date on which quotations were reported), or the most recent date for which such quotations are reported; and

(iii) if, on the relevant date, the Stock is not publicly traded or reported as described in (i) or (ii) above, the value determined in good faith in accordance with such reasonable valuation method as the Administrator may determine.

ISO : A Stock Option intended to be an incentive stock option within the meaning of Section 422 of the Code. Each Stock Option granted pursuant to the Plan will be treated as providing by its terms that it is to be a non-incentive stock option unless, as of the date of grant, it is expressly designated as an ISO.

Participant : A person who is granted an Award under the Plan.

Performance Award : An Award designated by the Administrator as a Performance Award pursuant to Section 7(b) of the Plan.

Performance Criteria : The criterion or criteria that the Administrator shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance Award under the Plan. The Performance Criteria that will be used to establish the Performance Goal(s) shall be based on the attainment of specific levels of performance of the Company (or Affiliate, division, business unit or operational unit of the Company) and shall be limited to the following: sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation or amortization, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital or assets; one or more operating ratios; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; shareholder return; sales of particular products or services; customer acquisition or retention; acquisitions and divestitures (in whole or in

part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings.

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Any one or more of the above Performance Criteria may be used on an absolute or relative basis to measure the performance of the Company and/or an Affiliate as a whole or any division, subsidiary, line of business, operational unit, project or geographical basis of the Company and/or an Affiliate or any combination thereof, as the Administrator may deem appropriate, or as compared to the performance of a group of comparable companies, or published or special index that the Administrator, in its sole discretion, deems appropriate. The Administrator also has the authority to provide for accelerated vesting of any Performance Award based on the achievement of Performance Goals pursuant to the Performance Criteria specified above. The Administrator shall, within the first 90 days of a Performance Period, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period. In the event that applicable tax and/or securities laws change to permit the Administrator discretion to alter the governing Performance Criteria without obtaining shareholder approval of such changes, the Administrator shall have sole discretion to make such changes without obtaining shareholder approval.

Performance Formula means, for a Performance Period, the one or more objective formulas applied against the relevant Performance Goal to determine, with regard to the Performance Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Award has been earned for the Performance Period.

Performance Goals means, for a Performance Period, the one or more goals established by the Administrator for the Performance Period based upon the Performance Criteria. The Administrator is authorized, in its sole and absolute discretion, to adjust or modify the calculation of a Performance Goal for a Performance Period in order to prevent the dilution or enlargement of the rights of Participants based on the following events: (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (iv) any reorganization and restructuring programs; (v) unusual and/or infrequently occurring items as presented in the Company's financial statements; (vi) acquisitions or divestitures; (vii) any other specific unusual or nonrecurring events, or objectively determinable category thereof; (viii) foreign exchange gains and losses; and (ix) a change in the Company's fiscal year.

Performance Period means the one or more periods of time not less than one fiscal year in duration, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Performance Award.

Plan : The Carter's, Inc. Amended and Restated Equity Incentive Plan, as from time to time amended and in effect.

Restricted Stock : An Award of Stock for so long as the Stock remains subject to restrictions requiring that it be redelivered or offered for sale to the Company if specified conditions are not satisfied.

Section 162(m) : Section 162(m) of the Code.

SARs : Rights entitling the holder upon exercise to receive Stock equal in value to the excess of the Fair Market Value of the shares of Stock subject to the right over the Fair Market Value of such shares of Stock on the date of grant.

Securities Act : The Securities Act of 1933, as amended.

Stock : Common Stock of the Company, par value \$.01 per share.

Stock Options : Options entitling the recipient to acquire shares of Stock upon payment of the Exercise Price.

Unrestricted Stock : An Award of Stock not subject to any restrictions under the Plan.

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SUITE 1800

ATLANTA, GEORGIA 30326

VOTE BY INTERNET www.proxyvote.com

Use the Internet to transmit your voting instructions up until 11:59 p.m. Eastern Time on May 16, 2018. Have your proxy card in hand when you access the website and then follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time on May 16, 2018. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign, and date your proxy card and return it in the postage-paid envelope we have provided or return it to Carter's, Inc., c/o Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, New York 11717.

**ELECTRONIC DELIVERY OF FUTURE
SHAREHOLDER MATERIALS**

If you would like to reduce Carter's Inc.'s costs and the environmental impact of mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards, and annual reports via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above for voting using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

TO VOTE BY MAIL, MARK BLOCKS BELOW IN BLUE OR BLACK INK.

E44633-P05757

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

CARTER S, INC.

**Vote on Election of
Directors**

1. Election of
Directors:

Nominees:	For	Against	Abstain	Vote to approve named executive compensation	For	Against	Abstain
1a. Amy Woods Brinkley				2. Advisory approval of executive compensation.			
1b. Giuseppina Buonfantino				The Board of Directors recommends a vote FOR the approval of executive compensation.			
1c. Michael D. Casey				Vote on the approval of the Company's Amended and Restated Equity Incentive Plan			
1d. Vanessa J. Castagna				3. Approval of the Company's Amended and Restated Equity Incentive Plan.			
1e. A. Bruce Cleverly				The Board of Directors recommends a vote FOR the approval of the Company's Amended and Restated Equity Incentive Plan.			

1f. Jevin S.
Eagle

**Vote on Ratification of
PricewaterhouseCoopers LLP**

1g. Mark P.
Hipp

4. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal 2018.

1h. William
J. Montgoris

The Board of Directors recommends a vote **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal 2018.

1i. David
Pulver

1j. Thomas
E. Whiddon

**PLEASE COMPLETE, SIGN, DATE,
AND RETURN PROMPTLY IN THE
ENCLOSED ENVELOPE.**

Yes No

The Board of Directors recommends a vote **FOR** the election of the Nominees.

Please indicate if you plan to attend this meeting.

Note: Please sign exactly as your name or names appear(s) on this Proxy. When shares are held jointly, each holder must sign. When signing as executor, administrator, attorney, trustee, or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Signature [PLEASE SIGN WITHIN
BOX]

Date

Signature (Joint Owners)

Date

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Invitation to Carter s, Inc.

2018 Annual Meeting of Shareholders

Carter s, Inc. will conduct its Annual Meeting of Shareholders on Thursday, May 17, 2018, at 8:00 a.m. The meeting will be held at our offices located at 3438 Peachtree Road NE, Atlanta, Georgia 30326.

You are cordially invited to join us for refreshments prior to the Annual Meeting, beginning at 7:30 a.m. The meeting will convene promptly at 8:00 a.m.

In order to expedite your entrance into the meeting, please present this invitation at the registration desk. Invitations or proof of stock ownership as of the record date of March 26, 2018, will be required to enter the meeting. Photo identification is also required for admission.

We look forward to your participation.

Important Notice Regarding Internet Availability of the Annual Report and Proxy Materials for the Annual Meeting:

Combined document containing Proxy Materials and Annual Report is available at www.proxyvote.com.

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PROXY

CARTER S, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF CARTER S, INC.

ANNUAL MEETING OF SHAREHOLDERS - MAY 17, 2018

The undersigned hereby appoints Michael D. Casey and Michael C. Wu as proxies (each with the power to act alone and with full power of substitution) to vote, as designated herein, all shares the undersigned is entitled to vote at the Annual Meeting of Shareholders of Carter s, Inc. to be held on May 17, 2018 and at any and all adjournments thereof.

The proxies will vote as directed by the shareholder on this proxy card. If this proxy card is signed and returned but does not provide specific direction with respect to a voting item, this proxy will be voted with respect to such item as recommended by the Board of Directors. The proxies will vote, in their discretion, upon such other business as may properly come before the meeting and any and all adjournments thereof.

Your vote on the election of Carter s director nominees, advisory approval of compensation paid to the Company s named executive officers, approval of the Company s Amended and Restated Equity Incentive Plan, and ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for fiscal 2018 may be specified on the reverse side of this card.

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(Continued and to be signed on the reverse side)