

CARTERS INC  
Form 4  
October 31, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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 \*  
ROWAN FREDERICK J II

(Last) (First) (Middle)

C/O CARTER'S, INC., THE  
PROSCENIUM, 1170 PEACHTREE  
ST. NE, SUITE 900

(Street)

ATLANTA, GA 30309

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
CARTERS INC [CRI]

3. Date of Earliest Transaction  
(Month/Day/Year)  
10/27/2006

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)

Chief Executive Officer

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	10/27/2006		M		105,000	A	\$ 0.75 (1)
Common Stock	10/27/2006		S		105,000	D	\$ 29.3112
Common Stock	10/30/2006		M		195,000	A	\$ 0.75 (1)
Common Stock	10/30/2006		S		195,000	D	\$ 28.6071
Common Stock	10/31/2006		M		120,000	A	\$ 0.75 (1)

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Common Stock 10/31/2006 S 120,000 D \$ 28.1628 0 D

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

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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 Underlying Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Rolled Employee Stock Option (Right to Buy)	\$ 0.75 <sup>(1)</sup>	10/27/2006		M	105,000	08/15/2001 <sup>(2)</sup>	08/15/2011	Common Stock
Rolled Employee Stock Option (Right to Buy)	\$ 0.75 <sup>(1)</sup>	10/30/2006		M	195,000	08/15/2001 <sup>(2)</sup>	08/15/2011	Common Stock
Rolled Employee Stock Option (Right to Buy)	\$ 0.75 <sup>(1)</sup>	10/31/2006		M	120,000	08/15/2001 <sup>(2)</sup>	08/15/2011	Common Stock
Performance Employee Stock Option (Right to Buy)	\$ 22.01 <sup>(1)</sup>					<sup>(4)</sup>	05/13/2012	Common Stock
Employee Stock Option (Right to Buy)	\$ 3.08 <sup>(1)</sup>					<sup>(5)</sup>	08/15/2011	Common Stock

# Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ROWAN FREDERICK J II C/O CARTER'S, INC., THE PROSCENIUM 1170 PEACHTREE ST. NE, SUITE 900 ATLANTA, GA 30309	X		Chief Executive Officer	

## Signatures

/s/ Fredrick J.  
 Rowan, II

10/31/2006

\*\*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) The exercise price of the derivative securities reported in this Form 4 reflect a two-for-one stock split effected on June 6, 2006 (the "Stock Split").
- (2) These options became 100% exercisable upon the date of Mr. Rowan's Restated Stock Option Agreement on August 15, 2001.
- (3) The amount of securities beneficially owned following the transactions reported in this Form 4 reflects the Stock Split.
- (4) These options are performance options that vest upon the achievement of defined performance criteria.
- (5) These options are all exercisable.

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.