Table of Contents

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

# SCHEDULE 14A

**(Rule 14a-101)**

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

**The Children's Place Retail Stores, Inc.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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

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

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

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

April 5, 2011

Dear Fellow Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders on Friday, May 20, 2011, at 9:00 a.m. at the Company's headquarters located at 500 Plaza Drive, Secaucus, New Jersey.

At the Annual Meeting, we will ask you to elect the Class II members of the Board of Directors, to ratify the selection of the independent registered public accounting firm, to approve The Children's Place Retail Stores, Inc. 2011 Equity Incentive Plan, and to hold advisory votes concerning executive compensation. We will also update you on the Company's progress during the past year and answer your questions.

This booklet includes the Notice of Annual Meeting and Proxy Statement. The Proxy Statement describes the business we will conduct at the Annual Meeting and provides information about the Company that you should consider when you vote your shares.

**It is important that your stock be represented at the Annual Meeting. Whether or not you plan to attend the Annual Meeting in person, we hope that you will vote on the matters to be considered. You may vote your proxy via the internet, by telephone, or by mail by signing, dating and returning your proxy card in the envelope provided.**

Very truly yours,

Norman Matthews
Chairman of the Board

Table of Contents

April 5, 2011

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The 2011 Annual Meeting of Stockholders of The Children's Place Retail Stores, Inc. will be held at 500 Plaza Drive, Secaucus, New Jersey 07094, on Friday, May 20, 2011, at 9:00 a.m., for the following purposes:

1. To elect three Class II members of the Board of Directors to serve for a three-year term;

2. To ratify the selection of BDO USA, LLP, as the Company's independent registered public accounting firm for fiscal 2011;

3. To approve The Children's Place Retail Stores, Inc. 2011 Equity Incentive Plan;

4. To hold an advisory (non-binding) "Say on Pay" vote to approve the compensation of the Company's named executive officers as described in the Proxy Statement;

5. To hold an advisory (non-binding) "Say on Frequency" vote setting "Say on Pay" vote frequency; and

6. To consider and act upon such other business as may properly come before the Annual Meeting.

Stockholders of record at the close of business on April 4, 2011 are entitled to vote at the Annual Meeting.

**Your vote is important. We encourage you to vote by proxy, even if you plan to attend the Annual Meeting. You may vote your proxy via the internet or by telephone by following the instructions included on your proxy card. You may also vote by mail by signing, dating and returning your proxy card in the envelope provided. Voting now will not limit your right to change your vote or to attend the Annual Meeting.**

By order of the Board of Directors,

Bradley Cost
Senior Vice President, General Counsel and Secretary
The Children's Place Retail Stores, Inc.
500 Plaza Drive
Secaucus, New Jersey 07094
If you have any questions or require any assistance with voting your shares, please contact:

**MACKENZIE PARTNERS, INC.**
105 Madison Avenue
New York, New York 10016

(212) 929-5500 (Call Collect)
or
**Call Toll-Free (800) 322-2885**
Email: proxy@mackenziepartners.com

**TABLE OF CONTENTS**

Table of Contents

## PROXY STATEMENT

The Children's Place Retail Stores, Inc. (referred to in this Proxy Statement as "we," "The Children's Place" or the "Company") is sending you this Proxy Statement in connection with the solicitation by the Board of Directors (the "Board") of proxies to be voted at the 2011 Annual Meeting of Stockholders (the "Annual Meeting").

We are mailing a printed copy of this Proxy Statement, a proxy card and the 2010 Annual Report on Form 10-K of the Company to our stockholders beginning on or about April 5, 2011. The 2010 Annual Report on Form 10-K mailed with the Proxy Statement is not part of the proxy-soliciting material.

## VOTING PROCEDURES

***Who Can Vote***

The Company has one class of voting stock outstanding: Common Stock. If you were a record owner of Common Stock on April 4, 2011, the record date for voting at the Annual Meeting, you are entitled to vote at the Annual Meeting. At the close of business on April 4, 2011, there were 26,091,875 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock has one vote.

***How to Vote***

You can vote your shares in two ways: either by proxy or in person at the Annual Meeting by written ballot. If you choose to vote by proxy, you may do so by mail, using the internet or by telephone. Each of these procedures is more fully explained below. Even if you plan to attend the Annual Meeting, the Board recommends that you vote by proxy.

***Voting by Proxy***

Because many stockholders cannot attend the Annual Meeting in person, it is necessary that a large number of stockholders be represented by proxy. You may vote your proxy by mail, using the internet or by telephone, each as more fully explained below. In each case, we will vote your shares as you direct. When you vote your proxy, you can specify whether you wish to vote for or against or abstain from voting on each nominee for Class II Directors, the ratification of the selection of BDO USA, LLP as the Company's independent registered public accounting firm for fiscal 2011, the approval of The Children's Place Retail Stores, Inc. 2011 Equity Incentive Plan, and the approval of the compensation for the Company's named executive officers on an advisory, nonbinding basis ("Say on Pay"). When you vote your proxy, you can also specify whether you wish to vote that the advisory, nonbinding "Say on Pay" vote is to occur every one, two or three years.

If any other matters are properly presented for consideration at the Annual Meeting, the persons named on the voting web site and your proxy card as the Proxy Committee (the "Proxy Committee") will have discretion to vote for you on those matters. At the time this Proxy Statement was printed, we knew of no other matters to be raised at the Annual Meeting. Attending the Annual Meeting alone will not be deemed to revoke your proxy.

**Vote by Mail**

You can vote your shares by completing and mailing the enclosed proxy card to us so that we receive it before 11:59 p.m. (Eastern Daylight Time) on Thursday, May 19, 2011. If you sign and return your proxy card but do not specify how to vote, we will vote your shares in favor of the Board's nominees for Class II Director, the ratification of the selection of the independent registered public accounting firm and the approval of the Company's 2011 Equity Incentive Plan, as well as approval on the nonbinding "Say on Pay" vote and for the Board's recommendation of a yearly vote on the frequency of the "Say on Pay" vote.

**Vote by Internet**

You can vote your shares via the internet on the voting web site, which is www.voteproxy.com.

Table of Contents

Internet voting is available 24 hours a day, seven days a week, until 11:59 p.m. (Eastern Daylight Time) on Thursday, May 19, 2011. Our internet voting procedures are designed to authenticate stockholders through individual control numbers. **If you received a proxy card in the mail and choose to vote via the internet, you do not need to return your proxy card.**

**Vote by Telephone**

If you reside in the United States, Canada or Puerto Rico, you can also vote your shares by telephone by calling the toll-free number provided on the voting web site (www.voteproxy.com) and on the proxy card. Telephone voting is available 24 hours a day, seven days a week, until 11:59 p.m. (Eastern Daylight Time) on Thursday, May 19, 2011. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate stockholders through individual control numbers. **If you received a proxy card in the mail and choose to vote by telephone, you do not need to return your proxy card.**

***Voting at the Annual Meeting***

If you wish to vote at the Annual Meeting, written ballots will be available from the ushers at the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the Annual Meeting. Voting by proxy, whether by mail, using the internet or by telephone, will not limit your right to vote at the Annual Meeting if you decide to attend in person. However, if you vote by proxy and also attend the Annual Meeting, there is no need to vote again at the Annual Meeting unless you wish to change your vote.

***Revocation of Proxies***

You can revoke your proxy at any time before it is exercised at the Annual Meeting by taking any one of the following actions: (1) you can follow the instructions given for changing your vote using the internet or by telephone or deliver a valid written proxy with a later date; (2) you can notify the Secretary of the Company in writing that you have revoked your proxy (using the address in the Notice of Annual Meeting of Stockholders above); or (3) you can vote in person by written ballot at the Annual Meeting.

***Quorum***

To carry on the business of the Annual Meeting, a minimum number of shares, constituting a quorum, must be present. The quorum for the Annual Meeting is a majority of the votes represented by the outstanding Common Stock of the Company. This majority may be present in person or by proxy. Abstentions and "broker non-votes" (which are explained below) are counted as present to determine whether there is a quorum for the Annual Meeting.

***Broker Non-Votes***

A "broker non-vote" occurs when your broker submits a proxy for your shares but does not indicate a vote for a particular proposal because the broker does not have authority to vote on that proposal and has not received voting instructions from you. "Broker non-votes" are not counted as votes for or against the proposal in question or as abstentions, nor are they counted to determine the number of votes present for the particular proposal (but, are counted for purposes of determining whether a quorum exists).

If your broker holds shares in your name and delivers this Proxy Statement to you, the broker is entitled to vote your shares on Proposal 2 even if the broker does not receive voting instructions from you. The broker is not entitled to vote your shares on Proposals 1, 3, 4 or 5 without your instructions.

Table of Contents

***Required Vote***

*Proposal 1: Election of Three Class II Directors.* Each of the three nominees for Class II Director who receives at least a majority of the votes cast for such nominee will be elected. Votes cast include votes for or against each nominee and exclude abstentions and withheld authority. This means that if you abstain from voting or withhold authority to vote for a particular nominee, your vote will not count for or against the nominee. As more fully described in "Majority Voting in Director Elections" below, any nominee in this election who does not receive a majority of the votes cast must promptly offer to tender his or her resignation to the Board. The Nominating and Corporate Governance Committee will then consider the resignation and make a recommendation to the Board. When voting your proxy, the Proxy Committee will vote for each of the nominees unless you instruct otherwise. As discussed above, if your broker holds shares in your name and delivers this Proxy Statement to you, the broker is not entitled to vote your shares on this proposal without your instructions.

*Proposal 2: Ratification of Selection of Independent Registered Public Accounting Firm.* The affirmative vote of a majority of the votes cast at the Annual Meeting, either in person or by proxy, is required to ratify the selection of the independent registered public accounting firm. This means that if you abstain from voting on this proposal, your vote will not count for or against this proposal. When voting your proxy, the Proxy Committee will vote for this proposal unless you instruct otherwise.

*Proposal 3: Approval of The Children's Place 2011 Equity Incentive Plan.* The affirmative vote of a majority of the votes cast at the Annual Meeting, either in person or by proxy, is required to approve The Children's Place 2011 Equity Incentive Plan. This means that if you abstain from voting on this proposal, your vote will not count for or against this proposal. When voting your proxy, the Proxy Committee will vote for this proposal unless you instruct otherwise.

*Proposal 4: Advisory (Nonbinding) Vote on Executive Compensation ("Say on Pay").* The affirmative vote of a majority of the votes cast at the Annual Meeting, either in person or by proxy, is required to approve the advisory (non-binding) vote on executive compensation. This means that if you abstain from voting on this proposal, your vote will not count for or against this proposal. When voting your proxy, the Proxy Committee will vote for this proposal unless you instruct otherwise.

*Proposal 5: Advisory (Nonbinding) Vote on Frequency of "Say on Pay" Votes.* The plurality of the votes cast at the Annual Meeting, either in person or by proxy, will determine whether the advisory vote on a "Say on Pay" should be held every one, two or three years. This means that the frequency with the most votes will be approved as the "Say on Frequency" vote. If you abstain from voting on this proposal, it will have the same effect as if you did not vote on such frequency. When voting your proxy, the Proxy Committee will vote for the Board's recommendations to hold the "Say on Pay" vote every year, unless you instruct otherwise.

*Proposal 6: Other Matters As May Properly Come Before the Annual Meeting.* For any other matter that may properly come before the Annual Meeting, the affirmative vote of a majority of the votes cast at the Annual Meeting, either in person or by proxy, and entitled to vote on the proposal, is required for adoption of the proposed resolution. If you abstain from voting on a stockholder proposal, it will have the same effect as if you voted against it. When voting your proxy, the Proxy Committee will vote against these proposals unless you instruct otherwise. As discussed above, if your broker holds shares in your name and delivers this Proxy Statement to you, the broker is not entitled to vote your shares on either stockholder proposal without your instructions.

***Confidential Voting***

All proxies, ballots and vote tabulations that identify stockholders are confidential. An independent tabulator will receive, inspect and tabulate your proxy whether you vote by mail, using the internet or by telephone. Your vote will not be disclosed to anyone other than the independent tabulator without your consent, except if doing so is necessary to meet legal requirements.

***Majority Voting in Director Elections***

Under the Company's charter, in an uncontested election for directors (*i.e.*, an election where there are the same number of nominees as seats on the Board up for election), directors must be elected by a majority of the votes cast at the Annual Meeting. A majority of votes cast is defined to mean that the number of shares voted "for" a director's election exceeds 50% of the total number of votes cast "for" or "against" the election of the nominee.

If a nominee for director who is an incumbent director is not re-elected by a majority of the votes cast as set forth above, and no successor has been elected at the Annual Meeting, the Company's Corporate Governance Guidelines require the director to promptly offer to tender his or her resignation to the Board.

The Nominating and Corporate Governance Committee will then make a recommendation to the Board as to whether to accept or reject the tendered resignation or to take other action. The Board will act on the tendered resignation, taking into account the Committee's recommendation, and will publicly disclose its decision and rationale within 90 days from the date of certification of the election results. The Committee, in making its recommendation, and the Board, in making its decision, may each consider any factors or other information that it considers appropriate or relevant. The director who tenders his or her resignation shall not participate in the recommendation of the Committee or the decision of the Board with respect to the acceptance or rejection of his or her resignation.

If a director's resignation is accepted by the Board, or if a nominee who is not an incumbent director is not elected, then the Board in its discretion may determine either to fill such vacancy or to reduce the size of the Board.

In contested elections, where there are more nominees than seats on the Board up for election, directors are elected by a plurality vote. This means that the nominees who receive the most votes of all the votes cast for directors will be elected.

## GOVERNANCE OF THE COMPANY

### The Company's Corporate Governance Commitment

The Company's Board strongly believes that good corporate governance accompanies and greatly aids our long-term business success. Reflecting its commitment to continuous improvement, the Board reviews its governance practices on an ongoing basis to ensure that they promote stockholder value.

***Board Independence, Experience and Diversity***

**Strict Director Independence Standards.** With the exception of Jane Elfers, the Company's President and Chief Executive Officer (the "CEO"), the directors who will continue following the Annual Meeting are all independent directors. All members of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee are independent directors. For more information regarding the independence standards and the Board's determinations of independence, see "Director Independence" below.

**Executive Sessions/Presiding Director.** The independent directors of the Board are scheduled to meet in executive session, without the CEO or other members of management present, at every regularly scheduled Board meeting. The Chairman of the Board leads these sessions. For more information regarding the role of the Chairman of the Board and the Board's leadership structure, see "Board Leadership Structure" below.

**Audit Committee Independence and Financial Literacy.** All members of the Audit Committee are independent directors. The Board has also determined that the Chair of the Audit Committee is an "audit committee financial expert," as that term is defined in the rules of the Securities and Exchange Commission (the "SEC"), and that all members of the Audit Committee meet the independence and financial sophistication requirements of the NASDAQ Stock Market.

**Board Experience and Diversity.** As its present directors exemplify, the Company values diverse backgrounds and experience, educational achievement, and strong ethical character.

***Established Policies Guide Governance and Business Integrity***

**Charters for Board Committees.** Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee has a committee charter developed under the leadership of its committee chair. The committee charters describe the purpose, responsibilities, structure and operations of each committee. The Audit Committee charter reflects the authority and responsibilities of the committee under the corporate governance rules of the SEC and the NASDAQ Stock Market. The committee charters are available on the Company's web site at http://www.childrensplace.com under the "Corporate Governance" tab in the section entitled "Investor Relations."

**Corporate Governance Guidelines.** The Company's Corporate Governance Guidelines reflect the Board's views and Company policy regarding significant corporate governance issues. As part of its ongoing review of best practices in corporate governance, the Board periodically updates the guidelines. The Board believes the guidelines reflect best practices. The guidelines are available on the Company's web site at http://www.childrensplace.com under the "Corporate Governance" tab in the section entitled "Investor Relations."

**Code of Business Conduct.** The Company's Code of Business Conduct promotes the highest ethical standards in all of the Company's business dealings. The Code of Business Conduct applies to the Company's directors, officers (including its principal executive officer, principal financial officer and principal accounting officer) and employees. The Code of Business Conduct is available on the Company's web site at http://www.childrensplace.com under the "Corporate Governance" tab in the section entitled "Investor Relations."

***Board Focused on Key Business Priorities***

**Role of Board.** The Board plays a major role in overseeing the Company's business strategy. It reviews the Company's strategic and annual plans and receives detailed briefings throughout the year on critical aspects of their implementation. These include performance reviews, product reviews, presentations regarding development initiatives and reports from specific disciplines such as finance, design, merchandising, store operations, planning and allocation, supply chain, real estate and information technology.

***Direct Access to Management***

**Management Participation at Board Meetings.** Topics are presented to the Board by the members of management who are most knowledgeable about the issue at hand. An open and informal environment allows dialogue to develop between directors and management, which often produces new ideas and areas of focus.

**Direct Access to Management.** The Board's direct access to management continues outside the boardroom during discussions with corporate officers and other employees. Directors are invited to contact senior executives directly with questions and suggestions.

Table of Contents

***Ensuring Management Accountability***

**Performance-Based Compensation.** The Company has linked the pay of its executives and managers at all levels to the Company's performance. As described in greater detail in the "Compensation Discussion and Analysis" below, the Compensation Committee adheres to this pay-for-performance philosophy, and performance-based incentives (cash and stock) comprise a significant component of management's overall compensation.

**CEO Evaluation Process.** The Board's evaluation of the CEO is an annual process. As part of the overall evaluation process, the Board meets informally with the CEO to give and seek feedback on a regular basis.

***Board Practices Promote Effective Oversight***

**Board Size.** Designed to maximize board effectiveness, the Corporate Governance Guidelines provide that the Board will periodically evaluate whether a larger or smaller board would be preferable based on the Company's circumstances.

**Directorship Limits.** To devote sufficient time to properly discharge their duties, the Corporate Governance Guidelines provide that, without Board approval, (i) directors should not serve on more than five other public company boards, (ii) directors who also serve as CEO's or in equivalent positions of other companies should not serve on more than one other public company board in addition to their employer's board and the Company's Board, and (iii) the Company's CEO should not serve on more than one other public company board in addition to the Company's Board.

***Continuous Improvement through Evaluation***

**Board Self-Evaluation Process.** Each year, the Board evaluates its performance against criteria that it has determined are important to its success. The Board then considers the results of the evaluation and identifies steps to enhance its performance.

**Board Committee Evaluations.** Self-evaluations of the Board's committees are also conducted annually. The results of these evaluations are reviewed with the Board, and further enhancements are agreed for each committee.

**Individual Director Evaluations.** Complementing the Board and committee self-evaluations, the Board has also developed an individual director evaluation process. Using director effectiveness criteria selected by the Board following a review of external best practices, directors evaluate their peers and the resulting feedback is shared with individual directors by an external facilitator. The process enables the directors to provide valuable feedback to one another and identifies areas of strength and areas of focus for enhanced effectiveness.

**The Board of Directors**

The Board oversees the business, assets, affairs, performance and financial integrity of the Company. In accordance with the Company's long-standing practice, the Board is independent, consisting of a substantial majority of outside directors. During fiscal 2010, the Board had nine directors, with seven independent directors and one employee director, Jane Elfers, who is the President and Chief Executive Officer of the Company. Charles Crovitz, who has served as a director since 2004 and as the Company's Interim Chief Executive Officer from September 2007 until January 2010, is not standing for reelection and will retire from the Board effective as of the Annual Meeting. Joseph Gromek has been nominated to fill the position Mr. Crovitz will vacate at the Annual Meeting. Mr. Gromek has been recommended to the Company by a number of sources, including our Chairman and our Chief Executive Officer. If elected, Mr. Gromek will be the Company's eighth independent director.

Table of Contents

The Board met five times during fiscal 2010. The directors attended 100% of the meetings of the Board in fiscal 2010. During fiscal 2010, the independent directors met regularly in executive session without Ms. Elfers present.

The Company's charter and bylaws provide for a "classified" Board comprised of three classes, designated Classes I, II and III, whose members serve staggered three-year terms, so that one-third of the Company's directors are elected each year. Class I directors were last elected at the Company's 2010 annual meeting of stockholders, Class II directors were last elected at the Company's 2008 annual meeting of stockholders and Class III directors were last elected at the Company's 2009 annual meeting of stockholders. Class II directors are to be elected at this year's Annual Meeting and will serve for a three-year term, extending until the third succeeding annual meeting of stockholders, and in each case until their successors are duly elected and qualified.

**Board Nominees**

The Company's Corporate Governance Guidelines outline the characteristics expected of all directors, including independence, integrity, high personal and professional ethics, sound business judgment and the ability and willingness to commit sufficient time to the Board. The Nominating and Corporate Governance Committee annually reviews the individual skills and characteristics of the directors, as well as the composition of the Board as a whole. In evaluating the suitability of individual Board members, the Nominating and Corporate Governance Committee seeks directors with strong reputations and experience in areas relevant to the strategy and operations of our business and takes into account many factors, including a general understanding of retailing, apparel, marketing, finance and other disciplines relevant to the success of a publicly traded apparel retailer in today's business environment, educational and professional background, personal accomplishment, and gender, age and ethnic diversity, but does not base its nominating of a candidate solely on these factors. The Nominating and Corporate Governance Committee strives to nominate directors with a variety of complementary skills so that, as a group, the Board will possess the appropriate talent, skills and expertise to oversee the Company's business. Each nominee set forth below satisfies the above criteria. Each nominee holds a senior executive position in a large, complex organization and has gained experience in core management skills, such as strategic and financial planning, financial reporting, corporate governance, risk management and leadership development. This variety and depth of experience enables the nominees to understand the Company's business and to make significant contributions to the deliberations of the Board. Biographical information and the qualifications of each director nominee for election at this year's Annual Meeting are set forth below. Dr. Alutto has been a director since 2008, Mr. Iannone was elected to the Board effective June 30, 2010, and Mr. Gromek has been nominated to serve on the Board for the first time.

Table of Contents

The following table sets forth certain information with respect to the nominees of the Board for election as a Class II director at the Annual Meeting, including their memberships on the Board's standing committees.

| | |
|---|---|
| **Joseph Alutto, 69**<br>**Independent Class II Director since 2008** | Dr. Alutto has served as a Director of our Company since 2008, and currently serves as the Chairman of our Nominating and Corporate Governance Committee. Since October 2007, Dr. Alutto has served as the Executive Vice President and Provost of The Ohio State University. Dr. Alutto served as the institution's interim President from July 2007 to September 2007. Prior to these positions, Dr. Alutto served as the Dean of the Max M. Fischer College of Business at The Ohio State University for 16 years.<br>*Public Company Directorships:* M/I Homes, Inc. (2005 - current), Nationwide Financial Services, Inc. (2002 - 2008) and United Retail Group, Inc. (1992 - 2007). |
| **Jamie Iannone, 38**<br>**Independent Class II Director since 2010** | In addition to serving as a Director of our Company, Mr. Iannone currently serves as President of the Digital Division of Barnes & Noble, responsible for NOOK e-Reading devices, software, accessories and retail integration. Mr. Iannone joined Barnes & Noble in 2009 from eBay, where he held roles of increasing responsibility and most recently was that company's Vice President of Global Search, the largest single investment area at eBay. Previously, he was the Vice President of Buyer Experience at eBay, responsible for all aspects of the customer experience. Mr. Iannone first joined eBay in 2001. Mr. Iannone received an MBA from the Stanford University Graduate School of Business. |
| **Joseph Gromek, 63**<br>**Independent Class II Director Nominee** | Mr. Gromek has served as President and Chief Executive Officer of The Warnaco Group, Inc. ("Warnaco") since April 2003, at which time he was also elected to the Board of Directors of that company. From 1996 to 2002, Mr. Gromek served as President and Chief Executive Officer of Brooks Brothers, Inc., a clothing retailer. From January 2002 until he joined Warnaco in April 2003, Mr. Gromek worked as an independent consultant. Over the last 25 years, Mr. Gromek has held senior management positions with Saks Fifth Avenue, Limited Brands, Inc. and Ann Taylor Stores Corporation. Mr. Gromek serves on the Board of Directors of Volunteers of America, Ronald McDonald House, Stanley M. Proctor Company and the American Apparel & Footwear Association; as a member of the Board of Governors of the Parsons School of Design, as a member of the Board of Trustees of the Trevor Day School and as a member of the Advisory Board of the Fashion Institute of Technology.<br>*Public Company Directorships:* The Warnaco Group, Inc. (2003 - current) and Wolverine World Wide, Inc. (2008 - current). |

**Continuing Directors**

The following table sets forth certain information with respect to the Class I and Class III directors, whose term of office continues beyond the Annual Meeting. Each of our continuing directors possesses strong experience and educational and professional background in areas relevant to the strategy and

Table of Contents

operations of our business. Each has complementary skills in areas such as strategic and financial planning, financial reporting, corporate governance and leadership development which enables our continuing directors to make significant contributions to our Board.

| | |
|---|---|
| **Jane Elfers, 50**<br>**Class I Director since 2010** | Ms. Elfers has served as the President and Chief Executive Officer and as a Director of our Company since January 2010. Ms. Elfers formerly served as President and Chief Executive Officer of Lord & Taylor Department Stores from May 2000 to September 2008. Lord & Taylor was part of The May Department Stores Company during the period May 2000 through August 2005 and a part of Federated Department Stores, Inc. during the period September 2005 until October 2006 when it was acquired by an affiliate of NRDC Equity Partnership. |
| **Malcolm Elvey, 69**<br>**Independent Class III Director since 2002** | Mr. Elvey currently serves as a member of our Audit Committee and our Nominating and Corporate Governance Committee. In addition to being a member of our Board, Mr. Elvey is Managing Partner of Collaborative Capital, a venture capital fund focused on early-stage technology companies, which he founded in 1999. From January 2004 to March 2006, Mr. Elvey served as the Chief Executive Officer of LimoRes.net, a ground transportation company he helped found in New York. Mr. Elvey has also founded other companies, most notably, Esquire Communications, Ltd., a court reporting and legal services company, and Metro Cash & Carry, a publicly-traded South African warehouse club. Prior to founding Esquire Communications, Mr. Elvey served for two years as a member of the board of directors and as head of several divisions of ADT Ltd., a nationally recognized electronic security services provider. During his career, Mr. Elvey has served on the board of directors of public companies in the United States, Italy, the United Kingdom and South Africa, most notably, Pritchard Services and The Hawley Group, both United Kingdom-based companies. Mr. Elvey also coaches and runs workshops for public, private and not-for-profit organizations. He has been a member of the Young President's Organization/World President's Organization (YPO/WPO) since 1973 and has been an adjudicator of business plans at the Columbia Business School since 1999. Mr. Elvey has an MBA from the University of Cape Town, South Africa and is a chartered accountant.<br>*Public Company Directorships:* Migo Software Inc. (2006 - 2008), ADT Ltd. (1985 - 1987). |
| **Robert Fisch, 61**<br>**Independent Class I Director since 2004** | Mr. Fisch currently serves as a member of our Compensation Committee. Mr. Fisch has over 30 years of experience in the retail industry. Since 2001, Mr. Fisch has served as the President, Chief Executive Officer and Chairman of the Board of rue21, inc., a specialty apparel retailer with over 650 stores across the United States that went public in November 2009. From 1987 to 2000, Mr. Fisch served as President of Casual Corner Group, Inc., a retailer of women's apparel. Mr. Fisch started his career at Abraham & Straus in New York.<br>*Public Company Directorships:* rue21, inc. (2009 - present). |

Table of Contents

**Sally Frame Kasaks, 66**
**Independent Class III Director since 2000**

Ms. Kasaks serves as the chair of our Compensation Committee and as a member of our Audit Committee. From August 2005 to October 2009 Ms. Kasaks served as our lead director and from January 2007 to October 2009 as our acting Chair. In October 2006 Ms. Kasaks was appointed as Interim CEO of Pacific Sunwear of California, Inc., assuming the role of Chair and Chief Executive Officer from May 2007 to June 2009. From 1997 to October 2006 Ms. Kasaks served as a retail and marketing business consultant to a number of retailers through ISTA Incorporated. From 1983 to 1985 and again from 1992 to 1996, Ms. Kasaks served as the Chief Executive Officer of Ann Taylor Stores, Inc. Ms. Kasaks has also served as Chief Executive Officer of both Abercrombie & Fitch and Talbots, Inc. In addition, Ms. Kasaks has served as a member of the Board of Directors of Crane & Co., Inc. from 2002 to 2007 and as an Advisor to the Board of the Army Air Force Exchange Service (AAFES). Ms. Kasaks is currently a member of the Board of Directors of St. John Knits, a privately held company.

*Public Company Directorships:* Pacific Sunwear of California, Inc. (1997 - 2010), Coach, Inc. (2001 - 2005), Tuesday Morning Corp. (1999 - 2005), White House, Inc. (1999 - 2003) and Cortefiel S.A. (1997 - 2005).

**Louis Lipschitz, 66**
**Independent Class I Director since 2008**

Mr. Lipschitz currently serves as Chairman of our Audit Committee and as a member of our Nominating and Corporate Governance Committee. Mr. Lipschitz served as the Executive Vice President and Chief Financial Officer of Toys "R" Us, Inc. from 1996 until his retirement in 2004.

*Public Company Directorships:* Majesco Entertainment (2004 - current), New York & Company (2005 - current), Forward Industries (2005 - current) and Finlay Enterprises, Inc. (2006 - 2009).

**Norman Matthews, 78**
**Independent Class III Director since 2009**

Mr. Matthews currently serves as our Chairman of the Board and as a member of the Compensation Committee. Mr. Matthews served as President of Federated Department Stores until his retirement in 1988. He joined Federated Department Stores in 1978 as Chairman Gold Circle Stores Division. He was promoted to Executive Vice President of Federated Department Stores in 1982, to Vice Chairman in 1984 and to President in 1987. Prior to joining Federated Department Stores, Mr. Matthews served as Senior Vice President, General Merchandise Manager for E.J. Korvette, and as Senior Vice President, Marketing and Corporate Development for Broyhill Furniture Industries. In 2005, Mr. Matthews was named as one of eight outstanding directors by the Outstanding Directors Exchange. Mr. Matthews received an MBA from the Harvard University Graduate Business School.

*Public Company Directorships:* The Progressive Corporation (1981 - current), Henry Schein, Inc. (2002 - current), Spectrum Brands (2009 -current), Federated Department Stores (1984 - 1988), Finlay Enterprises (1993 - 2009), Toys "R" Us, Inc. (1995 - 2005) and Sunoco, Inc. (1999 - 2005).

Charles Crovitz, who has served as a Director since 2004 and as the Company's Interim Chief Executive Officer from September 2007 until January 2010, is not standing for reelection and will retire from the Board effective as of the Annual Meeting.

Table of Contents

**Director Independence**

All of the continuing members of our Board (other than Ms. Elfers) are non-management Directors who meet the criteria for director independence of the listing standards of The NASDAQ Stock Market. All of the members of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are independent directors.

The Company's Corporate Governance Guidelines provide that the Board intends that, except during periods of temporary vacancies, a substantial majority of our directors will be independent. The Board has determined that an independent director is one who the Board affirmatively determines has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) and is considered independent under the listing standards of The NASDAQ Stock Market and under the rules and regulations promulgated by the Securities and Exchange Commission (the "SEC"), as they may from time to time be amended. The Board will also consider all other relevant factors and circumstances bearing on independence.

Each year each Director completes and submits to the Company a questionnaire which, among other purposes, is used by the Nominating and Corporate Governance Committee to help evaluate whether the Director has any material relationship with us (whether directly or as a partner, stockholder, or officer of an organization that has a relationship with us), including any material relationship with our affiliates and management, pertinent to determining the Director's independence. With the assistance of the Nominating and Corporate Governance Committee, our Board made an affirmative determination that of our current Directors, Messrs. Elvey, Fisch, Iannone, Lipschitz and Matthews, Dr. Alutto and Ms. Kasaks are independent within the meaning of the listing standards of The NASDAQ Stock market, and with respect to the members of the Audit Committee, the provisions of SEC Rule 10A-3. The Board also made an affirmative determination that Mr. Gromek, if elected to the Board at the Annual Meeting, will be independent within the meaning of such listing standards.

**Board Leadership Structure**

The Board selects the Company's CEO and Chairman of the Board in the manner that it determines to be in the best interests of the Company's stockholders. The Board has determined that having an independent director serve as Chairman is in the best interest of the Company's stockholders at this time. This structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing Board priorities and procedures. Further, this structure permits the Chief Executive Officer to focus on the management of the Company's day-to-day operations.

The Board does not have a policy as to whether the Chairman of the Board should be an independent director, an affiliated director, or a member of management. The Company's Corporate Governance Guidelines provide that when the Chairman is an affiliated director or a member of Company management, the independent directors shall and otherwise may, from time to time, select an independent director to act as the Lead Independent Director of the Board, with responsibility for coordinating the activities of the other independent directors and for performing the duties specified in these guidelines, including but not limited to (i) presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors, (ii) serving as liaison between the Chairman and the independent directors, (iii) approving information sent to the Board, (iv) approving meeting agendas for the Board, and (v) approving meeting schedules to assure that there is sufficient time for discussion, and such other duties as are assigned from time to time by the Board.

Table of Contents

**Board Role in Risk Oversight**

The Company faces a variety of risks, including strategic, operational, financial and compliance risk. The Board believes an effective risk management system will (1) timely identify the material risks that the Company faces, (2) communicate necessary information with respect to material risks to senior executives and, as appropriate, to the Board or relevant committee, (3) implement appropriate and responsive risk management strategies consistent with the Company's risk profile, and (4) integrate risk management into Company decision-making.

Management performs an annual risk assessment to identify and prioritize the major risks to the Company and to develop mitigation strategies or ensure that mitigation strategies are in place to address identified risks, and periodically reports to the Board on its status. The Board reaches conclusions regarding the adequacy of the Company's risk management processes based upon the briefings provided by management and advisors as well as upon periodic reports the Board receives from the Audit Committee regarding the Audit Committee's assessment of financial statement reporting risk and from the Compensation Committee regarding the Compensation Committee's assessment of the risk, if any, arising from the Company's compensation policies and practices. In addition to the formal compliance program, the Board encourages management to promote a corporate culture that incorporates risk management into the Company's corporate strategy and day-to-day business operations. The Board also continually works, with the input of the Company's executive officers, to assess and analyze the most likely areas of future risk for the Company.

**Consideration of Board Nominees**

The Nominating and Corporate Governance Committee acts on behalf of the Board to recruit, consider the qualifications of and recommend to the Board nominees for election as directors by the stockholders and candidates to be elected by the Board to fill vacancies on the Board. Our Corporate Governance Guidelines provide that the Nominating and Corporate Governance Committee will consider candidates recommended by stockholders and will have a policy that there will be no differences in the manner in which it evaluates nominees recommended by stockholders and nominees recommended by the Nominating and Corporate Governance Committee or Company management. Stockholders wishing to suggest director candidates should submit their suggestions in writing to the attention of the Secretary of the Company, providing the candidate's name and qualifications for service as a Board member, a document signed by the candidate indicating the candidate's willingness to serve, if elected, and evidence of the stockholder's ownership of Company stock. A stockholder wishing to formally nominate a candidate must do so by following the procedures described in our Bylaws which are available on our website at http://www.childrensplace.com.

**Communications to the Board of Directors**

Stockholders and other interested parties may communicate directly with the Company's independent directors by sending an e-mail to childrensplaceboard@childrensplace.com or by writing to Board of Directors, c/o Secretary, The Children's Place Retail Stores, Inc., 500 Plaza Drive, Secaucus, New Jersey 07094. Stockholders and other interested parties may also communicate with committee chairs by writing to them at the above mailing address, in care of the Secretary. The sender should specify in each communication the applicable addressee or addressees to be contacted. We will initially receive and process communications before forwarding them to the addressee. Our Secretary generally will not forward to the directors a stockholder communication that relates to an improper or irrelevant topic, that requests information about the Company that is generally available (which will instead be forwarded to our Investor Relations Department) or that is unrelated to the stockholder's ownership of our stock.

Concerns about accounting, internal controls over financial reporting or auditing matters or possible violations of the Company's Code of Business Conduct should be reported pursuant to the procedures outlined in our Code of Business Conduct, which is available on our website, http://www.childrensplace.com, under the "Corporate Governance" tab in the section entitled "Investor Relations."

Table of Contents

### Director Attendance at Annual Meetings

It is the Company's policy that all members of the Board should attend the Company's annual meeting of stockholders, unless extraordinary circumstances prevent a director's attendance. All Directors of the Company attended the 2010 annual meeting of stockholders.

### Committees of the Board of Directors

The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The members and a summary of the responsibilities of these committees are set forth below. The committee charters are available on our website, http://www.childrensplace.com under the "Corporate Governance" tab in the section entitled "Investor Relations."

***Committee Membership*** *(* indicates Chair)*

| Audit Committee | Compensation Committee | Nominating and Corporate Governance Committee |
|---|---|---|
| Louis Lipschitz* | Sally Frame Kasaks* | Joseph Alutto* |
| Malcolm Elvey | Robert Fisch | Malcolm Elvey |
| Sally Frame Kasaks | Norman Matthews | Louis Lipschitz |

***Audit Committee***

The Audit Committee, which is a separately designated standing audit committee established in accordance with Section 3(a)(58) of the Securities and Exchange Act of 1934, as amended, or the Exchange Act, monitors the preparation and integrity of our financial statements, our other financial reports and our overall disclosure practices; the soundness of our system of internal financial controls and our compliance with good accounting practices; and the appointment, qualifications, independence and performance of our independent registered public accounting firm. Additionally, the Audit Committee has oversight responsibility for the performance of our internal audit function and compliance with related legal and regulatory requirements. The Board has determined that all members of the Audit Committee are "independent," as required by the Exchange Act and the listing standards of The NASDAQ Stock Market and meet the "financial sophistication" requirement within the meaning of The NASDAQ Stock Market rules, and has also determined that Mr. Lipschitz qualifies as an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K.

The Audit Committee met nine times during fiscal 2010, including to review and participate in discussions regarding each quarterly earnings press release prior to its announcement. The Audit Committee also met separately on six occasions in executive session with the Company's independent registered public accounting firm, head of Internal Audit and other members of management.

***Compensation Committee***

The Compensation Committee has been charged with the responsibilities of our Board relating to compensation of our executive officers. The Compensation Committee establishes our management compensation policies and reviews and recommends to the Board the terms of the Company's incentive compensation plans and programs. The Compensation Committee oversees the implementation of these plans and programs, including the granting of all equity awards, to ensure alignment with the Company's strategy and performance and determines all aspects of the compensation of our executive officers. All members of the Compensation Committee are independent directors. For more information on the role played by the Compensation Committee in setting the compensation of our executives and the role of executive officers in determining or recommending the amount or form of executive compensation, see "Executive Compensation Compensation Discussion and Analysis" below. In addition, the

Table of Contents

Compensation Committee makes recommendations to the Board regarding the compensation of Directors. The Compensation Committee met six times during fiscal 2010.

The Compensation Committee periodically retains the services of outside compensation consultants to provide it with objective, third party recommendations and advice on the appropriateness of the Company's compensation of the CEO and other executive officers. In February 2010, the Compensation Committee retained Hay Group to advise it with respect to such matters and such other matters as the Compensation Committee may direct. Hay Group does not provide any other services to the Company. Hay Group works directly with the Compensation Committee and its Chair and meets with the Committee in executive session.

***Compensation Committee Interlocks and Insider Participation***

During fiscal 2010, the following directors were members of the Compensation Committee: Ms. Kasaks and Messrs. Fisch and Matthews. None of the members of the Compensation Committee has been an officer of the Company and none were employees of the Company during fiscal 2010, and none had any relationship with the Company or any of its subsidiaries during fiscal 2010 that would be required to be disclosed as a transaction with a related person. None of the executive officers of the Company has served on the board of directors or compensation committee of another company at any time during which an executive officer of such other company served on the Company's Board or the Compensation Committee.

***Nominating and Corporate Governance Committee***

The Nominating and Corporate Governance Committee recommends nominees for the Board and develops and implements formal Board self-evaluation procedures. It also makes recommendations to the Board regarding Board and committee structure and corporate governance. In the event of an uncontested election, the Nominating and Corporate Governance Committee also must assess the appropriateness of accepting the resignation of a nominee of the Board for election as a director who is in office as a director and does not receive a majority of the votes cast by the stockholders in respect of his or her election. The Nominating and Corporate Committee met three times during fiscal 2010. All members of the Nominating and Corporate Governance Committee are independent directors.

## Audit Committee Report

The Audit Committee reviews the Company's financial reporting process on behalf of the Board. The committee has authority to appoint, discharge and replace our independent registered public accounting firm, and is directly responsible for the oversight of the scope of its audit work and the determination of its compensation.

As stated in the Audit Committee's charter, a copy of which is available on the Company's website at http://www.childrensplace.com under the "Corporate Governance" tab in the section entitled "Investor Relations," the committee's responsibility is one of oversight. It is the responsibility of our management to establish and maintain a system of internal control over financial reporting and to prepare financial statements of the Company and its subsidiaries in accordance with generally accepted accounting principles and to prepare other financial reports and disclosures. Our independent registered public accounting firm is responsible for performing an independent audit of our consolidated financial statements and to issue a report thereon. The Audit Committee does not provide any expert or other special assurance as to our financial statements or any expert or professional certification as to the work of our independent registered public accounting firm.

In fulfilling its oversight responsibilities, the Audit Committee has, among other things, reviewed and discussed with management our audited consolidated financial statements for fiscal 2010, met and held discussions with management and with our independent registered public accounting firm and the head of our internal audit function (both with and without management present) regarding the fair and complete presentation of our financial results and discussed the significant accounting policies applied in our financial statements as well as alternative treatments. The Audit Committee also reviewed and discussed with management, the head of our internal audit function and our independent registered public accounting firm the reports required by Section 404 of the Sarbanes Oxley Act of 2002; namely, management's annual assessment of our internal control over financial reporting and our independent registered public accounting firm's attestation report thereon. The Audit Committee has discussed with our independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, "*Communication with Audit Committees*," as adopted, amended, modified or supplemented, by the Public Company Accounting Oversight Board, or PCAOB. In addition, the Audit Committee has received the written disclosures and the letter from our independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm such firm's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to our Board that our audited consolidated financial statements for fiscal 2010 be included in our Annual Report on Form 10-K for such fiscal year for filing with the Securities and Exchange Commission.

*The foregoing Audit Committee report has been submitted by the members of the Audit Committee: Louis Lipschitz (Chairman), Malcolm Elvey and Sally Frame Kasaks.*

## EXECUTIVE OFFICERS

Set forth below are the names, ages and titles of our executive officers as of April 4, 2011:

| NAME | AGE | POSITION[1] |
|---|---|---|
| Jane Elfers | 50 | Chief Executive Officer and President, Director |
| Natalie Levy | 46 | Executive Vice President, Merchandising & Design |
| Melissa Boughton | 56 | Senior Vice President, Store Development |
| Bradley Cost | 57 | Senior Vice President, General Counsel |
| Michael Giannelli | 44 | Senior Vice President, Design |
| James Bruce Marshall | 55 | Senior Vice President and Managing Director, International |
| Lawrence McClure | 62 | Senior Vice President, Human Resources |
| Kevin Mead | 46 | Senior Vice President, Stores |
| Mark Polinski | 46 | Senior Vice President, Outlets |
| Mark Rose | 45 | Senior Vice President, Chief Supply Chain Officer |
| Barrie Scardina | 47 | Senior Vice President, Planning & Allocation |
| Sunil Verma | 46 | Senior Vice President, Chief Information Officer |
| Bernard McCracken | 49 | Vice President, Controller |
| John Taylor | 44 | Vice President, Finance |

[1] Susan Riley served as our Executive Vice President, Finance and Administration from January 2007 to February 2011. Ms. Riley resigned from her positions with the Company and its subsidiaries effective February 10, 2011, and her employment with the Company terminated on March 4, 2011.

The biography of Ms. Elfers is set forth above under the heading "Governance of the Company Continuing Directors."

Table of Contents

Natalie Levy joined the Company in April 2010. Ms. Levy began her career with R.H. Macy and Company and also held a series of merchandising positions with Mervyn's and Caldor. She joined Lord & Taylor in 1999 where she spent seven years and last held the position of Senior Vice President/GMM for Proprietary Brands with responsibility for all apparel, shoes, handbags, accessories and gifts. Ms. Levy is a graduate of Simmons College with a degree in Retail Management.

Melissa Boughton joined the Company in October 2007 as the Vice President of Real Estate and in January 2008, she was named Senior Vice President of Store Development. Prior to joining us, Ms. Boughton served as Senior Vice President of Real Estate of Regis Corporation. She has been in the shopping center industry for over 20 years. Prior to joining the Regis, she served as Vice President of Real Estate at Best Buy, Inc.

Bradley Cost joined the Company in December 2010. Prior to joining us, Mr. Cost had been a partner with Bachelder Law LLP since September 2006, where he specialized in corporate governance, securities and senior executive compensation matters. Prior to that, Mr. Cost was a partner in private practice in New York City for over 20 years representing numerous public and private companies in securities, mergers & acquisitions and corporate matters. He earned his undergraduate degree from Georgetown University and law and graduate business degrees from Northwestern University.

Michael Giannelli joined the Company in March 2011. Mr. Giannelli has 20 years of design experience. He spent 18 years with Gap Inc. culminating in his appointment as Vice President, Gap Body. For 12 years of his tenure with that company, Mr. Giannelli designed children's apparel and non apparel for Gap Kids and Baby Gap. Most recently, Mr. Giannelli held the position of Senior Vice President, Design for Ann Taylor Loft.

James Bruce Marshall joined the Company in March 2011. Mr. Marshall has more than 25 years of experience managing franchising, licensing and joint ventures for global brands. Most recently, he was Senior Vice President and Managing Director, International Development and Operations, for Claire's Stores Inc., where he was responsible for their joint venture and franchise operations across 23 countries. Previously, he spent six years with Warner Bros. culminating in his appointment as Senior Vice President and Managing Director, Asia Pacific. Mr. Marshall began his retail career with Marks and Spencer, where he spent 16 years in a variety of managerial positions, including across Central and Eastern Europe.

Lawrence McClure joined the Company in March 2010. Prior to joining us, Mr. McClure served as Senior Vice President of Human Resources at Liz Claiborne, Inc. where he helped establish a global human resources presence within a diverse set of brands. Prior to that, he held senior human resources leadership roles with The Dexter Corporation, Aetna, and United Technologies.

Kevin Mead joined the Company in May 2005. Mr. Mead is a 20-year retail veteran, having worked most recently as the Senior Vice President of Retail Stores for Polo Retail Corporate, a division of Polo Ralph Lauren Corporation. Prior to Polo, Mr. Mead spent three years with Limited Brands, in the roles of Chief Stores Officer, Vice President of Aura Science and Vice President, Store Operations of Victoria's Secret Beauty. Prior to Limited Brands, Mr. Mead served in senior regional manager roles at Old Navy. He began his career in the Macy's East division of Federated Department Stores, where he spent 12 years in increasing levels of responsibility spanning merchandise buying and store management functions.

Mark Polinski joined the Company in December 2010. Most recently, Mr. Polinski consulted for The Children's Place, assisting in the development of the new strategy for our outlet business. A graduate of Penn State University, Mr. Polinski possesses deep experience in both full-price and outlet stores, having previously worked for Polo Ralph Lauren, J. Crew, Tommy Hilfiger and Donna Karan.

Mark Rose has served as Senior Vice President, Chief Supply Chain Officer for the Company since 2005. Prior to his promotion to Chief Supply Chain Officer, Mr. Rose was our Vice President, Merchandise Procurement. Mr. Rose joined the Company in 1990 and became Senior Product Buyer that year. Prior to joining the Children's Place, Mr. Rose held various positions at Macy's.

Table of Contents

Barrie Scardina joined the Company in May 2010. Most recently, she was Vice President of Retail Operations for Partnered Brands at Liz Claiborne, Inc. Her responsibilities at Liz Claiborne included planning and allocation, retail marketing and store operations. Prior to joining Liz Claiborne, Ms. Scardina was Vice President of Planning, Distribution and Business Development for Factory Outlets at Polo Ralph Lauren. Ms. Scardina is a graduate of Montclair State College with a degree in Business Administration.

Sunil Verma joined the Company in May 2010. Prior to that, he was Vice President, Information and Communication Technology for Macy's Inc., where he was responsible for all aspects of information technology for Macy's Homestore, a $5 billion, 800 store division. Prior to joining Macy's, Mr. Verma led a boutique consulting firm specializing in web-based business intelligence and retail operating systems for clients that included Polo Ralph Lauren, Alliance Bernstein, and The Venator Group. He is a graduate of Bombay University with a B.A. in political science and economics and has a Ph.D. in economics from New York University.

Bernard McCracken has held various finance and accounting positions with the Company since 2004 and has been the Company's Controller since 2009, Vice President, Controller since 2010 and Interim Principal Accounting Officer since February 2011. Prior to 2004, Mr. McCracken was the Vice President of Finance for Meldisco, a division of Footstar, Inc., and a Manager in Deloitte & Touche's consulting group.

John Taylor has held various finance positions with the Company since 2005 and has been our Vice President, Finance since 2007 and our Interim Principal Financial Officer since February 2011. From 1997 to 2005, Mr. Taylor held various finance positions with Dell Inc. Mr. Taylor earned an MBA from the University of Washington.

Table of Contents

# EXECUTIVE COMPENSATION

## Compensation Discussion and Analysis

***Introduction***

The Company believes that our people are the most important driver of our business success and, accordingly, views compensation as an important tool to motivate people at all levels of the organization. The fundamental objective of our executive compensation programs is to attract, retain and motivate the top executive management talent who are expected to advance both the short-term and long-term interests of our stockholders. We use the following principles in developing and implementing executive compensation programs to achieve this fundamental objective:

- **Align pay and performance** Provide the majority of executives' compensation opportunity through short and long-term incentive compensation based on the achievement of our business strategy and long-term growth initiatives;

- **Drive strong business results** Support the Company's business goals of fostering profitable growth and increasing stockholder value;

- **Focus on long-term stockholder return** Align the interests of executives and stockholders through the use of equity compensation;

- **Support teamwork** Promote alignment and collaboration across corporate functions by rewarding team performance and ensuring that the Company's executives share in the success they create; and

- **Attract strong talent** Attract, retain and motivate high-performing executives.

The Company's executive compensation programs are reviewed regularly by Company management and the Compensation Committee of the Board to ensure that the programs achieve these goals. Most recently, in fiscal 2010, the Compensation Committee retained Hay Group, a nationally recognized compensation consulting firm, as its independent compensation consultant to advise it with respect to management compensation matters. As a first step in supporting the Compensation Committee, Hay Group conducted an audit of the Company's executive compensation programs. As a result of this audit, Hay Group has been actively involved in advising the Compensation Committee on the design of the Company's proposed 2011 Equity Incentive Plan, updating the Company's peer group, the setting of target compensation levels and performance goals, and ensuring that there is a strong positive relationship between earned compensation and performance, as measured by operating results and increase in stockholder value.

This Compensation Discussion and Analysis (the "CD&A") discusses the compensation paid to the executive officers listed in the "Summary Compensation Table" below (the "Named Officers"). The compensation programs described, however, apply more broadly to other executive officers and management personnel at the Company, with appropriate modifications to reflect different levels and job responsibilities. We believe that this approach helps align our associates as one team sharply focused on our key strategic initiatives.

***Executive Summary of Performance***

Although fiscal 2010 was a time of continuing economic uncertainty and it was the first full year that our new CEO, Jane Elfers, had the opportunity to begin to institute our key growth initiatives, our revenues grew approximately 2% versus fiscal 2009 driven by new store growth and continued growth in our e-commerce business. Further:

- Operating income grew approximately 5% versus fiscal 2009 (constituting approximately 94% of our operating income target), and we delivered gross and operating margins at close to fiscal 2009 levels.

- Cash flow from operations was approximately $175 million for fiscal 2010, which helped enable us to repurchase approximately $90 million of shares of our Common Stock in fiscal 2010 while

Table of Contents

- maintaining what we believe to be appropriate liquidity to continue to execute our short and long-term business objectives.

For a more extensive discussion of our financial results, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10K which was included with this Proxy Statement. Our Annual Report on Form 10-K is also available online at http://www.childrensplace.com under the "Investor Relations" section.

In fiscal 2010, we also made significant progress on the following key growth initiatives:

- Improving our merchandise;
- Accelerating new store growth;
- Improving inventory management;
- Sharpening our marketing message; and
- Driving e-commerce growth.

***Executive Summary of Compensation***

Fiscal 2010 saw the following developments in the area of executive compensation:

- We hired a number of senior executives in such key areas as merchandising and design, outlets, e-commerce, planning and allocation, information technology, human resources and legal.
- Annual incentives (cash bonuses) paid-out at 70% of target based on our operating income performance.
- Long-term incentive awards for senior executives were comprised of a mix of performance-based deferred stock and time-vested deferred stock. The performance-based awards granted in fiscal 2010 were earned at 70% of target given the Company achieving 94% of its targeted goal for operating income and will be paid-out over a period of three years after the date of grant.
- Increases in annual base salaries for, and provision of perquisites and benefits to, senior executives were modest.

During fiscal 2010, the Compensation Committee engaged in a number of activities to ensure that our executive compensation programs reflected best practices and remained aligned with the interests of our stockholders, including:

- The design of the proposed 2011 Equity Incentive Plan, which is described and discussed more fully later on in this Proxy Statement;
- A review and updating of the Company's Comparison Group, which is described more fully below in this CD&A; and
- A review of the Company's change in control severance agreements, resulting in, among other changes, the elimination of a "modified gross-up" of the "golden parachute" excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, (the "Code"), all as discussed more fully later on in this Proxy Statement.

The remainder of this CD&A discusses the following key compensation topics:

- Compensation Comparison Group;
- Compensation Components;
- Role of the Compensation Committee, the Chief Executive Officer and Other Executives;

Base Salary;

Performance Targets;

Annual Incentives    Cash Bonuses;

Long-Term Incentives;

Time-Vested Deferred Stock Awards;

Performance-Based Deferred Stock Awards;

Table of Contents

- Change in Control Arrangements;
- Policies Concerning Equity Grants, Recovery of Incentive Compensation and Hedging;
- Benefits and Perquisites;
- Tax and Accounting Considerations; and
- Chief Executive Officer Compensation.

***Compensation Comparison Group***

The Company uses comparative compensation data from a group of other leading retail companies, referred to in this CD&A as the "Comparison Group," as a point of reference in designing its compensation programs and in setting compensation levels. We do not use this data as a single determinative factor but rather as an external check to verify that our compensation programs are reasonable and competitive in light of compensation levels at similarly situated companies.

In fiscal 2010, the Compensation Committee, with the assistance of Hay Group, reviewed the Comparison Group to determine if any changes were warranted. Based on that review, five companies were removed from the Comparison Group (Bon-Ton, Destination Maternity Corporation, Phillips Van Heusen, Polo Ralph Lauren and The Men's Wearhouse) and six companies were added (Carter's, Collective Brands, DSW, J. Crew, New York & Company and Urban Outfitters). In developing the revised Comparison Group, the Compensation Committee focused on specialty fashion retailers with revenues generally between one and two times that of our revenues. Our revenues approximate the median of the Comparison Group. For fiscal 2010, the Comparison Group consisted of the following 16 companies:

| **Comparison Group** | |
|---|---|
| Abercrombie & Fitch | Dress Barn (now, Ascena) |
| Aeropostale | DSW |
| American Eagle | Gymboree |
| Ann Taylor | J. Crew |
| Carter's | New York & Company |
| Charming Shoppes | Pacific Sunwear of California |
| Chico's | Talbots |
| Collective Brands | Urban Outfitters |

Benchmark compensation data was collected from the Comparison Group for the Company's three primary compensation components discussed below (base salary, annual incentive pay and long-term incentive pay), both individually and in the aggregate, as well as for other elements of reward such as benefits and perquisites. The Compensation Committee also reviewed our performance relative to the Comparison Group on a number of financial metrics.

***Compensation Components***

The Company's executive compensation programs generally consist of the following three primary components:

- Base salary;
- Performance-based annual incentives in the form of cash bonuses; and
- Long-term incentives in the form of both performance-based deferred stock and time-vested deferred stock.

In allocating compensation among these three components, we seek to provide reasonable and competitive levels of fixed compensation (salary), while emphasizing performance-based annual and long-term incentive compensation which is tied to our overall performance and time-vested incentive compensation which encourages management retention and a longer-term focus.

Table of Contents

The mix between annual incentives (cash bonus) and long-term incentives (deferred stock) is determined based on competitive practices (see discussion in the Compensation Comparison Group section above) and our desire to focus on and reward annual and long-term performance.

***Role of the Compensation Committee, the Chief Executive Officer and Other Executives***

Each member of the Compensation Committee is independent, in accordance with applicable rules of The NASDAQ Stock Market. For more information about the Compensation Committee's composition, responsibilities and practices, see "Committees of the Board of Directors" above.

The Compensation Committee reviews and approves target compensation levels, applicable performance metrics and other terms of the Company's executive compensation programs, determines the total amounts to be awarded each year under these programs, and evaluates and approves the salary, target annual bonus level, actual annual bonus payments, equity incentive awards and other benefits provided to our executive officers. Accordingly, the Compensation Committee approved the compensation for each of the Company's Named Officers for fiscal 2010.

Generally, the Compensation Committee works with the Company's Chief Executive Officer and Senior Vice President, Human Resources in establishing our executive compensation policies and programs and in making specific executive compensation decisions. Compensation decisions regarding executive officers, other than the Chief Executive Officer, are made after the Compensation Committee reviews performance evaluations and recommendations with respect to salary adjustments, annual bonus awards and incentive awards prepared by the Chief Executive Officer. The Compensation Committee then exercises its discretion in deciding whether or not to modify any such recommended adjustments or awards. The Chief Executive Officer's compensation package is set independently by the Compensation Committee, without the involvement of the Chief Executive Officer or other members of management. Once set by the Compensation Committee, this compensation package is submitted to the full Board for approval. See also "Policies Concerning Equity Grants, Recovery of Incentive Compensation and Hedging" below.

***Base Salary***

Base salaries are designed to provide a reasonable, competitive level of fixed compensation. Salaries above the Comparison Group median for base salaries are paid to key contributors to our success. Setting salaries in the median range or above mitigates the incentive that might otherwise exist for an executive to support short-term focused or higher-risk business strategies if fixed compensation were set below market rates. Accordingly, salaries for the Named Officers in fiscal 2010 ranged between the median and 75th percentile of salaries for similar jobs in the Comparison Group based on the most recent data available to the Company.

Decisions regarding where in the range a particular executive's salary should be and whether he or she should be granted a salary increase during the year are based on the following factors:

- Individual and Company performance;
- Industry and professional experience;
- Job responsibilities;
- The Company's annual salary budget guidelines; and
- Data from the Comparison Group.

***Performance Targets***

For fiscal 2010, the Compensation Committee set specific operating income goals for purposes of the annual incentive opportunity (cash bonus) and long-term incentive awards (performance-based deferred

Table of Contents

stock) for executives, including the Named Officers, and other members of management. Set forth below are the operating income targets applicable to incentive awards, both annual and long-term, in fiscal 2010:

| Measure of Performance | Needed to receive 50% of target award | Needed to receive 100% of target award | Needed to receive 200% of target award |
|---|---|---|---|
| Operating Income (millions) | $ 131.0 | $ 145.6 | $ 167.4 |

***Annual Incentives Cash Bonuses***

Cash bonuses are designed to reward performance over a one-year period against a pre-established financial performance measure set by the Compensation Committee and against individual objectives set by our CEO, both at the beginning of the fiscal year. Achievement of the financial performance measure is determined by the Compensation Committee based on audited financial results available early in the following year in accordance with a set formula based on the achievement of actual operating income against an operating income target.

Our executives, including the Named Officers, are each assigned a bonus award opportunity, which is expressed as a percentage of base salary. For fiscal 2010, the target bonus award opportunity for each of the Named Officers was: Ms. Elfers 100% of her base salary (as provided in her employment agreement); Ms. Levy 51.8% of her base salary (a blended rate based on the time spent during fiscal 2010 at two different bonus opportunity levels based upon her positions during the fiscal year); Ms. Riley 51.8% of her base salary (based on her contractual right to be afforded a bonus opportunity at the most favorable percentage level as any other senior executive, other than the CEO); Mr. McClure 40% of his base salary; and Mr. Rose 40% of his base salary. The formula-driven award payouts range from zero, if performance falls below 50% of target, to a maximum of 200% of target.

We pay annual cash bonuses to our executives, including the Named Officers, and other members of management based upon the achievement of an annual operating income performance target set by the Compensation Committee in the beginning of the fiscal year. The operating income measure was selected to create a strong focus on our overall profit goal and the underlying drivers of revenues and cost control. If the annual operating income performance target is met, then the executive will receive 100% of his or her target bonus award opportunity.

As a result of achieving approximately 94% of our operating income target, executives participating in the annual incentive program (including the Named Officers, other than Ms. Elfers) received a payout of 70% of target bonus (for example, if an executive's target bonus was 50% of base salary, as a result of our actual performance in fiscal 2010, the executive received a cash bonus equal to 35% of base salary (i.e., 70% of 50%)). As provided in Ms. Elfers' employment agreement entered into in connection with her hiring in December 2009, she received a guaranteed cash bonus at target of $1 million for fiscal 2010.

***Long-Term Incentives***

The Company's long-term incentive compensation is designed to focus our executives, including the Named Officers, and other members of management on long-term performance, and to reward their contribution to the long-term growth of the Company and to the increase in stockholder value. We use two types of long-term incentives, each paid in the form of equity: time-vested deferred stock and performance-based deferred stock (which includes a deferred pay-out component such that, if earned, these performance shares are paid out on later dates). Currently, we grant these equity awards under our 2005 Equity Plan. At January 29, 2011 (the end of our fiscal year) there were 787,477 shares available for grant under our 2005 Equity Plan. If the 2011 Equity Incentive Plan is approved by our stockholders at the Annual Meeting, no further grants will be made under our 2005 Equity Incentive Plan.

Table of Contents

Consistent with our long-standing practice to reward our associates for the long-term value they create and to create common interests between management and stockholders, long-term equity grants are a significant component of total compensation for our executives, including the Named Officers. In general, following a review of the practices of the Comparison Group, long-term incentives are targeted at the median of the Comparison Group, with above-target awards and payouts available based on superior Company performance.

***Time-Vested Deferred Stock Awards***

In fiscal 2010, time-vested deferred stock awards were made to executive officers, including the Named Officers, and other members of management, under the Company's stockholder-approved 2005 Equity Plan. In general, the awards are subject to annual vesting in three equal installments beginning on the first anniversary of the date of the award. The three-year vesting period underscores the long-term focus of this award program and is designed to retain and motivate the Named Officers and other Company executives.

During fiscal 2010, time-vested deferred stock awards were made to each of Ms. Levy and Mr. McClure in connection with their initial employment by the Company and, in the case of Ms. Levy, in connection with her promotion. See the "Grants of Plan-Based Awards" Table below for the number of time-vested deferred stock awards granted to these Named Officers in fiscal 2010.

Ms. Elfers received a grant of a time-vested deferred stock in fiscal 2009 in connection with her initial employment by the Company and Ms. Riley and Mr. Rose received a grant of time-vested deferred stock in fiscal 2007 as part of the three-year long-term incentive plan described below. See the "Option Exercises and Stock Vested" below for the number of time-vested deferred shares that vested to Ms. Elfers, Ms. Riley and Mr. Rose during fiscal 2010 and arising out of these prior fiscal year grants. Neither Ms. Elfers, Ms. Riley nor Mr. Rose were granted additional time-vested deferred stock during fiscal 2010.

***Performance-Based Deferred Stock Awards***

In fiscal 2010, performance-based deferred stock awards were made to executive officers, including the Named Officers, under the Company's stockholder-approved 2005 Equity Plan. Performance-based deferred stock is used to motivate decision-making designed to achieve key business objectives. Performance-based deferred stock ensures that payouts are tied directly to a pre-established performance measure (operating income) which is critical to the achievement of stockholder value. The operating income measure was selected to create a strong focus on our overall profit goal and the underlying drivers of revenues and cost control. Given that the payouts under the performance-based deferred stock awards are dependent on the achievement of an operational goal that is directly influenced by the performance of management, these awards are intended to ensure that volatility in stock price does not create an incentive for an executive to support short-term focused or higher-risk business strategies at the expense of stable, long-term growth.

For fiscal 2010, Ms. Elfers, Ms. Levy and Mr. McClure were granted performance-based deferred stock awards having a one-year performance cycle. Pursuant to her award, Ms. Elfers could have earned and received 62,170 shares in early 2011 if actual operating income for fiscal 2010 met the pre-established operating income target, with an opportunity to earn up to an additional 62,170 shares to the extent that actual operating income exceeded that target by up to 115%. As a result of the Company's actual performance for fiscal 2010, in accordance with the terms of the respective awards, Ms. Elfers did not receive performance-based shares, and Ms. Levy and Mr. McClure earned 3,500 and 2,625 shares, respectively, pursuant to their performance-based deferred stock awards, representing 70% of the targeted number of shares. These shares are payable in equal installments over a three year period commencing in 2011, provided that Ms. Levy and Mr. McClure are employed at the time of each installment payout.

Table of Contents

During the fourth quarter of fiscal 2007, pursuant to the Company's 2008 Long-Term Incentive Program, or "2008 LTIP", the Compensation Committee awarded Ms. Riley, Mr. Rose and other participating executives both time-vested deferred stock and performance-based deferred stock. The time-vested deferred stock award vested on each of the first, second and third anniversaries of the award date. The performance-based deferred stock award had one-year performance cycles for each of fiscal 2008, fiscal 2009 and fiscal 2010 and a cumulative three-year award cycle measured over the three fiscal year period. For the performance awards, actual performance was measured against pre-established operating income performance goals that were set by the Compensation Committee at the beginning of the three-year cycle ($60.0 million for fiscal 2008, $114.0 million for fiscal 2009 and $131.1 million for fiscal for 2010, respectively). In addition, 2008 LTIP participants were given an opportunity to earn additional shares of deferred stock if a cumulative three year operating income threshold ($305.1 million) was met. Based on actual operating income for fiscal 2008, fiscal 2009 and fiscal 2010, 2008 LTIP participants, including Ms. Riley and Mr. Rose, received 100% of each of their one-year performance cycle awards as a result of our achievement of the targeted operating income for each of those three fiscal years, and further received 100% of the additional performance shares attributable to fiscal 2008, 80% of the additional performance shares attributable to fiscal 2009 and 20% of the additional performance share awards attributable to fiscal 2010 as a result of the achievement of the cumulative three year operating income threshold. The 2008 LTIP required participants to remain employed at the time of payout in order to receive an award. The three-year performance period underscored the long-term focus of this award program. See the "Option Exercises and Stock Vested" table below for the number of performance shares that vested to Ms. Riley and Mr. Rose under the 2008 LTIP in fiscal 2010. Neither Ms. Riley nor Mr. Rose were granted any additional performance-vested deferred stock during fiscal 2008, 2009 or 2010.

***Change in Control Arrangements.***

For a discussion of our change in control arrangements, see "Employment Agreements" and "Change in Control Agreements" below.

***Policies Concerning Equity Grants, Recovery of Incentive Compensation and Hedging.***

*Equity Grant Policy*. We make equity awards pursuant to our Policy Regarding Awards of Equity-Based Incentives to Executive Officers and Other Employees (the "Equity Grant Policy"), which was adopted by our Board of Directors in 2007. The Equity Grant Policy applies to all awards of equity-based compensation to employees and sets forth procedures with respect to the granting, reporting, documenting and timing of awards. The policy is intended to help ensure that all equity awards are made in accordance with applicable laws, are properly accounted for and disclosed, and are otherwise handled in accordance with the Board's intentions and good business practices. Subject to oversight by the Board, the Compensation Committee is charged with supervising the application by management of the Equity Award Policy.

Under the Equity Grant Policy, shares of the Company are to be valued or priced for purposes of all awards at not less than the fair market value of the shares on the date the award is granted, determined by the average of the high and low selling price on the date of grant (as required by the 2005 Equity Plan) or, if the shares are not traded on such date, on the last previous date on which shares were traded. All awards must be approved by the Compensation Committee, which must approve the recipient, the number of shares involved in the award (or a formula for determining the number of shares) and all other material terms before the award is given effect, except that, as contemplated by the Equity Grant Policy, the Compensation Committee has delegated the granting of equity-based awards to associates other than executive officers or a member of the Board to a committee of three senior executive officers who, during fiscal 2010, consisted of our CEO, Executive Vice President, Finance and Administration and Senior Vice President, Human Resources. Starting in fiscal 2011, our Senior Vice President, General Counsel will take the place of the Executive Vice President, Finance and Administration.

Table of Contents

The Equity Grant Policy also establishes guidelines as to the timing for granting awards. Awards to executive officers and other members of management designated by the Compensation Committee are normally to be made on an annual basis and are to be approved at the meeting of the Compensation Committee most closely preceding or following the first regularly scheduled Board meeting following the filing of the Company's Annual Report on Form 10-K with the SEC, except where made in connection with the hiring or promotion of an executive. Awards to other associates are also normally made on an annual basis at or about the same time as awards to executives.

The Equity Grant Policy also establishes requirements governing the reporting and documentation of awards, including requirements for the prompt reporting of all granting actions to members of our Legal and Accounting Departments who are specifically designated as responsible for supervising the administration of awards. In addition, awards, once approved by the Compensation Committee or its delegate, may not be modified (other than to reflect correction of a clerical error) unless such modification is approved in the same manner as required for the granting of a new award.

*Recovery of Incentive Compensation*. The Company has not established a policy with respect to the recovery or other adjustment of compensation to be provided to executives or other associates in the event of a restatement of its financial statements. However, under certain circumstances, we may, in the future, have the right to recover compensation after it is paid to current or former executive officers as discussed below.

Under Section 304 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), if the Company is required to prepare an accounting restatement due to a material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, our Chief Executive Officer and Chief Financial Officer must reimburse us for any bonus or other incentive based or equity-based compensation received by them during the 12-month period following the first public issuance or filing with the SEC (whichever first occurs) of the document embodying that restatement, and any profits realized by them from the sale of the Company's securities during that 12-month period. In the event of any future restatement, we will rely on an evaluation by the Board, after receiving advice of counsel, as to whether the circumstances giving rise to any restatement of the Company's financial statements warrant our seeking to recover any compensation from executives or other associates.

Under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), the SEC is to direct national securities exchanges to prohibit the listing of any security of an issuer if that issuer fails to develop and implement a policy providing that, in the event that the issuer is required to prepare an accounting restatement due to the material noncompliance of the issuer with any financial reporting requirement under the securities laws, the issuer will recover from any current or former executive officer of the issuer who received incentive-based compensation during the three-year period preceding the date on which the issuer is required to prepare an accounting restatement, any amount in excess of what would have been paid to the executive officer under the accounting restatement. SEC rule making, and the related issuance of listing rules by national securities exchanges, is required before Section 954 of Dodd-Frank will become operable.

See the discussion of the clawback/forfeiture provision contained in the proposed 2011 Equity Incentive Plan below for information concerning the recovery of compensation provision contained in that Plan.

*Hedging Policy*. Section 955 of Dodd-Frank directs the SEC to adopt rules concerning proxy statement disclosure of whether employees and directors of public companies are permitted to purchase financial instruments to hedge or offset any decrease in market value of shares granted by the public company as compensation or otherwise held by such person. SEC rule making is required before Section 955 of Dodd-Frank will become operable.

Table of Contents

Historically, the Company has had a policy regarding hedging and the Board recently adopted the following amended policy regarding hedging and related matters (which policy will be reviewed following future SEC rule making in connection with Section 955 of Dodd-Frank):

> "No director, officer or associate may trade in derivatives of The Children's Place stock (other than by exercising an option granted by the Company to the holder to purchase stock). That is, puts, calls, and other financial derivatives may not be purchased or sold. No financial transactions may be entered into which could "lock in" the price of The Children's Place stock, such as a hedging transaction. In addition, "short sales" of The Children's Place stock (a sale of securities which are not then owned), including a "sale against the box" (a sale with delayed delivery) are prohibited. Directors, officers and associates are also prohibited from holding The Children's Place securities in a margin account that permits the sale of The Children's Place securities should the value of the account decline."

***Benefits and Perquisites***

In addition to the three primary components of compensation discussed above, the Company provides its executives, including the Named Officers, and other members of management, certain employee benefits, including matching contributions to our 401(k) plan, health insurance coverage, long-term disability coverage, life insurance coverage, an opportunity to participate in our deferred compensation plan and certain perquisites. These perquisites are modest and, for fiscal 2010, represented less than 3% of the total compensation for each Named Officer (other than Ms. Elfers) reflected in the "Summary Compensation Table" below. In the case of Ms. Elfers, these perquisites consist primarily of the use of a Company car and driver, financial planning and tax preparation services (not to exceed $20,000 annually), payment or reimbursement for the premium cost (not to exceed $10,000 annually) of supplemental life insurance, and payment or reimbursement for the premium cost (not to exceed $25,000 annually) of supplemental long-term disability insurance. For more information on perquisites provided to the Named Officers in fiscal 2010, see the "Summary Compensation Table" below. Any personal income taxes due as a result of these perquisites are the responsibility of the Named Officers we do not provide tax gross-ups to our executives, including the Named Officers (other than in connection with certain relocation expenses).

The compensation and benefits payable to the Named Officers in the event of severance or a change in control are described below. The Company's severance programs are designed to provide our employees with fair and adequate replacement income based upon market practice. In general, the Named Officers participate in the same severance programs that are available to other employees. In addition, the Compensation Committee has approved the Company entering into change in control severance agreements with each of our executive officers (other than our CEO, who receives certain change in control severance benefits as set forth in her employment agreement) and certain other key employees. These agreements are intended to achieve our objective of attracting and retaining strong talent by offering competitive compensation and protections and motivating executives to concentrate on building stockholder value. The potential payments and benefits under these various programs did not influence the decisions discussed in this CD&A regarding the setting of salary, annual bonus and long-term incentives for the Named Officers since these programs serve very different purposes.

***Tax and Accounting Considerations***

Section 162(m) of the Code limits the tax deductibility of certain compensation paid to Named Officers. This provision disallows the deductibility of certain compensation to our Named Officers in excess of $1 million per year unless it is considered performance-based compensation under the Code. We generally endeavor to pay compensation to the Named Officers that is tax deductible to the Company under Section 162(m) of the Code; however, we may forgo any or all of the tax deduction if we believe it to be in our best long-term interests and that of our stockholders. The Company believes that all performance-based long-term incentives and annual incentives granted to Named Officers qualify as

Table of Contents

performance-based compensation under Section 162(m) of the Code, but that service-based long-term incentives and guaranteed bonuses granted to them do not.

Other provisions of the Code can also affect compensation decisions. Section 409A of the Code, which governs the form and timing of payment of deferred compensation, imposes sanctions, including a 20% penalty and an interest penalty, on the recipient of deferred compensation that does not comply with Section 409A. The Compensation Committee takes into account the potential implications of Section 409A in determining the form and timing of compensation awarded to executives and strives to structure any nonqualified deferred compensation plans or arrangements to be exempt from or to comply with the requirements of Section 409A.

Section 280G of the Code disallows a company's tax deduction for payments received by certain individuals in connection with a change in control to the extent that the payments exceed an amount approximately three times their average annual compensation, and Section 4999 of the Code imposes a 20% excise tax on those payments. The Compensation Committee takes into account the potential implications of Section 280G in determining potential payments to be made to executives in connection with a change in control. Nevertheless, to the extent that certain payments upon a change in control are classified as excess parachute payments, such payments may not be deductible pursuant to Section 280G.

A recent example of actions taken in connection with tax matters was the elimination in fiscal 2010 of the Section 280G "golden parachute" tax gross-up payable under the Company's change in control severance agreements and providing instead that the Named Officers and other executives party to these agreements will receive the greater of (i) the largest portion of the payments and benefits that are not subject to a parachute excise tax under Section 4999 of the Code or (ii) the largest portion of the payments and benefits, up to and including the total, if the net-after-excise tax amount retained by the executive would exceed the amount in clause (i) above.

***Chief Executive Officer Compensation***

2009 Employment Agreement. In December 2009, we entered into an employment agreement (the "2009 employment agreement") with our CEO, Jane Elfers, for a three year term expiring on February 2, 2013, automatically renewable for successive one-year terms unless either party gives the other 90 days written notice prior to the expiration of a term. In connection with the 2009 employment agreement, the Compensation Committee worked with F.W. Cook & Co., our independent compensation consultant at the time, to analyze the compensation arrangements for Ms. Elfers, including as compared to similarly situated executives in our comparison group of companies at the time. The 2009 employment agreement was approved by the Board following its receipt of a recommendation for approval from the Compensation Committee. During fiscal 2010, the compensation we paid to Ms. Elfers was provided for in the 2009 employment agreement as summarized below.

*Salary.* Ms. Elfers was paid an annual salary of $1 million in fiscal 2010 as set forth in her 2009 employment agreement. Consistent with the decision of the Compensation Committee noted above to emphasize performance-based annual cash bonus and long-term equity incentives over current cash compensation, Ms. Elfers' salary constituted approximately 14% of her total targeted compensation for fiscal 2010.

*Annual Bonus.* For fiscal 2010, as part of her hiring arrangements, Ms. Elfers' annual bonus award opportunity was guaranteed at 100% of her base salary, with up to an additional 100% of her base salary payable in the event that a maximum operating income target was met. Our actual operating income for fiscal 2010 was not sufficient to require the payment of any additional bonus to Ms. Elfers. Like our other Named Officers, following fiscal 2010, our CEO's annual bonus is formula-driven and is payable based upon the achievement of performance targets to be established by the Compensation Committee.

Table of Contents

*Long-Term Incentives.* The Compensation Committee determined to set the long-term equity incentive portion of Ms. Elfers' compensation at a level designed to ensure a strong link between pay and long-term performance. The awards discussed below were granted in connection with Ms. Elfers' 2009 employment agreement.

Time-Vested Deferred Stock Award. On January 4, 2010, Ms. Elfers received 93,255 shares of time-vested deferred stock at a grant date fair value of $32.90 per share. The award vests in equal installments over three years beginning with the first anniversary of the award date.

Performance-Based Deferred Stock Award. Pursuant to her 2009 employment agreement, for the fiscal 2010 performance cycle, Ms. Elfers' target performance share award opportunity was 62,170 shares, with an opportunity to receive up to an additional 62,170 shares to the extent that operating income was in excess of a target determined by the Compensation Committee. Our CEO's performance-based deferred stock award is formula-driven and, like certain other Named Officers, was payable based upon the achievement of operating income for the fiscal 2010 measurement period. No performance shares were earned by Ms. Elfers in fiscal 2010.

*Benefits and Perquisites.* See the discussion above under the heading "Benefits and Perquisites."

2011 Employment Agreement. Following fiscal 2010 year-end, we entered into an amended and restated employment agreement (the "2011 employment agreement") with Ms. Elfers for an extended term expiring on April 15, 2015, with automatic one-year renewals unless either party gives the other 90 days written notice prior to the expiration of a term. In connection with the 2011 employment agreement, the Compensation Committee worked with Hay Group, our independent compensation consultant, to analyze the compensation arrangements for Ms. Elfers, including as compared to CEOs in our Comparison Group.

The 2011 employment agreement was approved by the Board following its receipt of a recommendation for approval from the Compensation Committee. In making its recommendation of approval to the Board, the Compensation Committee took into account the significant progress the Company has made during Ms. Elfers' tenure with us on our key growth initiatives, as well as the depth of experience and talent of the senior management team that Ms. Elfers has assembled since joining the Company in January 2010. The Compensation Committee (and the Board) determined that it was important and in the best interests of our customers, employees and stockholders to provide both for continuity in strong and effective leadership and for appropriate performance-based and other incentives to motivate and retain that leadership.

Set forth below under the heading "Employment Agreements" is a discussion of certain of the terms contained in the 2011 employment agreement. These terms include an extension of the term of Ms. Elfers' employment with us to address the Compensation Committee's (and the Board's) continuity objective. The terms also include the grant and agreement to grant to Ms. Elfers of time-vested stock awards (to address the retention objective) and performance-based stock awards (to address the motivation objective). In keeping with the Compensation Committee's pay-for-performance philosophy, the performance-based annual cash and long-term equity incentives, at target, comprise approximately 64% of Ms. Elfers' annual compensation under the 2011 employment agreement and the performance-based stock awards, at target, comprise two-thirds ($^2/_3$) of Ms. Elfers' stock awards under the 2011 employment agreement. The payment of base salary and annual cash bonus under the 2011 employment agreement is at the median of that paid to CEOs in our Comparator Group.

***Conclusion***

In summary, we believe that strong executive performance is vital to strong Company performance. Thus, our approach to executive compensation is guided by the principle that executives should have the

Table of Contents

potential for increased compensation when performance objectives are met and exceeded, provided that there is appropriate downward adjustment if performance objectives are not met.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis and, based on such review and discussion, recommended to our Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for fiscal 2010 and this Proxy Statement.

*The foregoing Compensation Committee report has been submitted by the members of the Compensation Committee: Sally Frame Kasaks (Chair), Robert Fisch and Norman Matthews.*

**Summary Compensation Table**

The following table shows the compensation of the Company's Chief Executive Officer and President, and the four other most highly compensated executive officers (the "Named Officers") for fiscal 2010 and, to the extent any of these officers was a "Named Officer" in the prior years, for fiscal 2009 and fiscal 2008.

| Name and Principal Position | Year | Salary[1] | Bonus | Stock Awards[2] | Non-Equity Incentive Plan Compensation[3] | All Other Compensation | Total |
|---|---|---|---|---|---|---|---|
| Jane Elfers | 2010 | $ 1,000,000 | $ 1,000,000 | - | - | $ 162,962[5] | $ 2,162,962 |
| President and Chief | 2009 | $ 57,692 | - | $ 5,112,705 | - | $ 12,591[6] | $ 5,182,988 |
| Executive Officer[4] | 2008 | $ - | - | - | - | - | - |
| Natalie Levy Executive Vice | 2010 | $ 388,462 | $ 35,000 | $ 726,525 | $ 217,560 | $ 553[8] | $ 1,297,143 |
| President, Merchandising and | 2009 | $ - | - | - | - | - | - |
| Design[7] | 2008 | $ - | - | - | - | - | - |
| Susan Riley Executive Vice | 2010 | $ 551,485 | $ 1,643,578[10] | - | $ 201,461 | $ 7,549[11] | $ 2,404,073 |
| President, Finance & | 2009 | $ 534,200 | $ 214,000[10] | - | $ 247,067 | $ 6,124[12] | $ 1,001,391 |
| Administration and Chief Financial Officer[9] | 2008 | $ 529,196 | $ 188,949[13] | $ 549,681 | $ 534,200 | $ 4,109[14] | $ 2,227,760 |
| Mark Rose | 2010 | $ 452,565 | - | - | $ 127,316 | $ 14,204[15] | $ 594,085 |
| Senior Vice President, | 2009 | $ 443,600 | - | - | $ 164,132 | $ 14,124[16] | $ 621,856 |
| Chief Supply Chain Officer | 2008 | $ 439,574 | $ 156,918[17] | $ 304,328 | $ 354,880 | $ 13,988[18] | $ 1,503,125 |
| Lawrence McClure | 2010 | $ 353,846 | $ 30,000 | $ 340,350 | $ 112,000 | $ 2,262[20] | $ 787,406 |
| Senior Vice President, | 2009 | - | - | - | - | - | - |
| Human Resources[19] | 2008 | - | - | - | - | - | - |

***Notes to the Summary Compensation Table***

(1) Includes amounts deferred under our 401(k) savings plan.

(2) The amounts shown relate to restricted stock awards, as well as deferred stock awards and performance stock awards. The stock award grant date fair value is determined in accordance with "Compensation Stock Compensation" topic of the Financial Accounting Standards Board's Accounting Standards Codification based on the number of shares probable of vesting multiplied by the average of the high and low

selling price of our Common Stock on the grant date. At the maximum possible vesting values, the performance stock awards set forth in this column, computed on the basis of the average of the high and low selling price of our Common Stock on the grant date, would have been $7,157,788 for Ms. Elfers, $963,050 for Ms. Levy, $1,099,363 for Ms. Riley, $608,656 for Mr. Rose and $510,525 for Mr. McClure. For more information, see Note 3 Stock-Based Compensation in the accompanying Notes to Consolidated Financial Statements filed in our Annual Report on Form 10-K for our 2010 fiscal year.

Table of Contents

(3) The amounts shown are bonuses earned in accordance with the annual bonus plan approved by the Compensation Committee at the beginning of each respective fiscal year. Amounts shown are for services performed during the fiscal year and paid during the subsequent fiscal year.

(4) Ms. Elfers commenced serving as our Chief Executive Officer and President on January 4, 2010.

(5) The amount shown includes $93,776 for a driver, $12,380 for driver reimbursements, $29,928 for a leased vehicle, $22,094 for legal fees, $3,500 for tax preparation services and $1,284 for insurance premiums paid by the Company with respect to life insurance for the benefit of Ms. Elfers.

(6) The amount shown includes $5,192 for a driver and $7,399 for insurance premiums paid by the Company with respect to life insurance for the benefit of Ms. Elfers.

(7) Ms. Levy commenced serving as our Senior Vice President, Merchandising on June 1, 2010. Ms. Levy was subsequently promoted to Executive Vice President, Merchandising and Design on November 8, 2010.

(8) The amount shown is for insurance premiums paid by the Company with respect to life insurance for the benefit of Ms. Levy.

(9) Ms. Riley resigned from her positions with the Company and its subsidiaries effective February 10, 2011, and her employment with the Company terminated on March 4, 2011.

(10) On January 20, 2010, the Compensation Committee approved a $2 million special retention bonus in recognition of Ms. Riley's past contributions to the Company and in order to secure her future services to the Company. $1 million was paid to Ms. Riley on March 31, 2010 and $1 million was to be paid to Ms. Riley on March 31, 2011 (provided she was employed on that date). As a result of Ms. Riley's termination of employment on March 4, 2011, as provided in her existing agreements with the Company, this second $1 million will be paid by the Company to Ms. Riley over a period of approximately a year. The amount shown represents the pro-rated portion applicable to service in the fiscal year indicated.

(11) The amount shown includes $6,166 for matching contributions under the Company's 401(k) plan and $1,382 for insurance premiums paid by the Company with respect to life insurance for the benefit of Ms. Riley.

(12) The amount shown includes $5,611 for matching contributions under the Company's 401(k) plan and $513 for insurance premiums paid by the Company with respect to life insurance for the benefit of Ms. Riley.

(13) On December 5, 2007, the Compensation Committee approved a $262,500 retention award to be paid to Ms. Riley on June 30, 2008. The amount shown represents the pro-rated portion applicable to Ms. Riley's service in fiscal 2008.

(14) The amount shown includes $3,596 for matching contributions under the Company's 401(k) plan and $513 for insurance premiums paid by the Company with respect to life insurance for the benefit of Ms. Riley.

(15) The amount shown includes $7,333 for a car allowance, $6,146 for matching contributions under the Company's 401(k) plan and $724 for insurance premiums paid by the Company with respect to life insurance for the benefit of Mr. Rose.

(16) The amount shown includes $8,000 for a car allowance, $5,698 for matching contributions under the Company's 401(k) plan and $426 for insurance premiums paid by the Company with respect to life insurance for the benefit of Mr. Rose.

(17) On December 5, 2007, the Compensation Committee approved a $218,000 retention bonus to be paid to Mr. Rose on June 30, 2008. The amount shown represents the pro-rated portion of this award applicable to Mr. Rose's service in fiscal 2008.

Table of Contents

(18) The amount shown includes $8,000 for a car allowance, $5,572 for matching contributions under the Company's 401(k) plan and $426 for insurance premiums paid by the Company with respect to life insurance for the benefit of Mr. Rose.

(19) Mr. McClure commenced serving as our Senior Vice President, Human Resources on March 8, 2010.

(20) The amount shown includes $2,262 for insurance premiums paid by the Company with respect to life insurance for the benefit of Mr. McClure.

**Grants of Plan-Based Awards**

The following table shows information about the non-equity incentive awards, equity incentive awards and other stock awards that are reflected in the Summary Compensation Table for fiscal 2010 and that were granted to the Named Officers during fiscal 2010.

| | | ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS | | | ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS | | | ALL OTHER STOCK AWARDS: NUMBER OF SHARES OF STOCK OR UNITS | GRANT DATE FAIR VALUE OF STOCK AND OPTION AWARDS |
|---|---|---|---|---|---|---|---|---|---|
| NAME | GRANT DATE | THRESHOLD ($) (1) | TARGET ($) (1) | MAXIMUM ($) (1) | THRESHOLD (#) | TARGET (#) | MAXIMUM (#) | (#) | (2)($) |
| Jane Elfers President and Chief Executive Officer | | $ 1,000,000 | $ 1,000,000 | $ 2,000,000 | | | | | |
| Natalie Levy Executive Vice | 6/1/10 (3) | | | | 2,500 | 5,000 | 10,000 | - | $ 236,525 |
| President, | 6/1/10 (4) | | | | - | - | - | 5,000 | $ 236,525 |
| Merchandising and | 11/29/10 (5) | | | | - | - | - | 5,000 | $ 253,475 |
| Design | | $ 155,400 | $ 310,800 | $ 621,600 | | | | | |
| Susan Riley Executive Vice President, Finance and Administration and Chief Financial Officer | | $ 138,900 | $ 277,800 | $ 555,600 | | | | | |
| Mark Rose Senior Vice President, Chief Supply Chain Officer | | $ 90,940 | $ 181,880 | $ 363,760 | | | | | |
| Lawrence McClure Senior Vice | 4/5/10 (6) | | | | 1,875 | 3,750 | 7,500 | - | $ 170,175 |
| President, | 4/5/10 (7) | | | | - | - | - | 3,750 | $ 170,175 |
| Human Resources | | $ 80,000 | $ 160,000 | $ 320,000 | | | | | |

***Notes to the Grants of Plan-Based Awards Table***

(1) Amounts reflect bonuses available to be earned in accordance with our annual bonus plan approved by the Compensation Committee at the beginning of fiscal 2010. For fiscal 2010, bonuses were earned at a level below the target amount other than in the case of Ms. Elfers.

(2) Reflects the aggregate grant date fair value of the awards, computed in accordance with "Compensation Stock Compensation" topic of the Financial Accounting Standards Board's Accounting Standards Codification based on the fair value of our common stock on the date of

grant. The estimated fair value of the performance-based awards is based upon the probable outcome of the performance conditions on the grant date and the fair market value of our common stock on that date.

(3) Awarded pursuant to the terms of a performance stock award granted under the Company's 2005 Equity Plan. The amounts shown reflect the number of shares of Common Stock able to be earned by Ms. Levy

based upon the achievement of the performance target for the fiscal year ended January 29, 2011. Of the performance shares awarded, one-third vests on each of the first, second and third anniversaries of the award date, provided Ms. Levy is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

(4) Awarded pursuant to the terms of a deferred stock award granted under the Company's 2005 Equity Plan. Of the deferred shares awarded, one-third vests on each of the first, second and third anniversaries of the award date provided Ms. Levy is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

(5) Awarded pursuant to the terms of a deferred stock award granted under the Company's 2005 Equity Plan. Of the deferred shares awarded, one-third vests on each of the first, second and third anniversaries of the award date provided Ms. Levy is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

(6) Awarded pursuant to the terms of a performance stock award granted under the Company's 2005 Equity Plan. The amounts shown reflect the number of shares of Common Stock able to be earned by Mr. McClure based upon the achievement of the performance target for the fiscal year ended January 29, 2011. Of the performance shares awarded, one-third vests on each of the first, second and third anniversaries of the award date, provided Mr. McClure is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

(7) Awarded pursuant to the terms of a deferred stock award granted under the Company's 2005 Equity Plan. Of the deferred shares awarded, one-third vests on each of the first, second and third anniversaries of the award date provided Mr. McClure is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

Table of Contents

**Outstanding Equity Awards at Fiscal Year-End**

The following table contains information about equity awards held by the Named Officers as of January 29, 2011 (the end of our 2010 fiscal year).

| | Option Awards(1) | | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested ($)(2) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(2) |
| Jane Elfers President and Chief Executive Officer | | | | | | 62,170[3] | $ 2,627,926 | - | - |
| Natalie Levy | | | | | | 5,000[4] | $ 211,350 | | |
| Executive Vice President | | | | | | 5,000[5] | $ 211,350 | - | - |
| Merchandising and Design | | | | | | | | 5,000[6] | $ 211,350 |
| Susan Riley Executive Vice President, Finance and Administration and Administration and Chief Financial Officer | | | | | | - | - | 26,219[7] | $ 1,108,277 |
| Mark Rose | 15,000 | | | $ 25.63 | 12/5/2013 | - | - | | |
| Senior Vice President, | 20,000 | | | $ 31.91 | 11/3/2014 | | | | |
| Chief Supply | 55,000 | | | $ 44.95 | 4/28/2015 | | | | |
| Chain Officer | | | | | | | | 14,516 | $ 613,591 |
| Lawrence McClure Senior Vice President, Human Resources | | | | | | 3,750[8] | $ 158,513 | 3,750[9] | $ 158,512 |

***Notes to the Outstanding Equity Awards at Fiscal Year-End Table***

(1) The table above reflects increases in option exercise prices and limits on option exercise periods agreed to by our Named Officers in connection with the Company's prior option granting practices.

(2) Calculated based on $42.27 per share, which was the closing market price per share of the Company's Common Stock as reported on the NASDAQ Stock Market on January 28, 2011.

(3) Represents the unvested portion of a deferred stock award of 93,255 shares of Common Stock granted to Ms. Elfers on January 4, 2010. Of the shares awarded, one-third vested on the first anniversary of the award date, and one-third vests on each of the second and third anniversary of the award date provided Ms. Elfers is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

(4) Represents the unvested portion of a deferred stock award of 5,000 shares of Common Stock granted to Ms. Levy on June 1, 2010. Of the deferred shares awarded, one-third vests on each of the first, second and third anniversaries of the award date provided Ms. Levy is

employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

(5) Represents the unvested portion of a deferred stock award of 5,000 shares of Common Stock granted to Ms. Levy on November 29, 2010. Of the deferred shares awarded, one-third vests on each of the first, second and third anniversaries of the award date provided Ms. Levy is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

Table of Contents

(6) The amount shown reflects the target number of shares of Common Stock to be issued to Ms. Levy pursuant to a performance stock award granted to her on June 1, 2010 based upon the achievement of a performance threshold for the fiscal year ended January 29, 2011. Of the performance shares awarded, one-third vests on each of the first, second and third anniversaries of the award date provided Ms. Levy is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan. In March 2011, the Compensation Committee certified the achievement of certain performance thresholds for Fiscal 2010 and it was determined that Ms. Levy would be issued 3,500 shares of Common Stock subject to vesting as set forth above. The market value of such award was $173,005, the closing market price per share of the Company's Common Stock as reported on the NASDAQ Stock Market on the date the award was determined.

(7) Represents performance share awards under our 2008 LTIP awarded on December 10, 2007. The amounts shown reflect the target number of shares of Common Stock to be issued based upon the achievement of certain performance thresholds for each of the three fiscal years ending January 31, 2009, January 30, 2010 and January 29, 2011 and a cumulative performance threshold. Of the performance shares awarded, all will vest following certification of the performance thresholds by the Compensation Committee. In March 2011, the Compensation Committee certified the achievement of certain performance thresholds for Fiscal 2010 and it was determined that Ms. Riley would be issued 43,699 shares of Common Stock and Mr. Rose would be issued 24,194 shares of Common Stock. The market value of such awards was $1,951,379 and $1,195,910 respectively, based on the closing market price per share of the Company's Common Stock as reported on the NASDAQ Stock Market on the date the applicable award was determined.

(8) Represents the unvested portion of a deferred stock award of 3,750 shares of Common Stock granted to Mr. McClure on April 5, 2010. Of the deferred shares awarded, one-third vests on each of the first, second and third anniversaries of the award date provided Mr. McClure is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

(9) The amount shown reflects the target number of shares of Common Stock to be issued to Mr. McClure pursuant to a performance stock award granted to him on April 5, 2010 based upon the achievement of a performance threshold for the fiscal year ended January 29, 2011. Of the performance shares awarded, one-third vests on each of the first, second and third anniversaries of the award date provided Mr. McClure is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan. In March 2011, the Compensation Committee certified the achievement of certain performance thresholds for Fiscal 2010 and it was determined that Mr. McClure would be issued 2,625 shares of Common Stock subject to vesting as set forth above. The market value of such award was $129,754, based on the closing market price per share of the Company's Common Stock as reported on the NASDAQ Stock Market on the date the award was determined.

Table of Contents

**Option Exercises and Stock Vested**

The following table contains information about the number of shares acquired and value realized during fiscal 2010 upon the exercise or vesting of equity awards previously granted to each of the Named Officers.

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| Name | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise ($)[1] | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting ($)[2] |
| Jane Elfers<br>President and Chief Executive Officer | | | 31,085[3] | $ 1,510,265 |
| Natalie Levy<br>Executive Vice President, Merchandising and Design | | | | |
| Susan Riley<br>Executive Vice President, Finance and Administration, and Chief Financial Officer | | | 8,740[4]<br>3,750[5] | $ 458,238<br>$ 196,613 |
| Mark Rose<br>Senior Vice President, Chief Supply Chain Officer | 6,189 | $ 167,117 | 4,839[6] | $ 253,709 |
| Lawrence McClure<br>Senior Vice President, Human Resources | | | | |

***Notes to the Option Exercises and Stock Vested Table***

(1) Represents the dollar amount realized based on the difference between the fair market value of the Company's Common Stock underlying the stock option at the time of exercise and the exercise price of the stock option.

(2) Represents the aggregate dollar amount realized based upon the fair market value of the Company's common stock on the vesting date of each award.

(3) Represents the first vesting of 93,255 shares of Common Stock granted to Ms. Elfers pursuant to a deferred stock award on January 4, 2010, one-third of which are deliverable to Ms. Elfers on each of the first, second and third anniversaries of the date of grant provided that Ms. Elfers is employed by the Company on the respective vesting dates, subject to the terms and conditions of the 2005 Equity Plan.

(4) Represents the final portion of 26,220 shares of deferred stock granted to Ms. Riley on December 10, 2007, one third of which vested on each of the first, second and third anniversaries of the date of grant.

(5) Represents the final portion of 15,000 shares of restricted stock granted to Ms. Riley on December 10, 2007, one half of which vested on the first anniversary of the date of grant and one quarter of which vested on each of the second and third anniversaries of the date of grant.

(6) Represents the final portion of 14,517 shares of Common Stock granted to Mr. Rose pursuant to a deferred stock award on December 10, 2007, one-third of which vested on each of the first, second and third anniversaries of the date of grant.

Table of Contents

**Deferred Compensation Plan**

Eligible employees, including our Named Officers, and our directors may elect annually to defer a portion of their salary, cash bonus, director fees and deferred stock awards under The Children's Place Retail Stores, Inc. Nonqualified Deferred Compensation Plan (the "Deferred Compensation Plan"). Under this plan, participants can defer up to 80% of their salary, 100% of their cash bonus, 100% of their director fees and/or 100% of their deferred stock awards payable in the following calendar year. 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, as determined by the Compensation Committee. Directors may elect to invest cash fees in Company stock. All deferred stock awards are distributed in the form of shares of Company stock.

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. 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 a combination of age and years of service to the Company equal to 55, then the deferred amounts will be distributed immediately in a lump sum, regardless of the method of distribution originally elected by the participant. If the participant in question has attained a combination of age and years of service to the Company equal to 55 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 fifteen years. If the participant is a director and separates from service prior to the elected commencement date for distributions, then the deferred amounts will be distributed immediately in a lump sum unless the recipient has elected on a timely basis to receive the amounts in substantially equal installments over a period of up to fifteen years. If the participant in question is a "specified employee" under the Code, there may be a six-month delay in the commencement of distributions, 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 which is demonstrated to the Compensation Committee. None of the Named Officers have elected to participate in the Deferred Compensation Plan with respect to compensation earned prior to fiscal 2010.

**Employment Agreements**

We had employment agreements with two of our Named Officers during fiscal 2010. On December 11, 2009, the Company entered into a three-year employment agreement with Jane Elfers. On March 28, 2011, the 2009 employment agreement was amended and restated, including to extend the term until April 15, 2015. On February 4, 2007, the Company entered into an employment agreement with Susan Riley. Susan Riley resigned from her positions with the Company and its subsidiaries effective February 10, 2011, and Ms. Riley's employment with the Company terminated on March 4, 2011.

***Jane Elfers, Chief Executive Officer and President***

The following table summarizes the compensation payable in respect of fiscal 2010 to Jane Elfers, our Chief Executive Officer and President, under her 2009 employment agreement. Except as described below, all compensation and vesting of equity securities is subject to Ms. Elfers' continued employment with the Company as of the dates shown. The performance-based stock award shown in the table below is the target amount that Ms. Elfers could have received pursuant to her 2009 employment agreement based on the Company attaining pre-set financial criteria determined by the Company's Compensation Committee in its discretion in accordance with Section 162(m) of the Code.

**2009 Employment Agreement**

| Item of Compensation | Amount | Vesting Schedule for Equity Awards |
|---|---|---|
| Base Salary | $1,000,000 | |
| Cash Bonus (1) | $1,000,000 | |
| Deferred Stock Award (2) | 93,255 shares | 31,085 shares vested January 4, 2011; 31,085 shares will vest on January 4, 2012; 31,085 shares will vest on January 4, 2013 |
| Performance-Based Stock Award, at Target 2010 (3) | 62,170 shares; none issued | Shares would have vested if the performance target had been achieved |

(1) Under her 2009 employment agreement